

STS Term Verification Checklist
DRIVER UK Multi-Compartment S.A.,
Compartment Private Driver UK 2020-1
Series A and B



PRIME COLLATERALISED SECURITIES (PCS) UK LIMITED

27th June 2022

Analyst: Robert – +44 (0) 203 866 5005

This is the STS Term Master Checklist for STS Term Verifications.

This STS Term Checklist must be read together with the PCS Procedures Manual and the PCS Term Evidentiary Standards Manual. This document is based upon the materials received by PCS as at the date of this document. Any references in this document are to the Prospectus unless otherwise stated.

PCS comments in this STS Term Master Checklist are based on PCS' interpretation of the STS Regulation (the "Regulation") informed by (a) the text of the Regulation itself, (b) the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") and (c) any relevant national competent authorities' interpretation of the STS criteria to the extent known to PCS.

PCS comments in this STS Term Master Checklist are based on PCS' interpretation of the STS Regulation EU 2017/2402 of the European Union as amended and incorporated into United Kingdom law by the Withdrawal Act 2019 and the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "Regulation") informed by (a) the text of the Regulation itself, (b) following the joint guidance of the Bank of England and the PRA of April, 2019, the EBA guidelines and recommendations issued in accordance with Article 19(2) of the Regulation (the "EBA Guidelines") to the extent that they remain relevant following Brexit and where published prior to 1st January 2020 and (c) any relevant interpretation of the STS criteria by the Financial Conduct Authority to the extent known to PCS.

It is important that the reader of this checklist reviews and understands the disclaimer referred to on the following page.

27th June 2022

STS Disclaimer

Neither an STS Verification, nor a CRR Assessment, nor an LCR Assessment is a recommendation to buy, sell or hold securities. None are investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and none are a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or any post-Brexit successor legislation in the United Kingdom.

PCS EU and PCS UK are authorised respectively by the French Autorité des Marchés Financiers and by the United Kingdom Financial Conduct Authority as third-party verification agents pursuant to article 28 of Regulation (EU) 2017/2402 (the “**STS Regulation**”) and The Securitisation (Amendment) (EU Exit) Regulations 2019.

Currently, none of the activities involved in providing an CRR Assessment are endorsed or regulated by any regulatory and/or supervisory authority nor are the PCS Association or PCS EU regulated by any regulator and/or supervisory authority including the Belgian Financial Services and Markets Authority, the United Kingdom Financial Conduct Authority, the French Autorité des Marchés Financiers or the European Securities and Markets Authority.

By assessing the CRR status of any securities or financing, neither the PCS Association nor PCS UK nor PCS EU express any views about the creditworthiness of these securities or financings or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities or financings.

Equally, by completing (either positively or negatively) any CRR status assessment of certain instruments, no statement of any kind is made as to the value or price of these instruments or the appropriateness of the interest rate they carry (if any).

In the provision of any CRR Assessment, PCS has based its decision on information provided directly and indirectly by the originator or sponsor of the relevant securitisation. Specifically, it has relied on statements made in the relevant prospectus or deal sheet, documentation and/or in certificates provided by, or on behalf of, the originator or sponsor in accordance with PCS’ published procedures for the relevant PCS verification or assessment. You should make yourself familiar with these procedures to understand fully how any PCS service is completed. These can be found at <https://pcsmarket.org/> (the “**PCS Website**”). Neither the PCS Association nor PCS UK nor PCS EU undertake their own direct verification of the underlying facts stated in the prospectus, deal sheet, documentation or certificates for the relevant instruments and the completion of any CRR Assessment is not a confirmation or implication that the information provided to it by or on behalf of the originator or sponsor is accurate or complete.

The PCS entities take reasonable measures to ensure the quality and accuracy of the information on www.pcsmarket.org. However, neither the PCS Association nor PCS UK nor PCS EU can be held liable in any way for the inaccuracy or incompleteness of any information that is available on or through the PCS Website. In addition, neither the PCS Association nor PCS UK nor PCS EU can in any way be held liable or responsible for the content of any website linked to the PCS Website.

To understand the meaning and limitations of any CRR Assessment you must read the [General Disclaimer](#) that appears on the PCS Website.

When entering any of the “Transaction” sections of the PCS Website, you will be asked to declare that you are allowed to do so under the legislation of your country. The circulation and distribution of information regarding securitisation instruments (including securities) that is available on the PCS Website may be restricted in certain jurisdictions. Persons receiving any information or documents with respect to or in connection with instruments (including securities) available on the PCS Website are required to inform themselves of and to observe all applicable restrictions.

PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Robert Leach
Date of Verification	27 June 2022
The transaction to be verified (the "Transaction")	DRIVER UK Multi-Compartment S.A., acting for and on behalf of its Compartment Private Driver UK 2020-1, Series A and B
Issuer	DRIVER UK Multi-Compartment S.A., acting for and on behalf of its Compartment Private Driver UK 2020-1
Originator	Volkswagen Financial Services (UK) Limited
Lead Manager(s)	Lloyds Bank Corporate Markets plc
Transaction Legal Counsel	Hogan Lovells International LLP
Rating Agencies	Fitch, S&P
Stock Exchange	Luxembourg Stock Exchange
Closing Date	27 June 2022

PCS confirms that all checklist points have been verified as detailed in the associated comment box in the checklist below.

A summary of the checklist points by article is set out in the table of contents on the next page together with a reference to the respective article contents. To examine a specific article from the list below, please click on the article description to be taken directly to the relevant section of the checklist.

Within the checklist, the relevant legislative text is set out in grey introductory boxes with specific criteria for our verification listed underneath.

Article	Summary of Article Contents	PCS Verified	
Article 20 – Simplicity			
20(1)	True sale	1	✓
20(2-4)	Severe clawback	2	✓
20(4)	True sale with intermediate steps	3	✓
20(5)	Assignment perfection	4	✓
20(6)	Encumbrances to enforceability of true sale	5	✓
20(7)	Eligibility criteria, active portfolio management, and exposure transferred after closing	6 - 8	✓
20(8)	Homogeneity, enforceability, full recourse, periodic payment streams, no transferable securities	9 - 14	✓
20(9)	No securitisation positions	15	✓
20(10)	Origination, underwriting standards, unverified residential loans, assessment of creditworthiness, originator expertise	16 - 21	✓
20(11)	No undue delay after selection, no exposures in default or to credit-impaired or insolvent debtors/quarantors, portion of restructured debtors, adverse credit history, higher pool risk	22 - 30	✓
20(12)	At least one payment made	31	✓
20(13)	No predominant dependence on the sale of asset	32	✓
Article 21 – Standardisation			
21(1)	Risk retention	33	✓
21(2)	Appropriate mitigation of interest-rate and currency risks and disclosure, no further derivatives and hedging derivatives according to common standards	34 - 39	✓
21(3)	Referenced interest payments	40	✓
21(4)	Requirements in the event of enforcement or delivery of acceleration notice: no cash trap, sequential amortisation, no reversal, no automatic liquidation	41 - 44	✓
21(5)	Non-sequential priority of payments	45	✓
21(6)	Early amortisation provisions/triggers for termination of revolving period	46 - 49	✓
21(7)	Duties, responsibilities, and replacement of transaction parties	50 - 52	✓
21(8)	Expertise of the servicer	53 - 54	✓
21(9)	Remedies and actions by servicer related to delinquency and default of debtor, priorities of payments, triggers for changes, obligation to report	55 - 59	✓
21(10)	Resolution of investor conflicts and fiduciary party responsibilities and duties	60 - 61	✓
Articles 22 and 7 – Transparency			
22(1)	Historical asset data	62 - 64	✓
22(2)	AUP/asset verification	65 - 66	✓
22(3)	Liability cashflow model	67 - 68	✓
22(4)	Environmental performance of asset	69	✓
22(5)	Responsibility for article 7, information disclosure before pricing and 15 days after closing	70 - 73	✓
7(1)	Transparency requirements: underlying loan data, documentation, priority of payments, transaction summary, STS notification, investor report, inside information, significant event report, simultaneous, without delay	74 - 83	✓
7(2)	Transparency requirements: securitisation repository, designation of responsible entity	84 - 85	✓

Article 20.1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

1

STS Criteria

1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.

Verified?**YES****PCS Comments**

See Prospectus, *DESCRIPTION OF THE PORTFOLIO*.

The Receivables Purchase Agreement

On 27 April 2020 and on each Additional Purchase Date prior to the Closing Date, VWFS sold to the Issuer and the Issuer purchased from VWFS all right, title and interest of VWFS in the Initial Receivables and any Additional Receivables offered for sale on such Additional Purchase Dates. Such sale is made by way of absolute assignment and, accordingly, VWFS, with full title guarantee, and so far as relating to the Northern Irish Receivables, as beneficial owner, and so far as relating to the Scottish Receivables (which are held in trust), with absolute warrandice, assigned to (or hold on trust for) the Issuer all of its rights, title and interest in and to each Initial Receivable, including to the fullest extent possible under applicable law, all Ancillary Rights related to such Initial Receivable but excluding the Excluded Amounts. These are equitable assignments until they are perfected following the occurrence of a Notification Event.

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

See Prospectus, *TRANSACTION OVERVIEW*.

PURCHASED RECEIVABLES

Sale of Receivables

Assignment by the Seller to the Issuer of the benefit of the Receivables derived from Financing Contracts governed by the laws of England and Wales or Northern Ireland will take effect in equity only because no notice of the assignment will be given to Obligors. The assignment will be perfected following the occurrence of certain Notification Events. As described above, the Seller holds the benefit of the Scottish Receivables in trust for the Issuer prior to the occurrence of a Notification Event. Following the occurrence of a Notification Event the transfer of legal title to any Scottish Receivables to the Issuer would be perfected by assignments in favour of the Issuer entered into pursuant to the Receivables Sale Agreement perfected by giving notice to the relevant Obligors.

"True sale" is not a legal concept but a rating agency creation.

The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".

This is clearly stated in the wording of the Regulation (20.1). The expression “transfer to the same effect” indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.

The issue of “true sale” is separate from the issue of “clawback”. “Clawback” refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a “true sale” has taken place.

All European jurisdictions, to PCS’ knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from “defrauding” its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.

The Regulation (20.1) therefore does not require STS “true sales” to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to “severe clawback”. The Regulation does not define “severe clawback” but gives an example (20.2) where a clawback happens for no reasons. The Regulation (20.3) also explicitly excludes from the definition of “severe clawback” the traditional European basis for such devices which all come under the general category of “preferences”.

PCS further notes that the examples (20.2 and 20.3) refer to the insolvency law of a jurisdiction and therefore believes that clawback risk is to be assessed on a jurisdictional basis rather than on a transactional basis. Finally, PCS does not believe and nor is there any evidence that the legislators or regulatory authorities are seeking to craft a higher standard than that which has been used for decades by the market and was the basis for the legislative text.

Based on the above considerations, PCS believes that transfers from jurisdictions meeting the following criteria – absent any other indications – shall not fall within the definition of “severe clawback”:

- Clawback requires an unfair preference “defrauding” creditors;*
- Clawback puts the burden of proof on the insolvency officer or creditors – in other words it cannot be automatic nor require the purchaser to prove their innocence.*

Since “severe clawback” is a jurisdictional concept, in analysing this issue PCS will therefore first seek to determine the Originator’s jurisdiction for the purposes of insolvency law. This would be its centre of main interest or “COMI”.

The second step would be to determine whether the relevant COMI contains severe claw back provisions in its insolvency legislation. Although the determination of a COMI can be a technically fraught analysis of international conflicts of law, PCS notes that in the vast majority of securitisations there is no real issue as the COMI is self-evident.

In the case of the Transaction, title to the assets is transferred by means of an equitable or beneficial assignment.

The legal opinions from Hogan Lovells International LLP and Shepherd and Wedderburn LLP collectively confirm that an equitable assignment of the beneficial interest meets the definition of “true sale” outlined above.

In the case of Volkswagen Financial Services (UK) Limited, a finance company situated in the United Kingdom, the COMI is considered the United Kingdom. United Kingdom insolvency law provides for clawback in the cases of preferences and transactions at an undervalue and require the insolvency officer to prove that case. Therefore, and as confirmed by the Opinions, the transfer is not, in our opinion, subject to “severe clawback”.

Article 20.1 [...] The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

Article 20.2 For the purpose of paragraph 1, any of the following shall constitute severe clawback provisions:

(a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;

(b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale..

Article 20.3. For the purpose of paragraph 1, clawback provisions in national insolvency laws that allow the liquidator or a court to invalidate the sale of underlying exposures in case of fraudulent transfers, unfair prejudice to creditors or of transfers intended to improperly favour particular creditors over others, shall not constitute severe clawback provisions.

2

STS Criteria

2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.

Verified?

YES

PCS Comments

See Prospectus, *DESCRIPTION OF THE PORTFOLIO*.

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

VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of itself (i) as at the Closing Date in relation to the Initial Receivables, and (ii) as at each Additional Purchase Date in relation to the relevant Additional Receivables, that:

(j) the Seller's centre of main interests is situated in the United Kingdom and it does not have an establishment, branch, business establishment or other fixed establishment other than in the United Kingdom. The terms "centre of main interest" and "establishment" have the meanings given to them: in Article 3(1) and Article 2(10) respectively (i) of the EU Insolvency Regulation and (ii) in the EU Insolvency Regulation as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Insolvency (Amendment) (EU Exit) Regulations 2019 (SI 2019/146) and Insolvency (Amendment) (EU Exit) Regulations 2020 (SI 2020/647).

COMI is in the UK. The UK does not have severe clawback provisions. See comment under checklist point 1.

Article 20.4. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

3

STS Criteria

3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.

Verified?

YES

PCS Comments

See Prospectus.

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

EU Securitisation Regulation and UK Securitisation Regulation

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

Article 20.5. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:

- (a) severe deterioration in the seller credit quality standing;
- (b) insolvency of the seller; and
- (c) unremedied breaches of contractual obligations by the seller, including the seller's default.

4	<p>STS Criteria</p> <p>4. Where the transfer of the underlying exposures is performed by means of an assignment and perfected at a later stage than at the closing of the transaction, the triggers to effect such perfection shall, at least include the following events:</p> <ul style="list-style-type: none"> (a) severe deterioration in the seller credit quality standing; (b) insolvency of the seller; and (c) unremedied breaches of contractual obligations by the seller, including the seller's default. 	<p>Verified? YES</p>
----------	--	--

PCS Comments

See Prospectus, *TRANSACTION OVERVIEW*.

PURCHASED RECEIVABLES

Sale of Receivables

Assignment by the Seller to the Issuer of the benefit of the Receivables derived from Financing Contracts governed by the laws of England and Wales or Northern Ireland will take effect in equity only because no notice of the assignment will be given to Obligors. The assignment will be perfected following the occurrence of certain Notification Events. As described above, the Seller holds the benefit of the Scottish Receivables in trust for the Issuer prior to the occurrence of a Notification Event. Following the occurrence of a Notification Event the transfer of legal title to any Scottish Receivables to the Issuer would be perfected by assignments in favour of the Issuer entered into pursuant to the Receivables Sale Agreement perfected by giving notice to the relevant Obligors.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Notification Event" means the occurrence of any of the following events:

- (a) **Non-Payment:** VWFS or the 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 9 (Repurchase) of the Receivables Purchase Agreement or (ii) pay any amount required pursuant to 9 (Repurchase) of the Receivables Purchase Agreement;
- (h) Failure to perform: the Seller shall fail to perform or observe any material term, covenant or agreement under the Receivables Purchase Agreement applicable to it (other than as referred to in paragraphs (a) or (g) above) and such failure shall remain unremedied for 180 days (or if such failure is not capable of remedy, in the Seller's sole discretion, 15 Business Days after receipt by the Seller of written notice from the issuer or any Noteholder requiring the failure to be remedied (which Notification Event shall be deemed to occur only upon the last day of the relevant period)) and the Security Trustee certifies that in its reasonable opinion such failure is materially prejudicial to the Noteholders.

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

- (a) the making of an assignment, assignation, trust, conveyance, composition of assets for the benefit of its creditors generally or any substantial portion of its creditors;
- (b) the application for, seeking of, consents to, or acquiescence in, the appointment of a receiver, custodian, trustee, liquidator or similar official for it or a substantial portion of its property;
- (c) the initiation of any case, action or proceedings before any court or Governmental Authority against Driver UK Multi-Compartment S.A., the Seller, the Servicer or the Security Trustee under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws and such proceedings are not being disputed in good faith with a reasonable prospect of discontinuing or discharging the same;
- (d) the levy or enforcement of a distress, diligence or execution or other process upon or sued out against the whole or any substantial portion of the undertaking or assets of Driver UK Multi-Compartment S.A., the Seller, the Servicer or the Security Trustee and such possession or process (as the case may be) shall not be discharged or otherwise shall not cease to apply within sixty days;
- (e) initiation or consent to any case, action or proceedings in any court or Governmental Authority relating to Driver UK Multi-Compartment S.A., the Seller, the Servicer or the Security Trustee under any applicable liquidation, insolvency, composition, bankruptcy, receivership, dissolution, reorganisation, winding-up, relief of debtors or other similar laws;
- (f) an order is made against Driver UK Multi-Compartment S.A., the Seller, the Servicer or the Security Trustee or an effective resolution is passed for its winding-up; and
- (g) Driver UK Multi-Compartment S.A., the Seller, the Servicer or the Security Trustee is deemed generally unable to pay its debts within the meaning of any liquidation, insolvency, composition, reorganisation or other similar laws in the jurisdiction of its incorporation or establishment (provided that, for the avoidance of doubt, any assignment, assignation, charge, pledge or lien made by the Issuer for the benefit of the Security Trustee under the Trust Agreement or the Deed of Charge and Assignment shall not constitute an Insolvency Event in respect of the Issuer).

Criterion 4 requires two steps:

- *To determine whether the transfer of the assets is by means of an unperfected assignment; and*

- If it is, whether the transaction contains the requisite triggers.

In the absence of any definition of “an assignment perfected at a later stage” in the Regulation or the EBA Guidelines and without additional views from the UK Financial Conduct Authority it is not possible to determine with finality whether an English equitable assignment is “unperfected” within the meaning of the Regulation – as distinguished from the meaning of the English rules of equity.

PCS believes there are good reasons why the Regulation’s term of “an assignment perfected at a later stage” does not encompass an English equitable assignment.

However, this is not a question that is required to be answered in the case of the Transaction since, even if equitable assignments are unperfected assignments as defined in the Regulation, the requirements of the criterion are met by the Transaction.

PCS has measured the trigger events against the EBA Guidelines.

20.5(a)

No absolute definition of “severe deterioration” can be given, but clearly the Regulation is seeking to avoid requiring a “hair trigger” deterioration. In other words, an originator could provide a “hair trigger” deterioration if it wanted to. Therefore, the rule does not require an originator or investor to weigh carefully the severity of the trigger so long as it meets the requirements of the EBA Guidelines to be related to the seller’s credit standing, be observable and related to financial health.

The trigger provided in the Transaction meets these requirements.

20.5(b)

The insolvency trigger is in the Transaction.

20.5(c)

The Regulation refers to “unremedied breaches of contractual obligations by the seller, including the seller’s default”.

PCS notes that neither the Regulation nor the EBA Guidelines specify which contractual obligations are targeted. One can assume that this cannot possibly mean any seller contractual obligation since most financial institutions have millions of contractual obligations under tens of thousands of contracts. It is not conceivable that, in order to protect a securitisation, a transfer could be required resulting from a trivial breach of a totally unrelated contractual provision (e.g. to keep the walls painted on a leased property unconnected to the transaction).

PCS also notes that the Regulation clearly does not say “any breaches of contractual obligations”. Therefore, the Regulation must be aiming at an undefined sub-set of contractual obligations. In the absence of any indication in the Regulation or EBA Guidelines as to what this sub-set may be, PCS concludes, until clarification may be provided, that it is up to the originator to define which sub-set of obligations should trigger a possible perfection.

PCS does believe though that the Regulation must be interpreted in a purposive manner – as evidenced by the EBA Guidelines. Therefore, the sub-set of obligations selected by the originator cannot be capricious but should have some connection with the risks that would be run by investors if the seller should encounter a problem prior to perfection of the title.

The unremedied breach trigger is in the Transaction.

Article 20.6. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.

5	<p>STS Criteria</p> <p>5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of the Receivables sold by it under the Receivables Purchase Agreement (i) as at the Initial Cut-Off Date in relation to the Initial Receivables, and (ii) as at each Additional Cut-Off Date in relation to the Additional Receivables, acquired on such Additional Purchase Date, that each Purchased Receivable meets each of the following conditions (for the avoidance of doubt, when applying the conditions below the Receivables have been selected randomly and not with the intention to prejudice the Noteholders):</p> <p>(m) that it can dispose of the Purchased Receivables free from rights of third parties and, to the best of the Seller's knowledge, the Purchased Receivables are not in a condition that can be foreseen to adversely affect the enforceability of the assignment;</p> <p>(n) the Seller is the legal and beneficial owner, free from any Security Interest, of the Purchased Receivables;</p>	

Article 20.7. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.

6	<p>STS Criteria</p> <p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of the Receivables sold by it under the Receivables Purchase Agreement (i) as at the Initial Cut-Off Date in relation to the Initial Receivables, and (ii) as at each Additional Cut-Off Date in relation to the Additional Receivables, acquired on such Additional Purchase Date, that each Purchased Receivable meets each of the following conditions (for the avoidance of doubt, when applying the conditions below the Receivables have been selected randomly and not with the intention to prejudice the Noteholders): [...]</p>	

	<p>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</p> <p>PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus, they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</p>	
7	<p>STS Criteria</p> <p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED</i>.</p> <p>Administration of Collections and Costs of Administration</p> <p>Based on the Seller's, the Servicer's and the Issuer's understanding of the spirit of Article 20(7) of the UK Securitisation Regulation and the EBA STS Guidelines applicable to Non-ABCP Securitisations, (insofar as they remain relevant in the UK in accordance with the FCA's guidance with respect to its approach to nonlegislative material published by the EU), the Seller, the Servicer and the Issuer agree not to undertake active portfolio management of the Purchased Receivables included in the Portfolio on a discretionary basis.</p> <p>See also underlying transaction documents: Servicing Agreement.</p> <p>2.4 Active Portfolio Management</p> <p>The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of “active portfolio management”. To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met. If the transaction should contain a repurchase device that is not included in the EBA's list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining “active portfolio management”.</p>	
8	<p>STS Criteria</p> <p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of the Receivables sold by it under the Receivables Purchase Agreement (i) as at the Initial Cut-Off Date in relation to the Initial Receivables, and (ii) as at each Additional Cut-Off Date in relation to the Additional Receivables, acquired on such Additional Purchase Date, that each Purchased Receivable meets each of the following conditions (for the avoidance of doubt, when applying the conditions below the Receivables have been selected randomly and not with the intention to prejudice the Noteholders):</p> <p><i>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</i></p>	

Article 20.8. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type. The underlying exposures shall contain obligations that are contractually binding and enforceable, with full recourse to debtors and, where applicable, guarantors.

9	<p>STS Criteria</p> <p>9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Homogeneity</p> <p>For the purposes of Article 20(8) of the UK Securitisation Regulation and Articles 1(a) to (d) of the Commission Delegated Regulation (EU) 2019/1851 ("HRTS") as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as amended by the Technical Standards (Securitisation Regulation) (EU Exit) Instrument (No 2) 2020 (FCA 2020/54) (the "UK HRTS"), the Purchased Receivables: (i) have been underwritten according to similar underwriting standards, (ii) are serviced according to similar servicing procedures, (iii) fall within the same category of auto loans and leases and (iv) in accordance with the homogeneity factors set forth in Article 20(8) of the UK Securitisation Regulation and Article 3(5)(b) of the UK HRTS, the Obligors are all resident or incorporated in one jurisdiction, being the United Kingdom.</p> <p><i>In the Transaction, the loans were underwritten on a similar basis, they are being serviced by Volkswagen Financial Services (UK) Limited on the same platform, they are a single asset class – auto loans – and, based on the EBA's suggested approach, the assets are all originated in the UK. PCS also takes great comfort from the fact that transactions containing pools with similar characteristics have always been considered to be "homogenous" by a wide consensus of market participants.</i></p>	
10	<p>STS Criteria</p> <p>10. The underlying exposures shall contain obligations that are contractually binding and enforceable.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of the Receivables sold by it under the Receivables Purchase Agreement (i) as at the Initial Cut-Off Date in relation to the Initial Receivables, and (ii) as at each Additional Cut-Off Date in relation to the Additional Receivables, acquired on such Additional Purchase Date, that each Purchased Receivable meets each of the following conditions (for the avoidance of doubt, when applying the conditions below the Receivables have been selected randomly and not with the intention to prejudice the Noteholders):</p> <p>(h) that the relevant Financing Contracts constitute legal valid, binding and enforceable agreements with full recourse to the Obligor;</p>	
11	<p>STS Criteria</p> <p>11. With full recourse to debtors and, where applicable, guarantors.</p>	<p>Verified? YES</p>

PCS Comments

See Point 10 above.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"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.

Article 20.8. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts, relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.

12	STS Criteria 12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.	Verified? YES
-----------	--	--------------------------------

PCS Comments

See Prospectus, *DESCRIPTION OF THE PORTFOLIO*.

Eligibility Criteria

(r) that on the relevant Cut-Off Date at least one instalment has been paid in respect of each of the Purchased Receivables and that the Purchased Receivables require substantially equal monthly payments to be made within seventy-two (72) months of the date of origination of the Financing Contract and may also provide for a final balloon payment;

13	STS Criteria 13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.	Verified? YES
-----------	---	--------------------------------

PCS Comments

See Prospectus, *DESCRIPTION OF THE PORTFOLIO*.

The Receivables

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

HP Agreements

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

PCP Agreements

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

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

LP Agreements

Mainly entered into with retail Obligors, LP Agreements are available for both new and used vehicles. LP Agreements contain standard rental terms where an initial payment is made and then the balance is typically amortised in monthly instalments but with an additional larger "balloon" final rental payment at the end of the term of the LP Agreement. At the end of the term of the LP Agreement, after payment of the final balloon rental payment and an additional option to purchase fee, the Obligor will own the vehicle.

See Prospectus, *TRANSACTION OVERVIEW*.

PURCHASED RECEIVABLES

Ancillary Rights

Means, in relation to a Purchased Receivable, all remedies for enforcing the same including, for the avoidance of doubt and without limitation:

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

Article 20.8. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

14	<p>STS Criteria</p> <p>14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), (24) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>The Purchased Receivables comprised in the Initial Portfolio will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for HP Agreements, LP Agreements and PCP Agreements.</p>	

Article 20.9. The underlying exposures shall not include any securitisation position.

15	<p>STS Criteria</p> <p>15. The underlying exposures shall not include any securitisation position.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 14 above.</p>	

Article 20.10. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.

16	<p>STS Criteria</p> <p>16. The underlying exposures shall be originated in the ordinary course of the originator's or original lender's business.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Representations and Warranties in relation to the Sale of the Purchased Receivables</p>	

	<p>VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of itself (i) as at 27 April 2020 in relation to the Initial Receivables, and (ii) as at each Additional Purchase Date in relation to the relevant Additional Receivables, that:</p> <p>(k) the Purchased Receivables are originated in the ordinary course of the business of VWFS pursuant to underwriting standards which are no less stringent than those which also apply to Financing Contracts which will not be securitised. In particular, VWFS represents and warrants that it has in place (i) effective systems to apply its standard criteria for granting the Purchased Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Receivables, in order to ensure that granting of the Purchased Receivables is based on a thorough assessment of each Obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Obligor meeting its obligations under the relevant agreement. Furthermore, VWFS represents and warrants that the assessment of each Obligor's creditworthiness shall meet the requirements of Article 8 of Directive 2008/48/EC (as it applies in the EU and the UK), in particular, the assessment: (i) will be performed on the basis of sufficient information, where appropriate obtained from the Obligor and, where necessary, on the basis of a consultation of the relevant database, and (ii) will be repeated before any significant increase in the total amount is granted after the conclusion of the financial contract, in combination with an update of the Obligor's financial information.</p>	
17	<p>STS Criteria</p> <p>17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 16 above.</p>	

Article 20.10. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.

18	<p>STS Criteria</p> <p>18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>Changes to underwriting standards</p> <p>VWFS as Seller agrees that if it makes any material changes to its underwriting standards, during the Revolving Period, it will promptly provide the Issuer and the Security Trustee with details of such changes together with an explanation of the purpose of such changes. The Issuer will notify such changes to investors in accordance with Condition 13 (Notices) without undue delay.</p> <p><i>Although somewhat confusingly drafted, the EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</i></p>	

Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.

Article 20.10. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.

19	STS Criteria	Verified? YES
	19. In the case of securitisations where the underlying exposures are residential loans, the pool of loans shall not include any loan that was marketed and underwritten on the premise that the loan applicant or, where applicable intermediaries, were made aware that the information provided might not be verified by the lender.	
	PCS Comments	
	Not applicable.	

Article 20.10. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.

20	STS Criteria	Verified? YES
	20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.	
	PCS Comments	
	See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i> .	
	Representations and Warranties in relation to the Sale of the Purchased Receivables	
	VWFS represents and warrants to the Issuer and to the Security Trustee, in respect of itself (i) as at 27 April 2020 in relation to the Initial Receivables, and (ii) as at each Additional Purchase Date in relation to the relevant Additional Receivables, that:	
	(k) the Purchased Receivables are originated in the ordinary course of the business of VWFS pursuant to underwriting standards which are no less stringent than those which also apply to Financing Contracts which will not be securitised. In particular, VWFS represents and warrants that it has in place (i) effective systems to apply its standard criteria for granting the Purchased Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Receivables, in order to ensure that granting of the Purchased Receivables is based on a thorough assessment of each Obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the Obligor meeting its obligations under the relevant agreement. Furthermore, VWFS represents and warrants that the assessment of each Obligor's creditworthiness shall meet the requirements of Article 8 of Directive 2008/48/EC (as it applies in the EU and the UK), in particular, the assessment: (i) will be performed on the basis of sufficient information, where appropriate obtained from the Obligor and, where necessary, on the basis of a consultation of the relevant database, and (ii) will be repeated before any significant increase in the total amount is granted after the conclusion of the financial contract, in combination with an update of the Obligor's financial information.	

See also Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. European Directives, in contrast to Regulations, do not have direct effect but must be implemented into national law country by country.

PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.

Article 20.10. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.

21	STS Criteria	Verified?
	21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	YES

PCS Comments

See Prospectus, *THE SELLER AND SERVICER*.

Origination and Securitisation Expertise

As already set out under the section "Incorporation, Registered Office and Purpose" one of the main purposes of VWFS for almost 3 decades has been the origination, underwriting and servicing of finance contracts of a similar nature to those securitised under this Transaction. The members of its management body and the senior staff of VWFS have adequate knowledge and skills in originating, underwriting and servicing automotive finance receivables, similar to the automotive finance receivables included in the Portfolio, gained through years of practice and continuing education. The members of the management body and VWFS senior staff have been appropriately involved within the governance structure of the functions of originating and underwriting of the Portfolio. Additionally, VWFS has been securitising finance contracts actively since 2002 through private as well as public securitisation transactions, similar to this Transaction. The members of its management body and the senior staff responsible for the securitisation transactions of VWFS have also professional experience in the securitisation of automotive finance receivables of many years, gained through years of practice and continuing education. Other subsidiaries of Volkswagen AG have also been securitising lease receivables and loan receivables all across Europe, Australia, Brazil, Canada, Japan, China, Turkey and USA.

An entity originating assets similar to those securitised for at least five years is deemed, according to the EBA Guidelines to have "expertise".

Article 20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...

22	STS Criteria	Verified?
	22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	YES

PCS Comments

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Additional Cut-Off Date" means the last day of a Monthly Period elapsing prior to an Additional Purchase Date.

	"Cut-Off Date" means each of the Initial Cut-Off Date and each Additional Cut-Off Date. <i>PCS has assumed that any period of three-and-a-half months or less between pool cut date and closing will meet the requirements of the criterion. This is in line with market standards.</i>	
23	STS Criteria 23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...	Verified? YES
	PCS Comments See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i> . Eligibility Criteria (f) that no Purchased Receivable is overdue; (y) that the Obligor related to the Purchased Receivable is not: (i) an Obligor who VWFS considers as unlikely to pay its obligations to VWFS and/or to a Obligor who is past due more than 90 days on any material credit obligation to VWFS;	

Article 20.11. The underlying exposures shall be transferred to the SSPE after selection without undue delay and shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:

(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:

(i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and

(ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

(b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender; or

(c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.

24	STS Criteria 24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	Verified? YES
	PCS Comments See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i> . Eligibility Criteria	

	<p>(d) that (according to the Seller's records) no pending bankruptcy or insolvency proceedings are initiated against any of the Obligors;</p> <p>(z) that the Obligor related to the Purchased Receivable is not:</p> <p>(i) an Obligor who VWFS considers as unlikely to pay its obligations to VWFS and/or to a Obligor who is past due more than 90 days on any material credit obligation to VWFS; or</p> <p>(ii) a credit-impaired Obligor or guarantor who, on the basis of information obtained (i) from the Obligor of the relevant Receivable, (ii) in the course of VWFS' servicing of the Receivables or VWFS' risk management procedures, or (iii) from a third party:</p> <p>(1) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer of the Purchased Receivables to the Issuer;</p> <p>(2) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to VWFS; or</p> <p>(3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by VWFS which are not securitised.</p>	
25	<p>STS Criteria 25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.</p>	<p>Verified? YES</p>
	<p>PCS Comments <i>See point 24 above.</i></p>	
26	<p>STS Criteria 26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:</p>	<p>Verified? YES</p>
	<p>PCS Comments <i>See point 24 above.</i></p>	
27	<p>STS Criteria 27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and</p>	<p>Verified? YES</p>
	<p>PCS Comments <i>See point 24 above.</i> <i>No restructured borrowers are included in the pool.</i></p>	

28	<p>STS Criteria</p> <p>28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 24 above.</p> <p>No restructured borrowers are included in the pool.</p>	
29	<p>STS Criteria</p> <p>29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 24 above.</p>	
30	<p>STS Criteria</p> <p>30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See point 24 above.</p>	

Article 20.12. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.

31	<p>STS Criteria</p> <p>31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>(r) that on the relevant Cut-Off Date at least one instalment has been paid in respect of each of the Purchased Receivables and that the Purchased Receivables require substantially equal monthly payments to be made within seventy-two (72) months of the date of origination of the Financing Contract and may also provide for a final balloon payment;</p>	

Article 20.13. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures. This shall not prevent such assets from being subsequently rolled-over or refinanced.

The repayment of the holders of the securitisation positions whose underlying exposures are secured by assets the value of which is guaranteed or fully mitigated by a repurchase obligation by the seller of the assets securing the underlying exposures or by another third party shall not be considered to depend on the sale of assets securing those underlying exposures.

32	STC Criteria	Verified? YES
	<p>32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p>	
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Redelivery Repurchase Agreement</p> <p>The Issuer entered into a Redelivery Repurchase Agreement with VWFS. Subject to an Insolvency Event not having occurred in respect of VWFS if, on any day during a Monthly Period, a Financing Contract related to a Purchased Receivable becomes a Redelivery Financing Contract (such Purchased Receivable being a "Redelivery Purchased Receivable"), then on the Payment Date falling after the end of such Monthly Period (or, at the option of VWFS, on the second Payment Date falling after the end of such Monthly Period) (such date being the "Redelivery Repurchase Date") VWFS shall repurchase the Redelivery Purchased Receivable from the Issuer for a price equal to the Redelivery Repurchase Price. The Redelivery Repurchase Price is an amount equal to (i) the outstanding principal balance of a Redelivery Purchased Receivable as at the first day of the Monthly Period in which such Purchased Receivable becomes a Redelivery Purchased Receivable together with any arrears outstanding on such date but excluding any future interest payments (calculated on the basis of the Obligor internal rate of return) multiplied by (ii) one (1) minus the Replenished Receivables Overcollateralisation Percentage.</p> <p>The Seller is not obliged to repurchase any Redelivery Purchased Receivable if, on the Redelivery Repurchase Date, such Purchased Receivable is a Delinquent Receivable or a Defaulted Receivable or (for the avoidance of doubt) as a result of the Early Settlement of any Purchased Receivable during the Monthly Period.</p> <p>See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i>.</p> <p>"Redelivery Financing Contract" means a Redelivery PCP Financing Contract or a Redelivery VT Financing Contract, as applicable.</p> <p>"Redelivery PCP Financing Contract" means a PCP Agreement under which the Obligor opts to make full and final settlement of a PCP Agreement by redelivery to the Seller of the Vehicle financed by such PCP Agreement.</p> <p>"Redelivery VT Financing Contract" means a Regulated Financing Contract which is subject to Voluntary Termination.</p>	

Article 21.1. The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

33

STS Criteria

33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.

Verified?**YES****PCS Comments**

See Prospectus.

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

EU Securitisation Regulation and UK Securitisation Regulation

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

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

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

(b) for the purposes of the EU Securitisation Regulation, Article 12 of the Commission Delegated Regulation (EU) 625/2014 until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the EU Securitisation Regulation, provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation (EU) 625/2014.

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

See also Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Retention Statement

Article 21.2. The interest rate and currency risks arising from the securitisation shall be appropriately mitigated and any measures taken to that effect shall be disclosed.

34	STS Criteria	Verified? YES
	<p>34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.</p> <p>PCS Comments</p> <p>See Prospectus, <i>RISK FACTORS</i>.</p> <p>Interest Rate Risk / Risk of Swap Counterparty Insolvency</p> <p>Payments in respect of the Purchased Receivables made to the Seller by an Obligor under a Financing Contract comprise monthly amounts calculated with respect to a fixed interest rate which may be different to Compounded Daily SONIA plus margin, which is the interest rate (being subject to a floor of zero) payable on the Class A Notes and the Class B Notes.</p> <p>The Issuer will hedge afore-described interest rate risk and will use payments made by the Swap Counterparties to make payments on the Notes on each Payment Date, in each case calculated with respect to the swap notional amount which is equal to the outstanding Series Nominal Amount on the relevant Series of Notes, following payment on the immediately preceding Payment Date.</p> <p>See Prospectus, <i>IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES</i>.</p> <p>Swap Agreements</p> <p>The Issuer will enter into each Swap Agreement with the relevant Swap Counterparty. Each Swap Agreement will hedge in respect of a particular Series of Notes the interest rate risk deriving from fixed rate interest payments owed by the Obligors to the Issuer under the Receivables and floating rate interest payments owed by the Issuer under the relevant Series of Notes.</p> <p>See Prospectus, <i>ABSTRACT OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS</i>.</p> <p>The Swap Agreements</p> <p><i>Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case-by-case basis.</i></p> <p><i>The fact that the Regulation was crafted by the legislators to recognise existing high quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.</i></p> <p><i>This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:</i></p> <ul style="list-style-type: none"> • <i>A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario's it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.</i> • <i>Risk Factors section of the Prospectus to check that no statements refer to the risks of "unhedged positions". This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.</i> 	

	<p>• The “pre-sale” report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.</p> <p>In the case of the Transaction, payments from the underlying receivables include fixed rate payments, while the Class A and B notes are floating rate. Interest rate swaps are used in the Transaction to mitigate fixed-to-floating interest rate risk.</p>	
35	<p>STS Criteria</p> <p>35. Currency risks arising from the securitisation shall be appropriately mitigated.</p> <p>PCS Comments</p> <p>See Prospectus, <i>ABSTRACT OF THE CONDITIONS OF THE NOTES</i>.</p> <p>Denomination</p> <p>The issue in the aggregate Nominal Amount of up to GBP 1,000,000,000 consists of transferable Notes with a Nominal Amount of at least GBP 100,000 or an amount in GBP equivalent to EUR 100,000 each, ranking equally among themselves. The Notes rank senior to the Subordinated Loan.</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i>.</p> <p>Eligibility Criteria</p> <p>(e) that such Purchased Receivable is denominated and payable in Sterling;</p> <p><i>Notes and underlying assets both denominated in Sterling.</i></p>	<p>Verified?</p> <p>YES</p>
36	<p>STS Criteria</p> <p>36. Any measures taken to that effect shall be disclosed.</p> <p>PCS Comments</p> <p>See Prospectus, <i>RISK FACTORS</i>.</p> <p>Interest Rate Risk / Risk of Swap Counterparty Insolvency</p> <p>Payments in respect of the Purchased Receivables made to the Seller by an Obligor under a Financing Contract comprise monthly amounts calculated with respect to a fixed interest rate which may be different to Compounded Daily SONIA plus margin, which is the interest rate (being subject to a floor of zero) payable on the Class A Notes and the Class B Notes..</p> <p>The Issuer will hedge afore-described interest rate risk and will use payments made by the Swap Counterparties to make payments on the Notes on each Payment Date, in each case calculated with respect to the swap notional amount which is equal to the outstanding Series Nominal Amount on the relevant Series of Notes, following payment on the immediately preceding Payment Date.</p> <p>See Prospectus, <i>IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES</i>.</p> <p>Swap Agreements</p>	<p>Verified?</p> <p>YES</p>

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

See Prospectus, *ABSTRACT OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS*.

The Swap Agreements

Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case-by-case basis.

The fact that the Regulation was crafted by the legislators to recognise existing high-quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion.

This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:

- A statement in the Prospectus or other document setting out the boundary conditions of the hedging. This should state in effect how far the hedging stretches and under what scenario's it will break. For example, if interbank rates rise above X%. This will provide a common-sense feel for whether, at first glance, the hedging is reasonable.*
- Risk Factors section of the prospectus to check that no statements refer to the risks of "unhedged positions". This is based on the legal requirement to disclose any relevant information to investors. If the originator or its advisers believed that the hedging in a transaction was unusually light, this should be disclosed in the Risk Section.*
- The "pre-sale" report from a recognised credit rating agency (if used) so as to identify any issues with hedging. Again, rating agencies as credit specialists should highlight in their analysis any substantial and unusual hedging risks.*

Article 21.2. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and shall ensure that the pool of underlying exposures does not include derivatives.

Those derivatives shall be underwritten and documented according to common standards in international finance.

37

STS Criteria

37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...

Verified?

YES

PCS Comments

See Prospectus, *TRUST AGREEMENT*.

37. NEGATIVE UNDERTAKINGS

37.17 not to enter into any derivative contracts other than for the purposes of hedging the interest rate risk of the Purchased Receivables.

38	STS Criteria 38. ...Shall ensure that the pool of underlying exposures does not include derivatives.	Verified? YES
	PCS Comments See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO</i> . The Purchased Receivables comprised in the Initial Portfolio will not include: (i) any transferable securities for purposes of Article 20(8) of the UK Securitisation Regulation; (ii) any securitisation positions for purposes of Article 20(9) of the UK Securitisation Regulation; or (iii) any derivatives for purposes of Article 21(2) of the UK Securitisation Regulation, in each case on the basis that the Purchased Receivables have been entered into substantially on the terms of similar standard documentation for HP Agreements, LP Agreements and PCP Agreements.	
39	STS Criteria 39. Those derivatives shall be underwritten and documented according to common standards in international finance.	Verified? YES
	PCS Comments See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i> . "Swap Agreement" 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 2002 ISDA Master Agreement, as applicable, (ii) the associated schedule, (iii) the credit support annex and (iv) 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.	
Article 21.3. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.		
40	STS Criteria 40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.	Verified? YES
	PCS Comments <i>Liabilities:</i> See Prospectus, <i>THE NOTES</i> . Interest and principal Class A Notes Each Series of the Class A Notes entitle the Class A Noteholders thereof to receive from the Available Distribution Amount on each Payment Date: (a) interest at the rate equivalent to the sum (subject to a floor of zero) of Compounded Daily SONIA plus a rate specified in the Final Terms for the relevant Series (the "Class A Notes Interest Rate") on the Nominal Amount of the Class A Notes outstanding immediately prior to such Payment Date;	

Class B Notes

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

(a) after payment of interest due and payable on the Class A Notes, interest at the rate equivalent to the sum (subject to a floor of zero) of Compounded Daily SONIA plus a rate specified in the Final Terms for the relevant Series (the "Class B Notes Interest Rate") on the Nominal Amount of the Class B Notes the outstanding immediately prior to such Payment Date;

Assets:

The underlying receivables pay a monthly amount calculated with respect to a fixed interest rate.

Article 21.4. Where an enforcement or an acceleration notice has been delivered:

- (a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;
- (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;
- (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and
- (d) No provisions shall require automatic liquidation of the underlying exposures at market value.

41 STS Criteria

41. Where an enforcement or an acceleration notice has been delivered:

(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;

**Verified?
YES**

PCS Comments

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

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

- (a) amounts received as Collections received or collected by the Servicer; inclusive, for avoidance of doubt, the Monthly Collateral Part 1 and Monthly Collateral Part 2 (after any relevant netting); plus
- (b) payments from the Cash Collateral Account as provided for in clause 20.3 of the Trust Agreement; plus
- (c) (i) Net Swap Receipts under the Swap Agreements; (ii) where the relevant Swap Agreement has been terminated, 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 Swap Termination Payments sitting on the Counterparty Downgrade Collateral Account received by the Issuer 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

	<p>(d) where the relevant Swap Agreement has been terminated, amounts allocated in accordance with clause 20.12 of the Trust Agreement; plus</p> <p>(e) in the 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</p> <p>(f) interest earned on the Distribution Account and the Accumulation Account; plus</p> <p>(g) the Buffer Release Amount to be paid to VWFS, provided that no Insolvency Event occurred in respect of VWFS; plus</p> <p>(h) the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus</p> <p>(i) any amounts provided for or converted into another currency which are not used and reconverted (if applicable) in accordance with clause 21.7 (Order of Priority) of the Trust Agreement; plus</p> <p>(j) the Interest Compensation Order of Priority Amount; less</p> <p>(k) the Interest Compensation Amount.</p> <p>(l) having calculated the amounts from (a) to (k) above, any positive differential on such Payment Date between the Interest Compensation Amount and the Interest Compensation Order of Priority Amount to be characterised as Buffer Top-Up Amount (if there is a Buffer Top-Up Shortfall Amount on such Payment Date up to a maximum of the Buffer Top-Up Shortfall Amount);</p>	
42	<p>STS Criteria</p> <p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>ABSTRACT OF THE CONDITIONS OF THE NOTES</i>.</p> <p>Order of Priority</p> <p>Order of Priority of Distributions</p> <p><i>Principal is paid sequentially under post-enforcement order of priority.</i></p>	
43	<p>STS Criteria</p> <p>43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>ABSTRACT OF THE CONDITIONS OF THE NOTES</i>.</p> <p>Order of Priority</p> <p>Order of Priority of Distributions</p> <p><i>The priority of payments post-enforcement maintains repayment in line with seniority.</i></p>	

44	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.</p>	
<u>PCS Comments</u>		
See Prospectus, <i>TRUST AGREEMENT</i> .		
17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT		
17.3 Within fifteen (15) days after the occurrence of a Foreclosure Event, the Security Trustee shall give notice to the Noteholders, the Swap Counterparties and the Subordinated Lender, specifying the manner in which it intends to foreclose on the Security, in particular, whether it intends to sell the Security, and apply the proceeds from such foreclosure to satisfy the obligations of the Issuer, subject to the Order of Priority set out in clause 21 hereof. If, within sixty (60) days after the publication of such notice, the Security Trustee receives written notice from a Noteholder or Noteholders, together representing more than 50 per cent of the aggregate outstanding principal amount of the Class A Notes, or, provided that no Class A Notes are outstanding, the Class B Notes, objecting to the action proposed in the Security Trustee's notice, the Security Trustee shall not undertake such action (other than the collection of payments on the accounts for the Security). For the avoidance of doubt, upon the occurrence of an Enforcement Event, the Security Trustee is not automatically required to liquidate the Purchased Receivables at market value.		

Article 21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.

45	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.</p>	
<u>PCS Comments</u>		
See Prospectus, <i>ABSTRACT OF THE CONDITIONS OF THE NOTES</i> .		
Order of Priority		
Order of Priority of Distributions		
See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i> .		
"Credit Enhancement Increase Condition" shall be deemed to be in effect if:		
(a) the Dynamic Net Loss Ratio for three consecutive Payment Dates exceeds (i) 0.25 per cent., if the Weighted Average Seasoning is less than or equal to 12 months (inclusive) (ii) 0.75 per cent., if the Weighted Average Seasoning is between 12 months (exclusive) and 22 months (inclusive), (iii) 2.00 per cent. if the Weighted Average Seasoning is between 22 months (exclusive) and 34 months (inclusive), or (iv) if the Weighted Average Seasoning is greater than 34 months, the Dynamic Net Loss Ratio shall not apply; or		
(b) the 12-Months Average Dynamic Net Loss Ratio exceeds (i) 0.60 per cent. during the Revolving Period or (ii) 1.20 per cent. after the end of the Revolving Period; or		

- (c) the Late Delinquency Ratio exceeds 1.30 per cent. on any Payment Date on or before 25 June 2023; or
- (d) a Servicer Replacement Event occurs and is continuing; or
- (e) an Insolvency Event occurs with respect to VWFS; or
- (f) the Cash Collateral Account does not contain (A) the Specified General Cash Collateral Account Balance on three consecutive Payment Dates or (B) the Minimum Cash Collateral Account Balance at any Interest Determination Date.

Article 21.6. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:

- (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;
- (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;
- (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);
- (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).

46

STS Criteria

46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following:

- (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;

Verified?
YES

PCS Comments

See Prospectus, *THE NOTES*.

Revolving Period

Means the period from (and including) the Initial Issue Date and ending on (and including) the earlier of (i) the Series Revolving Period Expiration Date of the last outstanding Series of Class A Notes and (ii) the occurrence of an Early Amortisation Event.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Early Amortisation Event" shall mean any of the following:

- (a) the occurrence of a Servicer Replacement Event;
- (b) the Accumulation Balance on two consecutive Payment Dates exceeds 15 per cent. of the Discounted Receivables Balance after application of the relevant Order of Priority on such Payment Date;
- (c) on any Payment Date falling after 3 consecutive Payment Dates following the Issue Date, the Class A Actual Overcollateralisation Percentage is determined as being lower than 30.30 per cent.;
- (d) VWFS ceases to be an Affiliate of Volkswagen Financial Services AG, or any successor thereto;

	<p>(e) the Seller fails to perform its obligations under clause 9 (Repurchase) or clause 10 (Payment for Non-existent Receivables) of the Receivables Purchase Agreement or clause 3 (Repurchase) of the Redelivery Repurchase Agreement provided that, in the case of the Seller's failure to perform its obligations under clause 3 (Repurchase) of the Redelivery Repurchase Agreement, such failure subsists for two Payment Dates following the Payment Date on which such Redelivery Purchased Receivables were required to be repurchased;</p> <p>(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 20 (Distribution Account; Accumulation 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;</p> <p>(g) the Credit Enhancement Increase Condition is in effect; or</p> <p>(h) the occurrence of a Foreclosure Event.</p> <p>See Prospectus, <i>MASTER DEFINITIONS SCHEDULE</i>.</p> <p>"Credit Enhancement Increase Condition" shall be deemed to be in effect if:</p> <p>(a) the Dynamic Net Loss Ratio for three consecutive Payment Dates exceeds (i) 0.25 per cent., if the Weighted Average Seasoning is less than or equal to 12 months (inclusive) (ii) 0.75 per cent., if the Weighted Average Seasoning is between 12 months (exclusive) and 22 months (inclusive), (iii) 2.00 per cent. if the Weighted Average Seasoning is between 22 months (exclusive) and 34 months (inclusive), or (iv) if the Weighted Average Seasoning is greater than 34 months, the Dynamic Net Loss Ratio shall not apply; or</p> <p>(b) the 12-Months Average Dynamic Net Loss Ratio exceeds (i) 0.60 per cent. during the period between the Closing Date and the Payment Date falling in June 2022 (exclusive); or (ii) 4.0 per cent. after the end of the Revolving Period; or</p> <p>(c) the Late Delinquency Ratio exceeds 1.30 per cent. on any Payment Date on or before 25 June 2023; or</p> <p>(d) a Servicer Replacement Event occurs and is continuing; or</p> <p>(e) an Insolvency Event occurs with respect to VWFS; or</p> <p>(f) the Cash Collateral Account does not contain (A) the Specified General Cash Collateral Account Balance on three consecutive Payment Dates or (B) the Minimum Cash Collateral Account Balance at any Interest Determination Date.</p> <p>"Servicer Replacement Event", "Insolvency Event"</p> <p>See point 46 above. (g)</p>	
47	<p><u>STS Criteria</u></p> <p>47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See point 46 above. (a), (g)</p>	

48	STS Criteria 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	Verified? YES
	PCS Comments See point 46 above. (b)	
49	STS Criteria 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	Verified? YES
	PCS Comments See point 46 above. (b)	

Article 21.7. The transaction documentation shall clearly specify:

- (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;
- (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and
- (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.

50	STS Criteria 50. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	Verified? YES
	PCS Comments See Prospectus, <i>IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES</i> . Servicing Agreement, Trust Agreement, Deed of Charge and Assignment and Assignment in Security, Data Protection Trust Agreement, Corporate Services Agreement, Account Agreement See Prospectus, <i>ABSTRACT OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS</i> . Trust Agreement, Servicing Agreement, Data Protection Trust Agreement See underlying transaction documents: Servicing Agreement, Trust Agreement, Account Agreement, Agency Agreement, Data Protection Trust Deed, Corporate Services Agreement, Deed of Charge and Assignment, Redelivery Repurchase Agreement.	
51	STS Criteria	Verified? YES

	51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and	
	<p>PCS Comments</p> <p>See Prospectus, <i>IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES</i>.</p> <p>Servicer Replacement Event</p> <p>See underlying transaction document: Servicing Agreement.</p> <p>6. SERVICER REPLACEMENT AND TERMINATION</p> <p>6.1 If a Servicer Replacement Event occurs and is continuing, the Issuer may, with the consent of the Security Trustee, or the Security Trustee may itself, elect to terminate the Servicer's appointment hereunder by giving written notice of such election (such notice, a "Servicer Termination Notice") to the Servicer and specifying the date of such termination in such notice provided that such termination shall not take effect until a successor servicer has been appointed in accordance with the provisions of clause 6.11.</p>	
52	<p>STS Criteria</p> <p>52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospects, <i>TRUST AGREEMENT</i>.</p> <p>20. DISTRIBUTION ACCOUNT; ACCUMULATION ACCOUNT; COUNTERPARTY DOWNGRADE COLLATERAL ACCOUNT; SWAP PROVISIONS</p> <p>20.7 The Issuer shall promptly, following the early termination of the Swap Agreement due to an "event of default" or "termination event" (each as defined in the applicable Swap Agreement) and in accordance with the terms of the Swap Agreement, enter into a replacement Swap Agreement with an Eligible Swap Counterparty to the extent possible and practicable through application of amounts in the Counterparty Downgrade Collateral Account (after returning any Excess Swap Collateral to the Swap Counterparty).</p> <p>See Prospectus, <i>RISK FACTORS</i>.</p> <p>Interest Rate Risk / Risk of Swap Counterparty Insolvency</p> <p>(b) Termination of Swap Agreement</p> <p>See Prospectus, <i>ABSTRACT OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS</i>.</p> <p>The Swap Agreements</p> <p>See Prospectus, <i>TRUST AGREEMENT</i>.</p> <p>13. Accounts</p> <p>13.2 Should one of the Accounts be terminated either by the Account Bank or by the Issuer, the Issuer shall promptly inform the Security Trustee of such termination. The Issuer shall, together with the Security Trustee, open an account, on conditions as close as possible to those previously received with the Successor Bank, which has at least the Account Bank Required Ratings or has an Account Bank Required Guarantee. The Issuer shall conclude a new Account Agreement with the Successor Bank as counterparty, and with the</p>	

consent of the Security Trustee the new Account Agreement shall include a provision in which the Successor Bank undertakes to promptly notify the other contract parties of any drop in its rating.

See Prospectus, *KEY MINIMUM REQUIRED RATING DURING THE TERM OF THE TRANSACTION*.

Account Bank Required Rating, Eligible Swap Counterparty

See Prospectus, *IMPORTANT TRANSACTION DOCUMENTS AND TRANSACTION FEATURES*.

Account Agreement

See also underlying transaction documents: Account Agreement.

Article 21.8. The servicer shall have expertise in servicing exposures of a similar nature to those securitised and shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.

53	STS Criteria	Verified?
	53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised	YES
	PCS Comments	
	See Prospectus, <i>THE SELLER AND SERVICER</i> . Origination and Securitisation Expertise As already set out under the section "Incorporation, Registered Office and Purpose" one of the main purposes of VWFS for almost 3 decades has been the origination, underwriting and servicing of finance contracts of a similar nature to those securitised under this Transaction. The members of its management body and the senior staff of VWFS have adequate knowledge and skills in originating, underwriting and servicing automotive finance receivables, similar to the automotive finance receivables included in the Portfolio, gained through years of practice and continuing education. The members of the management body and VWFS senior staff have been appropriately involved within the governance structure of the functions of originating and underwriting of the Portfolio. Additionally, VWFS has been securitising finance contracts actively since 2002 through private as well as public securitisation transactions, similar to this Transaction. The members of its management body and the senior staff responsible for the securitisation transactions of VWFS have also professional experience in the securitisation of automotive finance receivables of many years, gained through years of practice and continuing education. Other subsidiaries of Volkswagen AG have also been securitising lease receivables and loan receivables all across Europe, Australia, Brazil, Canada, Japan, China, Turkey and USA. <i>The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.</i>	
54	STS Criteria	Verified?
	54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.	YES
	PCS Comments	
	See Prospectus, <i>THE SELLER AND SERVICER</i> . Origination and Securitisation Expertise	

See Prospectus, *BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED*.

Collections and Recoveries

See underlying transaction documents: Servicing Agreement.

Additional due diligence to be conducted in connection with verifying these criteria.

Article 21.9. The transaction documentation shall set out in clear and consistent terms definitions, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies

55

STS Criteria

55. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.

Verified?
YES

PCS Comments

See Prospectus, *BUSINESS PROCEDURES OF VOLKSWAGEN FINANCIAL SERVICES (UK) LIMITED*.

Collections and Recoveries

See Prospectus, *ADMINISTRATION OF THE PURCHASED RECEIVABLES UNDER THE SERVICING AGREEMENT*.

VWFS has agreed to act as Servicer under the Servicing Agreement. In this capacity, VWFS has agreed to perform the following tasks according to its usual business practices as they exist from time to time:

- (a) service and collect the Receivables in accordance with the Servicing Agreement;
- (b) as long as the Monthly Remittance Condition is satisfied, transfer by the Payment Date of each month to the Distribution Account the Collections relating to the Monthly Period (and if the Monthly Remittance Condition is no longer satisfied, take the action set out in "Commingling" below);
- (c) repossess and sell Vehicles upon any default by any Obligor or sell the Vehicles upon termination of the Financing Contract where the Vehicle is returned to the Servicer (save to the extent the Receivable relating to such Financing Contract is a Redelivery Purchased Receivable and has been repurchased by VWFS under the Redelivery Repurchase Agreement on the Redelivery Repurchase Date); and
- (d) perform other tasks incidental to the above.

For the purpose of compliance with the requirements stemming from Article 21(9) of the Securitisation Regulation, remedies and actions relating to delinquency and default of debtors, debt restructuring, debt forgiveness, forbearance, losses, charge offs, recoveries, payment holidays and other asset performance remedies are applied (if applicable) in accordance with VWFS's Customary Operating Practices.

In the Servicing Agreement, VWFS agrees with the Issuer and the Security Trustee that it shall, in performing the Services, comply with its Customary Operating Practices and, in particular:

- (i) shall not agree to any material amendment to or variation of any Financing Contract except in accordance with its Customary Operating Practices; and

(ii) in relation to any default by an Obligor under or in connection with a Financing Contract, may exercise discretion in applying its Customary Operating Practices in accordance with the Servicing Agreement.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Charged-Off Amount", "Charged-Off Receivable", "Customary Operating Practices", "Defaulted Receivable", "Delinquent Receivable", "Written-Off Purchased Receivables"

See also underlying transaction documents: Servicing Agreement, Incorporated Terms Memorandum.

Article 21.9. The transaction documentation shall clearly specify the priorities of payment, events which trigger changes in such priorities of payment as well as the obligation to report such events. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.

56	STS Criteria 56. The transaction documentation shall clearly specify the priorities of payment,	Verified? YES
-----------	---	--------------------------------

PCS Comments

See Prospectus, *ABSTRACT OF THE CONDITIONS OF THE NOTES*.

Order of Priority

Order of Priority of Distributions

See Prospectus, *Trust Agreement*.

21. Order of Priority

See also underlying transaction documents: Trust Agreement.

57	STS Criteria 57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.	Verified? YES
-----------	--	--------------------------------

PCS Comments

See Prospectus, *ABSTRACT OF THE CONDITIONS OF THE NOTES*.

Order of Priority

Order of Priority of Distributions

See Prospectus, *TRUST AGREEMENT*.

17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT

21. ORDER OF PRIORITY

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

	<p>"Enforcement Event"</p> <p>"Foreclosure Event"</p> <p>See underlying transaction documents: Trust Agreement.</p>	
58	<p>STS Criteria</p> <p>58. The transaction documentation shall clearly specify the obligation to report such events.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>TRUST AGREEMENT</i>.</p> <p>17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT</p> <p>17.1 The Security shall be subject to foreclosure upon the occurrence of a Foreclosure Event. A Foreclosure Event shall occur when:</p> <p>(a) with respect to the Issuer an Insolvency Event occurs;</p> <p>(b) the Issuer defaults in the payment of any interest on the most senior Class of Notes then outstanding when the same becomes due and payable, and such default continues for a period of five (5) Business Days; or</p> <p>(c) the Issuer defaults in the payment of principal of any Note on the Final Maturity Date.</p> <p>It is understood that the interest and principal on the Subordinated Loan and on the Notes (other than interest on the Class A Notes) will not be due and payable on any Payment Date (other than the Final Maturity Date) except to the extent there are sufficient funds in the Available Distribution Amount to pay such amounts in accordance with the Order of Priority.</p> <p>The Security Trustee shall promptly and without undue delay give an Enforcement Notice to the Noteholders of the relevant Class and the Subordinated Lender and notify the Rating Agencies of the occurrence of a Foreclosure Event.</p>	
59	<p>STS Criteria</p> <p>59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>TRUST AGREEMENT</i>.</p> <p>17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT</p> <p>The Security Trustee shall promptly and without undue delay give an Enforcement Notice to the Noteholders of the relevant Class and the Subordinated Lender and notify the Rating Agencies of the occurrence of a Foreclosure Event.</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation</p>	

(i) For the purposes of Article 7(1)(g) of the UK Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if the Transaction ceases to meet the STS requirements or if the FCA has taken remedial or administrative actions and (v) any material amendments to the Transaction Documents. During the Standstill Period such information will be in the format contemplated by the Securitisation Regulation (EU) Disclosure Requirements.

In the case of a Foreclosure Event, a notice is served without undue delay. In the case of a Credit Enhancement Increase Condition coming into effect, this would be reported monthly, as part of the investor report. The occurrence of a Credit Enhancement Increase Condition would also be reported as a significant event within the significant event report.

Article 21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

60	STS Criteria	Verified? YES
	60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	

PCS Comments

See Prospectus, *ABSTRACT OF THE CONDITIONS OF THE NOTES*.

Modification

Save in respect of a Benchmark Rate Modification undertaken in accordance with Condition 13 (Amendments to the Conditions and Benchmark Rate Modification) the Conditions of any Series of Notes may only be modified through contractual agreement to be concluded between the Issuer and all Noteholders of each Series of the relevant Class of Notes as provided for in Sec. 4 of the German Debenture Act (Gesetz über Schuldverschreibungen aus Gesamtemissionen (Schuldverschreibungsgesetz - SchVG)) with a prior notification to the Rating Agencies (to the extent such Series of Notes is rated) or by a Noteholder's resolution adopted with unanimous consent of the Noteholders of such Series of the relevant Class of Notes pursuant to Sections 5 to 22 of aforementioned act.

See Prospectus, *TRUST AGREEMENT*.

See Prospectus, *RISK FACTORS*.

Modification of Conditions of the Notes

Although the wording of the Regulation as to what constitutes the "facilitation of timely resolution of conflicts" is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion.

Although the wording of the Regulation as to what constitutes the "facilitation of timely resolution of conflicts" is very vague, the EBA Guidelines have helpfully set out the five minimum requirements that the documents should contain to meet this criterion. The documentation covers the following: (a) the method for calling meetings; as for method: (b) the maximum timeframe for setting up a meeting; (c) the required quorum; (d) the minimum threshold of votes to validate such a decision, with clear differentiation between the minimum thresholds for each type of decision; (e) where applicable, a location for the meetings which should be in the UK:

Article 21.10. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.

61	<p>STS Criteria</p> <p>61. and the responsibilities of the trustee and other entities with fiduciary duties to investors shall be clearly identified.</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>TRUST AGREEMENT</i>.</p> <p>See underlying transaction documents: Trust Agreement, Deed of Charge and Assignment.</p>		

Article 22.1. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised, and the sources of those data and the basis for claiming similarity, to potential investors before pricing. Those data shall cover a period no shorter than five years.

62	STS Criteria	Verified? YES
	<p>62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,</p> <p>PCS Comments</p> <p>See Prospectus, <i>DELINQUENCIES</i>.</p> <p>The following data indicates, for the auto loan portfolio of VWFS and for a given month the outstanding balance of the receivables which are current, one up to thirty (1-30) days, thirty-one up to sixty (31-60) days, sixty-one up to ninety (61-90) days or more than ninety (90) days in arrears, expressed as a percentage of the total outstanding balance of the auto loan portfolio at the beginning of such period.</p> <p>See Prospectus, <i>HISTORICAL PERFORMANCE DATA</i>.</p> <p>VWFS has extracted data on the historical performance of the entire managed portfolio for the HP & PCP auto loan portfolio. The tables below show historical data on net losses, for the period from Q3/2002 to Q4/2020 from contracts originated since 2002 and defaulted before Q4/2021.</p> <p>Total Portfolio</p> <p>The net losses data displayed below are in static format and show the cumulative net losses realised after the specified number of months since origination, for each portfolio of loans originated in a particular month, expressed as a percentage of the original principal balance of that portfolio. Net losses are calculated by deducting the vehicle sales proceeds as well as any other recoveries from the outstanding balances of the respective loans up to the final write-off of the loan (net losses are shown in the month where the write-off of the loan contract has been carried out by the Seller). The data includes standard and balloon loans to corporate and private debtors to finance new and used vehicles. The exposures to which such data relates are substantially similar to those being securitised as they have been originated in accordance with consistent origination procedures, on the basis of similar contractual terms and exposures securitised are selected based on strict eligibility criteria and thus generally perform better than VWFS' managed portfolio as a whole.</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation</p> <p>(a) Before pricing of the Notes, for the purpose of compliance with Article 22(1) of the Securitisation Regulation, the Servicer will make available to investors and potential investors information on static and dynamic historical default and loss performance, for a period of at least 5 years. In this regard, see the section "HISTORICAL PERFORMANCE DATA" of this Base Prospectus.</p>	
63	STS Criteria	Verified? YES
	<p>63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.</p> <p>PCS Comments</p> <p>See point 62 above.</p>	

64	STS Criteria 64. Those data shall cover a period no shorter than five years.	Verified? YES
	PCS Comments See point 62 above.	

Article 22.2. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party, including verification that the data disclosed in respect of the underlying exposures is accurate.

65	STS Criteria 65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,	Verified? YES
	PCS Comments See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation For the purposes of the UK Securitisation Regulation the Servicer (on behalf of the Seller as the originator for the purposes of the Securitisation Regulation) confirms and (where applicable) will make available the following information: (b) For the purpose of compliance with Article 22(2) of the UK Securitisation Regulation, the Servicer confirms that a sample of Financing Contracts has been externally verified by an appropriate and independent party prior to the date of this Base Prospectus (see also the section "THE PURCHASED RECEIVABLES POOL") (as well as an agreed upon procedures review, amongst other things, of the conformity of the Financing Contracts in the Portfolio with certain of the Eligibility Criteria (where applicable)). For the purposes of the verification a confidence level of at least 95% was applied. The Servicer confirms no significant adverse findings have been found. The independent party has also performed agreed upon procedures on the data included in the stratification tables in the section "THE PURCHASED RECEIVABLES" in order to verify that the stratification tables are accurate. The Servicer confirms no significant adverse findings have been found. Based on the review by the independent party, the Servicer confirms that to the best of its knowledge such information is accurate and in accordance with the facts and does not omit anything likely to affect its import. <i>PCS has reviewed the draft report on "agreed upon procedures" (AUP) commonly known as a "pool audit". PCS can confirm that this was done by an appropriate and independent third party.</i>	
66	STS Criteria 66. Including verification that the data disclosed in respect of the underlying exposures is accurate.	Verified? YES
	PCS Comments See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation	

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

(b) For the purpose of compliance with Article 22(2) of the UK Securitisation Regulation, the Servicer confirms that a sample of Financing Contracts has been externally verified by an appropriate and independent party prior to the date of this Base Prospectus (see also the section "THE PURCHASED RECEIVABLES POOL") (as well as an agreed upon procedures review, amongst other things, of the conformity of the Financing Contracts in the Portfolio with certain of the Eligibility Criteria (where applicable)). For the purposes of the verification a confidence level of at least 95% was applied. The Servicer confirms no significant adverse findings have been found. The independent party has also performed agreed upon procedures on the data included in the stratification tables in the section "THE PURCHASED RECEIVABLES" in order to verify that the stratification tables are accurate. The Servicer confirms no significant adverse findings have been found. Based on the review by the independent party, the Servicer confirms that to the best of its knowledge such information is accurate and in accordance with the facts and does not omit anything likely to affect its import.

Article 22.3. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE, and shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.

67	STS Criteria	Verified? YES
	67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.	
	PCS Comments	
	See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation	
	(c) Before pricing of the Notes, for the purpose of compliance with Article 22(3) of the UK Securitisation Regulation, the Servicer will make available a cashflow liability model of the Transaction on the website of Moodys Analytics https://www.sfportal.com/deal/summary/YBI.DRIVERUK20201 which precisely represents the contractual relationship between the Purchased Receivables and the payments flowing between the Seller, investors in the Notes. Such cashflow model will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.	
68	STS Criteria	Verified? YES
	68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.	
	PCS Comments	
	See point 67 above. <i>Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction.</i>	

However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.

Article 22.4. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).

69	STS Criteria	Verified? YES
	<p>69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p> <p>PCS Comments</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation</p> <p>(d) For the purpose of compliance with Article 22(4) of the UK Securitisation Regulation, the Servicer confirms that, so far as it is aware, information on environmental performance of the Vehicles relating to the Purchased Receivables is not available to be reported pursuant to Article 22(4) of the UK Securitisation Regulation. The Servicer confirms that once information on environmental performance of the Vehicles relating to the Purchased Receivables is available and able to be reported, it will make such information available to investors on an ongoing basis in order to comply with the requirements of Article 22(4) of the UK Securitisation Regulation.</p> <p><i>This environmental impact criterion only applies to mortgages and car loan securitisations. The EBA Guidelines though make it clear that an originator is only required to disclose information that is in its possession and captured in its internal data base or IT systems. PCS notes the statement made in the prospectus by the originator that it does not possess such information in its internal data base or IT systems.</i></p>	

Article 22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

70	STS Criteria	Verified? YES
	<p>70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.</p> <p>PCS Comments</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Reporting Entity – UK Reporting Requirements</p>	

The Seller, as originator, is responsible for compliance with Article 7 of the UK Securitisation Regulation in accordance with Article 22(5) of the UK Securitisation Regulation.

Article 22.5. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation. The information required by point (a) of the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.

71	STS Criteria	Verified? YES
	71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	
	PCS Comments	
	See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation (g) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (UK) Disclosure Requirements.	
72	STS Criteria	Verified? YES
	72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	
	PCS Comments	
	See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation (e) Before pricing of the Notes and within 15 days of the Closing Date, for the purposes of compliance with Article 22(5) and Article 7(1)(b) of the UK Securitisation Regulation, certain Transaction Documents and the Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/). Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request. (f) Before pricing of the Notes in initial form and on or around the Closing Date in final form, for the purposes of compliance with Article 7(1)(d) of the UK Securitisation Regulation, the Servicer will make available the UK STS notification referred to in Article 27 of the UK Securitisation Regulation on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/).	

Article 22.5. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.

73	STS Criteria	Verified? YES
	<p>73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p>PCS Comments</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation</p> <p>(e) Before pricing of the Notes and within 15 days of the Closing Date, for the purposes of compliance with Article 22(5) and Article 7(1)(b) of the UK Securitisation Regulation, certain Transaction Documents and the Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/). Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.</p> <p>(f) Before pricing of the Notes in initial form and on or around the Closing Date in final form, for the purposes of compliance with Article 7(1)(d) of the UK Securitisation Regulation, the Servicer will make available the UK STS notification referred to in Article 27 of the UK Securitisation Regulation on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/).</p> <p><i>This criterion speaks to document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.</i></p>	

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(a) information on the underlying exposures on a quarterly basis, or, in the case of ABCP, information on the underlying receivables or credit claims on a monthly basis;

74	STS Criteria	Verified? YES
	<p>74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p> <p>PCS Comments</p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p>	

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(g) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation (UK) Disclosure Requirements.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authority referred to in Article 29 and, upon request, to potential investors:

(b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:

- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
- (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
- (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
- (iv) the servicing, back-up servicing, administration and cash management agreements;
- (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
- (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

75 STS Criteria

75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:

- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions
- (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
- (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
- (iv) the servicing, back-up servicing, administration and cash management agreements;
- (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
- (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

**Verified?
YES**

PCS Comments

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(e) Before pricing of the Notes and within 15 days of the Closing Date, for the purposes of compliance with Article 22(5) and Article 7(1)(b) of the UK Securitisation Regulation, certain Transaction Documents and the Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Prospectus and draft Receivables Purchase Agreement, Redelivery Repurchase Agreement, Servicing Agreement, Agency Agreement, Account Agreement, Subordinated Loan Agreement, Trust Agreement, Incorporated Terms Memorandum, Deed of Charge and Assignment and template Swap Agreements on the website of the European Data Warehouse (UK) (<https://editor.eurodw.co.uk/>). Such Transaction Documents in final form will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

Article 7.1. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

76

STS Criteria

76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;

**Verified?
YES**

PCS Comments

See Prospectus, *ABSTRACT OF THE CONDITIONS OF THE NOTES*.

Order of Priority

Order of Priority of Distributions

See underlying transaction documents: Trust Agreement

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(c) where section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing)¹ do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

77

STS Criteria

77. (c) section 85 of the 2000 Act (prohibition of dealing etc in transferable securities without approved prospectus) and rules made by the FCA for the purposes of Part 6 of the 2000 Act (official listing) do not require a prospectus to be drawn up, a transaction summary or overview of the main features of the securitisation, including, where applicable:

- (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;
- (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;
- (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;
- (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;

Verified?
YES

PCS Comments

See Prospectus, *STRUCTURE DIAGRAM*.

See Prospectus, *DESCRIPTION OF THE PORTFOLIO, THE PURCHASED RECEIVABLES POOL, ABSTRACT OF THE CONDITIONS OF THE NOTES, CONDITIONS OF THE NOTES*.

See Prospectus, *ABSTRACT OF THE CONDITIONS OF THE NOTES*.

See Prospectus, *RISK FACTORS, TRANSACTION OVERVIEW, THE NOTES, MASTER DEFINITIONS SCHEDULE*.

¹ These are "prospectus rules"; see section 73A of the Financial Services and Markets Act 2000 (Part 6 Rules), inserted by S.I. 2005/381

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(d) in the case of STS securitisations, the STS notification referred to in Article 27;

78	STS Criteria 78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;	Verified? YES
PCS Comments See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> . Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation (f) Before pricing of the Notes in initial form and on or around the Closing Date in final form, for the purposes of compliance with Article 7(1)(d) of the UK Securitisation Regulation, the Servicer will make available the UK STS notification referred to in Article 27 of the UK Securitisation Regulation on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/) <i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i>		

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:

- (i) all materially relevant data on the credit quality and performance of underlying exposures;
- (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation;
- (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.

79	STS Criteria 79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following: (i) all materially relevant data on the credit quality and performance of underlying exposures; (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6.	Verified? YES
PCS Comments See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i> .		

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(g) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation Disclosure (UK) Requirements.

See Prospectus, *MASTER DEFINITIONS SCHEDULE*.

"Securitisation Regulation (UK) Disclosure Requirements" means the disclosure requirements set out in Article 7 of the UK Securitisation Regulation including (for the avoidance of doubt) the Technical Standards (Specifying the Information and the Details of a Securitisation to be made available by the Originator, Sponsor and SSPE) (EU Exit) Instrument 2020.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;

80

STS Criteria

80. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;

Verified?
YES

PCS Comments

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(h) For the purposes of Article 7(1)(f) of the UK Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the UK Securitisation Regulation.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:

(g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation;
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where competent authorities have taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

81

STS Criteria

81. (g) where point (f) does not apply, any significant event such as:

- (i) a material breach of the obligations laid down in the documents provided in accordance with point (b), including any remedy, waiver or consent subsequently provided in relation to such a breach;
- (ii) a change in the structural features that can materially impact the performance of the securitisation
- (iii) a change in the risk characteristics of the securitisation or of the underlying exposures that can materially impact the performance of the securitisation;
- (iv) in the case of STS securitisations, where the securitisation ceases to meet the STS requirements or where the competent authority has taken remedial or administrative actions;
- (v) any material amendment to transaction documents.

**Verified?
YES**

PCS Comments

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(i) For the purposes of Article 7(1)(g) of the UK Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the Purchased Receivables that can materially impact the performance of the securitisation, (iv) if the Transaction ceases to meet the STS requirements or if the FCA has taken remedial or administrative actions and (v) any material amendments to the Transaction Documents.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.1. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]

82

STS Criteria

82. The information described in points (a) and (e) of the first subparagraph shall be made available simultaneously each quarter at the latest one month after the due date for the payment of interest [...ABCP provisions]

Verified?**YES****PCS Comments**

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(g) For the purposes of Article 7(1)(a) and (e) of the UK Securitisation Regulation, information on the Purchased Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation Disclosure (UK) Requirements.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.1. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay

When complying with this paragraph, the originator, sponsor and SSPE of a securitisation shall comply with national and United Kingdom law governing the protection of confidentiality of information and the processing of personal data in order to avoid potential breaches of such law as well as any confidentiality obligation relating to customer, original lender or debtor information, unless such confidential information is anonymised or aggregated.

In particular, with regard to the information referred to in point (b) the originator, sponsor and SSPE may provide a summary of the concerned documentation.

Competent authorities referred to in Article 29 shall be able to request the provision of such confidential information to them in order to fulfil their duties under this Regulation.

83

STS Criteria

83. Without prejudice to Regulation (EU) No 596/2014, the information described in points (f) and (g) of the first subparagraph shall be made available without delay

Verified?**YES****PCS Comments**

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Article 7 and Article 22 of the Securitisation Regulation – UK Securitisation Regulation

(h) For the purposes of Article 7(1)(f) of the UK Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f) of the UK Securitisation Regulation.

(i) For the purposes of Article 7(1)(g) of the UK Securitisation Regulation and pursuant to its obligation to comply with the Securitisation Regulation (UK) Disclosure Requirements, the Servicer will, without delay, publish information in respect of any significant event such as (i) a material breach of the obligations laid down in the Transaction Documents, (ii) a change in the structural features that can materially impact the performance of the securitisation, (iii) a change in the risk characteristics of the Transaction or the

Purchased Receivables that can materially impact the performance of the securitisation, (iv) if the Transaction ceases to meet the STS requirements or if the FCA has taken remedial or administrative actions and (v) any material amendments to the Transaction Documents.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

Article 7.2. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

84

STS Criteria

84. The originator, sponsor and SSPE of a securitisation shall designate amongst themselves one entity to fulfil the information requirements pursuant to points (a), (b), (d), (e), (f) and (g) of the first subparagraph of paragraph 1.

The entity designated in accordance with the first subparagraph shall make the information for a securitisation transaction available by means of a securitisation repository.

Or

The obligations referred to in the second and fourth subparagraphs shall not apply to securitisations where no prospectus has to be drawn up in compliance with Directive 2003/71/EC.

Verified?
YES

PCS Comments

See Prospectus, *EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING*.

Securitisation Regulation – EU Disclosure Requirements

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

Securitisation Regulation – UK Disclosure Requirements

Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the UK Securitisation Regulation, it will make the information available to the Noteholders, to the FCA and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (UK) Disclosure Requirements. The Servicer will make such information available on the website of the European Data Warehouse (UK) (<https://editor.eurodw.co.uk/>). There is no requirement to report to a UK securitisation repository where the prospectus has not been approved by the FCA.

All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under Criterion 73 above.

85	<p><u>STS Criteria</u></p> <p>85. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>	<p><u>Verified?</u> YES</p>
	<p><u>PCS Comments</u></p> <p>See Prospectus, <i>EU AND UK RISK RETENTION AND SECURITISATION REGULATION REPORTING</i>.</p> <p>Securitisation Regulation – EU Disclosure Requirements</p> <p>Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the EU Securitisation Regulation, it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the EU Securitisation Regulation and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (EU) Disclosure Requirements. The Servicer will make such information available via the EU Securitisation Repository.</p> <p>Securitisation Regulation – UK Disclosure Requirements</p> <p>Under the Servicing Agreement VWFS as Servicer undertakes to the Issuer that, pursuant to the UK Securitisation Regulation, it will make the information available to the Noteholders, to the FCA and to potential Noteholders, that the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation (UK) Disclosure Requirements. The Servicer will make such information available on the website of the European Data Warehouse (UK) (https://editor.eurodw.co.uk/). There is no requirement to report to a UK securitisation repository where the prospectus has not been approved by the FCA.</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	