

DATED

25 MARCH 2019

DRIVER UK MASTER S.A.
ACTING FOR AN ON BEHALF OF ITS COMPARTMENT 5
as Issuer and Purchaser

- and -

VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED
as VWFS, Seller and Servicer

- and -

CRÉDIT AGRICOLE CIB
as Arranger, Manager and Lead Manager

- and -

INTERTRUST TRUSTEES GMBH
as Security Trustee

- and -

VOLKSWAGEN INTERNATIONAL LUXEMBURG S.A.
as Subordinated Lender

the further parties listed on pages 1 et seq.
of this Memorandum

INCORPORATED TERMS MEMORANDUM



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THIS INCORPORATED TERMS MEMORANDUM is made on 25 March 2019

BETWEEN:

- (1) **DRIVER UK MASTER S.A.**, a public company (*société anonyme*) incorporated with limited liability under the laws of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under registration number B 162723 and having its registered office at 22-24 boulevard Royal, L-2449 Luxembourg acting for and on behalf of its Compartment 5 (the "**Purchaser**" and/or the "**Issuer**");
- (2) **VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED**, a company incorporated in England with registered number 02835230 and having its registered office at Brunswick Court, Yeomans Drive, Blakelands, Milton Keynes, MK14 5LR, UK ("**VWFS**", the "**Seller**" and the "**Servicer**"); and
- (3) **INTERTRUST TRUSTEES GMBH**, a private limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany and having its registered office at Grüneburgweg 58-62, 60322 Frankfurt am Main, Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt, Germany under HRB 98921 (the "**Security Trustee**"); and
- (4) **AMSTERDAMSCH TRUSTEE'S KANTOOR B.V.**, a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under the laws of the Netherlands, having its official seat (*statutaire zetel*) in Amsterdam, The Netherlands, and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, registered in the Trade Register under number 33001955 (the "**Data Protection Trustee**");
- (5) **VOLKSWAGEN INTERNATIONAL LUXEMBURG S.A.**, a public company (*société anonyme*) incorporated with limited liability under the laws of Luxembourg registered at Registre de Commerce et des Sociétés Luxembourg ("**RCSL**") under registration number B170123 and having its registered office at 19-21, route d'Arlon, Bloc B, L-8009 Strassen, Luxembourg (the "**Subordinated Lender**");
- (6) **CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK**, a French *société anonyme*, duly licensed as a credit institution in France by the Autorité de Contrôle Prudentiel et de Résolution, whose registered office is at 12, place des Etats-Unis, CS 70052, 92547 MONTROUGE CEDEX, France registered with the Registre du Commerce et des Sociétés of Nanterre under number 304 187 701 (as "**Lead Manager**", "**Manager**" and "**Arranger**");
- (7) **ELAVON FINANCIAL SERVICES DAC, U.K. BRANCH**, a designated activity company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland acting through its U.K. Branch (registered number BR009373) from its offices at 5th Floor, 125 Old Broad Street, London EC2N 1AR, United Kingdom (the "**Account Bank**", "**Cash Administrator**", "**Principal Paying Agent**", "**Calculation Agent**" and "**Interest Determination Agent**");
- (8) **ELAVON FINANCIAL SERVICES DAC**, a designated activity company registered in Ireland with the Companies Registration Office (registered number 418442), with its registered office at Block E, Cherrywood Business Park, Loughlinstown, Dublin, Ireland (the "**Registrar**");

- (9) **CIRCUMFERENCE FS (LUXEMBOURG) S.A.**, a société anonyme organised under the laws of Luxembourg, having its registered office at 22-24 boulevard Royal, L-2449 Luxembourg, registered with the Register under number B 58 628, acting in the capacity of domiciliation agent according to article 1 of the Luxembourg law of 31 May 1999, as amended (hereafter referred as to the "**Domiciliation Law**") (the "**Corporate Services Provider**"); and
- (10) **SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)**, a limited company (*Aktiebolag*) incorporated under the laws of Sweden whose company registration number is 502032-9081 with its registered office at Kungsträdgårdsgatan 8, SE-106 40 Stockholm, Sweden (as a "**Swap Counterparty**").

MASTER DEFINITIONS SCHEDULE

1. MASTER DEFINITIONS SCHEDULE

- 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.

"Accession Agreement" means the accession agreement set out as a schedule to the Programme Agreement and signed by any additional Manager or transferee of any Noteholders and the Security Trustee, as amended from time to time.

"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 March 2019, as amended from time to time.

"Account Bank" means Elavon Financial Services DAC, U.K. Branch, acting as the Accumulation Account Bank, the Distribution Account Bank, the Cash Collateral Account Bank, the Counterparty Downgrade Collateral Account Bank and the Monthly Collateral Account Bank.

"Account Bank Required Guarantee" means a guarantee provided to the Account Bank by a party with ratings, solicited or unsolicited, of at least:

- (a) a short-term rating of "P-1" or a long-term rating of "A2" from Moody's; and
- (b) from Fitch (i) an issuer default or deposit long-term rating of at least "A" or (ii) an issuer default or deposit short-term rating of at least "F1".

"Account Bank Required Ratings" means ratings, solicited or unsolicited of at least:

- (a) a short-term ratings of "P-1" or a long-term ratings of "A2" from Moody's; and
- (b) from Fitch (i) an issuer default or deposit long-term rating of at least "A" or (ii) an issuer default or deposit short-term rating of at least "F1".

"Accounts" means the Accumulation Account, the Distribution Account, the Counterparty Downgrade Collateral Account, the Cash Collateral Account and the Monthly 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 3.1(a) (*The Security Trustee as a Party*) of the Account Agreement.

"Accumulation Account Bank" means Elavon Financial Services DAC, U.K. 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 have the meaning it is given in clause 2.3 of the Subordinated Loan Agreement.

"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 5 on such Additional Purchase Date.

"Additional Offer Date" means the third Business Day prior to a Payment Date unless the Payment Date is a Payment Date on which Further Notes will be issued, in which case the Additional Offer Date shall fall on the fifth 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 Overcollateralisation Percentage" means 8.00 per cent.

"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 Programme 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 Additional Discounted Receivables Balance of the Additional Receivables to be purchased under the Receivables Purchase Agreement less the Replenished Additional Discounted Receivables Balance; multiplied by
 - (b) one (1) minus 8 per cent., less, (where applicable)
 - (c) (A) amounts required for the endowment of the Cash Collateral Account with the Cash Collateral Amount and (B) certain costs related to the issue of the Further Notes;
- (ii) and

- (a) the Replenished Additional Discounted Receivables Balance, multiplied by
- (b) one (1) minus the Additional 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. For the avoidance of doubt, no Additional Receivables Purchase Price shall be paid by the Purchaser for Additional Receivables which are transferred to the Purchaser for overcollateralisation purposes.

"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.

"Affected Receivables Repurchase Notice" shall mean a notice to be supplied by VWFS pursuant to clause 9.8(b) (*Repurchase*) of the Receivables Purchase Agreement.

"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 Calculation Agent, the Registrar, the Interest Determination Agent and the Security Trustee dated on or about 25 March 2019, as amended from time to time.

"Agents" means the Calculation Agent, the Registrar, the Interest Determination Agent 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.

"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.

"Alternative Benchmark Rate" has the meaning given to it in Condition 15 (*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 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);
- (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 Crédit Agricole Corporate and Investment Bank.

"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 either of the forms set out in Schedule 4 (*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*) of the Account Agreement, as amended pursuant to clause 6.6 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; plus
- (c) payments from the Cash Collateral Account, in accordance with clause 19.3 (*Distribution Account and Cash Collateral Account*) of the Trust Agreement; plus
- (d) (i) Net Swap Receipts under the Swap Agreements, (ii) where the 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 Swap Counterparty on such date assuming that there had been no termination of such Swap Agreement, and (iii) where the Swap Agreement has been terminated amounts allocated in accordance with clause 19.12 of the Trust 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; plus
- (f) the Interest Compensation Order of Priority Amount; less
- (g) 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 and clause 19.12 (*Distribution Account, Cash Collateral Account, Counterparty Downgrade Collateral Account, Swap Provisions*) of the Trust Agreement), the Cash Collateral Account and the Monthly 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 Swap Counterparty in accordance with the Swap Agreement; (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 19.13 (*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 (iv) in the case of interest accruing on the Monthly Collateral Account, be netted against the Servicer's obligation to pay the Monthly Collateral Part 1 and the Monthly Collateral Part 2 and be paid to the Seller following the exercise of the Clean-Up Call Option or once the Notes and the Subordinated Loan have been fully redeemed.

"Bank" means the Lead Manager.

"Base Prospectus" means the base prospectus for the issuance of Notes under the Programme dated 20 March 2019.

"Benchmark Rate Modification" has the meaning given to it in Condition 15 (*Amendments to the Conditions and Benchmark Rate Modification*).

"Benchmark Rate Modification Certificate" has the meaning given to it in Condition 15 (*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.

"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.

"Calculation Agent" means Elavon Financial Services DAC, U.K. Branch.

"Calculation Check Notice" shall mean a notice to be supplied by the Calculation Agent pursuant to clause 6 (*The Calculation Agent*) of the Agency Agreement in writing.

"Calculation Checks" means the checks of the relevant calculations to be performed by the Calculation Agent pursuant to clause 6 (*The Calculation Agent*) of the Agency Agreement.

"Callback Contact" shall mean the persons set out in Part B of Schedule 3 (*Callback Contact*), as amended pursuant to clause 5.3 of the Account Agreement.

"Cash Administrator" means Elavon Financial Services DAC, U.K. Branch.

"Cash Administration Services" has the meaning as set forth in clause 8.2 of the Account Agreement.

"Cash Collateral Account" means the account specified in clause 3.1(b) (*The Security Trustee as a Party*) of the Account Agreement.

"Cash Collateral Account Bank" means Elavon Financial Services DAC, U.K. Branch.

"Cash Collateral Amount" means:

- (a) on the Initial Issue Date, an amount equal to GBP 6,033,600.00 (representing 1.2 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 1.2 per cent. of the aggregate outstanding nominal amount of the Further Notes 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-Off Amount" in the 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 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.

"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.

"Check Information" has the meaning as set forth in clause 6.3(a) (*Limitation of Liability*) of the Agency Agreement.

"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 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 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 Class A Aggregate Discounted Receivables Balance Increase Amount multiplied by one (1) minus the Additional Receivables Overcollateralisation Percentage.

"Class A Notes" means all Series of Class A Notes including the Initial Class A Notes, any Series of Notes issued since the Initial Issue Date and the Further Class A Notes, collectively.

"Class A Notes Increase Amount" means, with respect to any Further Issue Date:

- (c) one (1) minus 27.5%; multiplied by
- (d) (x) the Additional Discounted Receivables Balance, less (y) the Replenished Additional Discounted Receivables Balance.

"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 the 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) the amounts standing to the credit of the Accumulation Account.

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:

- (a) the Aggregate Discounted Receivables Balance as of the end of the Monthly Period; and
 - (b) the amounts standing to the credit of the Accumulation Account,
- in each case as of the end of the Monthly Period.

"Class A Targeted Overcollateralisation Percentage" means:

- (a) 29.5 per cent. during the Revolving Period until a Credit Enhancement Increase Condition shall be in effect;
- (b) 33.5 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) 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 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 B Targeted Aggregate Discounted Receivables Balance.

"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 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 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 Class B Aggregate Discounted Receivables Balance Increase Amount multiplied by one (1) minus the Additional Receivables Overcollateralisation Percentage.

"Class B Notes" means all Series of Class B Notes including the Initial Class B Notes, any Series of Notes issued since the Initial Issue Date and any Further Class B Notes, collectively.

"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 Notes Increase Amount" means, with respect to any Further Issue Date:

- A. The product of
 - (e) one (1) minus 81%; multiplied by
 - (f) (x) the Additional Discounted Receivables Balance, less (y) the Replenished Additional Discounted Receivables Balance; and
- B. minus (ii) the Class A Notes Increase Amount.

"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) the amounts standing to the credit of the Accumulation Account; 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:

- (a) the Aggregate Discounted Receivables Balance; and
 - (b) the amounts standing to the credit of the Accumulation Account,
- in each case as of the end of the Monthly Period.

"Class B Targeted Overcollateralisation Percentage" means:

- (a) 21.0 per cent. during the Revolving Period until a Credit Enhancement Increase Condition shall be in effect;
- (b) 25.0 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' 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 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, 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, *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.

"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 March 2019.

"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;
- (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 (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;
- (d) any payments received by the Servicer by way of recoveries in respect of any such Purchased Receivable that has become a Defaulted Receivable;
- (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,

but shall not include any payments constituting Excluded Amounts.

"Common Depository" means a common depository for Clearstream Luxembourg and Euroclear.

"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 (*Notices*) of the Incorporated Terms Memorandum.

"Compartment" means a compartment of Driver UK Master S.A. within the meaning of the Luxembourg Securitisation Law.

"Compartment 5" means the second Compartment of Driver UK Master S.A. designated to acquire the Purchased Receivables and related collateral from the Seller under the Receivables Purchase Agreement.

"Conditions" means the terms and conditions of the relevant Class of Notes.

"Consumer Protection Regulation" means the Consumer protection from Unfair Trading Regulations 2008, which implement the UCPD.

"Consumer Credit Sourcebook" means the consumer credit sourcebook as set out in the FCA Handbook.

"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, as amended from time to time, 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 the account specified in clause 3.1(e) (*The Security Trustee as a Party*) of the Account Agreement established by the Security Trustee for collateral provided by the 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 Elavon Financial Services DAC, U.K. Branch.

"CPR" means constant prepayment rate.

"CRA15" means the Consumer Rights Act 2015.

"CRA Regulation" 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 ("**CRA3**").

"Credit" has the meaning given to that term in Clause 20 (*Order of Priority*) of the Trust Agreement.

"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 Enhancement Increase Condition" shall be deemed to be in effect if:

- (a) the Cumulative Net Loss Ratio exceeds (i) 0.8 per cent., if the Weighted Average Seasoning is less than or equal to 9 months, (inclusive) (ii) 1.75 per cent., if the Weighted Average Seasoning is between 9 months (exclusive) and 18 months

(inclusive), (iii) 2.65 per cent., if the Weighted Average Seasoning is between 18 months (exclusive) and 27 months (inclusive), or (iv) 4.0 per cent., if the Weighted Average Seasoning is greater than 27 months; or

- (b) the Late Delinquency Ratio exceeds 0.7 per cent. on any Payment Date on or before 25 March 2021; or
- (c) a Servicer Replacement Event occurs and is continuing; or
- (d) an Insolvency Event occurs with respect to VWFS; or
- (e) the amount standing to the credit of the Cash Collateral Account is less than the Specified General Cash Collateral Account Balance.

"**CRR**" means Regulation (EU) No 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.

"**CSSF**" means the Commission de Surveillance du Secteur Financier of Luxembourg.

"**Cumulative Net Loss Ratio**" means for any Payment Date a fraction expressed as a percentage, the numerator of which is the aggregate Charged-Off Amount of all Receivables (including Receivables which were not received on time and Receivables remaining to be paid in the future) less any recoveries made in relation to Charged-Off Receivables with effect from the Initial Cut-Off Date (including any Receivables that were sold in accordance with clause 12 (*Sale of Receivables to other Secured Vehicles*) of the VWFS Purchase Agreement and had later become Charged-Off Receivables) and (ii) the denominator of which is the sum of the Discounted Receivables Balance of all Initial Receivables and Additional Receivables.

"**Cure Period**" means the period until the end of the Monthly Period, which includes the sixtieth (60th) day (or, if the Seller elects an earlier date) after 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, on any Additional Cut-Off 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 of the Receivables Purchase Agreement (each as applicable).

"**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 and contract numbers of the respective Obligor) made available by VWFS to the Issuer.

"**Data Protection Rules**" means:

- (a) until 24 May 2018 (inclusive) the Data Protection Act 1998; and
- (b) from and including 25 May 2018, the 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.

"Data Protection Trust Agreement" means the data protection trust agreement entered into on 25 March 2019 by the Seller, the Data Protection Trustee, the Security Trustee and the Issuer, as amended from time to time.

"Data Protection Trustee" means Amsterdamsch Trustee's Kantoor B.V.

"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 5 and the Security Trustee dated 25 March 2019.

"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 fifth Business Day prior to the first day of an Interest Accrual 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 5.1545%, 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 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(c) (*The Security Trustee as a Party*) of the Account Agreement.

"Distribution Account Bank" means Elavon Financial Services DAC, U.K. Branch.

"Domiciliation Law" means article 1 of the Luxembourg law of 31 May 1999.

"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;
- (c) on any Payment Date falling after three consecutive Payment Dates following the Initial Issue Date, the Class A Actual Overcollateralisation Percentage is determined as being lower than 27.5 per cent.;
- (d) VWFS ceases to be an Affiliate of VW Bank 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;
- (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;
- (h) the occurrence of a Foreclosure Event; or
- (i) on any Payment Date the balance standing to the credit of the Interest Compensation Ledger is equal to zero.

"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.

"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).

"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 Purchased Receivable that complies with the representations and warranties set out in clause 8 (*Warranties and Representations*) of the Receivables Purchase Agreement.

"Eligible Swap Counterparty" means any entity:

- (a) having a counterparty risk assessment of (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; and
- (b) having (i) an issuer default rating or derivative counterparty rating from Fitch of at least "A" or a short-term rating from Fitch of at least "F1" or (ii) an issuer default rating or derivative counterparty rating from Fitch of at least "BBB-" or a short-term rating from Fitch of at least "F3" 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. **"Encumbrances"** has the meaning as set forth in Clause 1.8 (*No Encumbrances/Security*) of Annex 3 (*Further Representations and Warranties*) of the Programme 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 not less than 66⅔ per cent. of the outstanding principal amount of the Class A Notes or, if no Class A Notes are outstanding, more 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 Purchased Receivable" means a Purchased Receivable that is governed by English law.

"English Transaction Documents" means the Receivables Purchase Agreement, the Account Agreement, the Servicing Agreement, each Swap Agreement, the Deed of Charge and Assignment and any other documents designated as an English Transaction Document by the Issuer and the Security Trustee.

"Error Check Notice" has the meaning as set forth in clause 6.4(b) of the Agency Agreement.

"ESMA" means the European Securities and Markets Authority.

"EU" means European Union.

"EU Insolvency Regulation" means Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast).

"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.

"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 Obligors to the relevant insurers via the Servicer, (c) the VAT Component on payments received by the Servicer, (d) any amounts 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 option to purchase fee specified in the Financing Contract; and (f) cashflows from maintenance contracts.

"Expected Collections" means an amount, as determined by the Servicer and as set out in each Monthly Investor Report, equal to the sum of (i) the expected monthly Instalments to be received in relation to the Financing Contracts underlying the Purchased Receivables and (ii) the expected monthly prepayments calculated on the basis of a 12 month annualised constant prepayment rate which will be determined by the Servicer on the first Business Day on which the Monthly Remittance Condition is no longer satisfied and which will be re-determined by the Servicer on 25 November (or the next following Business Day) in each calendar year.

"Expenses" has the meaning as set forth in clause 8.1 (*Indemnity and Liability*) of the Agency Agreement.

"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 Rules**" means the 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 the 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**" or "**PCP**") between VWFS and an Obligor.

"**Fitch**" means Fitch Deutschland GmbH.

"**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 the interest and principal on the Notes other than interest on the most senior Class of Notes will not be due and payable on any Payment Date prior to the Final Maturity Date except to the extent there are sufficient Available Distribution Amounts 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 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 of the Programme 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 5 on any Further Issue Date with a maximum total nominal amount of GBP 1,200,000,000.

"**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.

"**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.

"**General Data Protection Regulation**" means Regulation (EU) 2016/679 of 27 April 2016.

"**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 Trust Agreement, the Agency Agreement, the Incorporated Terms Memorandum, the Programme Agreement, the Subordinated Loan Agreement, the Data Protection Trust Agreement and any other documents designated as a German Transaction Documents 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.

"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 28 February 2019.

"Initial Issue" means the issue of the Initial Notes by the Issuer.

"Initial Issue Date" means 25 March 2019.

"Initial Notes" means the registered notes of each series and class issued by the Issuer on the Initial Issue Date.

"Initial Offer Date" means any Business Day on or prior to 25 March 2019.

"Initial Receivables" means the Receivables purchased by the Issuer from VWFS on 25 March 2019 in accordance with the Receivables Purchase Agreement.

"Initial Receivables Purchase Price" means the purchase price in respect of Initial Receivables being an amount of GBP 564,956,169.78 as defined in the Receivables Purchase Agreement, less (i) an amount of GBP 49,700,000.00 for overcollateralisation purposes and less (ii) an amount of GBP 6,033,600.00 for the endowment of the Cash Collateral Account.

"Initial Subordinated Loan Amount" means GBP 68,198,769.78 on 25 March 2019.

"Insolvency Event" means, with respect to Driver UK Master S.A., any Seller, the Servicer, the Security Trustee, as the case may be, each of the following events:

(i) 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;

(ii) 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;

(iii) the initiation of any case, action or proceedings before any court or Governmental Authority against Driver UK Master S.A., any 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;

(iv) 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., any 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;

(v) initiation or consent to any case, action or proceedings in any court or Governmental Authority relating to Driver UK Master S.A., any 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;

(vi) an order is made against Driver UK Master S.A., any Seller, the Servicer or the Security Trustee or an effective resolution is passed for its winding-up; and

(vii) Driver UK Master S.A., any 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 or the Deed of Charge and Assignment 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 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 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 the ledger 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. On the Issue Date, VWFS will fund the Interest Compensation Ledger in an amount equal to the

Interest Compensation Ledger Initial Amount and thereafter VWFS will be entitled to receive any Interest Compensation Ledger Release Amounts outside of the Order of Priority.

"Interest Compensation Ledger Initial Amount" means GBP 2,000,000.

"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 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 1.8048% *per annum*.

"Interest Determination Agent" means Elavon Financial Services DAC, U.K. Branch.

"Interest Period" means, 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 shall be the period from (and including) the Initial Issue Date to (but excluding) the first Payment Date.

"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 **"ICSDs"** means both Clearstream Luxembourg and Euroclear collectively.

"Investment Company Act" means the U.S. Investment Company Act of 1940, as amended from time to time.

"Investor Report Performance Date" means the third Business Day prior to each Payment Date.

"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 5.

"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 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.

"Lead Manager" means Crédit Agricole Corporate and Investment Bank, 12, place des Etats-Unis, CS 70052, 92547 Montrouge CEDEX, France.

"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.

"LIBOR" has the meaning given to it in Condition 8 (*Payments of Interest*). LIBOR as defined in the Conditions and used in the Transaction Documents may be amended by the Servicer on behalf of the Issuer subject to and in accordance with the procedure set forth in Condition 15 (*Amendments to the Conditions and the Benchmark Rate Modification*).

"Losses" has the meaning as set forth in clause 8.1 of the Agency Agreement.

"LPA" means the Law of Property Act 1925.

"Luxembourg" means the Grand Duchy of Luxembourg.

"Luxembourg Prospectus Law" means the Luxembourg law on Prospectuses for Securities of 10 July 2005 as amended on 3 July 2012 implementing the Prospectus Directive in Luxembourg.

"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 manager under the Programme Agreement.

"Margin" means the margin specified under item 6 in the Final Terms of the relevant Series of Notes.

"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:
 - (iv) the business, operations, assets property, condition (financial or otherwise) or prospects of such Transaction Party; or
 - (v) the ability of such Transaction Party to perform its obligations under any of the Transaction Documents; or
 - (vi) 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 of a Series of Notes up which the Issuer may offer Notes to the relevant Manager.

"Monthly Collateral Account" means the account specified in clause 3.1(d) (*The Security Trustee as a Party*) of the Account Agreement to be established by the Monthly Collateral Account Bank following the occurrence of a Monthly Remittance Condition.

"Monthly Collateral Account Bank" means Elavon Financial Services DAC, U.K. Branch.

"Monthly Collateral Part 1" means in respect of a Monthly Period an amount equal to the Expected Collections for the period from (and including) the first until (and including) the fifteenth calendar day of such Monthly Period as determined by the Servicer on the eleventh Business Day prior to the start of that Monthly Period.

"Monthly Collateral Part 2" means in respect of a Monthly Period an amount equal to the Expected Collections for the period from (and including) the sixteenth calendar day of the relevant Monthly Period until (and including) the last day of such Monthly Period, as determined by the Servicer on the eleventh Business Day prior to the sixteenth calendar day of such Monthly Period.

"Monthly Collections Part 1" means, in respect of a Monthly Period, the Collections for the period from (and including) the first calendar day of such Monthly Period until (and including) the fifteenth calendar day of such Monthly Period, as determined by the Servicer on the fifth Business Day following the fifteenth calendar day of such Monthly Period.

"Monthly Collections Part 2" means, in respect of a Monthly Period, the Collections for the period from (and including) the sixteenth calendar day of such Monthly Period until (and including) the last day of the relevant Monthly Period, as determined by the Servicer on the fifth Business Day following the last calendar day of such Monthly Period.

"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) VW Bank (or any of its successors within the Volkswagen Group as parent of the Servicer) holds less than 100 per cent. of the shares of VWFS; or
- (b) (i) Volkswagen AG no longer has (A) a short-term rating for unsecured and unguaranteed debt of at least "F2" by Fitch or (B) a long-term rating for unsecured and unguaranteed debt of at least "BBB" by Fitch; or (ii) the profit and loss sharing agreement (*Gewinnabführungsvertrag*) between Volkswagen AG and VW Bank (or any of its successors within the Volkswagen Group as parent of the Servicer) ceases to be in effect; or
- (c) VW Bank (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 "Baa1" from Moody's.

"Moody's" means Moody's Investors Service Ltd. or any successor of its rating business.

"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 Issuer" means any Person which substitutes the Issuer pursuant to Condition 11.

"Nominal Amount" means for each Note the nominal amount as defined in Condition 1(a).

"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 Purchased Receivable that is not an Eligible Receivable.

"Noteholders" means the holders of the Notes.

"Notes Factor" means the ratio of the nominal amount of each Series of Notes then outstanding to the nominal amount of such Series of Notes.

"Note Purchase Price" has the meaning as set forth in clause 2.2 of the Programme Agreement.

"Notes" means the Initial Class A Notes and the Initial Class B Notes issued in registered form on 25 March 2019, and the Further Notes.

"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 or 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 10 (*Repurchase*) of the Receivables Purchase Agreement, or (ii) pay any amount required pursuant to clause 10 (*Repurchase*) of the Receivables Purchase Agreement.

"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.

"Offer Date" means the Initial Offer Date and each Additional Offer Date.

"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 25 April 2019 and thereafter until the final payment the 25th day of each 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 Instruction" shall have the meaning it is given in clause 5.1 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 Decryption Key" means the portfolio decryption key for the decryption of the list of names and addresses of the respective Obligor 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 Elavon Financial Services DAC, U.K. Branch.

"Process Agent" means Intertrust (Deutschland) GmbH, Grüneburgweg 58-62, 60322 Frankfurt am Main, Germany.

"Programme" means the programme for the issuance of the Notes of the Issuer in an amount equal to the Programme Amount.

"Programme Agreement" means the Programme Agreement dated 25 March 2019, and entered into between, *inter alios*, the Issuer, the Security Trustee and the Managers, as amended from time to time.

"Programme Amount" means GBP 1,200,000,000.

"Prospectus Directive" means Directive 2003/71/EC, as amended by Directive 2010/73/EU, including, where the context requires, Commission Regulation (EC) No. 809/2004, as amended by Commission Delegated Regulation (EU) No. 486/2012, Commission Delegated Regulation (EU) No. 862/2012 and Commission Delegated Regulation (EU) No. 759/2013 and any relevant implementing measure in each relevant Member State of the European Economic Area.

"Purchase Date" means the Initial Purchase Date or an Additional Purchase Date, as applicable.

"Purchased Receivables" means the Initial Receivables and the Additional Receivables.

"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.

"Purchaser" means the Issuer.

"Rating Agencies" means Fitch and Moody's.

"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.

"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.

"Receivables Purchase Agreement" means the receivables purchase agreement dated on or about 25 March 2019 entered into between VWFS and the Issuer, as amended from time to time.

"Reference Banks" has the meaning as set forth in Condition 8(c)(ii) of the Conditions.

"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 Depositary in whose name the 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 classic global note, respectively.

"Registrar" means Elavon Financial Services DAC.

"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 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.

"Relevant Principal Amount" has the meaning as set forth in clause 4.8 (*Form, Authentication, Effectuation and Delivery of the Notes*) of the Agency Agreement.

"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, the Accumulation Amount used to purchase Additional Receivables in order to maintain the then outstanding principal amount of Class A Notes and then outstanding principal amount of Class B Notes divided by one (1) minus the Additional Receivables Overcollateralisation Percentage, all as determined with respect to such Additional Purchase Date.

"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.

"Revolving Period" means the period from (and including) 25 March 2019 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.

"Reserved Matter" has the meaning as set forth in clause 40.2 (*Amendments*) of the Trust Agreement.

"RV Event" means that a PCP Agreement matures and the relevant Vehicle is returned to VWFS for sale.

"Scottish Declaration of Trust" means a declaration of trust, substantially in either of the forms 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.

"Secured Obligations" means all present and future duties and liabilities of the Issuer which the Issuer has covenanted with the Security Trustee to pay to the Noteholders and the other Transaction Creditors pursuant to clause 4.1 (*Position of the Security Trustee in Relation to the Issuer*) of the Trust Agreement.

"Securities Act" means the U.S. Securities Act of 1933, as amended from time to time.

"Securitisation Regulation" means the Regulation (EU) 2017/2402 of the European Parliament and of the Council laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation and amending Directives 2009/65/EC, 2009/38/EC, 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012.

"Securitisation Regulation Disclosure Requirements" means the disclosure requirements set out in Articles 7 and 43(8) of the Securitisation Regulation and the related regulatory technical standards adopted by the EU Commission.

"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 Intertrust Trustees GmbH.

"Seller" means Volkswagen Financial Services (UK) Limited.

"Series" means in respect of the Notes, any series of Class A Notes or Class B 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 of Class A Notes" means any Series of Class A Notes issued by the Issuer on the Initial Issue Date or any Further Issue Date.

"Series of Class B Notes" means any Series of Class B Notes issued by the Issuer on the Initial Issue Date or any Further Issue Date.

"Series of Notes" means in respect of the Notes, each series issued on a given Issue Date.

"Series Revolving Period Expiration Date" means with respect to each Series of Notes the revolving period expiration 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 (g) below:

- (a) the Servicer fails to make any payment or deposit to be made by it to the Distribution Account within five Business Days of when due;
- (b) the Servicer fails on two separate occasions within any continuous period of twelve months to deliver a copy of the Monthly Investor Report to the Noteholders within five (5) Business Days of the date upon which it is required so to do pursuant to the terms of the Servicing Agreement;
- (c) the Servicer shall fail 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) or (b) above) and such failure shall remain unremedied for 60 (sixty) 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);

- (d) 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 60 (sixty) 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);
- (e) the Servicer becomes subject to an Insolvency Event;
- (f) 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 Rules, and such authorisations or licences are not replaced or reinstated within sixty days; or
- (g) there is a going concern qualification in the annual audited financial statements of the Servicer,

provided, however, that if a Servicer Replacement Event referred to under paragraph (a), or (b) 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 ninety days, 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 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 on or about 25 March 2019, as amended from time to time.

"Settlement Amount" means the amount payable by VWFS to the Issuer pursuant to clause 9.2 of the Receivables Purchase Agreement and (when applicable), following the exercise of the Clean-Up Call Option, includes the Clean-Up Call Option Settlement Amount.

"SFIs Website" means the website to be set up by the ESMA in accordance with Article 8b(4) of Regulation (EC) no. 1060/2009 of the European Parliament.

"SFTR" means the European Regulation 2015/2365 of 25 November 2015, known as the Securities Financing Transaction Regulation.

"Shortfall" has the meaning as set forth in clause 7.3 of the Agency Agreement.

"Signing Date" means 21 March 2019.

"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.

"Specified General Cash Collateral Account Balance" means, on each Payment Date, the greater of (a) 1.2 per cent. of the aggregate nominal amount of the Notes outstanding 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 nominal amount of the Notes outstanding as of the end of the Monthly Period.

"Sponsor Bank" means, in respect of any conduit lender, the sponsor bank for such conduit lender.

"Subordinated Lender" means the subordinated lender under the Subordinated Loan Agreement, being Volkswagen International Luxemburg S.A.

"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 of the Subordinated Loan Agreement.

"Subordinated Loan Agreement" means the subordinated loan agreement dated on or about 25 March 2019, as amended from time to time, and 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 (i) on 25 March 2019, the Initial Subordinated Loan Amount and (ii) after 25 March 2019, the sum of the Initial Subordinated Loan Amount and any Subordinated Loan Increase Amount.

"Subordinated Loan Increase Amount" means, with respect to any Further Issue Date, an amount equal to the sum of (a) the product of (i) 11 per cent. and (ii) the difference between (A) the Additional Discounted Receivables Balance and (B) the Replenished Additional Discounted Receivables Balance, all as determined with respect to such Further Issue Date and (b) the amount by which the Class B Notes Increase Amount as of such Further Issue Date exceeds the actual balance of Class B Notes issued on such Further Issue as notified by the Issuer.

"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 (i) the relevant interest rate swap agreement between the Issuer and the Swap Counterparty in respect of the respective Series of Notes pursuant to the 1992 ISDA Master Agreement or the 2002 ISDA Master Agreement, as applicable, 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 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.

"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.

"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.

"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 Managers, the Security Trustee, any Receiver, VWFS in its capacity as Seller, the Servicer, the Subordinated Lender, the Principal Paying Agent, the Registrar, the Swap Counterparty, the Cash Administrator, the Interest Determination Agent, the Calculation Agent, the Account Bank, the Data Protection Trustee, the Arranger, the Lead Manager and the Corporate Services Provider.

"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.

"Trust Agreement" means the trust agreement dated on or about 25 March 2019 and entered into by, *inter alios*, the Issuer and the Security Trustee, as amended and restated from time to time.

"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.

"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, America Samoa, Wake Island and the Northern Mariana Islands).

"UK" or the **"United Kingdom"** means the United Kingdom of Great Britain and Northern Ireland.

"UTCC Regulations" means the Unfair Terms in Consumer Contracts Regulations 1999.

"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.

"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 amount of each payment made in respect of a 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 Power of Attorney" means the power of attorney granted in favour of the Issuer pursuant to the Receivables Purchase Agreement.

"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.

1.2 In this Incorporated Terms Memorandum 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. INTERPRETATION

In any Transaction Document, 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.

COMMON TERMS

The Terms "Transaction Document" and "Transaction Documents" shall, when used in these Common Terms, mean "Transaction Document" and "Transaction Documents", respectively, in each case excluding the Conditions.

3. FURTHER ASSURANCE

Except where any Transaction Document specifies otherwise, each Transaction Party shall (at such Transaction Party's (other than the Security Trustee's) cost) do and execute, or arrange for the doing and executing of, each act, document and thing reasonably requested of it by any other Transaction Party in order to implement and/or give effect to such Transaction Document and the Transaction.

4. ENTIRE AGREEMENT

Each Transaction Document and any document referred to in such Transaction Document constitutes the entire agreement and understanding between the respective Transaction Parties relating to the Transaction, and supersedes any previous agreements (if any) between such parties relating to the subject matter of such Transaction Document.

5. APPLICATION OF COMMON TERMS

5.1 Separate parties

Where any Transaction Party acts in more than one capacity, the provisions of the Common Terms shall apply to such Person as though it were a separate party in each such capacity.

5.2 Inconsistency

If a provision of any Transaction Document is inconsistent with any provision of the Common Terms or the Master Definitions Schedule, the provision of such Transaction Document shall prevail.

6. REMEDIES AND WAIVERS

6.1 No failure to exercise nor any delay in exercising, on the part of any Transaction Party of any right or remedy under any Transaction Document shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

6.2 Except where any Transaction Document specifically provides otherwise, the rights and remedies contained in a Transaction Document are cumulative and not exclusive of rights or remedies provided by law.

7. AMENDMENTS

7.1 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 in its sole professional judgement without the consent or sanction of any of the Noteholders, the Swap Counterparty, the Subordinated Lender, the Arranger, the Lead Manager or any other Person, any amendment, restatement or variation of a Transaction Document, is valid only if made in accordance with this clause 7.

- 7.2 In the case of amendments which do not materially and adversely affect the interests of the Noteholders and/or any other Transaction Creditor :
- (a) if it is notified by the party requesting such amendment to the Security Trustee and the Rating Agencies in writing; and
 - (b) 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.
- 7.3 In the case of amendments which materially and adversely affect the interests of the Noteholders and/or any other Transaction Creditor:
- (c) if it is notified by the party requesting such amendment to the Security Trustee and the Rating Agencies in writing; and
 - (d) the Issuer has received the written consent to such amendment from the Security Trustee and the Transaction Creditors that are materially and adversely affected.
- 7.4 Notwithstanding clause 7.1 the Issuer will be entitled to amend any term or provision of any Transaction Document, 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 third party authorised under Article 28 of the Securitisation Regulation or a reputable international law firm that such amendments are required for the Transaction to comply with the Securitisation Regulation, including the requirements for simple, transparent and standardised securitisations set out therein and in any regulatory technical standards authorised under the Securitisation Regulation. Any amendment subject to this clause 7.4 shall only become valid, by giving ten (10) Business Days prior notice to the Noteholders and the Rating Agencies in writing, including by email.

8. SEVERABILITY

Without prejudice to any other provision thereof, if at any time any provision of any Transaction Document is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction that shall not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of such Transaction Document; or
- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of such Transaction Document.

All Transaction Parties agree that any such invalid, illegal or unenforceable provision shall be replaced by such valid provision which in its economic effect comes as close as legally possible to that of the invalid provision. Equally, the Transaction Parties agree that any omission or gap (*Vertragslücke*) in any Transaction Document shall be filled with a provision that reflects the commercial intentions of the relevant Transaction Parties in the best possible way.

9. NOTICES

- 9.1 Except as otherwise specified in any Transaction Document, any notice to be made thereunder shall be in the English or German language or, if not in English or German, accompanied by an English translation together with a confirmation of the Person or an

officer of the Person making or delivering such notice that the translation is a true and accurate translation of the original notice.

- 9.2 Any notice to be given under any Transaction Document shall be delivered in writing and, unless otherwise stated, shall be made by fax, e-mail or letter.
- 9.3 Notwithstanding clause 7.2 above, all notices, consents, approval and other notifications provided for in any Transaction Document shall be deemed to have been properly given if they have been rendered in writing and personally delivered or transmitted by registered letter.
- 9.4 Subject to not less than seven (7) days' written notice of address changes, all notices under any Transaction Document shall be directed to the following addresses:

(a) for the **Issuer**:

Driver UK Master S.A., acting for and on behalf of its Compartment 5
Attn.: The Directors
22-24 boulevard Royal
L-2449 Luxembourg
Luxembourg

Tel: (+352) 26 02 491
Fax: (+352) 2645 9628
Email: driveruk@circumferencefs.lu

(b) for the **Seller** and **Servicer**:

Volkswagen Financial Services (UK) Limited
Attn: ABS Operations
Brunswick Court
Yeomans Drive
Blakelands
Milton Keynes
MK14 5LR
United Kingdom

Fax: +44 1908 549773
Email: ABSOperations@vwfs.co.uk

(c) for the **Lead Manager, Manager** and **Arranger**

Crédit Agricole Corporate and Investment Bank
Attn.: Nathalie Esnault
12, place des Etats-Unis
CS 70052
92547 MONTROUGE CEDEX
France

Tel.: +33 (0)1 4189 8758
Fax: +33 1 5787 1758
E-Mail: nathalie.esnault@ca-cib.com / titrisation@ca-cib.com

(d) for the **Subordinated Lender**:

Volkswagen International Luxembourg S.A.
Attn.: Frank Mitschke
19-21, route d'Arlon
Bloc B
L-8009 Strassen
Luxembourg

Email: frank.mitschke.vfl@volkswagen.de
Fax: +352 27 44 06-99

(e) for the **Security Trustee:**

Intertrust Trustees GmbH
Attn.: The Directors
Grüneburgweg 58-62
60322 Frankfurt am Main
Germany

Fax: +49 69 64350 8925
E-mail: frankfurt@intertrustgroup.com

(f) for the **Account Bank**, the **Cash Administrator**, the **Principal Paying Agent**, the **Calculation Agent**, the **Interest Determination Agent** and the **Common Depositary:**

Elavon Financial Services DAC, U.K. Branch
5th Floor, 125 Old Broad Street
London EC2N 1AR
United Kingdom
Attn.: Structured Finance Relationship Management
Tel.: +44 207 330 2114
Fax: +44 207 365 2577
E-mail: mbs.relationship.management@usbank.com

(g) for the **Registrar**

Elavon Financial Services DAC, U.K. Branch
5th Floor, 125 Old Broad Street
London EC2N 1AR
United Kingdom
Attn.: Structured Finance Relationship Management
Tel.: +44 207 330 2114
Fax: +44 207 365 2577
E-mail: mbs.relationship.management@usbank.com

(h) for the **Rating Agencies:**

Moody's Deutschland GmbH
An der Welle 5
D-60322 Frankfurt am Main
Germany
Telephone: +49 69 70730 798

Fax: +49 69 70768 924
Email: monitor.abs@moodys.com

Fitch Ratings Limited
Attn.: Structured Finance Surveillance
30 The North Colonnade
London E14 5GN
United Kingdom
Fax: +44 (20) 7417 6262
E-mail: ABSsurveillance@fitchratings.com

(i) for the **Corporate Services Provider:**

Circumference FS (Luxembourg) S.A.
Attn.: Zamyra Cammans
22-24 boulevard Royal
L-2449 Luxembourg
Luxembourg

Fax: (+352) 2645 9628
Email: zamyra.cammans@circumferencefs.lu

(j) for the **Data Protection Trustee:**

Amsterdamsch Trustee's Kantoor B.V.
Attn.: Director
Prins Bernhardplein 200
1097 JB Amsterdam
The Netherlands
Fax: +31 20 521 4888
E-mail: NL-Trustee@intertrustgroup

(k) for the **Swap Counterparty:**

Skandinaviska Enskilda Banken AB (publ)
Attn: Investment Banking, DCM
Kungsträdgårdsgatan 8
SE-106 40 Stockholm
Sweden
Tel: +46 8 763 80 00
E-mail: nordicassetbacked@seb.se

10. **COUNTERPARTS**

Each Transaction Document may be executed in any number of counterparts, manually or by facsimile, and by different parties thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument.

11. **THE SECURITY TRUSTEE AS A PARTY**

Except in respect of the Trust Agreement, the Security Trustee is a party to the Transaction Documents solely for the better preservation and enforcement of its rights

thereunder and shall not assume any responsibility, liabilities or obligations under any Transaction Document unless such obligation or liability is expressly assumed by the Security Trustee in such Transaction Document.

12. NON-PETITION AND LIMITED RECOURSE

12.1 No proceedings against the Issuer

Each Transaction Party (other than the Issuer and the Security Trustee in its capacity as Security Trustee on behalf of the Transaction Creditors) agrees with and acknowledges to each of the Issuer and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Issuer, that:

- (a) until the date falling one year and one day after the Final Maturity Date, none of the Transaction Parties nor any Person on their behalf shall initiate, or join any Person in initiating, an Insolvency Event in respect of the Issuer provided that any Transaction Party may join any proceedings or action under any applicable insolvency law that are initiated by any Person other than such Transaction Party or any of such Transaction Party's Affiliates; and
- (b) none of the Transaction Parties shall be entitled to take, or join in the taking of, any corporate action, legal proceedings or other procedure or step which would result in the applicable Order of Priority not being complied with.

12.2 Limited recourse

Each Transaction Party (other than the Issuer and the Security Trustee in its capacity as Security Trustee on behalf of the Transaction Creditors) agrees with and acknowledges to each of the Issuer and the Security Trustee, and the Security Trustee agrees with and acknowledges to the Issuer, that notwithstanding any other provision of any Transaction Document, all obligations of the Issuer to such Transaction Party are limited in recourse as set out below:

- (a) each Transaction Party agrees that it will have a claim only in respect of the Security and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its equity capital;
- (b) sums payable to any Transaction Party in respect of the Issuer's obligations to such Transaction Party shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Transaction Party and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Security, whether by enforcement of the Security or otherwise, net of any sums which are payable by the Issuer in accordance with the applicable Order of Priority in priority to or pari passu with sums payable to such Transaction Party; and
- (c) upon the Security Trustee giving written notice to any Transaction Party that the Security Trustee has determined (in reliance on the certification delivered to it by the Servicer) that there is no reasonable likelihood of there being any further realisations in respect of the Security (whether arising from an enforcement of the Security or otherwise) which would be available pursuant to the applicable Order of Priority to pay unpaid amounts outstanding under the relevant Transaction Document, such Transaction Party shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

12.3 The provisions of this clause 10 shall survive the termination of the Transaction Documents.

13. **OBLIGATIONS AS CORPORATE OBLIGATIONS**

13.1 **No recourse against shareholders and others**

No Transaction Party shall have any recourse against, nor shall any personal liability attach to, any shareholder, officer, agent, employee or director of the Issuer or any other Transaction Party in its capacity as such, by any proceedings or otherwise, in respect of any obligation, covenant, or agreement of the Issuer contained in the Transaction Documents, except in the case of such shareholder's, officer's, agent's, employee's or director's personal liability resulting from its own gross negligence (*grobe Fahrlässigkeit*) or wilful misconduct (*Vorsatz*).

13.2 **No liability for obligations of the Issuer**

The Transaction Parties, other than the Issuer, shall not have any liability for the obligations of the Issuer, and nothing in any Transaction Document shall constitute the giving of a guarantee, an indemnity or the assumption of a similar obligation by any of the Transaction Parties in respect of the performance by the Issuer of its obligations.

13.3 **Effective date in respect of representations and warranties**

Except as otherwise provided in the Transaction Documents, the representations and warranties expressed therein shall be given as of the Issue Date.

14. **NO LIEN AND NO SET-OFF**

Each Transaction Party shall under no circumstances have any lien, right of retention, right of set-off or similar right in respect of any moneys paid or payable to it or assets delivered or deliverable into its custody under the relevant Transaction Documents vis-à-vis the Issuer and/or the Security Trustee, as applicable.

15. **THIRD PARTY BENEFIT**

Except where specifically provided otherwise, rights under a Transaction Document only accrue to a Person who is a party to such Transaction Document, and accordingly a Person who is not a party to a Transaction Document shall have no rights under section 328 (*Vertrag zugunsten Dritter*) of the German Civil Code to enforce any term of any Transaction Document.

16. **GOVERNING LAW**

Except as otherwise provided therein, each Transaction Document and any non-contractual obligations arising out of or in connection with any Transaction Document will be governed by and construed in accordance with the laws of Germany save to the extent that any in rem transfer, disposal of (*Verfügung über*) or perfection, effect or enforcement of a security interest in relation to any asset is concerned which is mandatorily governed by any law other than German law, in which case such in rem transfer, disposal of (*Verfügung über*) or perfection, effect or enforcement of a security interest shall be governed by such other law. For the avoidance of doubt, the provisions of articles 470-1 to 470-19 of the Luxembourg Companies Act relating to the noteholders' representations and the noteholder register are expressly excluded.

17. JURISDICTION

- 17.1 Each Transaction Party irrevocably agrees that the district court (*Landgericht*) of Frankfurt am Main shall have non-exclusive jurisdiction to hear and determine any proceedings and to settle any disputes brought in connection with any Transaction Document, and each Transaction Party irrevocably submits to the jurisdiction of the German courts.
- 17.2 Each Transaction Party also irrevocably waives (and irrevocably agrees not to raise) any objection which it might have at any time on the grounds of forum non conveniens or any other grounds, to proceedings being taken in any court referred to in this clause 17, and irrevocably agrees that any judgment in proceedings taken in any such court shall be conclusive and binding on it and may be enforced in any other jurisdiction.

18. PROCESS AGENTS

- 18.1 The Issuer hereby appoints Intertrust (Deutschland) GmbH, as its agent for service of process with respect to any legal proceedings brought before any German court in connection with any Transaction Document.
- 18.2 Upon the request of any other Transaction Party, each Transaction Party that has no branch or office in Germany (other than the Issuer) shall appoint a third party as its agent for service of process with respect to any legal proceedings brought before any German court in connection with any Transaction Document.

19. CONFIDENTIALITY

- 19.1 Each of the Transaction Parties undertakes to respect and protect the confidentiality of all information acquired as a result of or pursuant to the relevant Transaction Documents and will not, without the other Transaction Party's prior written consent, disclose any such information to a third party, subject to clause 17.3 and/or unless it is required to do so by any applicable law or regulation or is specifically authorised to do so hereunder or by any separate agreement, especially where the provision of such information is the object or part of the service to be provided by the relevant Transaction Parties.
- 19.2 This clause shall remain in force even after the termination of the Transaction.
- 17.3 The provisions of clause 17.1 will not apply to the disclosure of any information, representations, certifications, waivers and forms to the extent that the recipient is required to disclose the same pursuant to FATCA or any other Tax Information Arrangement.

SIGNATORIES TO THE INCORPORATED TERMS MEMORANDUM DATED 25 MARCH 2019

DRIVER UK MASTER S.A., acting with respect to its **Compartment 5**
as Issuer and Purchaser

Signed by:

Title:

VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED
as VWFS, Seller and Servicer

Signed by:

Title:

VOLKSWAGEN INTERNATIONAL LUXEMBURG S.A.
as Subordinated Lender

Signed by:

Title:

CRÉDIT AGRICOLE CORPORATE AND INVESTMENT BANK
as Arranger, Lead Manager and Manager

Signed by:

Title:

INTERTRUST TRUSTEES GMBH
as Security Trustee

Signed by:

Title:

AMSTERDAMSCH TRUSTEE'S KANTOOR B.V.
as Data Protection Trustee

Signed by:

Title:

ELAVON FINANCIAL SERVICES DAC
as Registrar

Signed by:

Title:

ELAVON FINANCIAL SERVICES DAC, U.K. BRANCH
as Account Bank, Interest Determination Agent, Cash Administrator, Principal Paying Agent and Calculation Agent

Signed by:

Title:

CIRCUMFERENCE FS (LUXEMBOURG) S.A.
as Corporate Services Provider

Signed by:

Title:

SKANDINAVISKA ENSKILDA BANKEN AB (PUBL)
as Swap Counterparty

Signed by:

Title: