

**PRIVATE DRIVER ESPAÑA 2020-1**

**FONDO DE TITULIZACIÓN  
SECURITISATION NOTES FOR AN AMOUNT OF  
EURO 1,386,000,000**

	<b>S&amp;P Global Ratings</b>	<b>DBRS Ratings GmbH</b>
<b>Euro 1,386,000,000</b>	<b>AA (sf)</b>	<b>AA (sf)</b>

**Backed by receivables arising from auto loans assigned by  
VOLKSWAGEN BANK GMBH, SUCURSAL EN ESPAÑA**

**ARRANGER  
BANCO SANTANDER, S.A.**

**LEAD MANAGER  
BANCO SANTANDER, S.A.**

**PAYING AGENT AND ACCOUNT BANK  
BANCO SANTANDER, S.A.**



**Securitisation Fund administered by  
TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.**

This Prospectus has been approved and registered with the official Registries of the Spanish Securities Market Commission on 25 November 2020

**NOTICE IN RESPECT TO THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS**

THIS PROSPECTUS HAS BEEN ENTERED IN THE REGISTERS OF THE SPANISH SECURITIES MARKET COMMISSION ON 25 NOVEMBER 2020 AND SHALL BE VALID FOR A MAXIMUM TERM OF TWELVE (12) MONTHS FROM SUCH DATE. HOWEVER, AS A PROSPECTUS FOR ADMISSION TO TRADING IN A REGULATED MARKET, IT SHALL BE VALID ONLY UNTIL THE TIME WHEN TRADING ON A REGULATED MARKET BEGINS, IN ACCORDANCE WITH REGULATION (EU) 2017/1129 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 14 JUNE 2017 ON THE PROSPECTUS TO BE PUBLISHED WHEN SECURITIES ARE OFFERED TO THE PUBLIC OR ADMITTED TO TRADING ON A REGULATED MARKET, AND REPEALING DIRECTIVE 2003/71/EC. ACCORDINGLY, IT IS EXPRESSLY STATED THAT THE OBLIGATION TO SUPPLEMENT THE PROSPECTUS IN THE EVENT OF SIGNIFICANT NEW FACTORS, MATERIAL MISTAKES OR MATERIAL INACCURACIES DOES NOT APPLY AFTER THE TIME WHEN TRADING ON A REGULATED MARKET BEGINS.

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This document constitutes the informative prospectus (the "**Prospectus**") of PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN (the "**Fund**" and/or the "**Issuer**"), authorised by and registered with the Spanish Securities Market Commission, in accordance with Commission Delegated Regulation (EU) 2019/980, supplementing Regulation (EU) 2017/1129 as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, as amended from time to time "**Regulation 2019/980**", which includes:

1. a document describing the main risk factors of the Fund, of the assets backing the issue and of the securities issued by the Fund (the "**Risk Factors**");
2. a registration document prepared in accordance with Annex 9 of Regulation 2019/980 (the "**Registration Document**");
3. a securities note prepared in accordance with Annex 15 of Regulation 2019/980 (the "**Securities Note**");
4. an additional building Block to the Securities Note prepared in accordance with the Block in Annex 19 of Regulation 2019/980 (the "**Additional Building Block**"); and
5. a glossary of defined terms used in this Prospectus (the "**Glossary**").

Any websites included and/or referred to in this Prospectus are for information purposes only and do not form part of this Prospectus and has not been scrutinized or approved by the CNMV.

## I. RISK FACTORS

### 1. SPECIFIC RISK FACTORS WHICH ARE SPECIFIC AND MATERIAL TO THE NOTES

#### 1.1 Risks concerning the underlying assets backing the issue

##### 1.1.1 Risk of non-payment of the Loan Receivables

The Notes will bear the default risk of the Loan Receivables held by the Fund and, therefore, this may impact on the ability of the Fund to repay the Notes. In this regard, it is hereby noted that, as of 31 October 2020, 1.7% of the loans comprising the total portfolio of the Seller (by reference to the activity of its Spanish branch) were in arrears (which includes any category of non-payment).

Likewise, the Seller will not be held liable, in any form whatsoever, of directly or indirectly guaranteeing the successful conclusion of this Transaction, nor will it grant collateral or personal or in rem guarantees, nor will it enter into agreements or assume obligations to repurchase the Loan Receivables (other than the commitments given in sections 2.2.9 and 3.7.1 of the Additional Building Block).

The Seller will not assume any liability for the default of the Borrowers regarding their payment obligations whether for principal, interest, or any other amount due in connection with the Loan Receivables. According to article 348 of the Spanish Commercial Code, the Seller will only be liable for the existence and legitimacy of the Loan Receivables at the time of its assignment to the Fund and in the terms and conditions established on this Prospectus, as well as for the capacity in which it carries out the assignment of the Loan Receivables to the Fund (as the owner of them). Furthermore, in no event will a delay in the payment of the interest or a delay in the reimbursement of the principal amount to the Noteholders result in the accrual of additional or overdue interest.

##### 1.1.2 Risk concentration depending on the years of origination of the Loans and depreciation of the value of the vehicles

According to section 2.2.2 of the Additional Building Block, the years that represent a higher concentration of origination from the Loans on 31 October 2020 (the "**Initial Cut-off Date**"), that constitute the portfolio on such Initial Cut-off Date (the "**Initial Cut-off Portfolio**") are, as a percentage of the total number of Loans and the Aggregate Discounted Receivables Balance of the Loan Receivables, 2019 (representing 34.08% of the total number of Loans and 37.15% of the Aggregate Discounted Receivables Balance of the Loan Receivables) and 2020 (representing 27.80% of the total number of Loans and 36.72% in respect of the Aggregate Discounted Receivables Balance of the Loan Receivables) which as a whole represent 61.88% of the total number of Loans and 73.87% with respect of the Aggregate Discounted Receivables Balance, as detailed in chart 20 in section 2.2.2 of the Additional Building Block. On the Initial Cut-off Date, the Aggregate Discounted Receivables Balance of the Loan Receivables corresponding to the loans granted in said years is €1,107,973,449.50.

Additionally, according to section 2.2.2 of the Additional Building Block, 43.34% of the Loans (representing 54.87% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have a seasoning lower than or equal to 12 months and 25.78% of the Loans (representing 25.19% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have a seasoning between 13 and 24 months, which as a whole means that 69.12% of the total number of Loans have 24 or less instalments paid as of Initial Cut-off Date, as detailed in chart 14 in section 2.2.2 of the Additional Building Block (such Loans represent 80.06% of the Aggregate Discounted Receivables Balance). The weighted average seasoning of the Loans is 14.42 monthly instalments paid as of Initial Cut-off Date.

The immediate depreciation of the value of the vehicles at the time a vehicle leaves the concessionary represents approximately 20% of its value. The average depreciation per month is approximately 2% of the market value of the vehicle at all times (in any case, the depreciation depends on the model of the vehicle, these percentages do not apply equally) for the first year, 1% for the second and third year and 0.5% for the fourth and subsequent years. The average age of the vehicles being financed by the Loans comprising the Initial Cut-off Portfolio is 1.73 years.

In accordance with table 2 of section 2.2.2 of the Additional Building Block, 22.41% of the Loans on the Initial Cut-off Date (representing a percentage of 24.38% of the Aggregate Discounted Receivables Balance of the Loan Receivables) refer to financings for the acquisition of used cars. In this respect, it has to be taken into account that, in general, the value of used cars is subject to greater fluctuations than the one of new cars.

Consequently, if the relevant Borrower defaults on the repayment of any of those loans, it cannot be ruled out that the amount resulting from the financed vehicle will not be sufficient to cover the amount in default and, thus, this may impact on the ability of the Fund to repay the Notes.

#### 1.1.3 Reservation of title

As shown in Chart 17 of section 2.2.2 of the Additional Building Block, the Seller has contractually agreed the reservation of title with all the Borrowers, but the reservation of title has not been registered with the Chattels Register, with respect to 57.44% of the Loans making up the Initial Cut-off Portfolio, which represent 55.29% of the Aggregate Discounted Receivables Balance of the Loan Receivables making up the Initial Cut-off Portfolio. Such Loans would therefore be the ones that would not benefit from the enforceability regime vis-à-vis third parties acting in good faith of the reservation of title, such as it is explained in section 2.2 of the Additional Building Block. In case the corresponding reservation of title has not been registered with the Chattels Register, such reservation of title will not be enforceable against *bona fide* third parties, and therefore in case of non-payment, it will only be enforceable against the relevant Borrower as it is explained in section 2.2 of the Additional Building Block.

It has been agreed that, for those already registered, the assignment of the rights deriving from the reservation of title clauses will not be registered with the Chattels Register in the name of the Fund as long as the Seller continues to be the Service Provider. Only if the Seller ceases to act as the Service Provider of the Loan Receivables, the assignment of the rights, for those already registered, may be registered in the name of the Fund by the new Service Provider. In such scenario, the costs associated to the registration of the relevant reservation of title clauses in favour of the Fund will be borne by the Fund. The registration of a reservation of title with the Chattels Registry could amount approximately 50-70 Euros each. These costs will be considered as Extraordinary Expenses of the Fund and, thus, will reduce the Available Distribution Amount to repay the Notes.

#### 1.1.4 Geographical concentration risk

As detailed in section 2.2.2 of the Additional Building Block, the Spanish Autonomous Communities that represent the major geographical concentration of the Borrowers' domicile are, on the Initial Cut-off Date, in percentage with respect to the total number of loans and the Aggregate Discounted Receivables Balance of the Loan Receivables (as this term is defined in section 4.4.3 of the Registration Document), Cataluña (20.20% of the total number of Loans and 20.41% of the Aggregate Discounted Receivables Balance of the Loan Receivables), Andalucía (17.26% of the total number of Loans and 17.78% of the Aggregate Discounted Receivables Balance of the Loan Receivables) and Comunidad de Madrid (14.50% of the total number of Loans and 13.10% of the Aggregate Discounted Receivables Balance of the Loan Receivables), which as whole represent a total percentage of 51.96% of the total number of Loans and 51.29% of the Aggregate Discounted Receivables Balance of the Loan Receivables, as detailed in the chart number 18 of section 2.2.2 of the Additional Building Block. On the Initial

Cut-off Date, the Aggregate Discounted Receivables Balance of the Loan Receivables for the loans granted to Borrowers residing in those Autonomous Communities is €769,311,612.51.

Given the abovementioned levels of concentration, the occurrence of an economic, political or social crisis or a natural disaster on these geographical regions could affect the payment by the Borrowers of the Loan Receivables backing the Notes Issue.

#### 1.1.5 Ratio of loan amount to value of financed vehicle

As shown in Chart 22 of section 2.2.2 of the Additional Building Block, 28.85% of the Loans of the Initial Cut-off Portfolio (representing 35.54% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have been granted for an amount greater than 80% of value of the financed vehicle and, in particular, 0.56% of the Initial Cut-off Portfolio (representing 0.84% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have been granted for an amount greater than the value of the financed vehicle. Additionally, as indicated in section 1.1.2 above, the depreciation of the value of a vehicle is significant from the time said vehicle leaves the concessionary. Consequently, if the relevant Borrower defaults on the repayment of any of those loans, it cannot be ruled out that the amount resulting from the financed vehicle will be insufficient to cover the amount in default and, therefore, this may impact on the ability of the Fund to repay the Notes.

#### 1.1.6 Guaranteed and Non-guaranteed Loans

88.40% of the Loans in the Initial Cut-off Portfolio (representing 87.82% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have no third-party guarantee. Only no third party guaranteed Loans representing 29.97% of the Loans (30.92% of the Aggregate Discounted Receivables Balance of the Loan Receivables) have a reservation of title registered in the Chattels Register. The absence of guarantees could potentially reduce the likelihood of recoveries and, thus, this may impact on the ability of the Fund to repay the Notes.

#### 1.1.7 The COVID-19 pandemic

In December 2019, a novel strain of coronavirus ("**COVID-19**") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a global pandemic. Governments worldwide have implemented measures to contain the spread of the virus. The effects of the COVID-19 Pandemic can be diverse, including but not limited to the following aspects.

The COVID-19 Pandemic may pose a risk to the operational business of the Seller. For example, due to company workplaces being no longer usable, only limited services might be available for customers or even no services at all. Possible bottlenecks in IT permissions, missing or inadequate hardware and / or software in the home office workplace could develop into an IT risk for the Seller. During a pandemic situation, customer care intensity could increase, because due to the existing uncertainty, significantly more inquiries could occur at the back office / service area compared to the usual operation. This could exacerbate the situation with possibly restricted IT permissions. A loss of key personnel could cause that essential business processes are not carried out or being significantly delayed. All of this could have a negative impact on VW Bank's ability to perform its obligations as Servicer and, thus may have an adverse impact on the amount of Collections received from the Loan Receivables and thereby on the ability of the Issuer to make payments under the Notes.

The COVID-19 Pandemic has led to disruptions in the economies of nations, resulting in restrictions on travel, imposition of quarantines and prolonged closures of workplaces. The Bank of Spain has warned against a foreseeable increase in the delinquency ratio caused by these circumstances, in the Economic Stability Report – Spring 2020 (Informe de Estabilidad Financiera). With respect to the Fund and the Notes, any quarantines or spread of viruses may affect in particular: (i) Borrowers income generation or indebtedness capacity, as applicable,

which may consequently adversely affect the Seller's own capacity to carry out its business as usual; (ii) the ability of some Borrowers to make full and timely payments of principal and/or interests under their Loans; (iii) the ability of the Seller to generate Loans and assign Loan Receivables under any circumstance and, in particular it may affect the capacity of the Seller to assign Loan Receivables during the Revolving Period; (iv) the cash flows derived from the Loan Receivables in the event of payment holidays or any other measure whether imposed by the competent government authority or applicable legislation or otherwise affecting payments to be made by the Borrowers or granted by decision of the Seller; (v) the market value of the Notes; and (vi) third parties ability to perform their obligations under the agreements executed with the Fund and described in this Prospectus and in section 13 of the Deed of Incorporation.

#### Covid-19 Legal Moratoriums

The Spanish government enacted Royal Decree-Law 11/2020 in order provide with measures to tackle the Covid-19 crisis, which imply a moratorium for persons that provide evidence of circumstances of economic vulnerability: (i) a temporary suspension of the contractual obligations under the relevant loan or credit (i.e. while the moratorium is in force, no principal or interests must be paid under the relevant loan or credit and no interests (either ordinary or default interests) shall be accrued); (ii) an extension of the final maturity of these loans or credits equivalent to the duration of the moratorium (therefore, instalments affected by the moratorium shall not be payable upon the end of the three-month suspension and the remaining instalments must be postponed on the same duration of the moratorium); and (iii) personal guarantors in circumstances of economic vulnerability due to the Covid-19 crisis can benefit from the moratorium, being entitled to request lenders to pursue and exhaust the main debtors' assets before claiming the secured debt from them, even in those cases where the relevant guarantor or security provider has expressly waived the excussion benefit (*beneficio de excusión*) foreseen in the Spanish Civil Code.

The deadline for the submissions of requests for these moratoriums was 29 September 2020 as per Royal Decree-Law 26/2020 and the suspension shall remain in force for a period of three months, which may also be extended by decision of the Council of Ministers.

Hereinafter, the above-mentioned moratoriums foreseen in Royal Decree-Law 11/2020 (as amended by, among others, Royal Decree-Law 26/2020), together with any settlement, suspension of payments, rescheduling of the amortisation plan or other contractual amendments resulting from or arising from mandatory provisions of law or regulation granted in connection with measures in force to tackle the effects of the Covid-19, will be referred to as the "**Covid-19 Legal Moratoriums**".

#### Covid-19 Contractual Moratoriums

In addition to Covid-19 Legal Moratoriums and in light of its commitment to doing its utmost to support its borrowers in Spain through the impact of COVID-19, especially those borrowers who are vulnerable or in financial difficulty and without prejudice to the legal measures imposed in Spain, the Seller decided to implement certain protocols to its customary practices and its Credit and Collection Policy. In particular, in respect of Borrowers in financial difficulty due to the COVID-19 crisis, depending upon the circumstances and type (i.e. consumer or corporate) of the Borrower, Volkswagen Bank GmbH, Spanish Branch offered the following additional forbearance measures (subject to any restrictions or limitations that may apply pursuant to the Servicing Agreement and the Deed of Incorporation). Such measures included: (i) forbearance of monthly instalments up to three months for consumers; (ii) forbearance of monthly instalments up to six months for corporates, micro-, small- or medium-sized enterprises or sole traders; (iii) reduction of loan instalment for Borrowers which qualify as corporates, micro-, small- or medium-sized enterprises or sole traders; and (iv) extensions of the term of the loan agreements up to twelve months. The deadline for the submissions of requests for these contractual moratoriums was 25 September 2020.

Hereinafter, such voluntary moratoriums or deferment of payments, together with any decisions in connection with measures in force to tackle the effects of the Covid-19, will be referred to as the "**Covid-19 Contractual Moratoriums**" and together with the Covid-19 Legal Moratoriums will be referred to as the "**Covid-19 Moratoriums**".

As of 31 October 2020, the number of loans comprising the total loan portfolio of the Seller (by reference to the activity of its Spanish branch) affected by Covid-19 Moratoriums was only 4,495 loans which represented 0.98% of the its loan portfolio.

#### Receivables affected by Covid-19 Moratoriums on Initial Cut-off Date

As of the Initial Cut-off Date, the Loans of the Initial Portfolio affected by a Covid-19 Moratorium represent 0.66% of the total number of Loans and 0.87% of the Aggregate Discounted Receivables Balance of the Loan Receivables.

#### Receivables affected by Covid-19 Moratoriums after the Date of Incorporation

There are no limitations on this prospectus or in the Deed of Incorporation that prevents the Seller and the Fund to assign receivables affected by a Covid-19 Moratorium on the Incorporation Date or in any Additional Purchase Date.

Should any Loan (either assigned on the Date of Incorporation or on any Additional Purchase Date) be affected by a Covid-19 Moratorium, this will not affect the eligibility of the Loan to be assigned to the Fund and will not trigger the obligation to substitute such Loan. Therefore, investors must be aware that the fact that there may be Loans affected by a Covid-19 Moratorium in the portfolio which may affect the ability of the Fund to collect the receivables.

Furthermore, it cannot be discarded that Covid-19 Moratoriums are extended at some point in time after the Date of Incorporation or similar measures are put in place after the Date of Incorporation and thus this may affect the ability of the Fund to collect the receivables and the ability of the Fund to repay the Notes.

## 1.2 Risks related to the nature of the Notes

### 1.2.1 Limited Liability and Recourse under the Notes

The Noteholders and other creditors of the Fund shall not have any rights of action neither against the Borrowers upon the failure of the payment obligations of the latter, nor against the Seller. Any such rights shall lie with the Management Company, representing the Fund.

The Noteholders and the remaining creditors of the Fund shall not have any rights of action neither against the Fund nor against the Management Company in the event of a payment default of the amounts due by the Fund arising from: (i) the existence of delinquency or prepayment of Loan Receivables; or (ii) in the event the protective financial transactions aimed at covering the financial obligations of the Notes are not sufficient.

The Noteholders and the other creditors of the Fund will only have a right of action against the Management Company as a consequence of the failure to comply with the legal duties of the latter or the breach of the provisions contained in article 26 of Law 5/2015 of 27 April on promoting corporate financing (the "**Law 5/2015**"), in the Deed of Incorporation or in this Prospectus.

The Notes and the Subordinated Loan represent obligations of the Fund only, and do not represent obligations of Management Company nor of the Seller, the Arranger, the Lead Manager, the Paying Agent, the Account Bank or any other third party or entity.

Except for the enhancement measures described in section 3.4.2 (*Information on any credit enhancements*) of the Additional Building Block, there are no other guarantees granted by an

entity, either public or private, including the Seller, the Management Company or any other Affiliate or participated company of the previous entities. The Loan Receivables held by the Fund and the rights linked to them are the main source of income of the Fund and, therefore, the main source of payment to the Noteholders.

#### 1.2.2 Notes' eligibility

There is no assurance that the Notes will be recognized as eligible collateral to the Eurosystem monetary policy operations either upon issuance or at any or all times until the Final Maturity Date. Such recognition will, inter alia, depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria set out in the European Central Bank Guideline (ECB/2014/60) of 19 December 2014 (as amended) have been met. Such criteria may be amended by the European Central Bank from time to time or new criteria may be added.

None of the Arranger, Lead Manager or the remaining transaction parties gives any representation, warranty, confirmation or guarantee to any investor in the Notes that the Notes will, either upon issue, or at all times before the redemption in full, satisfy all requirements for Eurosystem eligibility and be recognised as Eurosystem collateral. Any potential investor should make their own conclusions and seek their own advice with respect to whether or not the Notes constitute Eurosystem eligible collateral.

#### 1.2.3 Rating of the Notes

The purchase of the Notes may be made based, among others, on the provisional ratings assigned to the Notes. In no circumstance, the investors will be allowed to revoke the purchases of the Notes already completed even in the case the provisional ratings are not confirmed.

The credit risk of the Notes issued against the Fund has been evaluated by the following rating agencies: S&P Global Ratings Europe Ltd. ("**S&P Global Ratings**") and DBRS Ratings GmbH ("**DBRS**", and jointly with S&P Global Ratings, the "**Rating Agencies**").

The provisional ratings are detailed in section 7.3 of the Securities Note and were assigned on 16 November 2020 by DBRS and by S&P Global Ratings. Only provisional ratings are referred to in this Prospectus. It is expected that the final ratings of the Notes are made public by DBRS and by S&P Global Ratings prior to or on Closing Date.

The non-confirmation of the provisional ratings by any of the Rating Agencies will not constitute an early liquidation event of the Fund. Following the acquisition of the Notes, such acquisition will not be terminated in the event that any of the provisional ratings are not confirmed or if the final ratings (or any of them) are different from the provisional ones.

#### 1.2.4 Weighted average life of the Notes and historic information

The calculation of the weighted average life of the Notes is subject, among other things, to the assumption of compliance with the repayment of the Loan Receivables and to assumed prepayment rates and delinquency of the Loan Receivables which may not occur. The prepayment of the Loan Receivables is influenced by a variety of economic and social factors such as market interest rates, the economic situation of the Borrowers and the general economic situation, for which reason it cannot be predicted. In this regard, it is hereby noted that in Section 4.10 of the Securities Note the assumed Delinquency Ratio is 1% and the assumed Cumulative Gross Loss Ratio (evenly cumulated over 60 months since the Initial Cut-off Date) is 2%.

Estimates of the weighted average life of the Notes set out in this Prospectus and any other projections, forecasts and estimates are supplied for information only. They contain an element of speculation and it can be expected that some or all of the underlying assumptions may differ or may prove substantially different from the actual development. As a consequence, the actual

figures or results may differ from any such projections, forecasts or estimates and such difference may be substantial.

The early repayment of the Loan Receivables will cause the Issuer to make payments of principal on the Notes earlier than expected and will shorten the maturity of the Notes. The risk of such early redemption of the Loan Receivables will be transferred every month, on each Payment Date, to the Noteholders in accordance with the repayment rules set forth in section 4.9 of the Securities Note.

If principal is paid on the Notes earlier than expected due to early repayments on the Loan Receivables, the Noteholders may not be able to reinvest the principal in a comparable security with an effective interest rate equivalent to the interest rate on the Notes. Similarly, if principal payments on the Notes are made later than expected due to slower than expected early repayments or payments on the Loan Receivables, Noteholders may lose reinvestment opportunities. Noteholders will bear all reinvestment risk resulting from receiving payments of principal on the Notes earlier or later than expected.

## 2. **SPECIFIC RISK FACTORS WHICH ARE SPECIFIC AND MATERIAL TO THE FUND**

### 2.1 Breach of contract by third parties and creditworthiness of the parties

The ability of the Fund to make any principal and interest payments in respect of the Notes depends to a large extent upon the ability of the parties to the agreements executed by the Fund described in this Prospectus and in section 13 of the Deed of Incorporation, to perform their contractual obligations.

In particular, without limiting the generality of the foregoing, the timely payment of amounts due in respect of the Notes depends on the ability of the Service Provider to service the Loan Receivables. Furthermore, the Service Provider is entitled to commingle funds such as collections from the Loan Receivables and proceeds from the enforcement of the Loan Receivables with its own funds. In particular, if and as long as the Monthly Remittance Condition is satisfied, the Service Provider shall be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single transfer of such Collections to the Distribution Account on the relevant Payment Date. There is a risk that the Collections received by the Service Provider and pending transfer to the Fund might not be separated from the Service Provider's funds in the event of an Insolvency Event of the Service Provider and, thus, this may impact on the ability of the Fund to repay the Notes should this even occurs.

No assurance can be given as to the credit worthiness of these parties or that the credit worthiness will not decline in the future and, thus, this may impact on the ability of the Fund to repay the Notes.

### 2.2 Application of insolvency regulations

The Seller, the Account Bank, the Paying Agent (insofar as that function is assumed by an entity other than the Account Bank), the Management Company and any other entities which are counterparty to the Fund may be declared insolvent.

The insolvency of any of such parties could affect such party's contractual relations with the Fund according to the applicable insolvency regulations.

In the event of insolvency of the Seller, in accordance with Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001, on the reorganisation and winding up of credit institutions ("**Directive 2001/24**"), the Spanish Courts will not be empowered to decide on the implementation of one or more reorganisation or winding up measures since these powers will be vested on the administrative or judicial authorities of the home Member State (i.e. Germany) of the credit institution (including for branches established in other Member States). Any transfer of rights or assets or any payments contemplated by the Transaction Documents may be challenged by an insolvency administrator of the Seller in accordance with sections 129 to 147 of the German Insolvency Code (*Insolvenzordnung* – "**InsO**").



In the event of an insolvency of the Account Bank, the amounts received by the Account Bank and held by it on account of the Fund as counterparty to the agreements entered into by the Account Bank and described in section 3.4.1 of the Additional Building Block prior to the date of declaration of insolvency may become affected by the insolvency.

### 2.3 Mandatory replacement of the Management Company

The Management Company shall find a substitute management company if: (i) pursuant to Article 33 of Law 5/2015, the Management Company is declared insolvent; or (ii) its authorisation to act as a management company is revoked. If no substitute management company is found 4 months after the event determining the mandatory replacement of the Management Company, the Fund will be liquidated and the Notes will be subject to Early Redemption in accordance with the provisions of the Deed of Incorporation and this Prospectus.

### 2.4 Significant litigations and conflicts of the Management Company

As described in section 6.1.5 of the Registration Document, on the date of registration of this Prospectus, the Management Company is not in any cause or situation of insolvency. There is a civil lawsuit against the Management Company as a result of its actions in relation to certain securitisation funds and their corresponding derivative agreements, for which compensation is claimed in the amount of 13.2 million euros, which, at the time present, is in the phase of answering the claim (*contestación a la demanda*), and according to the criteria of the lawyers in charge of the procedure, presents a low risk of conviction for the Management Company.

### 2.5 Insolvency of the Seller

The Transaction is structured to qualify under German law as an effective (true) sale of the Loan Receivables under the Assignment Policy of Loan Receivables from the Seller to the Issuer and provisions under German insolvency laws are considered not to represent any severe clawback risk for the Transaction.

In the event of insolvency of the Seller, the applicable law will be the German Law insofar as the Seller is the Spanish Branch of a German bank. However, the general rule under German Law will be that the Issuer will have a right of segregation (*Aussonderungsrecht*), similar to the one referred to in article 16.4 of Law 5/2015, of the Loan Receivables.

In case of re-characterisation of the sale or transfer of the Loan Receivables from the Seller to the Issuer as a secured loan, the Issuer will not have a right of segregation (*Aussonderungsrecht*) of the Loan Receivables but a right to preferential satisfaction (*Absonderungsrecht*) according to sections 166 et seq. and section 51(1) of the German Insolvency Code (*Insolvenzordnung*).

## II. REGISTRATION DOCUMENT FOR ASSET-BACKED SECURITIES

### 1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT'S REPORTS AND COMPETENT AUTHORITY APPROVAL

#### 1.1 Persons responsible for the information given in the Registration Document

Mr. Ramón Pérez Hernández, acting in the name and on behalf of Titulización de Activos, S.G.F.T., S.A. (the "**Management Company**"), management entity of PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN, assumes the responsibility for the content of this Registration Document.

Mr. Ramón Pérez Hernández acts in his capacity as Chief Executive Officer (*Consejero Delegado*) by virtue of the public deed granted on 12 May 2020 before the notary public of Madrid Mr. Manuel Richi Alberti under number 990 of his Official Record and, specifically for the incorporation of the Fund, by virtue of the resolutions adopted by the Chief Executive Officer (*Consejero Delegado*) on 15 October 2020.

#### 1.2 Declaration of the persons responsible for the Registration Document

Mr. Ramón Pérez Hernández, in the name and on behalf of the Management Company, declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

#### 1.3 Statement or report attributed to a person as an expert

No statement or report is included.

#### 1.4 Information from third parties

No information sourced from a third party is included in this Registration Document.

#### 1.5 Statement of compliance with Regulation (EU) 2017/1129

(a) The CNMV, as competent authority under the Prospectus Regulation, has approved on 25 November 2020 this Prospectus (including this Registration Document).

(b) The CNMV only approves this Prospectus (including this Registration Document) as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.

(c) The abovementioned approval should not be considered as an endorsement of the Issuer that is subject to the Prospectus.

### 2. STATUTORY AUDITORS

#### 2.1 Fund auditors

Pursuant to section 4.4 of this Registration Document, the Fund shall be incorporated on 25 November 2020 and therefore to this date it does not have any historical financial information.

The annual accounts of the Fund will be verified and reviewed on an annual basis by auditors of the Fund. The annual accounts of the Fund and the audit report will be deposited with the CNMV.

At the resolutions passed by the Chief Executive Officer (*Consejero Delegado*) of the Management Company dated 15 October 2020, Ernst & Young, S.L. ("**EY**"), whose details are included in section 3.1

of the Securities Note, was appointed as the auditor of the accounts of the Fund, without specifying the number of accounting periods for which it has been appointed. If the Management Company passes a resolution to appoint new auditors of the accounts of the Fund, notice would be given to the CNMV, the Rating Agencies and the Noteholders, pursuant to the provisions of section 4.1.3(ii) of the Additional Building Block.

#### 2.1.1 Accounting criteria used by the Fund

Revenue and expenses will be recognised by the Fund following the applicable accounting principles under the Circular of the CNMV 2/2016, of 20 April 2016, on accounting standards, annual accounts, public financial statements and reserved statistical information of securitisation funds, as amended ("**Circular 2/2016**") or the regulation applicable from time to time.

The fiscal year of the Fund will coincide with a calendar year. However, as an exception, the first fiscal year will start on 25 November 2020, when the incorporation of the Fund will take place, and end on 31 December 2020, and the last fiscal year will finish on the expiration date of the Fund.

The annual accounts of the Fund will be deposited with the CNMV within 4 months following the end of the accounting period.

### 3. RISK FACTORS

Risk factors which are specific and material to the Fund are described under previous point 1 of the Risk Factors section of this Prospectus.

### 4. INFORMATION ABOUT THE ISSUER

#### 4.1 Statement declaring that the Issuer will be incorporated as securitisation fund

The Issuer is a securitisation fund, with no legal personality, to be incorporated in accordance to Chapter III of the Law 5/2015 for the purposes of (i) acquiring the Receivables and (ii) issuing the Notes.

The Issuer shall have open-end revolving assets and closed-end liabilities. Its assets shall comprise the Initial Receivables to be acquired by the Issuer upon being established and such Additional Receivables as may be acquired by the Issuer on each Additional Purchase Date during the Revolving Period, which shall end on the Payment Date falling on 21 November 2023 included, unless a Revolving Period Termination Event takes place in accordance with the provisions of section 2.2.2.2.1 of the Additional Building Block.

#### 4.2 Legal and commercial name of the Issuer

The corporate name of the Issuer is PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN. The Fund may use its abbreviated denomination PRIVATE DRIVER ESPAÑA 2020-1, F.T. The LEI number (Legal Entity Identifier) of the Fund is 959800JG38574P5B6024.

#### 4.3 Place of registration of the Issuer and its registration number

The Management Company declares that neither the incorporation of the Fund, nor the Notes to be issued against its Loan Receivables, will be subject to registration in any Spanish Commercial Registry, pursuant to the exemption set forth in article 22.5 of Law 5/2015, without prejudice to the registration of this Prospectus by the CNMV, which took place on 25 November 2020, and to the filing with the CNMV, for incorporation into its public registries, of a copy of the deed of incorporation of the Fund and of the issue of the Notes (the "**Deed of Incorporation**"), the content of which will match the provisions of this Prospectus and the draft Deed of Incorporation previously submitted to the CNMV. A copy of the policy of assignment (the "**Assignment Policy**") which includes the list of Initial Receivables will be also submitted to the CNMV. Under no circumstances will the terms of the Deed of Incorporation and of the

Assignment Policy contradict, modify, alter or invalidate the contents of this Prospectus. The terms and conditions of the transfer of the Loan Receivables are explained with more detail in section 3.3.2 of the Additional Building Block, in which reference is made to the elements not included in the same, such as the Balloon Instalments, as further explained therein.

As indicated, the assignment of the Loan Receivables to the Fund will be formalised by means of an Assignment Policy, in order to avoid that such assignment can be understood as being subject to Transfer Tax and Stamp Duty, in its category of Stamp Duty, as per article 27 and related provisions of Title III of Royal Legislative Decree 1/1993, of 24 September ("**Law of Transfer Tax and Stamp Duty**"), due to the fact that the clauses of reservation of title are included among the elements that form part of the Loan Receivables subject to assignment of the Fund, and these are capable of being registered with the Chattels Register.

The Deed of Incorporation may be amended pursuant to article 24 of Law 5/2015. Such amendments, if applicable, must be communicated in advance by the Management Company to the CNMV, acknowledging that they comply with the requirements foreseen under such article 24, and will also be communicated to the Rating Agencies. The Deed of Incorporation may also be subject to correction at the request of the CNMV.

#### 4.4 Date of incorporation and the length of life of the Issuer

##### 4.4.1 Date of incorporation of the Fund

The Management Company and the Seller will grant on 25 November 2020 (the "**Date of Incorporation**") the Deed of Incorporation, in the terms set forth in Law 5/2015.

The Seller may withdraw from the incorporation of the Fund, at any time prior to the Date of Incorporation, with no need to justify its decision.

In particular, it is considered that the Seller could withdraw from the incorporation of the Fund, prior to 25 November 2020, in the event that the Seller considers the possibility that any of the termination events of the Management and Subscription Agreement to which reference is made under section 4.2.2 of the Securities Note is foreseeable may take place, even before the occurrence of such circumstances.

The withdrawal will not imply any liability for the Seller *vis-à-vis* third parties, including the Management Company, the Arranger, the Lead Manager, the Paying Agent and the Account Bank (except for break-up fees if provided for in the relevant agreement and the notarial and/or registration fees relating to this Prospectus and the Transaction Documents), and those third parties shall have no right to claim for the payment for damages for the mere fact of the withdrawal of the incorporation of the Fund having taken place.

The Seller obliges itself to notify in writing the circumstance of the withdrawal to the Management Company at any time prior to the Date of Incorporation. Such circumstance will be notified to the CNMV by the Management Company, attaching the communication received from the Seller.

##### 4.4.2 Period of activity of the Fund

The period of activity of the Fund will start on the Date of Incorporation and will end on 21 October 2034 or if this day is not a Business Day, the next Business Day (the "**Final Maturity Date**"), unless the Fund is liquidated earlier in accordance with the provisions of section 4.4.3 below.

##### 4.4.3 Early liquidation and extinction of the Fund

###### (i) Early liquidation events

Notwithstanding the above, by virtue of the provisions of the Deed of Incorporation and this Prospectus, the Management Company will be entitled to proceed with the early settlement of the Fund and the early prepayment of the total of the Notes Issue when, on a Payment Date after the end of the Revolving Period, the Aggregate Discounted Receivables Balance, as defined below, is lower than 10% of the Maximum Discounted Receivables Balance. This event of early liquidation is subject to the event that it is so requested by the Seller and that sufficient resources are available in order to, with charge to the then existing balance of the Distribution Account and the Cash Collateral Account and by means of a liquidation of the Loan Receivables and other assets of the Fund, carry out the cancellation of all outstanding obligations *vis-à-vis* the Noteholders, in accordance with the Liquidation Order of Priority set forth in section 3.4.7(ii)(4) of the Additional Building Block, provided that, if applicable, the required authorisations have been obtained.

For the indicated effects, it is stated that:

- **"Aggregate Discounted Receivables Balance"** means the sum of the Discounted Receivables Balance of all the assigned Loan Receivables.
- **"Discounted Receivables Balance"** means, regarding a Loan Receivable, the outstanding instalments of principal and interest pending payment, including matured and unpaid amounts, discounted at the end of any Monthly Period at the Discount Rate (as described with more detail in section 3.3.3 of the Additional Building Block), on the basis of a 360-day year, which equals 12 months of 30 days each. For the avoidance of doubt, the Discounted Receivables Balance excludes any Write-offs.
- **"Maximum Discounted Receivables Balance"** means the highest historic Aggregate Discounted Receivables Balance at any time since the Closing Date.
- **"Discount Rate"** is a fixed percentage of 3.1983% per annum, which equals the sum of: (i) the Service Provider Fee Rate of 1% per annum; plus (ii) 0.03% for any administrative expenses and fees; plus (iii) the weighted average of both the fixed rate to be paid by the Fund to the Notes and the fixed rate under the Subordinated Loan to be paid by the Fund to the Subordinated Lender; plus 2%.

Accordingly, it must be noted that, in respect of the Fund, the performance of the portfolio of Loan Receivables transferred to the Fund derives from the Discount Rate (used for calculation of the Discounted Receivables Balance transferred to the Fund as well as for determination of their Purchase Price) and not the nominal interest rate agreed with the Borrowers at the time of origination of the Loans.

It is noted that the Discount Rate, expressed as a percentage, has been determined by the Seller and it has been notified by email to the Management Company.

It is understood, in all cases, that payment obligations derived from the Notes on the early liquidation date represent an amount equivalent to the Outstanding Nominal Balance of the Notes on that date, plus the accrued but unpaid interest to that date, which amount will be deemed due and payable on that date.

In addition, the Management Company will proceed to liquidate the Fund early pursuant to this section, in the following circumstances, and the CNMV and the Rating Agencies will be informed beforehand if any of them occur, namely:

- (1) when, in the reasonable opinion of the Management Company, there are exceptional circumstances that make it impossible, or extremely difficult, to maintain the financial equilibrium of the Fund or lead to a material and permanent imbalance with regards to the Notes. It will be included in this event, the change of current legal framework (in particular in tax regulations) or the imposition of new obligations to the Fund that may affect adverse and materially the financial equilibrium of the Fund;
- (2) if the authorisation of the Management Company is withdrawn or it is declared insolvent, and, after 4 months having elapsed since this event no new management company has been designated according to the provisions of section 3.7.1 of the Additional Building Block and article 33.2 of Law 5/2015;
- (3) when 31 months have elapsed since the last maturity of the Loan Receivables; and
- (4) if the Management Company has the express consent and acceptance of all Noteholders and all counterparties under the agreements in place with the Fund, both in relation to the payment of the amounts related to the liquidation and the procedure to carry out such liquidation.

For the purposes of the liquidation of the Loan Receivables and other assets of the Fund, the actions for the liquidation and termination of the Fund which are contained under the following subsection (iii) of this section 4.4.3 will be applicable to the events of early liquidation described in this section 4.4.3(i).

(ii) Extinction events

The Fund will be extinguished, in any event, as a result of any of the following circumstances:

- (1) when all the Loan Receivables are redeemed in full;
- (2) in the event that all the Loan Receivables have matured and amounts remain to be collected from the Loan Receivables and obligations remain to be paid to the Noteholders, the Fund will be extinguished on the Payment Date immediately after such date on which 36 months have elapsed since the date of the last maturity of the Loan Receivables, that is, on the Final Maturity Date;
- (3) when the Fund early liquidation process ends;
- (4) when the Notes issued are repaid in full; and/or
- (5) (i) in the event of non-entire subscription of the Notes or if fully subscribed the disbursement of the Notes does not occur on Closing Date; (ii) if an event occurs that could not be foreseen or that, even if foreseen, is inevitable rendering it impossible to perform the Management and Subscription Agreement pursuant to article 1,105 of the Civil Code (*force majeure*) prior to the disbursement of the Notes on Closing Date; (iii) if the signed legal opinion of Hogan Lovells has not been delivered to the addressees thereof in a form satisfactory to them prior to the beginning of the Subscription Period; or (iv) if the Transaction Documents have not been duly executed and delivered by the parties thereto on the Date of Incorporation.

In the early extinction events referred to in section (5) above, the assignments of the Loan Receivables, the issue and subscription of the Notes and the Transaction Documents will be also considered resolved. In these early liquidation events, the Seller undertakes to satisfy any initial expenses which may have already been incurred

by the incorporation of the Fund. In such events, the termination of the incorporation of the Fund shall be notified to the CNMV as soon as it was confirmed. No later than one month from the termination event, the Management Company shall grant a notarised deed declaring the obligations of the Fund liquidated and terminated and the latter extinguished.

(iii) Actions for the liquidation and termination of the Fund

If, at the time of the liquidation of the Fund, any outstanding obligations remain to be paid by the Fund, the Management Company will carry out the following actions:

- In this regard, the Seller shall have the right to acquire the Loan Receivables at a price equal to the Aggregate Discounted Receivables Balance on the date of execution of the relevant assignment agreement, including interest accrued until such date. The Management Company shall notify the Seller the relevant terms of the sale of the Loan Receivables (price, form of payment, etc.). Upon receiving such notification, the Seller will have a period of five (5) Business Days to communicate to the Management Company its decision to repurchase or not the Loan Receivables at the price mentioned above.

The mentioned right does not imply, under any circumstance, a buyback agreement or declaration of the Loan Receivables assigned by the Seller.

- If the Seller does not exercise the right referred to above, the Management Company will proceed to sell the Loan Receivables, for which purpose it would obtain offers from at least 5 independent entities among the more active entities in the sale and purchase of this kind of assets and that, to its understanding, can offer market value. The price for the sale of all the Loan Receivables shall not be less than the Aggregate Discounted Receivables Balance on the date of execution of the relevant assignment agreement, including interest accrued until such date; however, in case such amount is not reached, the Management Company will be required to accept the best offer received for the assets by such entities. The designation of the independent entities will be reported by the Management Company to the CNMV and the Rating Agencies. The Seller will have a pre-emption right to recover the Loan Receivables owned by the Fund, in the terms established by the Management Company and in accordance with this section. With such purpose, the Management Company shall submit to the Seller a list with the assets and offers received from third parties. The Seller is entitled to do so in relation to all the assets offered by the Management Company, during the ten (10) Business Days following the receipt of the said communication provided that the offer of the Seller equals, at least, the best of all offers coming from third parties.

The mentioned pre-emption right does not imply, under any circumstance, a buyback agreement or declaration of the Loan Receivables assigned by the Seller.

- It will proceed to terminate any contracts that are not deemed necessary for the liquidation process of the Fund.
- Should the above be insufficient or should Loans or other assets remain, it will proceed to sell the other assets held by the Fund.
- The Management Company will be empowered to accept any offer that, in its opinion, reflects the market value of the assets and that would be paid in cash.

To determine the market value of the assets the Management Company may obtain valuation reports that it deems necessary.

- The Management Company, after deducting the necessary Liquidation Expenses reserve, will apply all the amounts that it obtains through the disposal of the assets of the Fund, together with the rest of the amounts and receivables that the Fund might have at that time, to the payment of the different items, in accordance with the Liquidation Order of Priority established in section 3.4.7(ii)(4) of the Additional Building Block.

In the event that, once the Fund has been liquidated and the payments set forth in section 3.4.7(ii)(4) of the Additional Building Block have been made, there is any remainder, such remainder will be paid to the Seller. In the event that the pending payment is not a liquid amount and consists of Loan Receivables that are pending rulings with respect to court or notary's proceedings initiated as a result of non-payment of the Loan Receivables by the relevant Borrower, both their continuation and the outcome of such proceedings will be carried out by and will be in favour of the Seller.

In any event, the Management Company, acting for the account of the Fund, will not proceed to extinguish the Fund and to cancel its registration in the relevant administrative registers until it has proceeded to liquidate the remaining assets of the Fund and distributed the Available Distribution Amount, as defined in section 3.4.7(ii)(1) of the Additional Building Block, following the Liquidation Order of Priority, except for the Liquidation Expenses reserve.

Within a period of 6 months after the liquidation of the remaining assets of the Fund and the distribution of the Available Distribution Amount and, in any event, before the Final Maturity Date, the Management Company will grant a notarised affidavit declaring: (i) the liquidation of the Fund, and the reasons, as set forth in the Deed of Incorporation and in this Prospectus, for its extinction; (ii) the procedure followed in notifying the Noteholders and the CNMV; and (iii) the distribution of the Available Distribution Amount in the Liquidation Order of Priority. This notarised affidavit will be submitted by the Management Company to the CNMV.

#### 4.5 Domicile, legal form and legislation under which the Issuer operates

The Fund will constitute a separate fund devoid of legal personality with open-end assets and closed liabilities that, pursuant to Law 5/2015, will be serviced by the Management Company. The Management Company will be responsible for the incorporation, servicing and representation of the Fund, and also, as manager of third party business, for representing and safeguarding the interests of the Noteholders. The Fund will only be liable for its obligations *vis-à-vis* its creditors with its assets.

The corporate address of the Fund will be the corporate address of the Management Company:

Street: Calle Orense nº 58  
City: Madrid  
Postal Code: 28020  
Country: Spain  
Telephone: (34) 91 702 08 08

Information relating to the Fund can be found in the website of the Management Company ([www.tda-sgft.com](http://www.tda-sgft.com)). The information on the website does not form part of the Prospectus.

The incorporation of the Fund is subject to Spanish Law and it is executed according to this Prospectus and the Deed of Incorporation, drafted in accordance with Securitisation Regulation and implementing provisions, Regulation 2019/980, Law 5/2015, Royal Legislative Decree 4/2015, of 23 October, approving the Restated Text of the Spanish Securities Market Law (the "**Securities Act**"), in connection



with supervision, inspection and disciplinary regime, Royal Decree 1310/2005 and any other laws and regulations applicable from time to time.

#### 4.5.1 Tax regime of the Fund

The general tax treatment of the Fund is regulated in several laws and regulations of the Spanish tax legislation. The most relevant tax provisions on the tax regime applicable to the Fund are the following: (i) article 7.1.h) and 13 of Law 27/2014, of 27 November, on Corporate Income Tax (the "**Corporate Income Tax Act**"); (ii) article 20.1.18º of Law 37/1992, of 28 December, on Value Added Tax (the "**Value Added Tax Act**"); (iii) article 61 k) and q) of the Regulations on Corporate Income Tax, approved by Royal Decree 634/2015, of 10 July (the "**Regulations on Corporate Income Tax**"); (iv) article 45.I.B) 20 of Law of Transfer Tax and Stamp Duty; (v) First Additional Provision of Law 10/2014, of 26 June on the organization, supervision and solvency of credit entities (the "**Law 10/2014**"); and (vii) article 44 of Royal Decree 1065/2007, of 27 July, which approves the Regulations dealing with tax compliance and inspection proceedings ("**RD 1065/2007**").

The main features of the tax regime applicable to the Fund and the investors are the following:

- (i) The incorporation of the Fund is exempt from Transfer Tax and Stamp Duty (*Impuesto sobre Transmisiones Patrimoniales Onerosas y Actos Jurídicos Documentados*), in its modality of capital tax.
- (ii) The issue, subscription, transfer and repayment of the Notes issued by the Fund are exempt or not subject (according to each case) as from Value Added Tax and from Transfer Tax and Stamp Duty.
- (iii) The Fund is subject to the general regime of the Corporate Income Tax Act. The general tax rate is 25% on the taxable base as determined by the Corporate Income Tax Act (we note that the Fund is not subject to the limitation to the tax deductibility of financial expenses provided in article 16 of the Corporate Income Tax Act, and it shall be subject to the provisions of Chapter III of Title I of the Regulations on Corporate Income Tax with regard to the deductibility of valuation adjustments for the impairment of debt instruments valued at their amortisation cost). Also, the Fund is subject to the ordinary provisions on tax credits, deductions, compensations and other substantial elements on the determination of the Corporate Income Tax due.
- (iv) Income derived from the Loan Receivables obtained by the Fund is not subject to withholding tax, as provided in Article 61.k) of the Regulations on Corporate Income Tax.
- (v) Management, administration and custodian services provided to the Fund by the Management Company are exempt from Value Added Tax.
- (vi) The assignment of Loan Receivables to the Fund is a transaction exempt from Value Added Tax and from Transfer Tax and Stamp Duty.
- (vii) The Fund will be subject to the information obligations set forth under Law 10/2014. The Fund will also be subject to RD 1065/2007 and to the Ministerial Order of 23 November 2004.

The general taxation described above is based on the current legislation applicable at the time of the Notes Issue. Such description does not intend to be exhaustive.

#### 4.6 Description of the amount of the issuer's authorised and issued capital and the amount of any capital agreed to be issued, the number and classes of the securities of which it is composed

Not applicable.

## 5. BUSINESS OVERVIEW

### 5.1 Brief description of the Issuer's principal activities

The Issuer's activity is (i) to acquire the Initial Receivables and the Additional Receivables, and (ii) to issue the Notes the subscription for which is designed to finance the acquisition of the Initial Receivables, all in the terms described in this Prospectus.

The main characteristics of the Loan Receivables constituting the assets of the Fund are described in the Additional Building Block.

## 6. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES OF THE FUND

### 6.1 Legal Person of the Management Company

The management and legal representation of the Fund will be carried out by the Management Company on the terms established under Law 5/2015 and in the other applicable regulations, as well as the terms contained in the Deed of Incorporation and this Prospectus.

The registered name of the Management Company is Titulización de Activos, S.G.F.T., S.A., with Tax Identification Number (C.I.F.) A-80352750.

The Management Company is a Spanish public limited company (*sociedad anónima*), incorporated on 12 May 1992, with registered office at number 58, C/Orense, Madrid (Spain), (Tel: +34 91 702 08 08), and registered in the Commercial Registry of Madrid (Spain), Volume 4280, book 0, *folio* 183, section 8, sheet M-71066, entry nº 5, on 4 June, 1993, and also registered under Num. 3 in the Special Register of Securitisation Fund Management Companies (*Registro Especial de Sociedades Gestoras de Fondos de Titulización*) kept by the CNMV.

The Management Company has indefinite duration, except for the occurrence of any of the causes legally foreseen.

#### 6.1.1 Audit of the accounts of the Management Company

The audited annual accounts of the Management Company for 2017, 2018 and 2019 have been filed at the CNMV and at the Commercial Registry. The audit reports on the annual financial statements for 2017, 2018 and 2019 contain no qualifications. The Management Company's annual accounts for 2017 2018 and 2019 have been audited by Ernst & Young, S.L., an entity registered in the R.O.A.C. (*Registro Oficial de Auditores de Cuentas*) under number S0530, with registered office at Plaza Pablo Ruiz Picasso s/n, Madrid, holder of Spanish Tax Identification Code (C.I.F.) number B-78970506.

#### 6.1.2 Main activities of the Management Company

The corporate purpose of the Management Company is "*the incorporation, management and legal representation of Fondos de Titulización as well as Bank Assets Funds (Fondos de Activos Bancarios) in the terms set out in Law 9/2012 of 14 November on restructuring and resolution of credit entities, in accordance with article 25.1 of Law 5/2015*".

The Management Company is subject to supervision by the CNMV pursuant to the provisions of Law 5/2015.

The Management Company will be responsible for the administration and legal representation of the Fund, in accordance with the provisions of Law 5/2015 and the rest of the applicable legal regulations, as well as the provisions contemplated under the Deed of Incorporation and this Prospectus. The Management Company will perform for the Fund those duties attributed to it in Law 5/2015. As the manager of interests of third parties (*gestor de negocios ajenos*), the Management Company is also responsible for representing and safeguarding the interests of

the Noteholders and its other creditors. Consequently, the Management Company must subordinate its actions to safeguarding the interests of such persons, abiding by the applicable provisions in this regard prevailing from time to time. The Noteholders and the other creditors of the Fund will have no recourse against the Management Company, other than from non-performance of its duties or non-compliance with the provisions of the Deed of Incorporation and this Prospectus.

On 31 October 2020, the Management Company had a total of 61 securitisation funds under management, the details of which are given in section 6.1.7 of this Registration Document.

6.1.3 Existence or non-existence of holdings in other companies by the Management Company

The Management Company does not hold equity interests in any company.

6.1.4 Entities from which the Management Company has borrowed more than 10%

The Management Company has not received any loan or credit facility from any person or entity

6.1.5 Legal proceedings of the Management Company

On the date of registration of this Prospectus, the Management Company is not in any cause or situation of insolvency. There is a civil lawsuit against the Management Company as a result of its actions in relation to certain securitisation funds and their corresponding derivative agreements, for which compensation is claimed in the amount of 13.2 million euros, which, at the time present, is in the phase of answering the claim (*contestación a la demanda*), and according to the criteria of the lawyers in charge of the procedure, presents a low risk of conviction for the Management Company.

6.1.6 Administrative, management and supervisory bodies of the Management Company

Pursuant to the provisions of the by-laws of the Management Company, and as at the date of registration of this Prospectus, the Management Company has no governing bodies other than the Shareholders' Meeting and the Board of Directors.

The members of the Board of Directors of the Management Company, as at the date of registration of this Prospectus, are as follows:

<b>Members of the Board of Directors</b>	
Jorge Rodrigo Mario Rangel de Alba	President
Aurelio Fernández Fernández-Pacheco	Director
Carmen Patricia Armendáriz Guerra	Director
Juan Díez-Canedo Ruíz	Director
Mario Alberto Maciel Castro	Director
Ramón Pérez Hernández	Chief Executive Officer /2nd Vicepresident
Salvador Arroyo Rodríguez	Director / 1 <sup>st</sup> Vicepresident
Elena Sánchez Álvarez	Director
Roberto Pérez Estrada	Secretary Director of the Board

Mr. Manuel Romero Rey is the Vice-Secretary (non-Director) of the Board of Directors.

Mr. Ramón Pérez Hernández was appointed chief executive officer (*consejero delegado*) by virtue of the public deed (*escritura*) granted on 12 May 2020 before the notary public of Madrid Mr. Manuel Richi Alberti under number 990 of his official records.

The Management Company is subject to supervision by the CNMV pursuant to the provisions of Law 5/2015.

In compliance with the provisions of the Securities Act and Royal Decree 629/1993 of 3 May, on rules of conduct in securities market and mandatory recordkeeping, at the board meeting held on 7 December 1993, the board of directors of the Management Company approved an *internal code of conduct* which content complies with Law 5/2015.

The regulation referred to in the previous paragraph has been filed with the CNMV and contains, among other items, the rules on confidentiality of information, dealings with persons subject to the code, disclosure of material information and conflicts of interest.

The Management Company has not approved any regulations of the board of directors and is not subject to the application of any code of good corporate governance, except for the aforementioned internal code of conduct.

The individuals appointed as Directors and Chairman of the Management Company pursue the following significant activities outside the Management Company as shown in the next table:

Director	Other activities	Office	Country
D. Jorge Rodrigo Rangel de Alba Brunel	Tenedora CI, S.A. de C.V.	Chairman	Mexico
	Inmuebles Mayor, S.A. de C.V. Inmobiliaria.	Chairman	
	Inmobiliaria Seguro, S.A. de C.V. Inmobiliaria.	Chairman	
	Medio Inmobiliaria, S.A. de C.V. Inmobiliaria.	Chairman	
	Mobiloffice, S.A. de C.V. Telecomunicaciones.	Chairman	
	CIBanco, S.A., Institución de Banca Múltiple.	Chairman	
	CI Casa de Bolsa, S.A. de C.V.	Chairman	
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Chairman	
	CI Fondos, S.A. de C.V. SOSI.	Chairman	
	Autofinanciamiento RAL, S.A. de C.V.	Chairman	
Consortio Inversor de Mercados, S.L.	Chairman	Spain	
D. Roberto Pérez Estrada	Tenedora CI, S.A. de C.V.	Secretary	Mexico
	CIBanco, S.A., Institución de Banca Múltiple.	Proprietary Director and Secretary, Executive Head of Legal	
	CI Casa de Bolsa, S.A. de C.V.	Proprietary Director and Secretary, Executive Head of Legal	
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Proprietary Director and Secretary, Executive Head of Legal	
	CI Fondos, S.A. de C.V. SOSI.	Proprietary Director and Secretary, Executive Head of Legal	
Consortio Inversor de Mercados, S.L.	Secretary non director of the board	Spain	

D. Salvador Arroyo Rodríguez	Tenedora CI, S.A. de C.V.	Director	
	CIBanco, S.A., Institución de Banca Múltiple.	CEO	
	CI Casa de Bolsa, S.A. de C.V.	Director	Mexico
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Director	
	CI Fondos, S.A. de C.V. SOSI.	Director	
	Autofinanciamiento RAL, S.A. de C.V.	Director	
	Consortio Inversor de Mercados, S.L.	Director	Spain
D. Mario Alberto Maciel Castro	CIBanco, S.A., Institución de Banca Múltiple.	Substitute Director and General Director	
	CI Casa de Bolsa, S.A. de C.V.	Substitute Director	Mexico
	CI Fondos, S.A. de C.V. SOSI.	Substitute Director	
	Finanmadrid México, S.A. de C.V. SOFOM, E.R.	Substitute Director	
D. Juan Díez-Canedo Ruiz	Financiera Local, S.A. de C.V. SOFOM, E.N.R.	Chairman	Mexico
	Grupo Aeroportuario del Pacífico (GAP)	Director	
	La Agrofinanciera del Noroeste	Director	
	Consortio Inversor de Mercados, S.L.	Director	Spain
D. Ramón Pérez Hernández	Consortio Inversor de Mercados, S.L.	Director	Spain
D. Aurelio Fernández-Fernández-Pacheco	Productos Cosméticos Yanbal S.A.U.	General Director and Director	
	Cámara de Comercio de Perú en España	Chairman	
	Baygrape Enterprises SL	Joint director	
	Belmer Enterprises SL	Joint director	
	Direckt Business Enterprises SL	Joint director	Spain
	Yelwelry Enterprises SL	Joint director	
	Yanbal Latam Enterprises SL	Joint director	
	Immunotec Research España SL.	VP for Europe, joint / several director	
Yanbal Italia S.R.L.	General Director and Director	Italy	
D. <sup>a</sup> Carmen Patricia Armendariz Guerra.	Financiera Sustentable de México, S.A. de C.V.	General Director	
	Grupo Financiero Banorte.	Director and member of the Mexico audit committee	

*(There is no relationship between the entities where these persons are pursuing these activities and the Management Company.)*

The persons listed in this section are not direct or indirect holders of any shares, debentures or other securities giving the holder thereof the right to acquire shares of the Management Company.

The professional address of all the persons mentioned in this section 6.1.e) is the following:

TITULIZACIÓN DE ACTIVOS, S.G.F.T., S.A.

Calle Orense 58,

28020 Madrid, Spain

LEI Code: 959800TG70LRY0VPES50

6.1.7 Funds Managed

On 31 October 2020, the Management Company had the following 61 securitisation funds under management:

Managed securitisation Funds	Incorporation Date	Issued Amount	Outstanding amount 31 de octubre de 2020
TDA 14-MIXTO - F.T.A.	20-jun-01	601,100,000€	17,313,464.87€
TDA 15-MIXTO - F.T.A.	4-nov-02	450,900,000€	27,922,522.49€
TDA 18-MIXTO - F.T.A.	14-nov-03	421,000,000€	40,906,377.30€
TDA 19-MIXTO - F.T.A.	27-feb-04	600,000,000€	56,840,425.59€
TDA 20-MIXTO - F.T.A.	25-jun-04	421,000,000€	42,785,349.86€
TDA 22-MIXTO - F.T.A.	1-dic-04	530,000,000€	69,616,983.53€
TDA CAM 4 - F.T.A.	9-mar-05	2,000,000,000€	181,956,780.80€
TDA 23 - F.T.A.	17-mar-05	860,000,000€	96,148,531.28€
TDA CAJAMAR 2 - F.T.A.	18-may-05	1,000,000,000€	140,120,808.00€
CÉDULAS TDA 6 - F.T.A.	18-may-05	3,000,000,000€	3,000,000,000.00€
TDA CAM 5 - F.T.A.	5-oct-05	2,000,000,000€	358,595,458.40€
TDA IBERCAJA 2 - F.T.A.	13-oct-05	904,500,000€	145,694,150.10€
TDA 24- F.T.A.	28-nov-05	485,000,000€	92,986,693.30€
PROGRAMA CEDULAS TDA - F.T.A.	2-mar-06	Máximo 30.000.000.000€	7,425,000,000.00€
TDA CAM 6 - F.T.A.	29-mar-06	1,300,000,000€	243,913,803.20€
TDA IBERCAJA 3 - F.T.A.	12-may-06	1,007,000,000€	211,594,944.60€
TDA 26-MIXTO - F.T.A.	5-jul-06	908,100,000€	129,858,821.71€
TDA 25- F.T.A.	29-jul-06	265,000,000€	119,122,506.82€
TDA CAM 7 - F.T.A.	13-oct-06	1,750,000,000€	391,750,152.33€
TDA IBERCAJA 4 - F.T.A.	18-oct-06	1,410,500,000€	325,678,600.85€
CAIXA PENEDES 1 TDA - F.T.A.	18-oct-06	1,000,000,000€	170,512,490.00€
MADRID RMBS I - F.T.A.	15-nov-06	2,000,000,000€	573,228,860.00€
MADRID RMBS II - F.T.A.	12-dic-06	1,800,000,000€	499,571,683.20€
FTPME TDA CAM 4 - F.T.A.	13-dic-06	1,529,300,000€	97,370,933.20€
TDA 27- F.T.A.	20-dic-06	930,600,000€	254,288,094.72€
TDA CAM 8 - F.T.A.	7-mar-07	1,712,800,000€	375,841,987.40€
TDA PASTOR CONSUMO 1 - F.T.A.	26-abr-07	300,000,000€	5,520,784.22€
TDA IBERCAJA 5 - F.T.A.	11-may-07	1,207,000,000€	330,807,550.74€
CAIXA PENEDES PYMES 1 - F.T.A.	22-jun-07	790,000,000€	33,053,759.26€
TDA CAM 9 - F.T.A.	3-jul-07	1,515,000,000€	368,043,156.85€
MADRID RMBS III - F.T.A.	11-jul-07	3,000,000,000€	1,030,002,320.00€
TDA 28- F.T.A.	18-jul-07	451,350,000€	230,876,825.40€
TDA 29- F.T.A.	25-jul-07	814,900,000€	205,107,894.13€
CAIXA PENEDES 2 TDA - F.T.A.	26-sep-07	750,000,000€	137,184,671.91€
TDA TARRAGONA 1, F.T.A.	30-nov-07	397,400,000€	100,961,892.94€
MADRID RMBS IV - F.T.A.	19-dic-07	2,400,000,000€	761,730,401.28€
TDA 30- F.T.A.	12-mar-08	388,200,000€	134,270,623.38€
TDA IBERCAJA 6 - F.T.A.	20-jun-08	1,521,000,000€	512,072,718.00€
CAIXA PENEDES FTGENCAT 1 TDA - F.T.A.	5-ago-08	570,000,000€	52,884,018.29€
MADRID RESIDENCIAL I - F.T.A.	26-dic-08	805,000,000€	170,411,173.23€
SOL-LION, F.T.A.	18-may-09	4,500,000,000€	1,378,737,792.00€
CAJA INGENIEROS TDA 1 - F.T.A	30-jun-09	270,000,000€	108,546,309.08€
TDA IBERCAJA ICO-FTVPO - F.T.H	14-jul-09	447,200,000€	123,083,806.17€
TDA IBERCAJA 7 - F.T.A.	18-dic-09	2,070,000,000€	993,743,765.00€
MADRID RESIDENCIAL II - F.T.A.	29-jun-10	456,000,000€	185,647,814.40€
FONDO DE TITULIZACION DEL DÉFICIT DEL SISTEMA ELÉ	14-ene-11	26,000,000,000€	13,661,200,000.00€
A-BEST 13, FT	27-nov-15	315,000,000€	164,488,654.00€
AUTO ABS SPANISH LOANS 2016, FT	3-oct-16	726,200,000€	146,284,087.42€
DRIVER ESPAÑA FOUR, F.T.	23-jun-17	914,000,000€	151,263,818.80€
TDA SABADELL RMBS 4, FT	29-nov-17	6,000,000,000€	4,820,535,582.00€
DRIVER ESPAÑA FIVE, F.T.	23-mar-18	914,000,000€	287,576,309.00€
AUTO ABS SPANISH LOANS 2018-1 FT	17-sep-18	620,000,000€	474,844,761.20€
DRIVER ESPAÑA SIX, F.T.	24-feb-20	1,035,700,000€	914,921,900.00€
AUTO ABS SPANISH LOANS 2020-1 FT	9-oct-20	620,000,000€	620,000,000.00€
TDA 2015-1, FT	10-dic-15	Máximo 200.000.000€	
TDA 2017-2, FT	21-mar-17	Máximo 600.000.000€	
BOTHAR, FT	2-jun-17	Máximo 300.000.000€	
TDA 2017-3, FT	14-jun-17	Máximo 2.000.000.000€	
URB TDA 1, FT	14-jun-17	Máximo 80.000.000€	
TDA 2017-4, FT	4-abr-18	Máximo 2.000.000.000€	
VERDE IBERIA LOANS, FT	26-jul-19	Máximo 3.000.000.000€	

The funds that on 31 October 2020 do not include any balance is because they are private funds which do not issue bonds listed on an official secondary market.

#### 6.1.8 Share Capital and Equity

The share capital of the Management Company has been increased to €1,000,500 by virtue of a deed granted by the Notary of Madrid Mr. Manuel Richi Alberti on 20 July 2016 which has been registered with the Mercantile Registry of Madrid.

All the shares issued by the Management Company until the date of registration of this Prospectus (150,000 shares with a nominal value of €6.67 each one) are ordinary shares and offer identical voting, financial and non-financial rights. All the shares are of the same class and series.

The Management Company keeps its books in accordance with the General Chart of Accounts (*Plan General Contable*) approved by Royal Decree 1514/2007 of 16 November.

Information from the audited balance sheet and income statement for fiscal years 2018 and 2019, are provided below (in EUR thousands).

**Information from the audited balance sheet and income statement for fiscal years 2018 and 2019 and non audited for september 2020 (in EUR thousands)**

	31/12/2018	31/12/2019	30/09/2020
<b>Capital</b>	1.000,50	1.000,50	1.000,50
<b>Reserves</b>			
Legal Reserve	200,10	200,10	200,10
Other Reserves	3.860,26	3.860,26	3.860,26
<b>Profit and Loss</b>			
Net Income of the year	2.371,99	2.548,96	1.985,18
Dividend on account delivered during the year	- 1.011,32	- 2.300,00	- 1.240,00
<b>TOTAL</b>	<b>6.421,53</b>	<b>5.309,82</b>	<b>5.806,04</b>

The Management Company' total equity and share capital are sufficient to carry on its business as required by Article 29.1 d) of Law 5/2015.

#### 6.1.9 Principal transactions with related parties and conflicts of interest

There are no dealings with related parties or conflicts of interest.

#### 6.1.10 Shareholders of the Management Company with more that 10% of the share capital

The details of the shareholders of the Management Company, including their participation in the same, are included in the next section (*Major Shareholder of the Management Company*).

## 7. MAJOR SHAREHOLDERS OF THE MANAGEMENT COMPANY

The Management Company does not form part of any group of companies.

Without prejudice of the above, the shareholding distribution of the Management Company, at the moment of registration of this Prospectus, is as follows:

Shareholders	%	SHARES	COUNTRY
RADEAL ACTIVOS, S.L.U.	50,63%	75,951	SPAIN
HOLDCI SAR, S.L.U.	8,35%	12,522	SPAIN
TENECI RPE, S.L.U.	8,35%	12,522	SPAIN
TENECI PVV ACTIVOS, S.L.U.	5,40%	8,100	SPAIN
CORPORACIÓN SE ACTIVOS MACH, S.L.U.	6,88%	10,327	SPAIN
TEACTI JDC, S.L.U.	6,89%	10,328	SPAIN
LUCRA PATRIMONIOS E INVERSIONES, S.L.U.	6,75%	10,125	SPAIN
NESKA PATRIMONIO E INVERSIONES, S.L.U.	6,75%	10,125	SPAIN
<b>TOTAL</b>	<b>100%</b>	<b>150,000</b>	

The sole shareholder of RADEAL ACTIVOS, S.L.U. is the Mexican company MADRID CAPITAL S.A. de C.V. (previously registered as CI Administración de Activos, S.A. de C.V., whose change in the registered name was communicated to the CNMV by submission of a letter to the General Directorate of Entities (Dirección General de Entidades) of CNMV, on 30 January 2019 under entry number 2019012971). The majority shareholder in the latter company is D. Jorge Rodrigo Mario Rangel de Alba Brunel, that owns a 98% in its share capital.

## 8. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

### 8.1 Declaration on the commencement of operations and financial statements of the Issuer prior to the date of the Registration Document

The commencement of the operations of the Fund will occur upon the execution of the Deed of Incorporation. Consequently, no financial statement has been included in this Registration Document.

### 8.2 Historical financial information when the Issuer has commenced operations and the financial statements have been performed

Not applicable.

### 8.2.a Historical financial information on securities issues with an individual denomination of €100,000 or more or which are to be traded only on a regulated market, and/or a specific section thereof, to which only qualified investors have access for the purpose of trading in the securities

Not applicable.

### 8.3 Legal and arbitration proceedings

Not applicable. The Fund has not been incorporated yet on the date of registration of this Prospectus.

### 8.4 Material adverse change in the Issuer's financial position



Not applicable.

**9. DOCUMENTS ON DISPLAY**

If necessary, the following documents (or copies thereof) shall be on display during the period of validity of this Registration Document and/or throughout the life of the Issuer:

- (a) this Prospectus.
- (b) the Deed of Incorporation of the Fund and the Assignment Policy;
- (c) the annual and quarterly reports required under Article 35 of Law 5/2015;
- (d) audit report of the attributes of the Initial Cut-off Portfolio; and
- (e) the annual accounts and the audit report of the Management Company.

A copy of all the documents referred to in the preceding paragraphs can be consulted on the website of the Management Company ([www.tda-sgft.com](http://www.tda-sgft.com)).

This Prospectus may also be consulted through the website of the CNMV ([www.cnmv.es](http://www.cnmv.es)) and on the web page of AIAF ([www.aiaf.es](http://www.aiaf.es)).

Information and reports required under the Securitisation Regulation will be available as described in section 4.1.2(a) of the Additional Building Block.

### III. SECURITIES NOTE

#### 1. PERSONS RESPONSIBLE, THIRD PARTY INFORMATION, EXPERT'S REPORTS AND COMPETENT AUTHORITY APPROVAL

##### 1.1 Persons responsible for the information contained in the Securities Note

Mr. Ramón Pérez Hernández, acting in the name and on behalf of Titulización de Activos, S.G.F.T., S.A., management entity of PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN, assumes the responsibility for the content of this Securities Note, including its Additional Building Block. Mr. Ramón Pérez Hernández acts in his capacity as Chief Executive Officer (*Consejero Delegado*) Company by virtue of the public deed granted on 12 May 2020 before the notary public of Madrid, Mr. Manuel Richi Alberti under number 990 of his Official Record, and by virtue of the resolutions adopted by the Chief Executive Officer (*Consejero Delegado*) on 15 October 2020.

In accordance with the certificate issued by Volkswagen Bank GmbH, Sucursal en España, Volkswagen Bank GmbH, Sucursal en España, as Seller and Originator of the Loan Receivables backing the Notes Issue of PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN, takes responsibility for the contents of sections 3.1.2, 3.1.3, 4.1, 4.2, 4.6, 4.8, 4.9, 4.10, 4.11, 4.13, 4.15 and 7.3 of the Securities Note (other than with respect to the table named "*Weighted Average Life of the Notes, Duration and IRR*", which is subject to the below paragraph) and sections 1.1, 1.2, 2.1, 2.2, 2.3, 2.4, 3.3, 3.4, 3.5, 3.7.2 and 4.1.2(a) of the Additional Building Block.

In accordance with the certificate issued by Banco Santander, S.A. as Arranger of the Notes Issue of PRIVATE DRIVER ESPAÑA 2020-1, FONDO DE TITULIZACIÓN, takes responsibility for the contents of table named "*Weighted Average Life of the Notes, Duration and IRR*", included in section 4.10 of the Securities Note, taking into account the assumptions contained thereunder and except to the extent that any inaccuracy results from information provided by VW Bank Spanish Branch to the Arranger for the purpose of preparing this table in which case VW Bank Spanish Branch is solely responsible for the accuracy of the information set out in this table named "*Weighted Average Life of the Notes, Duration and IRR*" to the extent of the inaccuracy.

##### 1.2 Declarations by the persons responsible for the information contained in the Securities Note

Mr. Ramón Pérez Hernández, in the name and on behalf of the Management Company, declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note and its Additional Building Block is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

Volkswagen Bank GmbH, Sucursal en España declares that, having taken all reasonable care to ensure that such is the case, the information contained in sections 3.1.2, 3.1.3, 4.1, 4.2, 4.6, 4.8, 4.9, 4.10, 4.11, 4.13, 4.15 and 7.3 of the Securities Note (other than with respect to the table named "*Weighted Average Life of the Notes, Duration and IRR*") and sections 1.1, 1.2, 2.1, 2.2, 2.3, 2.4, 3.3, 3.4, 3.5, 3.7.2 and 4.1.2(a) of the Additional Building Block is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Banco Santander, S.A. declares that, having taken all reasonable care to ensure that such is the case, the information contained in the table named "*Weighted Average Life of the Notes, Duration and IRR*", included in section 4.10 of the Securities Note is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

##### 1.3 Statement or report attributed to a person as an expert

Not applicable.

1.4 Information from third parties

No information sourced from a third party is included in this Securities Note.

1.5 Statement of compliance with Regulation (EU) 2017/1129

- (a) The CNMV, as competent authority under the Prospectus Regulation, has approved on 25 November 2020 this Prospectus (including this Securities Note).
- (b) The CNMV only approves this Prospectus (including this Securities Note) as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation.
- (c) The abovementioned approval should not be considered as an endorsement of the quality of the Notes that is subject to the Prospectus.
- (d) The investors should make their own assessment as to suitability of investing in the Notes.

2. **RISK FACTORS**

Risk factors which are specific and material to the Notes are contained under point 2 of the "Risk Factors" section.

3. **ESSENTIAL INFORMATION**

3.1 Interest of natural and legal entities involved in the offer:

- 3.1.1 Titulización de Activos, S.G.F.T., S.A. is the Management Company (*sociedad gestora*) that will incorporate, administer and represent the Fund and the Master Servicer of the Loan Receivables pursuant to article 26.1.b) of Law 5/2015.

The Management Company is a public limited company (*sociedad anónima*) and management company of securitisation funds with corporate address at Calle Orense nº 58, Madrid (Spain), with Spanish Tax Identification number (C.I.F.) A-80352750 and with Economic Activity National Code (C.N.A.E.) 6630. It is registered with the special registry of the CNMV of management companies of securitisation funds with number 3. The LEI code of the Management Company is 959800TG70LRY0VPES50.

The Management Company holds no credit ratings from any rating agency.

- 3.1.2 Volkswagen Bank GmbH, acting through its Spanish Branch ("**VW Bank Spanish Branch**", the "**Seller**" or the "**Originator**") is: (i) the seller of the Loan Receivables that will be acquired by the Fund and (ii) the Service Provider under the Servicing Agreement;

VW Bank Spanish Branch is a branch of VW Bank, a credit institution. VW Bank Spanish Branch has its corporate address in Avda. Bruselas 34, 28108 Alcobendas (Madrid), with Spanish Tax Identification number (C.I.F.) W0042741I. VW Bank is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Braunschweig, Germany, under HRB 1819. The LEI code of VW Bank is 529900GJD3OQLRZCKW37.

In accordance with the registry of the Bank of Spain, the Spanish Branch of VW Bank (registered with code 1480 in the Bank of Spain) is authorised to take deposits, provide financing, payment services and other methods of payments and grant guarantees and subscribe commitments. Although the Spanish Branch is authorised to take deposits, it is hereby noted that no Borrower maintains deposits on accounts with VW Bank as of the date of this Prospectus.

Pursuant to section 1(1) of the German Banking Act (*Kreditwesengesetz*), VW Bank is a credit institution. Supervisory authority for VW Bank is the European Central Bank. As a matter of

German law a branch does not have separate legal personality and, therefore, VW Bank is acting in its various capacities under the Transaction Documents and as such VW Bank is responsible for the compliance of the Spanish Branch.

VW Bank will be responsible for compliance with Articles 6, 7 and 9 of the Securitisation Regulation. For these purposes, VW Bank will act through its Spanish branch. In this regard, VW Bank Spanish Branch, in its capacity as Originator, shall be the designated reporting entity pursuant to Article 7 of the Securitisation Regulation.

VW Bank will retain a material net economic interest in this securitisation in accordance with the terms described in this Prospectus.

- 3.1.3 Without prejudice to section 3.1.2 of the Securities Note above, Volkswagen Bank GmbH ("**VW Bank**") is also the Subordinated Lender.

Volkswagen Bank GmbH is a financial entity with corporate address in Gifhorner Straße 57, 38112 Braunschweig, Germany. VW Bank is registered in the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Braunschweig, Germany, under HRB 1819. The LEI code of VW Bank is 529900GJD3OQLRZCKW37.

At the date of registration of this Prospectus, the ratings assigned by the rating agencies to the short-term and long-term non-subordinated and unsecured debt of Volkswagen Bank GmbH are as follows:

	S&P Global Ratings	DBRS
Short Term	A2	N/A
Long Term	A-	N/A
Date	26.03.2020	N/A
Perspective	Negative	N/A

- 3.1.4 Banco Santander, S.A., ("**Santander**") is the Lead Manager, the Arranger, the Paying Agent and the Account Bank.

Banco Santander, S.A., is a credit entity incorporated under the laws of Spain, with its registered office at Paseo de Pereda 9-12, Santander, and with Spanish Tax Identification number (N.I.F.) A-39000013. The LEI code of Banco Santander, S.A. is 5493006QMFDDMYWIAM13.

The roles of Santander as Paying Agent and Account Bank are described in detail in sections 5.2 of the Securities Note and 3.4.3 of the Additional Building Block, respectively.

At the date of registration of this Prospectus, the ratings assigned by the rating agencies to the short-term and long-term non-subordinated and unsecured debt of Santander are as follows:

	S&P Global Ratings	DBRS
Short Term	A1	R-1 (middle)
Long Term	A	A (high)
Date	5 August 2020	1 October 2020

**Perspective**

Negative

Stable

3.1.5 S&P Global Ratings Europe Ltd. ("**S&P Global Ratings**") is one of the Rating Agencies of the Notes Issue. S&P Global Ratings is duly registered with ESMA, pursuant to Regulation (EC) n° 1060/2009 of the Parliament and the Council of 16 September 2009 on credit rating agencies. It is duly registered and having its registered office at Waterways House, Grand Canal Quay, Dublin 2, Ireland.

3.1.6 DBRS Ratings GmbH ("**DBRS**") is one of the Rating Agencies of the Notes Issue. DBRS is duly registered with ESMA, pursuant to Regulation (EC) n° 1060/2009 of the Parliament and the Council of 16 September 2009 on credit rating agencies. It is duly registered and having its registered office at Neue Mainzer Straße 75 60311 Frankfurt am Main (Germany).

3.1.7 Pricewaterhousecoopers Auditores, S.L. ("**PwC**") acts as auditor in the verification and review of the existence, ownership and conditions of the assets of the Initial Cut-off Portfolio (i.e., the Loans owned by the Seller from which the Loan Receivables that will be assigned to the Fund on the Date of Incorporation arise).

PwC is a limited liability company, with corporate address in Paseo de la Castellana, Madrid (Spain), with Spanish Tax Identification Number (C.I.F.) B-79031290, and registered with the Commercial Registry of Madrid and the Spanish Official Registry for Accounting Auditors (R.O.A.C.) under number S0242.

3.1.8 Ernst & Young, S.L. ("**EY**") has been appointed the accounts auditor of the Fund.

EY is a limited liability company, with corporate address in Raimundo Fernández Villaverde 65, Madrid (Spain), with Spanish Tax Identification Number (C.I.F.) B-78970506, and registered with the Commercial Registry of Madrid and the Spanish Official Registry for Accounting Auditors (R.O.A.C.) under number S0530.

3.1.9 European Data Warehouse ("**EDW**") is a company created with the support of the European Central Bank, founded and governed by market participants. It operates as a service company to respond to the need for providing information to investors in asset-backed securities. EDW has its business address at: Walther-von-Cronbert, Platz 2, 60593 Frankfurt am Main (Germany), and Tax Identification Number 045 232 57900. The LEI Code of EDW is 529900IUR3CZBV87LI37. EDW has been appointed by the Management Company, on behalf of the Fund, as provider of the website which conforms to the requirements set out in Article 7.2 of the Securitisation Regulation and, when registered by ESMA as securitisation repository in accordance with Articles 10 and 12 of the Securitisation Regulation, as securitisation repository to satisfy the reporting obligations under Article 7 of the Securitisation Regulation. In this regard, EDW has stated its intention to become registered as a securitisation repository authorised and supervised by ESMA. However, as of the date of registration of this Prospectus, no official securitisation repository has been named or registered with ESMA in accordance with Article 10 and 12 of Securitisation Regulation. EDW has publicly declared that it meets the requirements set out in Article 7(2), fourth paragraph, of the Securitisation Regulation.

3.1.10 Hogan Lovells International LLP, ("**Hogan Lovells**") is the legal advisor of the Transaction.

Hogan Lovells is a limited liability partnership registered in England and Wales with registered number OC323639. Registered office and principal place of business: Atlantic House, Holborn Viaduct, London EC1A 2FG.

It is hereby noted that Hogan Lovells is acting through (i) its Spanish branch, Hogan Lovells International LLP Establecimiento Permanente en España, located at Paseo de la Castellana,

36-38, Planta 9, 28046 Madrid and with Spanish Tax Identification Number ESW-0067537A; and (ii) its German branch, located at Untermainanlage 1, 60329 Frankfurt am Main.

No other direct or indirect ownership or control relationship is known to exist between the legal persons that are involved in the Transaction.

The Management Company is not aware of any relationship or economic interest either between the experts who have taken part in designing or advising on the incorporation of the Fund, or between any of the other intervening parties, the Management Company or VW Bank Spanish Branch, as assignor of the Loan Receivables to be assigned to the Fund, with the exception of the situations described under section 3.1 above.

### 3.2 The use and estimated net amount of the proceeds

The proceeds from the subscription of the Notes, together with the Subordinated Loan, shall be used to finance: (a) the payment of the Initial Receivables Purchase Price; (b) the payment of the Initial Expenses; and (c) the provision the Initial Cash Collateral Amount, as further described in the Additional Building Block.

## 4. INFORMATION CONCERNING THE SECURITIES TO BE OFFERED AND ADMITTED TO TRADING

### 4.1 Total amount of the securities and placement

#### 4.1.1 Total amount of securities

The total amount of the Notes Issue will be €1,386,000,000, comprising a total number of 13,860 Notes, each of €100,000 nominal value.

#### 4.1.2 Issue price of the Notes

The nominal value of the Notes will be €100,000 each. In any event, the subscription price shall be calculated by applying to the nominal value of the Notes the following percentage, 100%.

### 4.2 Description of the type and the class of the securities

#### 4.2.1 Type and class of securities

The Notes issued in accordance with Law 5/2015 qualifies as fixed income securities with explicit yield, being subject to the legal regime established by the Securities Act and its developing regulations. The Notes will be represented by means of book entries (*anotaciones en cuenta*). The Notes are asset securitisations Notes that represent a debt for the Fund, accrue interest, and are redeemable through early redemption or at their final maturity.

The total amount of the issue shall group in one class of Notes, with ISIN ES0305518005, fixed rate Notes backed by Loan Receivables, for a total nominal amount of €1,386,000,000, formed by one sole series of 13,860 Notes each with a face value of €100,000, represented by book entries (referred to as the "**Notes**").

In any event, the subscription price shall be calculated by applying to the nominal value of the Notes the following percentage, 100%.

#### 4.2.2 Subscription of the securities

On the Date of Incorporation, the Management Company, acting on behalf of the Fund, shall enter into a Management and Subscription Agreement with the Arranger and VW Bank mentioned in section 3.1 of the Securities Note. In accordance with such Management and Subscription Agreement, the Notes will be fully subscribed by the Arranger on the "**Subscription Date**" (27 November 2020), during which, and between 11:30 AM (C.E.T.) and

2:00 PM (C.E.T.) (the "**Subscription Period**") which will be communicated to the Management Company not later than 2:30 PM (C.E.T.) on the Subscription Date, then the Notes have been subscribed.

The Arranger shall irrevocably undertake to carry out the disbursement of the Notes before 11:00 AM (C.E.T.) on the Business Day following the referred Subscription Date, that is, before 11:00 AM (C.E.T.) on 30 November 2020 (the "**Closing Date**").

VW Bank irrevocably undertakes to acquire the Notes no later than Closing Date for an amount equivalent to the issue price of the Notes, without prejudice to the fact that the Notes may be sold later to investors in one or several transactions at the prices thereby agreed by any lawful means and in accordance with the rules of the AIAF market where an admission to trading of the Notes will be sought.

The Management and Subscription Agreement shall be terminated as per the applicable legal provisions and (i) if an event occurs that could not be foreseen or that, even if foreseen, is inevitable rendering it impossible to perform the Management and Subscription Agreement pursuant to article 1,105 of the Civil Code (*force majeure*) prior to the disbursement of the Notes on Closing Date; (ii) if the signed legal opinion of Hogan Lovells has not been delivered to the addressees thereof (i.e. the Seller, the Subordinated Lender and the Management Company) in a form satisfactory to them prior to the beginning of the Subscription Period; or (iii) if the Transaction Documents have not been duly executed and delivered by the parties thereto on the Date of Incorporation.

Should any of the events mentioned in the above paragraph occur, the early extinction of the Fund will take place, in the terms reflected in section 4.4.3(ii) of the Registration Document and the issue of the Notes and any subscriptions which may have been carried out will be deemed terminated. The disbursement obligations of the Notes will also be terminated and without effect. The occurrence of any of the early extinction event mentioned above is not a cause of liability for the Seller, the Fund or the Management Company *vis-à-vis* the Arranger, the Lead Manager and other parties to the Transaction without prejudice to the agreements concerning expenses included in the Management, and Subscription Agreement and in section 4.4.3 of the Registration Document and which will be included in the Deed of Incorporation of the Fund.

The Arranger and the Lead Manager shall not receive any arrangement or management commission.

#### 4.2.2(a) U.S. Risk Retention

The Transaction will not involve risk retention by the Seller for the purposes of the Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**U.S. Risk Retention Rules**"), but rather will be made in reliance on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10% of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25% of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

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

Sections 1471 through 1474 of the Foreign Account Tax Compliance Act ("**FATCA**") impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign pass through payments" made to certain non-U.S. financial institutions (any such non-U.S. financial institution, an "**FFI**") that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating FFI (collectively, "**Withholdable Payments**").

Whilst the Notes are held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding (e.g. because the required identification information is not provided).

The Fund's obligations under the Notes are discharged once it has paid the clearing systems, and the Fund has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries.

The United States and the Government of the Kingdom of Spain have entered into an intergovernmental agreement to facilitate the implementation of FATCA (the "**IGA**"). An FFI (such as the Fund) that complies with the terms of the IGA, as well as applicable local law requirements will not be subject to withholding under FATCA with respect to Withholdable Payments that it receives. Further, an FFI that complies with the terms of the IGA will not be required to withhold under FATCA on payments it makes to noteholders of such FFI (unless it has agreed to do so under the U.S. "qualified intermediary," "withholding foreign partnership," or "withholding foreign trust" regimes). Pursuant to the IGA, an FFI is required to report certain information in respect of certain of its noteholders to its home government, whereupon such information will be provided to the U.S. Internal Revenue Service. The Fund will undertake to comply with the IGA and any local implementing legislation, but there is no assurance that it will be able to do so.

An FFI that fails to comply with the terms of the IGA may become subject to the FATCA Withholding described above. Additionally, a failure to comply with future local implementing legislation may result in negative consequences to an FFI. The imposition of the FATCA withholding on payments made to the Fund would reduce the profitability, and thus the cash available to make payments on the Notes. Prospective investors should consult their advisers about the potential application of FATCA.

#### 4.3 Legislation under which the securities have been created

The incorporation of the Fund and the Notes Issue are subject to Spanish Law and they are executed according to this Prospectus, the Deed of Incorporation and the legal regime foreseen in: (i) Law 5/2015; (ii) Securitisation Regulation and applicable implementing regulations; (iii) the Securities Act and its developing applicable regulations; (iv) Regulation 2019/980; (v) Royal Decree 1310/2005; (vi) Prospectus Regulation (vii) Royal Decree 878/2015 of 2 October on compensation, settlement and registration of negotiable securities represented through book entries, on the legal system and requirements on the transparency of securities (as amended by Royal Decree 827/2017 of 1



September); (viii) Commission Delegated Regulation (EU) 2019/979 of 14 March 2019 with regards to regulatory technical standards on key financial information; and (ix) any other legal provisions and regulations applicable from time to time.

- 4.4 Indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form

The Notes will be represented by book entries, and will be incorporated as such by virtue of their entry into the corresponding accounting register, managed by IBERCLEAR, with registered offices at number 1, Plaza de la Lealtad, Madrid (Spain). In this respect, it is stated that the Deed of Incorporation will produce the effect set forth in article 7 of the Securities Act. The Noteholders will be identified as such in accordance with the accounting registry which IBERCLEAR is in charge of.

- 4.5 Currency of the securities issue

The currency of the Notes will be Euro.

- 4.6 The relative seniority of the securities in the issuer's capital structure in the event of insolvency, including, where applicable, information on the level of subordination of the securities and the potential impact on the investment in the event of resolution under Directive 2014/59/EU

- 4.6.1 Simple statement of the ranking of payments of interest of the Notes within the Fund's order of priority of payment

The payment of the interest accrued by the Notes will rank 3 in the Order of Priority set forth in section 3.4.7(ii)(2) of the Additional Building Block, and 3 in the Liquidation Order of Priority set forth in section 3.4.7(ii)(4) of the Additional Building Block.

As set out in section 3.4.5(ii)(3)4 of the Additional Building Block, should the Fund default in the payment of any interest on the Notes then outstanding when the same becomes due and payable and such default continues for a period of five (5) Business Days, the order of priority to be used from the next Payment Date (and onwards) shall be the "Liquidation Order of Priority", although, such event isolated will not constitute an Early Liquidation event and the Management Company will not (only for that reason) be obliged to early liquidate the Fund. The occurrence of such event will interrupt the Revolving Period.

- 4.6.2 Simple statement of the ranking of payments of principal of the Notes within the Fund's order of priority of payment

(i) During the Revolving Period

The payment of the Additional Receivables Purchase Price to be purchased by the Issuer occupies the fifth (5th) place in the Order of Priority set forth in section 3.4.7(ii)(2) of the Additional Building Block. The Revolving Period shall start on the Issuer the Date of Incorporation (included) and shall terminate on the earlier of: (i) the Payment Date falling on 21 November 2023 (included) (the "**Revolving Period End Date**"), and (ii) the day on which a Revolving Period Termination Event occurs (the "**Revolving Period Termination Date**").

During the Revolving Period, the holders of the Notes will receive payments of interest on their Notes on each Payment Date in accordance with the Interest Priority of Payments set forth in section 3.4.7(ii)(2) of the Additional Building Block. In addition, if the amounts deposited in the Accumulation Account after two consecutive Payment Dates exceed 10% of the Aggregate Discounted Receivables Balance, such excess amount shall be used for the payment of principal of the Notes in the terms described in section 4.9.3 of this Securities Note and in accordance with the Order of Priority set forth in section 3.4.7(ii)(2) of the Additional Building Block.

For the purposes of this Prospectus:

**"Revolving Period Termination Event"** means any of the following:

- (i) the occurrence of an early liquidation event of the Fund in accordance with section 4.4 of the Registration Document;
- (ii) with respect to the Seller an Insolvency Event occurs; or
- (iii) the occurrence of a Service Provider Replacement Event;
- (iv) the Credit Enhancement Increase Condition is in effect;
- (v) on any Payment Date falling after April 2021, the Actual Overcollateralisation Percentage is determined as being lower than 7.3%; or
- (vi) the Seller ceases to be an Affiliate of Volkswagen AG or any successor thereto.

**"Credit Enhancement Increase Condition"** shall be deemed to be in effect if the Cumulative Gross Loss Ratio exceeds: (i) 1% on any Payment Date up to the one corresponding to month November 2021 (included); or (ii) 2.50% for any Payment Date after the one corresponding to month November 2021 (excluded) and prior to the one corresponding to month November 2022 (included); or 5% for any Payment Date thereafter.

**"Cumulative Gross Loss Ratio"** (*Ratio de Pérdidas Brutas Acumuladas*) means, in relation to each Payment Date, a fraction, expressed as a percentage, the numerator of which is the sum of the Discounted Receivables Balance of the Loan Receivables that were declared Terminated Loans by the Service Provider, corresponding with the closing of the calendar month on which the relevant terminations took place (in accordance with the definition of Terminated Loans and with the Service Provider's customary practices in effect from time to time), from the Initial Cut-off Date through the last day of the Monthly Period, and the denominator of which is the Aggregate Cut-off Date Discounted Receivables Balance.

**"Terminated Loan"** means any Loan: (i) which is at any time in default for 245 days or longer from the first defaulted instalment and is cancelled or terminated early by the Seller; or (ii) that is cancelled or terminated early by the Seller, provided that such Loan has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.

(ii) After the Revolving Period

After the Revolving Period, the payment of principal of the Notes ranks 5 in the Order of Priority set forth in section 3.4.7(ii)(2) of the Additional Building Block, and 4 in the Liquidation Order of Priority set forth in section 3.4.7(ii)(4) of the Additional Building Block.

4.7 Description of the rights attached to the securities

Pursuant to the applicable legislation, the Notes detailed in the present Securities Note will not imply for the investor, nor attribute to him, any present or future shareholder right on the Fund or on its management company.

Financial and economic rights for the investors related to the acquisition and holding of the Notes will be those deriving from the payments of interest and principal in accordance with sections 4.8 and 4.9 of the Securities Note.

The Noteholders are subject, in relation to the payment of interest and repayment of the principal of the Notes to the Order of Priority and to the Liquidation Order of Priority.

Noteholders shall have no action against the Management Company, unless for the non-fulfilment of its duties or the non-observance of the obligations described in: (i) the Deed of Incorporation and in the

Assignment Policy; (ii) this Prospectus; and (iii) the applicable regulations. In this regard, no action of the Noteholders against the Management Company shall be based on: (i) delinquency or prepayment of the Loan Receivables; (ii) non-fulfilment by the counterparties of the operations entered into by the Management Company in the name and on behalf of the Fund; or (iii) the insufficiency of the coverage transactions to assist in the financial service of the Notes.

Noteholders shall have no action against the Borrowers that have failed to comply with their payment obligations. In this regard, the Management Company, as legal representative of the Fund, will be the person empowered to address any action. No meeting of creditors will be established in the Deed of Incorporation. The Management Company, as legal representative of the Fund, shall protect the interest of the Noteholders and other creditors of the Fund and ensure that the Fund is operated in accordance with the provisions of the Deed of Incorporation. The Management Company shall act with utmost diligence and transparency in defense of the best interests of the Noteholders and other creditors of the Fund.

Any aspect, discrepancy or dispute regarding the Fund or the Notes that might arise during the life of the Fund or during its liquidation: (i) between Noteholders; or (ii) between Noteholders and the Management Company, will be subject to the Courts of the city of Madrid with express waiver of any other jurisdiction that may correspond to the parties.

#### 4.8 Nominal interest rate and provisions relating to payable interest

##### 4.8.1 Notes Interest

From the Closing Date until their final maturity, all the Notes will accrue an annual nominal fixed interest rate (the "**Nominal Interest Rate**"). Such Nominal Interest Rate will be paid monthly in arrears on each Payment Date, as this term is defined in section 4.8.3 debajo de, and is calculated in relation to the Outstanding Nominal Balance of the Notes.

The payment of interest on the Notes will be made in accordance with the Order of Priority or, as the case may be, in accordance with the Liquidation Order of Priority, set forth, respectively, in sections 3.4.7(ii)(2) and 3.4.7(ii)(4) of the Additional Building Block.

With regard to the accrual of the interest for the Notes Issue, payment of interest will be divided into successive interest accrual periods (the "**Interest Accrual Periods**") between each Payment Date, save for the first Interest Accrual Period that will start on Closing Date (included) and will end on the first Payment Date (excluded). Except the first Interest Accrual Period, all Interest Accrual Periods shall be deemed to have a duration of 30 days.

The annual Nominal Interest Rate of the Notes accrued during each Interest Accrual Period will be 0.052%.

##### 4.8.2 Formula for calculating the interest on the Notes:

The Management Company will calculate the interest accrued by the Notes, during each Interest Accrual Period, in accordance with the following formula:

$$I_i = N_i * r_i * \frac{30}{360}$$

where:

$N_i$  = is the Outstanding Nominal Balance of the Notes at the start of the Interest Accrual Period;

$I_i$  = is the total amount of interest accrued by the Notes in the Interest Accrual Period;

$r_i$  = is the Nominal Interest Rate; and

Payment of interest will be carried out rounding to full cents of Euro.

However, for the first Interest Accrual Period, the formula will be the same but substituting 30 for the number of days of the first Interest Accrual Period.

#### 4.8.3 Dates, place, entities and procedure for the payment of the interest

Interest on the Notes will be paid monthly, on the 21<sup>st</sup> of each month or, in the event of any of those days not being a Business Day, on the following Business Day (the "**Payment Date**"), until the final maturity of the Notes. The first Payment Date will be on 21 December 2020.

For the purpose of this Notes Issue, business days ("**Business Days**") are considered to be all those days which are not:

- (i) a holiday in the cities of Madrid or London; or
- (ii) a non-business day on the TARGET2 (Trans European Automated Real-Time Gross Settlement Express Transfer System) calendar.

If on a Payment Date, and despite the mechanisms established for the protection of the rights of the Noteholders, the Available Distribution Amount, as defined in section 3.4.7(ii)(1) of the Additional Building Block, is insufficient to satisfy the Fund interest payment obligations as specified in sections 3.4.7(ii)(2) and 3.4.7(ii)(4) of the Additional Building Block, the amount available for the payment of interest will be distributed in accordance with the Order of Priority or the Liquidation Order of Priority stipulated in this Prospectus, and in the event of the Available Distribution Amount only being sufficient to partly cover obligations with the same ranking, the amount available will be distributed on a *pro rata* basis among the Notes affected, in proportion to the Outstanding Nominal Balance of the Notes, and the amounts not collected by the Noteholders will be paid on the next Payment Date that it is feasible without accruing default interest. Pending payments to the Noteholders will be made effective on the next Payment Date (if sufficient Available Distribution Amount are available to do so) in accordance with the Order of Priority or the Liquidation Order of Priority set forth in this Prospectus and with priority immediately prior to the payments of the same ranking to be made in favour of the Noteholders and corresponding to that period. The Fund, acting through its Management Company, will not be able to postpone the payment of interest or principal of the Notes beyond the Final Maturity Date of the Fund.

Any current or future withholdings, rates or taxes over the capital, interest or yields of the Notes will be for the sole account of the Noteholders and their amount will be deducted, where applicable, by the corresponding entity in the legally established manner.

The payment will be made through the Paying Agent, and the amounts will be distributed by IBERCLEAR and its participating entities.

#### 4.8.4 Calculation Agent

The agent responsible for calculating the Notes interest will be the Management Company.

## 4.9 Maturity date and redemption of securities

### 4.9.1 Maturity date

The Final Maturity Date of the Notes will be 21 October 2034 (or, if such date is not a Business Day, the following Business Day), unless the Fund is liquidated earlier in accordance with the provisions of section 4.4.3 of the Registration Document.

### 4.9.2 Repayment price

The repayment price of the Notes will be €100,000 per Note, equivalent to its nominal value.

### 4.9.3 Repayment procedure

The repayment of the Notes will be made according to the calculation and determination procedures set forth in this paragraph, taking into account the Available Distribution Amount and the performance of the Loan Receivables constituting the assets of the Fund, and subject to the Order of Priority or to the Liquidation Order of Priority, as the case may be. However, during the Revolving Period, Notes will be only repaid if and to the extent the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates

In general terms, in accordance with the repayment procedure more specifically detailed in this section, the amortisation amount of the Notes on each Payment Date shall be equal to the existing excess of the Aggregate Discounted Receivables Balance over a certain overcollateralisation objective (as detailed in this section below). The applicable overcollateralisation objective shall in turn be an amount to be determined in each case and shall be based on criteria which include applying the percentages of overcollateralisation to the Aggregate Discounted Receivables Balance. The purpose of the increase in the overcollateralisation percentage is to increase credit enhancement levels and to provide additional protection to the Noteholders in the event of a deterioration of the underlying portfolio of Loan Receivables.

Also, the amortisation on a same Payment Date of the Notes with the Subordinated Loan would take place if: (i) after carrying out the payments under Items 1 to 6 of the Order of Priority: (a) the Outstanding Nominal Balance of the Notes would have been reduced to the Targeted Note Balance; and (ii) the Available Distribution Amount after carrying out the payments under Items 1 to 6 of the Order of Priority would be greater than zero, as described below.

#### (i) Rules of repayment of the Notes

The repayment of the Notes will be made according to the calculation of the Amortisation Amount on each Payment Date. For this purpose,

**"Amortisation Amount"** means (i) on a Payment Date falling during the Revolving Period and if and to the extent the amounts standing to the credit of the Accumulation Account do not exceed 10% of the Aggregate Discounted Receivables Balance on two consecutive Payment Dates, zero or (ii) on any Payment Date during the Revolving Period if and to the extent the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates and on any Payment Date falling after the end of the Revolving Period, the Principal Payment Amount.

Should the Amortisation Amount be the Principal Payment Amount in accordance with paragraph above, repayment of the Notes will be carried out on a *pro rata* basis among the Notes by means of the reduction of their nominal value until redeemed in full, and will take place on each Payment Date, in the amount necessary to reduce on such

Payment Date the Outstanding Nominal Balance of the Notes to an amount equal to the Targeted Note Balance (the "**Principal Payment Amount**").

The first partial repayment of the Notes will take place at the earlier of: (i) the Payment Date on which the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates and (ii) on the first Payment Date of the Fund after the end of the Revolving Period.

For these purposes, it is stated that:

- "**Outstanding Nominal Balance of the Notes**" means the sum of the principal pending maturity plus the principal due and not paid at a certain date of all the Notes.
- The "**Targeted Note Balance**" means: (a) except in the case of (b), the excess of the sum of (i) Aggregate Discounted Receivables Balance at the end of the Monthly Period; plus (ii) after expiration of the Revolving Period, the amounts standing to the credit of the Accumulation Account at the end of the respective Monthly Period, over the Targeted Overcollateralisation Amount; and (b) zero, if the Aggregate Discounted Receivables Balance as at the end of the Monthly Period is less than 10% of the Maximum Discounted Receivables Balance or if a Service Provider Replacement Event occurs.
- The "**Targeted Overcollateralisation Amount**" means, on each Payment Date the Targeted Overcollateralisation Percentage multiplied by the sum of: (a) Aggregate Discounted Receivables Balance at the end of the Monthly Period; and (b) the amounts standing to the credit of the Accumulation Account at the end of the Monthly Period.
- The "**Targeted Overcollateralisation Percentage**" means:
  - i. 7.6% until expiration of the Revolving Period; or
  - ii. 100% after expiration of the Revolving Period.

#### 4.9.4 Monthly Period, Collections and Notification and Reporting Dates

"**Monthly Period**" means the calendar month immediately prior to each Payment Date (for illustration purposes, if the Payment Date took place on 21 July, the Monthly Period would correspond to the calendar month of June immediately before). Since the first Payment Date will be 21 December 2020, the first Monthly Period will be the calendar month of November.

"**Collections**" means: (i) all collections of the Fund by virtue of the Loan Receivables in respect of principal, interest (excluding principal and interest amount corresponding to the Balloon Instalments), overdue interest, prepayment fees (total or partial), proceeds from insurance policies that belong to the Fund, proceeds from the execution of the guarantees granted for any existing Loans (either third-party personal guarantees or guarantees of ownership reservation); plus (ii) Interest Compensation Payments and settlement amounts paid by the Seller to the Fund; minus (iii) Interest Compensation Payments paid by the Fund to the Seller.

"**Notification Dates**" will be each 3<sup>rd</sup> Business Day prior to each Payment Date throughout the life of the Fund. On said dates, the Management Company will notify the amounts to be paid for principal and interest to the Noteholders, in the way described in section 4.1.3(i) of the Additional Building Block.

"**Reporting Dates**" will be the 16<sup>th</sup> calendar day of a month (or, in the event such day not being a Business Day, the previous Business Day) throughout the life of the Fund. On these dates

the Service Provider will publish the information referring to the performance of the Fund in its monthly investor report, which will be accessible through: (i) the website of Volkswagen Financial Services AG ([www.vwfs.com](http://www.vwfs.com)); and (ii) Bloomberg (after the Service Provider has put at the disposal of the latter such information). The information submitted in this monthly investor report is more precisely detailed in section 3.7.2(iv) of the Additional Building Block and is in addition to other information obligations set out in the Securitisation Regulation and detailed also in such section 3.7.2(iv).

#### 4.9.5 Early Redemption of the Notes Issue.

Notwithstanding the obligation of the Fund, through its Management Company, to redeem the Notes on the Final Maturity Date or the partial redemptions on each Payment Date, as established in the previous sections, the Management Company will be entitled to carry out the early liquidation of the Fund and hence the early redemption of all the Notes, on a Payment Date, in accordance with the events of early liquidation and the requirements set forth in section 4.4.3 of the Registration Document and subject to the Liquidation Order of Priority set forth in section 3.4.7(ii)(4) of the Additional Building Block (hereinafter, the "**Early Redemption**").

#### 4.10 Indication of the yield, weighted average life and duration of the Notes

The main feature of this Notes Issue is that the periodical payments depend on the aggregated behaviour of the Loan Receivables.

The weighted average life, yield, duration and final maturity of the Notes depend on several aspects, the most relevant of which are the following:

- the calendar and repayment type of each of the Loan Receivables established under the corresponding contracts;
- the capacity of the Borrowers to amortise in advance, partially or totally, the Loan Receivables and the speed of prepayment during the life of the Fund; and
- the delinquency of the Borrowers in the payment of the instalments of the Loans.

In this regard, the prepayments, delinquencies and Net Losses and Gross Losses of the Loan Receivables derived from the actions of the Borrowers are very relevant. They are subject to continuous change and they are estimated in the present Prospectus through the use of several behavioural hypotheses.

#### **Repayment scenarios of the Notes**

The following charts are prepared on the basis of certain assumptions, as described below, regarding the weighted average characteristics of the Loan Receivables and the performance thereof. Said information has been prepared based on the data provided by the Seller in respect of the repayment profile of the Initial Cut-off Portfolio.

For the purposes of the preparation of the charts below, one of the main premises is that the Discount Rate is a fixed percentage of 3.1983% per annum, and the monthly collections arising from the Loan Receivables are discounted back to the relevant Cut-off Date.

Accordingly, it must be noted that, in respect of the Fund, the performance of the portfolio of the Loan Receivables transferred to the Fund derives from the Discount Rate (used for calculation of the Discounted Receivables Balance transferred to the Fund as well as for determination of their Purchase Price), and not the nominal interest rate agreed with the Borrowers at the time of origination of the Loans.

Therefore, only for information purposes, the Discount Rate applicable to all Loan Receivables transferred to the Fund (3.1983%) would be higher than the weighted average interest rate of the Notes (0.052%) taking into account the assumptions described in this section.

The charts assume, among other things:

(a) As set out in the chart for each scenario the portfolio is subject to:

(i) A constant annual rate of prepayment ("**CPR**").

The assumed CPR is: (i) 3% in respect of scenario 1; (ii) 5% in respect of scenario 2; and (iii) 7% in respect of scenario 3, according to the following charts. The central CPR of 5% assumed in scenario 2 is consistent with the one observed by the Seller in respect of loan receivables of analogous nature to those integrating the Initial Cut-off Portfolio and based on previous transactions of similar characteristics. Scenarios 1 and 3 are included for information purposes only, since they are not considered to be consistent with the ratio observed by the Seller with respect to loan receivables similar to those included in the Initial Cut-off Portfolio.

(ii) A constant Delinquency Ratio. The assumed Delinquency Ratio is 1%. It is hereby recorded that, while there is no delinquency in the Loans included in the Initial Cut-off Portfolio, the assumed Delinquency Ratio of 1% is consistent with that observed by the Seller regarding the loan receivables analogous to those included in the Initial Cut-off Portfolio.

For the purpose of the results shown in the charts of this section of this Prospectus, the constant Delinquency Ratio is a fraction, expressed as a percentage, the numerator of which is the sum of the Discounted Receivables Balance of the Loan Receivables delinquent for more than 30 days (>30), excluding the Loan Receivables that have already been considered Terminated Loans (according to the definition of such term included in section 4.9.3 of the Securities Note), and the denominator of which is the Aggregate Discounted Receivables Balance of the portfolio. Delinquent loans are assumed to be fully recovered 3 months after they become delinquent. It is noted that the Delinquency Ratio is calculated on a monthly basis.

It is noted that this Delinquency Ratio is calculated only for the purposes of the preparation of the charts of the repayment scenarios of the Notes and it is theoretical. The ratio is consistent with that observed by the Seller regarding the loan receivables analogous to those included in the Initial Cut-off Portfolio and the information managed by the Seller.

(iii) A Cumulative Gross Loss Ratio evenly cumulated over 60 months since the Initial Cut-off Date.

The assumed Cumulative Gross Loss Ratio is 2%, which is consistent with the one observed by the Seller in respect to loan receivables of analogous nature to those comprised in the Initial Cut-off Portfolio.

For these purposes, it is stated that:

**"Cumulative Gross Loss Ratio"** means, in relation to each Payment Date, a fraction, expressed as a percentage, the numerator of which is the sum of the Discounted Receivables Balance of the Loan Receivables that were declared Terminated Loans by the Service Provider, corresponding the closing of the calendar month on which the relevant terminations took place (in accordance with the definition of Terminated Loans and with the Service Provider's customary practices in effect from time to time), from the Initial Cut-off Date through the last day of the Monthly Period, and the denominator of which is the Aggregate Cut-off Date Discounted Receivables Balance.

**"Terminated Loan"** means any Loan: (i) which is at any time in default for 245 days or longer from the first defaulted instalment and is cancelled or terminated early by the Seller; or (ii) that is cancelled or terminated early by the Seller, provided that such Loan



has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.

- (iv) A Recovery Ratio. For the purpose of the results shown in the charts of this section of this Prospectus, the Recovery Ratio is a fraction, expressed as a percentage, the numerator of which is the Discounted Receivables Balance of the Loan Receivables recovered from said Terminated Loans from the Initial Cut-off Date to the end of the corresponding Monthly Period and the denominator of which is the Discounted Receivables Balance of the Terminated Loans from the Initial Cut-off Date to the end of the corresponding Monthly Period (in accordance with the definition of Terminated Loan) in a Monthly Period. It is assumed that the recovery of Terminated Loans will take place 27 months after termination.

The assumed Recovery Ratio is 84%, which is consistent with that observed by the Seller in respect of loan receivables analogous to those in the Initial Cut-off Portfolio.

- (v) A Cumulative Write-off Ratio. For the purpose of the results shown in the charts of this section of the Prospectus, the Cumulative Write-off Ratio is a fraction, expressed as a percentage, which numerator is the sum of the Discounted Receivables Balance of the Loan Receivables under Write-offs in relation to not recovered Terminated Loans, from the Initial Cut-off Date to the end of the corresponding Monthly Period, and the denominator of which is the Aggregate Cut-off Date Discounted Receivables Balance. It is assumed that the recovery of Write-offs deriving from unrecovered Terminated Loans occurs 27 months after the termination of the loan.

The assumed Cumulative Write-off Ratio is 0.32%, which is coherent with that observed by the Seller in respect of loan receivables of analogous nature to those comprised in the Initial Cut-off Portfolio.

For the purposes of this Prospectus:

**"Write-off"** means any Loan: (i) which at any time is 48 months in default or longer from the first defaulted instalment; or (ii) which has been declared or classified as a write-off by the Seller, provided that such Loan has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.

- (b) Each of the Loan Receivables satisfies the Eligibility Criteria so no Loan Receivable will be substituted by the Seller according to section 2.2.9 of the Additional Building Block.
- (c) The number and amount (principal and interest) of the outstanding quotas of the Loan Receivables that comprised the Initial Cut-off Portfolio have been taken into account.
- (d) Payments are made following the Order of Priority and thus payment of taxes by the Fund, ordinary expenses (including administration costs and other expenses) are paid prior to the interest of the Notes.
- (e) The Aggregate Discounted Receivables Balance on the Initial Cut-off Date is €1,500,000,765.72.
- (f) The Notes are issued on the Date of Incorporation (25 November 2020) and accrue interest with effect from the Closing Date (30 November 2020).
- (g) The early liquidation of the Fund will be carried out, and, with it, the prepayment of the entire Notes Issue when the Aggregate Discounted Receivables Balance of all the assigned Loan Receivables is less than 10% of the Maximum Discounted Receivables Balance. The early liquidation is contemplated to take place on the expected maturity month indicated in the chart below.

- (h) VW Bank Spanish Branch, in its capacity as Seller and Service Provider, is not subject to an Insolvency Event, as defined below, during the life of the Fund.
- (i) It has been assumed that the Distribution Account, the Cash Collateral Account and the Accumulation Account will accrue negative interests at the rate described in section 3.4.5 of the Additional Building Block.
- (j) It has been assumed that it is not necessary in any Payment Date to use the Cash Collateral to meet the payment obligations of the Fund. Therefore, it is assumed that the Specified Cash Collateral Account Balance is maintained.
- (k) The subscription prices of each of the Notes is calculated by applying to the nominal value the following percentage, 100%.
- (l) Based on the assumptions above, the event referred to in section 3.4.7(ii)(3)4 of the Additional Building Block would not occur since there would not be a default in the payment of any interest on the Notes.
- (m) The Revolving Period ends at the Revolving Period End Date, and no Revolving Period Termination Event has occurred.
- (n) Based on the assumptions above, no amortisation of the Notes will occur until the end of the Revolving Period.

For the above mentioned assumptions the approximate weighted average life of the Notes, Duration and IRR would be as follows:

**Weighted Average Life of the Notes, Duration and IRR**

Scenario	CPR %	Weighted Average Life (in years)	First Principal Payment	Expected Maturity	Internal Rate of Return	Duration (years)
1	3%	4.20	Dec-2023	Feb-2027	0.05%	4.19
2	5%	4.17	Dec-2023	Jan-2027	0.05%	4.17
3	7%	4.15	Dec-2023	Dec-2026	0.05%	4.14

CPR Scenario	3%	5%	7%
Expected Maturity	Feb-2027	Jan-2027	Dec-2026
Accumulated Defaulted Loans	2%	2%	2%

Weighted average life of the Notes refers to the average amount of time that will elapse (on a actual/365 basis) from the date of issuance of each Note until the date on which partial amortisation of the Notes takes place.

The calculation of the approximate average lives of the Notes, the Duration and IRR as made by the Arranger is based on the assumptions included in section 4.10 of the Securities Note. However, it should be noted that the exact average lives of the Notes cannot be predicted as the actual rate at which the Loan Receivables will be repaid and a number of other relevant factors are unknown and largely outside the control of the Issuer and the Arranger. Therefore, each investor should be aware that any such assumption is likely to change and any such change in any assumption used for calculating the

approximate average lives of the Notes may lead to a change of the approximate average lives of the Notes.

The weighted average life, the Duration and the IRR of the Notes are subject to factors largely outside the control of the Fund, and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

The ratios on delinquency, Gross Loss (according to the definition set out in section 2.2.2 of the Additional Building Block), recovery and Cumulative Write-off Ratio included in scenarios 1, 2 and 3 above, as well as the anticipated repayment rate included in scenario 2 above, are coherent with those observed by the Seller with respect to loans of a similar nature to those that form the Initial Cut-off Portfolio. Past performance, however, is not indicative of future performance, and variations may be material.

Finally, as mentioned above, it is noted that the early repayment rates included in scenarios 1 and 3 above are included for information purposes only, since they are not considered to be consistent with the rate observed by the Seller with respect to loan receivables similar to those included in the Initial Cut-off Portfolio.

#### INVESTOR'S NOTE

The information contained in the following charts is displayed solely for illustration purposes, and that the indicated amounts do not represent a concrete payment obligation to third parties by the Fund on the corresponding dates or periods to which they are referred. The data has been prepared under assumptions of constant amortisation and delinquency rates of the loans during the life of the Fund, actually being subject to continuous change. Consequently, any investor interested in knowing the foreseen calendar of payments of the Fund on each concrete date shall request the corresponding information from such entities or institutions authorised to distribute it, that is, the Management Company and AIAF Market.

#### Assumed Amortisation of the Notes

- The following amortisation scenario (amounts in Euro) is based on the assumptions: (i) listed above under this section; and (ii) a CPR as listed in scenario 1.

Cash flows:

Period	Payment Date	Principal Amount Outstanding (after giving effect to all payments)	Gross interest payments (free of withholding for the Note holder)	Principal Amortization	Total Cash Flows from the Notes
0	Nov-20	1,386,000,000			
1	Dec-20	1,386,000,000	42,042	--	42,042
2	Jan-21	1,386,000,000	60,060	--	60,060
3	Feb-21	1,386,000,000	60,060	--	60,060
4	Mar-21	1,386,000,000	60,060	--	60,060
5	Apr-21	1,386,000,000	60,060	--	60,060
6	May-21	1,386,000,000	60,060	--	60,060
7	Jun-21	1,386,000,000	60,060	--	60,060
8	Jul-21	1,386,000,000	60,060	--	60,060
9	Aug-21	1,386,000,000	60,060	--	60,060

10	Sep-21	1,386,000,000	60,060	--	60,060
11	Oct-21	1,386,000,000	60,060	--	60,060
12	Nov-21	1,386,000,000	60,060	--	60,060
13	Dec-21	1,386,000,000	60,060	--	60,060
14	Jan-22	1,386,000,000	60,060	--	60,060
15	Feb-22	1,386,000,000	60,060	--	60,060
16	Mar-22	1,386,000,000	60,060	--	60,060
17	Apr-22	1,386,000,000	60,060	--	60,060
18	May-22	1,386,000,000	60,060	--	60,060
19	Jun-22	1,386,000,000	60,060	--	60,060
20	Jul-22	1,386,000,000	60,060	--	60,060
21	Aug-22	1,386,000,000	60,060	--	60,060
22	Sep-22	1,386,000,000	60,060	--	60,060
23	Oct-22	1,386,000,000	60,060	--	60,060
24	Nov-22	1,386,000,000	60,060	--	60,060
25	Dec-22	1,386,000,000	60,060	--	60,060
26	Jan-23	1,386,000,000	60,060	--	60,060
27	Feb-23	1,386,000,000	60,060	--	60,060
28	Mar-23	1,386,000,000	60,060	--	60,060
29	Apr-23	1,386,000,000	60,060	--	60,060
30	May-23	1,386,000,000	60,060	--	60,060
31	Jun-23	1,386,000,000	60,060	--	60,060
32	Jul-23	1,386,000,000	60,060	--	60,060
33	Aug-23	1,386,000,000	60,060	--	60,060
34	Sep-23	1,386,000,000	60,060	--	60,060
35	Oct-23	1,386,000,000	60,060	--	60,060
36	Nov-23	1,386,000,000	60,060	--	60,060
37	Dec-23	1,318,945,617	60,060	67,054,383	67,114,443
38	Jan-24	1,254,043,030	57,154	64,902,587	64,959,741
39	Feb-24	1,191,030,728	54,342	63,012,302	63,066,644
40	Mar-24	1,130,085,211	51,611	60,945,517	60,997,128
41	Apr-24	1,070,635,948	48,970	59,449,263	59,498,234
42	May-24	1,012,590,758	46,394	58,045,189	58,091,584
43	Jun-24	956,282,995	43,879	56,307,764	56,351,643
44	Jul-24	902,213,182	41,439	54,069,813	54,111,252
45	Aug-24	850,487,506	39,096	51,725,675	51,764,771
46	Sep-24	800,821,210	36,854	49,666,296	49,703,151
47	Oct-24	752,594,940	34,702	48,226,270	48,260,972
48	Nov-24	705,988,722	32,612	46,606,218	46,638,831
49	Dec-24	661,154,697	30,593	44,834,025	44,864,618

50	Jan-25	618,318,095	28,650	42,836,602	42,865,252
51	Feb-25	577,094,427	26,794	41,223,668	41,250,461
52	Mar-25	537,550,271	25,007	39,544,156	39,569,163
53	Apr-25	499,395,759	23,294	38,154,512	38,177,806
54	May-25	462,540,668	21,640	36,855,092	36,876,732
55	Jun-25	427,124,316	20,043	35,416,352	35,436,395
56	Jul-25	393,395,347	18,509	33,728,969	33,747,478
57	Aug-25	361,428,953	17,047	31,966,393	31,983,441
58	Sep-25	331,078,423	15,662	30,350,530	30,366,192
59	Oct-25	301,966,933	14,347	29,111,490	29,125,837
60	Nov-25	274,098,663	13,085	27,868,269	27,881,354
61	Dec-25	247,516,801	11,878	26,581,863	26,593,740
62	Jan-26	222,195,671	10,726	25,321,130	25,331,855
63	Feb-26	198,044,861	9,628	24,150,810	24,160,439
64	Mar-26	175,095,937	8,582	22,948,923	22,957,505
65	Apr-26	153,188,243	7,587	21,907,694	21,915,282
66	May-26	132,277,264	6,638	20,910,979	20,917,617
67	Jun-26	112,407,719	5,732	19,869,545	19,875,277
68	Jul-26	93,669,628	4,871	18,738,092	18,742,963
69	Aug-26	76,060,085	4,059	17,609,543	17,613,602
70	Sep-26	59,504,714	3,296	16,555,371	16,558,667
71	Oct-26	43,826,010	2,579	15,678,704	15,681,283
72	Nov-26	29,042,013	1,899	14,783,997	14,785,896
73	Dec-26	15,174,339	1,258	13,867,674	13,868,932
74	Jan-27	2,168,333	658	13,006,005	13,006,663
75	Feb-27	--	94	2,168,333	2,168,427
<b>Total</b>			<b>3,025,414</b>	<b>1,386,000,000</b>	<b>1,389,025,414</b>

- The following amortisation scenario (amounts in Euro) is based on the assumptions: (i) listed above under this section; and (ii) a CPR as listed in scenario 2.

Cash flows:

Period	Payment Date	Principal Amount Outstanding (after giving effect to all payments)	Gross interest payments (free of withholding for the Note holder)	Principal Amortization	Total Cash Flows from the Notes
0	Nov-20	1,386,000,000			
1	Dec-20	1,386,000,000	42,042	--	42,042
2	Jan-21	1,386,000,000	60,060	--	60,060
3	Feb-21	1,386,000,000	60,060	--	60,060
4	Mar-21	1,386,000,000	60,060	--	60,060

5	Apr-21	1,386,000,000	60,060	--	60,060
6	May-21	1,386,000,000	60,060	--	60,060
7	Jun-21	1,386,000,000	60,060	--	60,060
8	Jul-21	1,386,000,000	60,060	--	60,060
9	Aug-21	1,386,000,000	60,060	--	60,060
10	Sep-21	1,386,000,000	60,060	--	60,060
11	Oct-21	1,386,000,000	60,060	--	60,060
12	Nov-21	1,386,000,000	60,060	--	60,060
13	Dec-21	1,386,000,000	60,060	--	60,060
14	Jan-22	1,386,000,000	60,060	--	60,060
15	Feb-22	1,386,000,000	60,060	--	60,060
16	Mar-22	1,386,000,000	60,060	--	60,060
17	Apr-22	1,386,000,000	60,060	--	60,060
18	May-22	1,386,000,000	60,060	--	60,060
19	Jun-22	1,386,000,000	60,060	--	60,060
20	Jul-22	1,386,000,000	60,060	--	60,060
21	Aug-22	1,386,000,000	60,060	--	60,060
22	Sep-22	1,386,000,000	60,060	--	60,060
23	Oct-22	1,386,000,000	60,060	--	60,060
24	Nov-22	1,386,000,000	60,060	--	60,060
25	Dec-22	1,386,000,000	60,060	--	60,060
26	Jan-23	1,386,000,000	60,060	--	60,060
27	Feb-23	1,386,000,000	60,060	--	60,060
28	Mar-23	1,386,000,000	60,060	--	60,060
29	Apr-23	1,386,000,000	60,060	--	60,060
30	May-23	1,386,000,000	60,060	--	60,060
31	Jun-23	1,386,000,000	60,060	--	60,060
32	Jul-23	1,386,000,000	60,060	--	60,060
33	Aug-23	1,386,000,000	60,060	--	60,060
34	Sep-23	1,386,000,000	60,060	--	60,060
35	Oct-23	1,386,000,000	60,060	--	60,060
36	Nov-23	1,386,000,000	60,060	--	60,060
37	Dec-23	1,316,995,722	60,060	69,004,278	69,064,338
38	Jan-24	1,250,294,369	57,070	66,701,353	66,758,423
39	Feb-24	1,185,644,455	54,179	64,649,914	64,704,093
40	Mar-24	1,123,203,462	51,378	62,440,993	62,492,371
41	Apr-24	1,062,433,009	48,672	60,770,452	60,819,125
42	May-24	1,003,241,714	46,039	59,191,295	59,237,334
43	Jun-24	945,930,913	43,474	57,310,801	57,354,275
44	Jul-24	890,954,766	40,990	54,976,147	55,017,137

45	Aug-24	838,401,645	38,608	52,553,121	52,591,729
46	Sep-24	787,999,824	36,331	50,401,821	50,438,152
47	Oct-24	739,171,275	34,147	48,828,549	48,862,695
48	Nov-24	692,075,221	32,031	47,096,054	47,128,085
49	Dec-24	646,909,431	29,990	45,165,790	45,195,780
50	Jan-25	603,805,593	28,033	43,103,838	43,131,871
51	Feb-25	562,363,840	26,165	41,441,753	41,467,918
52	Mar-25	522,674,000	24,369	39,689,839	39,714,209
53	Apr-25	484,463,527	22,649	38,210,473	38,233,122
54	May-25	447,643,364	20,993	36,820,164	36,841,157
55	Jun-25	412,332,360	19,398	35,311,004	35,330,402
56	Jul-25	378,747,326	17,868	33,585,034	33,602,902
57	Aug-25	346,947,279	16,412	31,800,047	31,816,459
58	Sep-25	316,790,506	15,034	30,156,772	30,171,807
59	Oct-25	287,929,037	13,728	28,861,470	28,875,197
60	Nov-25	260,356,791	12,477	27,572,246	27,584,723
61	Dec-25	234,104,088	11,282	26,252,703	26,263,986
62	Jan-26	209,140,535	10,145	24,963,552	24,973,697
63	Feb-26	185,376,997	9,063	23,763,539	23,772,602
64	Mar-26	162,833,716	8,033	22,543,281	22,551,314
65	Apr-26	141,360,162	7,056	21,473,554	21,480,610
66	May-26	120,909,928	6,126	20,450,234	20,456,360
67	Jun-26	101,516,951	5,239	19,392,977	19,398,217
68	Jul-26	83,254,675	4,399	18,262,276	18,266,675
69	Aug-26	66,113,392	3,608	17,141,283	17,144,890
70	Sep-26	50,019,720	2,865	16,093,672	16,096,537
71	Oct-26	34,809,797	2,168	15,209,923	15,212,090
72	Nov-26	20,493,631	1,508	14,316,166	14,317,675
73	Dec-26	7,084,328	888	13,409,303	13,410,191
74	Jan-27	--	307	7,084,328	7,084,635
<b>Total</b>			<b>3,006,923</b>	<b>1,386,000,000</b>	<b>1,389,006,923</b>

- The following amortisation scenario (amounts in Euro) is based on the assumptions: (i) listed above under this section; and (ii) a CPR as listed in scenario 3.

Cash flows:

Period	Payment Date	Principal Amount Outstanding (after giving effect to all payments)	Gross interest payments (free of withholding for the Note holder)	Principal Amortization	Total Cash Flows from the Notes
0	Nov-20	1,386,000,000			
1	Dec-20	1,386,000,000	42,042	--	42,042
2	Jan-21	1,386,000,000	60,060	--	60,060
3	Feb-21	1,386,000,000	60,060	--	60,060
4	Mar-21	1,386,000,000	60,060	--	60,060
5	Apr-21	1,386,000,000	60,060	--	60,060
6	May-21	1,386,000,000	60,060	--	60,060
7	Jun-21	1,386,000,000	60,060	--	60,060
8	Jul-21	1,386,000,000	60,060	--	60,060
9	Aug-21	1,386,000,000	60,060	--	60,060
10	Sep-21	1,386,000,000	60,060	--	60,060
11	Oct-21	1,386,000,000	60,060	--	60,060
12	Nov-21	1,386,000,000	60,060	--	60,060
13	Dec-21	1,386,000,000	60,060	--	60,060
14	Jan-22	1,386,000,000	60,060	--	60,060
15	Feb-22	1,386,000,000	60,060	--	60,060
16	Mar-22	1,386,000,000	60,060	--	60,060
17	Apr-22	1,386,000,000	60,060	--	60,060
18	May-22	1,386,000,000	60,060	--	60,060
19	Jun-22	1,386,000,000	60,060	--	60,060
20	Jul-22	1,386,000,000	60,060	--	60,060
21	Aug-22	1,386,000,000	60,060	--	60,060
22	Sep-22	1,386,000,000	60,060	--	60,060
23	Oct-22	1,386,000,000	60,060	--	60,060
24	Nov-22	1,386,000,000	60,060	--	60,060
25	Dec-22	1,386,000,000	60,060	--	60,060
26	Jan-23	1,386,000,000	60,060	--	60,060
27	Feb-23	1,386,000,000	60,060	--	60,060
28	Mar-23	1,386,000,000	60,060	--	60,060
29	Apr-23	1,386,000,000	60,060	--	60,060
30	May-23	1,386,000,000	60,060	--	60,060
31	Jun-23	1,386,000,000	60,060	--	60,060
32	Jul-23	1,386,000,000	60,060	--	60,060
33	Aug-23	1,386,000,000	60,060	--	60,060
34	Sep-23	1,386,000,000	60,060	--	60,060
35	Oct-23	1,386,000,000	60,060	--	60,060
36	Nov-23	1,386,000,000	60,060	--	60,060



37	Dec-23	1,314,988,400	60,060	71,011,600	71,071,660
38	Jan-24	1,246,442,420	56,983	68,545,980	68,602,963
39	Feb-24	1,180,118,851	54,013	66,323,568	66,377,581
40	Mar-24	1,116,155,832	51,138	63,963,019	64,014,157
41	Apr-24	1,054,044,385	48,367	62,111,448	62,159,814
42	May-24	993,692,510	45,675	60,351,875	60,397,550
43	Jun-24	935,370,054	43,060	58,322,456	58,365,516
44	Jul-24	879,486,327	40,533	55,883,727	55,924,260
45	Aug-24	826,111,957	38,111	53,374,370	53,412,481
46	Sep-24	774,986,512	35,798	51,125,445	51,161,243
47	Oct-24	725,569,762	33,583	49,416,750	49,450,332
48	Nov-24	678,000,325	31,441	47,569,437	47,600,878
49	Dec-24	632,564,469	29,380	45,435,857	45,465,237
50	Jan-25	589,173,489	27,411	43,390,980	43,418,391
51	Feb-25	547,536,095	25,531	41,637,394	41,662,925
52	Mar-25	507,724,466	23,727	39,811,629	39,835,355
53	Apr-25	469,481,401	22,001	38,243,065	38,265,067
54	May-25	432,718,048	20,344	36,763,353	36,783,697
55	Jun-25	397,533,535	18,751	35,184,513	35,203,264
56	Jul-25	364,114,583	17,226	33,418,952	33,436,179
57	Aug-25	332,504,718	15,778	31,609,865	31,625,643
58	Sep-25	302,566,295	14,409	29,938,423	29,952,831
59	Oct-25	273,977,312	13,111	28,588,983	28,602,094
60	Nov-25	246,721,659	11,872	27,255,654	27,267,526
61	Dec-25	220,817,308	10,691	25,904,351	25,915,042
62	Jan-26	196,229,093	9,569	24,588,215	24,597,783
63	Feb-26	172,868,621	8,503	23,360,472	23,368,976
64	Mar-26	150,745,420	7,491	22,123,201	22,130,692
65	Apr-26	129,717,835	6,532	21,027,585	21,034,118
66	May-26	109,737,346	5,621	19,980,488	19,986,110
67	Jun-26	90,827,771	4,755	18,909,575	18,914,331
68	Jul-26	73,047,269	3,936	17,780,502	17,784,438
69	Aug-26	56,379,781	3,165	16,667,488	16,670,653
70	Sep-26	40,752,654	2,443	15,627,127	15,629,570
71	Oct-26	26,014,154	1,766	14,738,500	14,740,266
72	Nov-26	12,166,861	1,127	13,847,293	13,848,420
73	Dec-26	0	527	12,166,861	12,167,389
<b>Total</b>			<b>2,988,574</b>	<b>1,386,000,000</b>	<b>1,388,988,574</b>

#### 4.11 Representation of the security holders

Pursuant to the provisions of article 26 of Law 5/2015, the Management Company shall act with utmost diligence and transparency in defense of the best interests of the Noteholders. In addition, in accordance with article 26.2 of Law 5/2015, the Management Company shall be liable to the Noteholders and other creditors of the Fund for all losses caused to them by a breach of its duties. No meeting of creditors of the Fund shall be established in the Deed of Incorporation.

#### 4.12 Resolutions, authorisations and approvals for the securities issue

##### 4.12.1 Corporate resolutions

- (i) Agreement for the incorporation of the Fund and the Notes Issue: The Chief Executive Officer (*Consejero Delegado*) of the Management Company agreed, among other things, on 15 October 2020:

- (1) the incorporation of the Fund;
- (2) the acquisition of the Loan Receivables to be grouped in the Fund; and
- (3) the Notes Issue charged against the Fund.

- (ii) Agreement of the assignment of Loan Receivables

The Board of Directors of the Seller, at a meeting held on 2 November 2020, agreed to the authorisation of the assignment of the Loan Receivables (both the Initial Receivables and the Additional Receivables) owned by the Seller to the Fund.

The Seller has granted on 28 October 2020 a special power of attorney, duly notarised and apostilled pursuant to Hague Convention, authorising the execution of the assignment of Loan Receivables owned by the Seller to the Fund by certain VW employees.

##### 4.12.2 Registration with the CNMV

This Prospectus has been registered with the Official Registries of the CNMV on 25 November 2020.

##### 4.12.3 Execution of the Deed of Incorporation

Upon the registration of this Prospectus with the CNMV, and with exception of the withdrawal events of the Seller described in this Prospectus referred to in section 4.4.1 of the Registration Document, the Management Company and the Seller shall, on the Date of Incorporation, execute the Deed of Incorporation, in accordance with the terms foreseen in Law 5/2015. Such Deed of Incorporation will be drafted in Spanish language and will include the: (i) regulation of the Fund (including its management by the Management Company); and (ii) appoint the Seller, as Service Provider, to administer, collect and enforce the Loan Receivables.

The Management Company represents and warrants that the content of the Deed of Incorporation will match with the draft of the Deed of Incorporation previously submitted to the CNMV. The Deed of Incorporation and the Assignment Policy shall not contradict, modify, alter or invalidate the content of the present Prospectus.

The Management Company will submit to the CNMV a copy of the Deed of Incorporation and a copy of the Assignment Policy for its filing with the Official Registry.

#### 4.13 Issue date of the securities

The Notes Issue will be carried out by virtue of the Deed of Incorporation on 25 November 2020.

##### 4.13.1 Group of potential investors to which the Notes are offered

The Notes will be subscribed by Santander and subsequently acquired by VW Bank as described in section 4.2.2 of this Securities Note.

Furthermore, the Notes will not be offered, sold or otherwise made available to (i) any retail investor in the European Economic Area or the United Kingdom as this term is defined in point (11) of Article 4(1) of MiFID II, (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129.

##### 4.13.2 Date or period of subscription or acquisition

As indicated, the subscription of the Notes shall take place on 27 November 2020. Said date has been established as the Subscription Date.

According to section 4.2.2 of this Securities Note, the Notes shall be subscribed by Santander in the Subscription Period, that is, between 11:30 AM (C.E.T.) and 2:00 PM (C.E.T.) on the Subscription Date. The outcome of such will be reported to the Management Company not later than 2:30 PM (C.E.T.) on the Subscription Date.

Santander shall irrevocably subscribe and disburse the Notes. The Notes will be acquired by VW Bank no later than Closing Date. VW irrevocably undertakes to acquire the Notes no later than Closing Date.

If the entire nominal amount of the Notes Issue issued by the Fund has not been subscribed by or if fully subscribed the disbursement of the Notes does not occur on Closing Date, it shall be understood that an event of early extinguishment has taken place. This situation shall be reported immediately to the Management Company by the Lead Manager. The Management Company shall in turn report the situation to the CNMV.

##### 4.13.3 Form and date for carrying out the disbursement

The disbursement shall take place on Closing Date, (30 November 2020).

According to the Management and Subscription Agreement, Santander, through its relevant IBERCLEAR participating entities shall make the disbursement of the amounts corresponding to the Notes, making such disbursement in favour of the Account Bank before 11:00 AM (C.E.T.) on the Closing Date. Santander will disburse the total amounts corresponding to the Notes, as reflected in section 4.2.2 por encima de of this Securities Note.

Santander shall pay to the Fund the amount corresponding to the disbursement of the Notes, by means of a deposit made to the Distribution Account, with value date that same date, in accordance with the terms contained in the Management and Subscription Agreement.

#### 4.14 Restrictions on the free transferability of the securities

There are no restrictions to the free transferability of the Notes. The Notes are freely transferable by any lawful means and in accordance with the rules of the AIAF market where an admission to trading of the Notes will be sought. The ownership of each of the Notes will be transferred by means of accounting transfer (book entry). The registration of the transfer to the acquiring party through book entry will have

the same effect as the handling of the securities, thus the transfer will be effective against third parties as from the moment of the execution of the entry.

- 4.15 If different from the issuer, the identity and contact details of the offeror of the securities and/or the person asking for admission to trading

The Management Company, in the name and on behalf of the Fund will apply for the admission to trading of this Notes Issue in accordance with section 5.1 of this Securities Note.

## 5. **ADMISSION TO TRADING AND DEALING ARRANGEMENTS**

- 5.1 Market in which the securities will be traded

The Management Company, in the name and on behalf of the Fund will apply for the admission to trading of this Notes Issue, upon incorporation of the Fund, on the AIAF, which qualifies as an official secondary market, according to the Securities Act. The Management Company shall use its best efforts in order to achieve that the admission to trading of the Notes Issue is achieved not later than 1 month after the Closing Date.

In the event of a failure to comply with the mentioned term for the admission to trading of the Notes, the Management Company shall notify such to the CNMV, indicating the causes for such non-compliance as well as the new date foreseen for the admission to trading of the Notes, without prejudice of the potential liability of the Management Company in the event the non-compliance has occurred due to causes which can be attributed to it.

The Management Company, in the name and on behalf of the Fund, will request the inclusion in the accounting registry held by IBERCLEAR of this Notes Issue, so that the compensation and settlement of the securities is carried out in accordance with the regulation set forth by IBERCLEAR in respect of securities admitted to trading with AIAF. The Management Company shall carry out its best efforts in order that the Notes Issue is included in the registries of IBERCLEAR.

The Management Company, in the name and on behalf of the Fund, states that it is aware of the requirements and conditions that may be requested for the listing, maintenance and de-listing of the securities with AIAF, in accordance with applicable regulation, as well as the requirements by the governing bodies of the latter, and the Management Company accepts to comply with them.

- 5.2 Paying and depository agents

The financial service of the Notes Issue will be met through Banco Santander, S.A. (the "**Paying Agent**").

On the Date of Incorporation, the Management Company, in representation and on behalf of the Fund, will enter into a paying agency agreement with the Paying Agent in order to carry out the financial service of the Notes issued by the Fund (the "**Paying Agency Agreement**").

The obligations that the Paying Agent will assume in the Paying Agency Agreement are, in summary, the following:

- (a) on the Closing Date, the Paying Agent shall pay to the Fund the amount corresponding to the disbursements of the Notes by means of a deposit made to the Distribution Account, with value date that same date.
- (b) on each Payment Date the Paying Agent shall make the payment of any interests and repayment of the principal of the Notes in accordance with the appropriate instructions received from the Management Company.

Payments to be made by the Paying Agent on each Payment Date will be made through IBERCLEAR (which will pay to the corresponding participants) at which the Notes are registered,

in accordance with the IBERCLEAR's procedures in force regarding this service and following the Instructions provided by the Management Company.

As a consideration for the services carried out by the Paying Agent, the Fund will pay an annual commission, which will be paid on the corresponding Payment Date, provided that the Fund has Available Distribution Amount in accordance with the Order of Priority or, if applicable, the Liquidation Order of Priority.

If the Available Distribution Amount is not sufficient to pay the total commission, the default amounts shall accumulate without any penalty, and they shall be paid on the following Payment Date, unless such situation persists, in which event the due amounts shall accumulate until total payment on the Payment Date on which they are paid.

The early termination of the Paying Agency Agreement shall occur if the Management and Subscription Agreement is terminated in accordance with its terms.

For these purposes, the Paying Agent will give an irrevocable undertaking to notify the Management Company, if the short and long term ratings assigned to it by the Rating Agencies are modified or withdrawn, as soon as such circumstance occurs, throughout the life of the Notes Issue.

Neither the resignation by the Paying Agent nor the removal of its appointment as such Paying Agent shall take any effect until the appointment of a replacement agent is effective.

The ending by the Paying Agent of the performance of its functions under the Paying Agency Agreement, as well as the appointment of a replacement agent, will be notified by the Management Company to the CNMV.

## 6. EXPENSES OF THE OFFER OF THE ADMISSION TO TRADING

The expected expenses deriving from setting up the Fund and issue and admission to trading of the Notes amount to €330,000. These expenses include, inter alia, the registration of the prospectus with the CNMV, AIAF and Iberclear fees, legal fees and the initial Management Company fee (the "**Initial Expenses**").

The Initial Expenses shall be borne by the Fund. In any event, an amount equal to that paid by the Fund as Initial Expenses shall be subtracted in determining the Initial Receivables Purchase Price, as indicated in section 3.3.3 of the Additional Building Block.

## 7. ADDITIONAL INFORMATION

### 7.1 Statement of the capacity in which the advisors of the Issue mentioned in the Securities Note have acted

Hogan Lovells is the legal advisor to the Transaction and shall issue a true sale legal opinion.

Banco Santander, S.A., as Arranger, has structured and arranged the Transaction on behalf of the Seller and as Lead Manager, has provided advice regarding the design of the financial conditions of the Fund and the Issue of Notes.

EY will act as auditor of the accounts of the Fund.

PwC has acted as auditor in the verification and review of the existence, ownership and conditions of the assets of the Initial Cut-off Portfolio (i.e., the Loans owned by the Seller, from which the Loan Receivables to be transferred to the Fund on the Date of Incorporation arise).

EDW will be appointed as provider of the website which conforms to the requirements set out in Article 7.2 of the Securitisation Regulation.

7.2 Other information of the Securities Notes that have been audited or reviewed by the auditors

Not applicable.

7.3 Credit ratings assigned to the securities

S&P Global Ratings and DBRS Ratings GmbH have assigned on 16 November 2020 the provisional ratings to the Notes that are detailed in the following chart.

	Rating by S&P Global Ratings	Rating by DBRS Ratings GmbH
	AA (sf)	AA (sf)

It is expected that the Notes will be rated AA (sf) by S&P Global Ratings and AA (sf) by DBRS Ratings GmbH. It is expected that DBRS Ratings GmbH and S&P Global Ratings make public their final ratings of the Notes prior to or on Closing Date.

**Rating considerations**

The meaning of the rating assigned by the Rating Agencies is detailed in their web pages ([www.standardandpoors.com](http://www.standardandpoors.com) and [www.dbrs.com](http://www.dbrs.com)).

Each of the abovementioned Rating Agencies is established in the European Community and registered and authorised by the European Securities Markets Authority (ESMA) on 31 October 2011, pursuant to the terms of Regulation (EC) N° 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) N° 513/2011 and by Regulation (EU) N° 462/2013.

The Rating Agencies' ratings are not an assessment of the likelihood of Borrowers prepaying principal, nor indeed of the extent to which such prepayments differ from what was originally forecast and should not prevent potential investors from conducting their own analyses of the notes to be acquired. The ratings are not by any means a rating of the level of actuarial performance.

The abovementioned credit ratings are intended purely as an opinion and should not prevent potential investors from conducting their own analyses of the securities to be acquired.

The Rating Agencies may revise, suspend or withdraw the final ratings assigned at any time, based on any information that may come to their notice.

The DBRS® long-term rating scale provide an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligations has been issued. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" and "(low)" designation indicates the rating is in middle of the category. Description on the provisional rating assigned is as follows:

- AA(sf): Superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree. Unlikely to be significant vulnerable to future events.

The description on the meaning of the provisional rating assigned by S&P Global Ratings is as follows:

- AA: An obligor rated 'AA' has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.

Ratings may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

The "sf" identifier is attributed to "structured finance instruments".

#### **IV. ADDITIONAL BUILDING BLOCK TO THE SECURITISATION SECURITIES NOTE**

##### **1. SECURITIES**

###### **1.1 Statement in relation to communication to ESMA as regards STS compliance**

It is not foreseen to deliver a communication to ESMA in relation to the compliance with the criteria on simple, transparent and standardized securitisations.

###### **1.2 Statement in relation to STS status**

N/A

###### **1.3 Minimum denomination of an issue**

The Fund shall be set up on the Date of Incorporation by means of the assignment of the Initial Receivables from VW Bank Spanish Branch to the Fund. The Aggregate Initial Cut-off Date Discounted Receivables Balance shall be €1,500,000,765.72, which is the sum of the face value amount of the Notes Issue and the amount of the Subordinated Loan plus the overcollateralisation amount (that is, the difference resulting between the Aggregate Discounted Receivables Balance on the Initial Cut-off Date and the amount of both previous concepts).

###### **1.4 Confirmation that the information about an undertaking or obligor which is not involved in the issue has been accurately reproduced**

Not applicable.

##### **2. UNDERLYING ASSETS**

###### **2.1 Confirmation that the securitised assets have the capacity to produce funds to service payments to the securities**

The Seller and the Management Company (based on the information referred to in last paragraph of this section 2.1) confirm that, based on their contractual characteristics, the flows of principal, interest and any other amounts generated by the Loan Receivables allow the generation of cash sufficient to make the payments due and payable on the Notes.

Nevertheless, in order to provide protection against potential defaults on payment by the Borrowers of the Loan Receivables, certain measures, such as credit enhancement measures have been arranged allowing the amounts payable on the Notes to be covered to a different extent and mitigating interest rate risk due to the different terms of the clauses regarding the interest on the Loans and of the Notes. In exceptional circumstances, the enhancement measures could actually be insufficient. The credit enhancement transactions are described in sections 3.4.2 and 3.4.3 of this Additional Building Block.

Upon the occurrence of any of the circumstances listed in section 4.4.3 of the Registration Document, the Management Company may proceed with the early liquidation of the Fund and thereby an Early Redemption of the Notes Issue on the terms described in section 4.4.3 of the Registration Document.

The Seller and the Management Company provide the information set forth in the previous paragraphs on the basis of: (i) the representations made by the Seller with respect to the Loan Receivables subject to be assigned, that are listed in section 2.2.8 of the Additional Building Block; (ii) all the information supplied by the Seller about each of the Loan Receivables; (iii) the information contained in section 4.10 of the Securities Note, which has been provided by Santander, as Arranger, and VW Bank Spanish Branch, as Seller and Originator; and (iv) the provisional ratings assigned to the Notes by the Rating Agencies.

For the avoidance of doubt it is stated that in this Prospectus the term "**Loan Receivables**", save otherwise indicated, includes both the Initial and the Additional Receivables.

2.2 In respect of a pool of assets backing the issue:

The Initial Receivables to be assigned to the Fund on the Date of Incorporation originated exclusively from loan receivables among the assets of the Seller arising from 146,474 loans granted to individuals having their place of residence or corporate entities having their registered office in Spain to finance the purchase of new and used motor cars, for the Aggregate Discounted Receivables Balance of €1,500,000,765.72 as at the Initial Cut-off Date (the "**Initial Cut-off Portfolio**"). Section 3.3.2 of this Additional Building Block describes the terms of the assignment of the Loan Receivables to the Fund.

Volkswagen Finance, S.A. E.F.C. was merged by absorption with VW Bank with effects from 31 May 2019. Taking into account that, as provided for in this Prospectus, the Loan Receivables were originated between 2013 and 2020, more than 38.12% of the Loans were originated by Volkswagen Finance, S.A. E.F.C. The Loan Receivables have been acquired by universal succession (*sucesión universal*) by the Seller as a consequence of the merger.

For the determination of the Initial Cut-off Portfolio, all the elements being part of the Loan Receivables have been taken into account according to the following section 3.3.2 (among which Balloon Instalments are not included). The Loan Receivables included in the Initial Cut-off Portfolio are covered on the Initial Cut-off Date by the Eligibility Criteria set out in section 2.2.8(i)(b), 2.2.8(ii) and 2.2.8(iii) of the Additional Building Block.

The Aggregate Discounted Receivables Balance of the Loans on the Initial Cut-off Date amounts to €1,500,000,765.72.

Unless otherwise stated, the information contained in this Prospectus refers to the said Initial Cut-off Portfolio on the Initial Cut-off Date (31 October 2020).

As previously mentioned, the assignment of the Initial Receivables to the Fund will be formalised in the Assignment Policy immediately and in unity of act with the granting of the Deed of Incorporation and with the intervention of the same Notary before whom the Deed of Incorporation is executed.

According to the Seller, certain Initial Receivables arise from Loans formalised before a notary public, while others arise from Loans formalised in private agreements, as described in more detail in section 2.2.7 of this Additional Building Block.

The Initial Receivables (and once assigned the Additional 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) the Borrowers are all resident or incorporated in one jurisdiction, being Spain.

**Reservations of title to the vehicles in the portfolio**

All Loans from which the Loan Receivables to be assigned to the Fund arise include a reservation of title clause in favour of the Seller, which is included and is part of the Loan Receivables that will be assigned to the Fund. By virtue of such clause, legal and beneficial title to the vehicles is not transferred to the Borrower until the relevant loan has been settled in full.

Once the Borrower has fulfilled all the obligations arising from the relevant Loan, the Borrower shall forthwith acquire full legal and beneficial title to the relevant vehicle, and the Borrower will have until such moment no faculties of disposal over the vehicle, other than with the consent of the beneficiary of the reservation of title (it is noted that in none of the Loans has a consent in such sense been granted).

In such cases where the reservation of title has been registered with the Chattels Register (*Registro de Bienes Muebles*), it is enforceable vis-à-vis *bona fide* third parties from the date of entry. In any event, the reservation of title is enforceable, from the date of its establishment, vis-à-vis third parties knowing



of the existence of such clause before being registered with the Chattels Register (*Registro de Bienes Muebles*).

The Seller has agreed the reservation of title with all Borrowers, but such clauses have only been registered with the Chattels Register in respect of 38.96% of the number of Loans of the Initial Cut-off Portfolio, which represent 40.14% of the Aggregate Discounted Receivables Balance as at the Initial Cut-off Date. The reason why the Seller does not carry out the registration in relation to 100% of the loans is based on risk management criteria and cost efficiency, as the loans with higher quality, in terms of solvency and risk of the Borrower, and of a lower amount are among the loans that are not registered.

Also, it is noted that the Chattels Register notifies on a daily basis the registration of such reservations of title to the Vehicles Register of the Spanish General Traffic Direction (*Registro de Vehículos de la Dirección General de Tráfico*), of a purely administrative nature, where they also become registered.

Once the reservation of title clause is registered with the Chattels Register, it vests its holder, or the assignee to whom the holder may have assigned the rights under the reservation of title with a number of preferential rights over other creditors of the Borrower, as provided for in article 16.5 of the Chattels Hire Purchase Act 28/1998, of July 13 (*Ley de Venta a Plazos de Bienes Muebles*) (the "**Chattels Hire Purchaser Act**"), consisting, *inter alia*, of a preference in the payment order laid down in articles 1,922.2 and 1,926.1 of the Spanish Civil Code.

In addition, once the reservation of title clauses have been registered with the Chattels Register, the holder, or the beneficiary of the rights thereunder, will benefit from the specific actions and proceedings provided for in the Chattels Hire Purchase and in the Civil Procedure Act 1/2000, of January 7 (the "**Civil Procedure Act**"). Consequently, and with regards to the reservation of title clauses included in the Loan Receivables that are assigned to the Fund and that are registered with the Chattels Register, the Service Provider, in the event of non-payment of the instalments of a Loan, may proceed against the vehicle acquired in instalments in accordance with the following procedure:

- (i) the Service Provider, acting on behalf of the Fund, will have to request payment from the Borrower via a notary public, expressing the total requested amount and the cause of termination of the non-fulfilled obligation, and it will warn the Borrower that, in the event of not making the payment of the amounts due, it will proceed against the chattels acquired in instalments;
- (ii) the Borrower, within 3 Business Days as from the request, will have either to pay the amount requested in the notification, or it will have to deliver the possession of the vehicle to the Service Provider, or to the person that the latter may have appointed in the notarised request;
- (iii) if the Borrower fails to pay but returns the vehicle purchased, the vehicle shall be disposed of in a public auction, in the presence of a notary public. The Service Provider may request that it be awarded the vehicle in payment of the debt, instead of the vehicle's being auctioned off. The vehicle may only be awarded in payment of the debt in the framework of judicial proceedings; and
- (iv) if the Borrower does not comply with the notarised request, then the Service Provider will be entitled to request the summary protection (*tutela sumaria*) of its right by means of the actions foreseen in paragraphs 10 and 11 of article 250.1 of the Civil Procedure Act, in order to obtain by this a condemnatory sentence which permits it to direct the enforcement exclusively and directly against the vehicle acquired in instalments, or, as an alternative, to obtain a sentence that declares the termination of the relevant loan agreement and the immediate delivery of the vehicle to the Service Provider. The judicial proceedings that would be started upon filing of any of such actions (which would follow the procedure set forth in articles 437 et seq. of the Civil Procedure Act, for the so called "verbal proceedings" -*juicio verbal*-) would involve the submission of a claim, the holding of a hearing before the court, where the respondent shall present any relevant allegation and any relevant witnesses shall also make their respective allegations, and the subsequent judgment by the court.

The fulfilment of the obligations described under paragraph (ii) above, in such cases where the corresponding reservation of title has been registered with the Chattels Register, will be applicable to *bona fide* possessors of the vehicle by any title, so that the latter could also be challenged via notary either to pay the amount demanded in the request, or to deliver the possession of the vehicle to the Service Provider or to the person that the Service Provider may have appointed in the notarised request. Should such third party pay the debt, he would subrogate in the position of the creditor against the Borrower. If he abandons the vehicle, the judicial proceedings would be addressed against him in the enforcement procedure. If he does not attend the request sent via notary, the summary procedure described under (iv) above may be addressed against him.

In case the corresponding reservation of title has not been registered with the Chattels Register, such reservation of title will not be enforceable against *bona fide* third parties, due to the fact that the same did not have access to a public registry, so that the Service Provider, in case of non-payment of the deferred price, will only be entitled to enforce the reservation of title against the Borrower.

Thus, if the corresponding reservation of title has not been registered, in case of non-payment of the deferred/financed price, the Service Provider could choose between: (a) the termination of the agreement by means of an ordinary declarative action *-acción declarativa ordinaria-* or through a "verbal proceeding" *-juicio verbal-*, depending on the amount of the claim; the exclusive purpose of such action would be the termination of the agreement and the immediate delivery of the relevant vehicle to the Service Provider; or (b) an action for compliance, by means of which the Service Provider would seek the refund of the credit; for this purpose, the Service Provider could exercise an ordinary declarative proceeding, an abbreviated proceeding *-proceso monitorio-* or an enforcement proceeding, in which the relevant vehicle affected by the reservation of title could be seized (this option has been criticised by certain scholars that considers the reservation of title and the seizure of an asset are incompatible).

Such enforcement proceeding could be directly initiated by the Service Provider if:

- (i) the Loan had been formalised by means of a policy granted by a notary public, then it would be considered as an executive title in accordance with article 517.2 of the Civil Procedure Act. Such executive action would imply the submission of a claim, which may be challenged by the Borrower only on certain limited grounds, and the subsequent judgment by the court ordering the seizure of the assets of the Borrower, including the relevant vehicle; or
- (ii) the Loan had not been formalised by means of a policy granted by a notary public, then the Service Provider would have to request the corresponding declarative procedure (*procedimiento declarativo*) for the acknowledgement of its right to obtain the payment of its credit prior to the exercise of the executive action against the assets of the Borrower. Such declarative procedure would involve the submission of a claim, the answer by the Borrower to such claim, the holding of a preliminary hearing (*audiencia previa*) where any procedural or formal matters would be discussed and the parties would request the admission of the means of evidence they want to make use of, which would be then followed by the hearing (*juicio*), where any witnesses or experts would make their respective allegations, and the subsequent judgment by the court. If the judgment of the court were rendered in favour of the Service Provider and the Borrower does not voluntarily comply with the same, the Service Provider could initiate the corresponding enforcement proceeding of such judgment, in which the seizure of the assets of the Borrower would be imposed, including the relevant vehicle.

As detailed above, the reservation of title has been registered with the Chattels Register (either agreements formalised by a notarised policy (*póliza notarial*) or by a private document) with respect to 38.96% of the Loans making up the Initial Cut-off Portfolio, which represent 40.14% of the Aggregate Discounted Receivables Balance as at the Initial Cut-off Date. In this regard, it is noted that Loans formalised by a notarised policy (*póliza notarial*) with a reservation of title that has not been registered with the Chattels Registry on the Initial Cut-off Date represent less than 0.02% of the Loans making up the Initial Cut-off Portfolio. Furthermore, Loans formalised by a private agreement with a reservation of title that has not been registered with the Chattels Registry on the Cut-off Date represent 54.57% of the

Loans making up the Initial Cut-off Portfolio. The above-mentioned information is described in more detail in Table 17 of section 2.2.2.1 below.

The following chart refers to the percentage of Loans being part of the Initial Cut-off Portfolio formalised by a notarised policy (*póliza notarial*) or a private agreement.

Type of agreement	Number of loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance	Percentage of Balance (%)
Notarized policy ( <i>Póliza notarial</i> )	1,366	0.93%	17,642,200.18€	1.18%
Private agreement	145,108	99.07%	1,482,358,565.54 €	98.82%
<b>Total</b>	<b>146.474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

As indicated, the assignment of the Loan Receivables to the Fund comprises in all cases the assignment of the rights conferred by the reservation of title clauses. In this respect, the Order of July 19, 1999, approving the Regulation for the Chattels Hire Purchase Register, provides that it is possible to register the assignments carried out by the lender in favour of a third party of its right vis-à-vis the buyer. In particular, article 21 expressly provides for the assignment of the rights entered in favour of a securitisation assets fund in the event of securitisation of loans guaranteed by reservation of title. However, and with regards to the Fund, it has been agreed that the assignment of the rights deriving from the reservation of title clauses will not be registered with the Chattels Register in the name of the Fund as long as the Seller continues to be the Service Provider. Only if the Seller ceases to act as the Service Provider of the Loan Receivables, the assignment of the rights referred to above shall be registered in the name of the Fund by the new Service Provider. The costs associated to the registration of the relevant reservation of title clauses in favour of the Fund will be borne by the Fund.

The Assignment Policy which assigns the Loan Receivables to the Fund shall contain an annex itemising each of the Loan Receivables assigned to the Fund, indicating the main features in order to duly identify each, but without providing the personal data of the assigned Borrower.

### **Covid-19 Moratoriums**

As detailed in the Risk Factors of this Prospectus, the assets backing the issue may be affected by Covid-19 Moratoriums, in particular:

#### Covid-19 Legal Moratoriums

The Spanish government enacted Royal Decree-Law 11/2020 in order provide with measures to tackle the Covid-19 crisis, which imply a moratorium for persons that provide evidence of circumstances of economic vulnerability: (i) a temporary suspension of the contractual obligations under the relevant loan or credit (i.e. while the moratorium is in force, no principal or interests must be paid under the relevant loan or credit and no interests (either ordinary or default interests) shall be accrued); (ii) an extension of the final maturity of these loans or credits equivalent to the duration of the moratorium (therefore, instalments affected by the moratorium shall not be payable upon the end of the three-month suspension and the remaining instalments must be postponed on the same duration of the moratorium); and (iii) personal guarantors in circumstances of economic vulnerability due to the Covid-19 crisis can benefit from the moratorium, being entitled to request lenders to pursue and exhaust the main debtors' assets before claiming the secured debt from them, even in those cases where the relevant guarantor or security provider has expressly waived the excussion benefit (*beneficio de excusión*) foreseen in the Spanish Civil Code.

The deadline for the submissions of requests for these moratoriums was 29 September 2020 as per Royal Decree-Law 26/2020 and the suspension shall remain in force for a period of three months, which may also be extended by decision of the Council of Ministers.

### Covid-19 Contractual Moratorium

In addition to Covid-19 Legal Moratoriums and in light of its commitment to doing its utmost to support its borrowers in Spain through the impact of COVID-19, especially those borrowers who are vulnerable or in financial difficulty and without prejudice to the legal measures imposed in Spain, the Seller decided to implement certain protocols to its customary practices and its Credit and Collection Policy. In particular, in respect of Borrowers in financial difficulty due to the COVID-19 crisis, depending upon the circumstances and type (i.e. consumer or corporate) of the Borrower, Volkswagen Bank GmbH, Spanish Branch offered the following additional forbearance measures (subject to any restrictions or limitations that may apply pursuant to the Servicing Agreement and the Deed of Incorporation). Such measures included: (i) forbearance of monthly instalments up to three months for consumers; (ii) forbearance of monthly instalments up to six months for corporates, micro-, small- or medium-sized enterprises or sole traders; (iii) reduction of loan instalment for Borrowers which qualify as corporates, micro-, small- or medium-sized enterprises or sole traders; and (iv) extensions of the term of the loan agreements up to twelve months. The deadline for the submissions of requests for these contractual moratoriums was 25 September 2020.

On the date of registration of this Prospectus, the Seller does not apply any other moratoriums to the Loan Receivables.

At the Initial Cut-off Date, the percentage of Loans of the Initial Portfolio affected by a Covid-19 Moratorium (with the breakdown per type of moratorium) is shown in the following chart:

Distribution by COVID-19 measures	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance	Percentage of Balance (%)
<b>COVID-19</b>	<b>967</b>	<b>0.66%</b>	<b>13,070,195.27</b>	<b>0.87%</b>
Contractual	294	0.20%	4,047,984.90	0.27%
Legal	673	0.46%	9,022,210.37	0.60%
<b>Other</b>	<b>145,507</b>	<b>99.34%</b>	<b>1,486,930,570.45</b>	<b>99.13%</b>
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

### **Maximum Discounted Receivables Balance**

The Maximum Discounted Receivables Balance pooled in the Fund from time to time shall be €1,500,000,765.72 or slightly higher.

#### 2.2.1 Legal jurisdiction by which the assets to be securitised are governed

The securitised Loan Receivables are governed by Spanish Law.

Law 16/2011, of 24 June, as amended (the "**Consumer Credit Contracts Act**") shall apply to individuals (*personas físicas*) not acting as professional and, supplementary, for legal entities (*personas jurídicas*), the Chattels Hire Purchase Act shall apply. According to article 3 of the Consumer Credit Contracts Act, and among other things, consumer agreements where the credit amount is lower than €200 are excluded from the scope of application of such act.

For the agreements regulated pursuant to the Consumer Credit Contracts Act, article 4 of such law sets forth partial applicability of the provisions contemplated thereunder to consumer agreements where the credit amount is higher than €75,000, in particular the applicable provisions are articles 1 to 11, 14, 15 and 32 to 36 which contained reporting obligations and the exercise of the cessation action (*acción de cesación*).

Article 31 of the aforesaid Consumer Credit Contracts Act sets forth that, in the event of assignment, the Borrower will be entitled to use against the third party the same exceptions that he/she may have had against the original creditor including, as the case may be, set-off rights.

## 2.2.1(a) Consumer Protection Act and linked contracts under Consumer Credit Contracts Act

If a loan agreement is entered into with a consumer within the meaning of article 3 of Legislative Royal Decree 1/2007, of 16 November, approving the restated and amended text of the law on the protection of consumers and users (the "**Consumer Protection Act**") and/or article 2 of the Consumer Credit Contracts Act, there is also a risk that the provisions on consumers' rights and linked contracts referred to below apply.

In particular, if the vehicles do not conform to the sale agreement, consumers may (pursuant to articles 119 and 120 of the Consumer Protection Act) choose between demanding from the seller the repair or the replacement of the vehicles (being both options free of charge for the consumer or user), unless either of these two options is objectively impossible or disproportionate.

It will be considered disproportionate when the forms of remedy, in comparison to the other, impose unreasonable costs on the seller of the vehicles, taking into account: (i) the value of the vehicle had it been fully compliant; (ii) the materiality of the lack of conformity; and (iii) whether the alternative remedy may cause less inconveniences for the customer. Costs shall be considered unreasonable when the expenses corresponding to one form of remedy are materially higher than those associated to the other form of remedy.

If the abovementioned measures were not possible, within a reasonable period of time, the customer would be entitled either to a price reduction or contract termination, at the choice of the consumer. However, such termination is not an eligible remedy where the lack of conformity is considered minor.

The above remedies are generally available for any lack of conformity that arises within 2 years as from the date of delivery. Likewise, the customer claims relating to the sale, repair, price reduction or contract termination referred to above are subject to a 3 year term (as from the delivery date) statute of limitations. Notwithstanding this, in certain circumstances it cannot be ruled out that a Spanish court would count the above terms as from the date when the lack of conformity has become of the public knowledge.

The remedies do not preclude the right of clients to be indemnified for damages (if any and provided that they are duly evidenced) caused to them. Such claims for damages are subject to a 5 year term statute of limitations.

If the Loan agreement is entered into with a consumer (within the meaning of the Consumer Protection Act), for the sole purpose of acquiring the vehicle and both agreements (i.e. the Loan agreement and the sale contract) objectively constitute a single commercial transaction, the provisions on linked contracts (*contratos vinculados*) pursuant to article 29 of the Consumer Credit Contracts Act will also apply. If the Loan agreement and the purchase contract in respect of the financed vehicles are deemed to constitute linked contracts (*contratos vinculados*), the Borrower will be entitled to raise any objections and defences arising under the purchase contract also against VW Bank Spanish Branch (as lender) to the extent that: (i) the purchased vehicles are not, in whole or in part, compliant with the relevant sale agreement; and (ii) the customer has claimed, either on court or off court, against the seller of the vehicle without having been duly satisfied by it.

If as a result of the above, the customer has any claim against VW Bank Spanish Branch (and regardless of VW Bank Spanish Branch's right to, in turn, seek compensation from the seller of the vehicle), such claim may be set-off by the customer against amounts due and payable on the Loan.

## 2.2.2 General characteristics of the Borrowers, as well as global statistical data referred to the securitised assets

It is noted that the reference date of the information included in the following stratification charts is the Initial Cut-off Date (31 October 2020) and refers to the Initial Receivables. The Aggregate Discounted Receivables Balance of the Initial Receivables included in each chart is based on the Discount Rate, which has been determined in 3.1983% per annum. Likewise, the Aggregate Discounted Receivables Balance of the Initial Receivables has been selected considering the Initial Receivable components and the terms of the transfer to the Fund contained in section 3.3.2 of the Additional Building Block and, as a consequence, it must be noted that the amounts included in the following charts do not include the Balloon Instalments. The stratification charts below refer to global statistical data in relation to the Initial Receivables to be securitised, the outstanding Discounted Receivables Balance and the Borrowers.

For purely information purposes, it is stated that on the Initial Cut-off Date the nominal amount corresponding to the sum of the instalments of principal and interest (excluding the Balloon Instalments) pending payment of the loans included in the Initial Cut-off Portfolio would amount to €1,597,649,161.62. The Aggregate Discounted Receivables Balance, as indicated, on the basis of the above-mentioned Discount Rate, would be €1,500,000,765.72.

### Reviewed of the selected assets securitised through the Fund upon being established

The Management Company has requested from the CNMV the exemption to submitting the audit report according to second paragraph of article 22.1 c) of Law 5/2015 due to the fact that the transparency and information objectives pursued with this requirement are complied with the application of the Securitisation Regulation.

Without prejudice to the exemption described above, PwC has reviewed a sample of 461 randomly selected loans out of the Initial Cut-off Portfolio. The review comprises a number of both quantitative and qualitative attributes of a sample of the above referred loans portfolio.

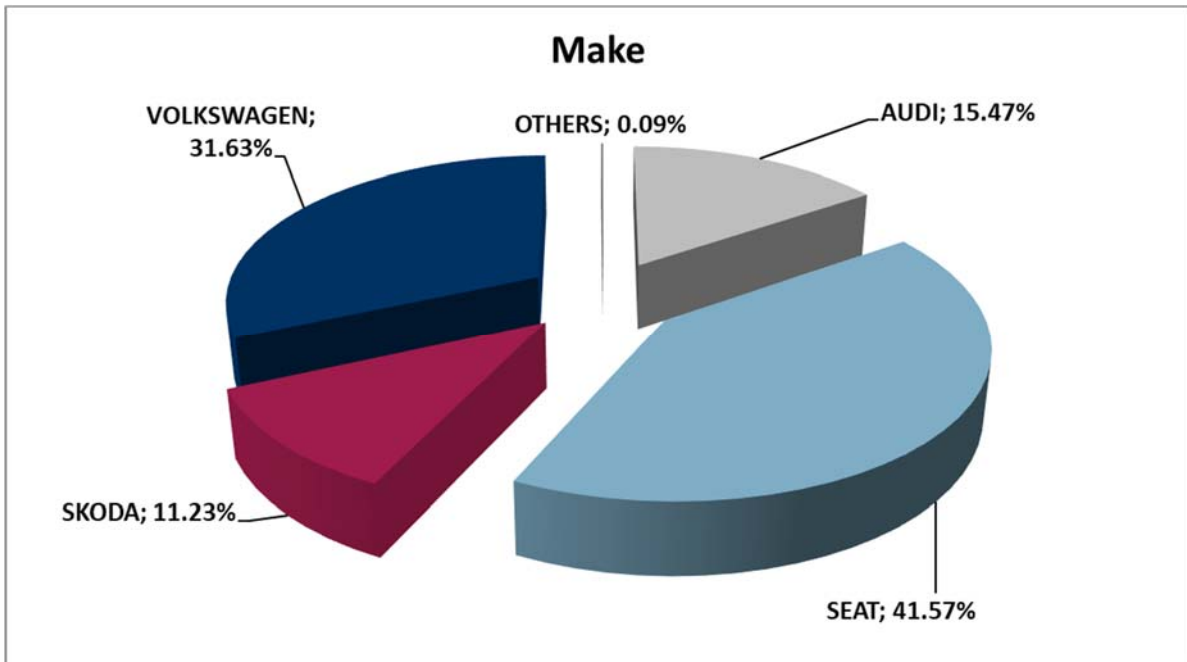
VW Bank Spanish Branch will not assign to the Fund any loans in respect of which issues are detected during the carrying out of the review

#### 2.2.2.1 Initial Receivables

##### 1. Distribution by brand (*Distribución por marca*)

Make	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
AUDI	21,116	14.42%	232,048,900.63 €	15.47%
SEAT	62,343	42.56%	623,597,408.07 €	41.57%
SKODA	16,069	10.97%	168,486,994.77 €	11.23%
VOLKSWAGEN	46,809	31.96%	474,468,887.59 €	31.63%
OTHERS (*)	137	0.09%	1,398,574.66 €	0.09%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

(\*)The vehicles within "Others" include, among others, Opel, Fiat, Nissan, Renault and Peugeot.



The information in the above graph shows the percentages of the Discounted Receivables Balance.

2. Type of car (*Tipo de coche*)

Type of car	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New cars	113,652	77.59%	1,134,238,925.36 €	75.62%
Used Cars	32,822	22.41%	365,761,840.36 €	24.38%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Type of Credit: Auto Credit

Type of car	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New cars	24,469	94.56%	198,460,073.67 €	95.56%
Used Cars	1,407	5.44%	9,214,077.60 €	4.44%
<b>Total</b>	<b>25,876</b>	<b>100.00%</b>	<b>207,674,151.27 €</b>	<b>100.00%</b>

Type of Credit: Classic Credit

Type of car	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New cars	89,183	73.95%	935,778,851.69 €	72.41%
Used Cars	31,415	26.05%	356,547,762.76 €	27.59%
<b>Total</b>	<b>120,598</b>	<b>100.00%</b>	<b>1,292,326,614.45 €</b>	<b>100.00%</b>

The "Auto Credit" and the "Classic Credit" refer to the financing models used by VW Bank Spanish Branch in relation to the Loans. Both types of financing, "Auto Credit" and "Classic Credit", are executed in the form of the model agreement provided by ASNEF which main features are detailed in section 2.2.7 of the Additional Building Block. Additionally, "Auto Credit" loans include a balloon instalment, as further described in section 2.2.7 of the Additional Building Block which is not assigned to the Fund. The immediate depreciation of the value of the vehicles at the time a vehicle leaves the concessionary represents approximately 20% of its value. The average depreciation per month is approximately 2% of the market value of the vehicle at all times (in any case, the depreciation depends on the model of the vehicle, these percentages do not apply equally) for the first year, 1% for the second and third year and 0.5% for the fourth and subsequent years. The average age of the vehicles being financed by the Loans comprising the Cut-off Portfolio is 1.73 years.



3. Brand: new and used cars (*Marca: coches nuevos y usados*)

**AUDI**

New or Used Cars	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New Cars	12,927	61.22%	133,112,497.73 €	57.36%
Used Cars	8,189	38.78%	98,936,402.90 €	42.64%
<b>Total</b>	<b>21,116</b>	<b>100.00%</b>	<b>232,048,900.63 €</b>	<b>100.00%</b>

**SEAT**

New or Used Cars	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New Cars	49,510	79.42%	486,827,148.08 €	78.07%
Used Cars	12,833	20.58%	136,770,259.99 €	21.93%
<b>Total</b>	<b>62,343</b>	<b>100.00%</b>	<b>623,597,408.07 €</b>	<b>100.00%</b>

**SKODA**

New or Used Cars	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New Cars	13,289	82.70%	140,084,903.60 €	83.14%
Used Cars	2,780	17.30%	28,402,091.17 €	16.86%
<b>Total</b>	<b>16,069</b>	<b>100.00%</b>	<b>168,486,994.77 €</b>	<b>100.00%</b>

**VOLKSWAGEN**

New or Used Cars	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New Cars	37,840	80.84%	373,319,908.90 €	78.68%
Used Cars	8,969	19.16%	101,148,978.69 €	21.32%
<b>Total</b>	<b>46,809</b>	<b>100.00%</b>	<b>474,468,887.59 €</b>	<b>100.00%</b>

**OTHER**

New or Used Cars	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
New Cars	86	62.77%	894,467.05 €	63.96%
Used Cars	51	37.23%	504,107.61 €	36.04%
<b>Total</b>	<b>137</b>	<b>100.00%</b>	<b>1,398,574.66 €</b>	<b>100.00%</b>

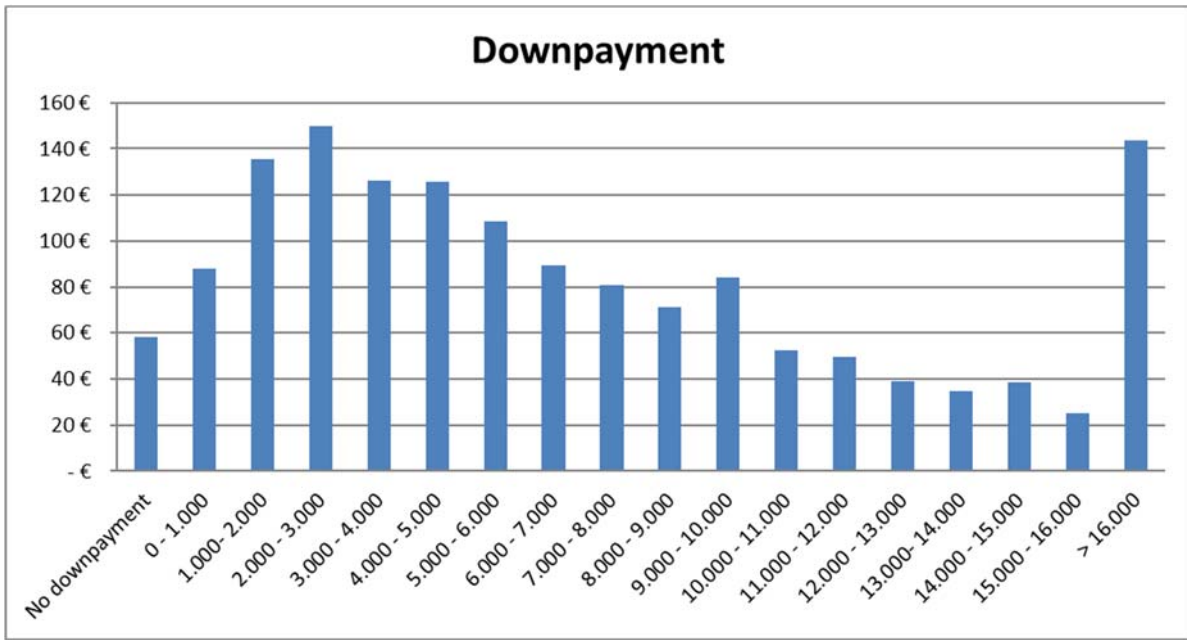
The abovementioned trademarks (Audi, Seat, Skoda and Volkswagen) are owned by the Volkswagen group.

#### 4. Downpayment (*Entrada*)

Downpayment	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
No downpayment	4,389	3.00%	58,044,039.89 €	3.87%
0 - 1.000	7,692	5.25%	88,287,527.28 €	5.89%
1.000- 2.000	12,029	8.21%	135,298,800.54 €	9.02%
2.000 - 3.000	13,261	9.05%	149,765,921.87 €	9.98%
3.000 - 4.000	11,503	7.85%	126,112,572.22 €	8.41%
4.000 - 5.000	11,711	8.00%	125,656,803.14 €	8.38%
5.000 - 6.000	10,501	7.17%	108,663,011.95 €	7.24%
6.000 - 7.000	8,945	6.11%	89,469,911.82 €	5.96%
7.000 - 8.000	8,361	5.71%	80,920,989.39 €	5.39%
8.000 - 9.000	7,578	5.17%	71,225,251.93 €	4.75%
9.000 - 10.000	8,501	5.80%	84,071,312.28 €	5.60%
10.000 - 11.000	5,604	3.83%	52,461,014.75 €	3.50%
11.000 - 12.000	5,304	3.62%	49,247,802.52 €	3.28%
12.000 - 13.000	4,298	2.93%	39,140,040.76 €	2.61%
13.000- 14.000	3,942	2.69%	34,475,102.58 €	2.30%
14.000 - 15.000	4,128	2.82%	38,636,853.76 €	2.58%
15.000 - 16.000	2,850	1.95%	25,123,065.07 €	1.67%
> 16.000	15,877	10.84%	143,400,743.97 €	9.56%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
Minimum Downpayment (*)	0.01 €
Maximum Downpayment	119,287.77 €
Average Downpayment (Customer who did Downpayment)	8,197.98 €
Average Downpayment	7,952.33 €

(\*) The Minimum Downpayment (0.01€) derives from the fact that sometimes a downpayment of 0.01 € has been carried out with the sole purpose of rounding the amount of the principal of loans.



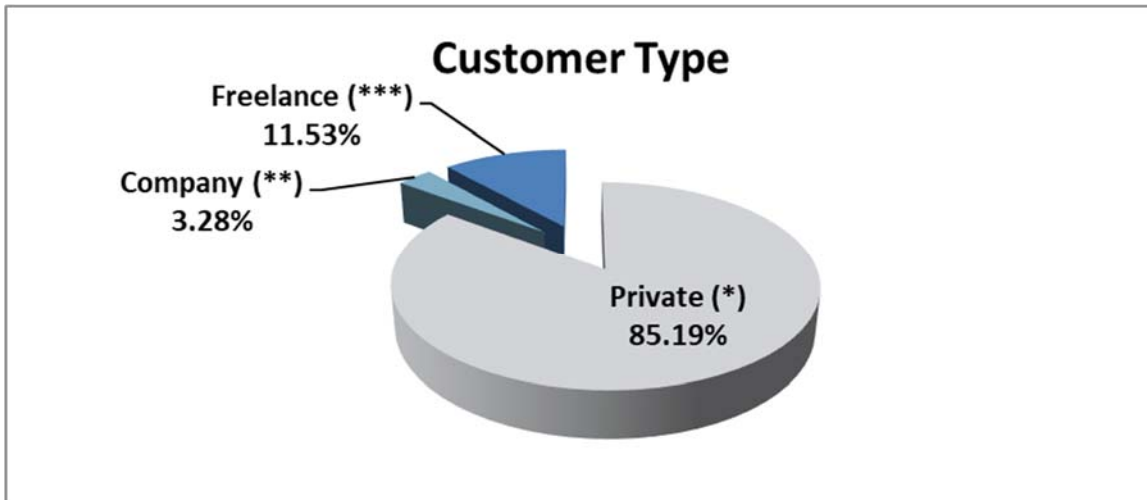
5. Customer Type (*Tipo de cliente*)

Customer Type	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Private (*)	126,035	86.05%	1,277,762,245.18 €	85.18%
Company (**)	4,273	2.92%	49,256,993.91 €	3.28%
Freelance (***)	16,166	11.04%	172,981,526.63 €	11.53%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

(\*) Private: Personas físicas (no autónomo)

(\*\*) Company: Empresas

(\*\*\*) Freelance: Autónomos

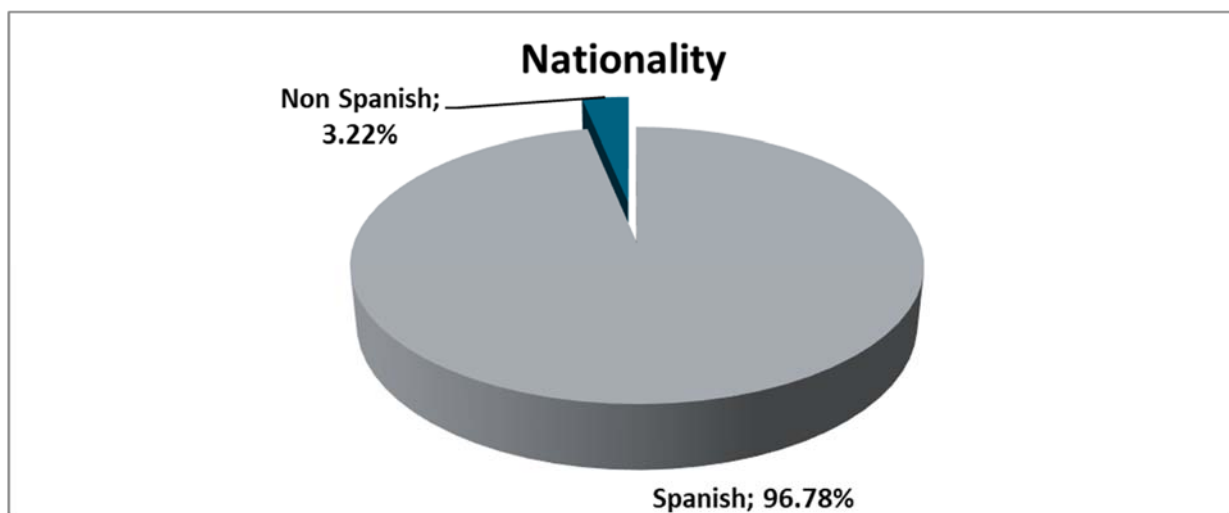


The information in the above graph shows the percentages of the Discounted Receivables Balance.

**6. Nationality (*Nacionalidad*) (\*)**

Classification	Number of contracts	Percentage of Loans (%)	Outstanding Discounted Principal Balance	Percentage of Balance (%)
Spanish	142,189	97.07%	1,451,688,525.59 €	96.78%
Non Spanish	4,285	2.93%	48,312,240.13 €	3.22%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

(\*) All borrowers (i.e. individuals and corporate entities) have their place of residence or registered office, as applicable, in Spain.



## 7. Occupational group (Sector de actividad de los deudores)

Classification (*)	Number of contracts	Percentage of Loans (%)	Outstanding Discounted Principal Balance	Percentage of Balance (%)
Agriculture	1,701	1.16%	18,802,637.06 €	1.25%
Manufacturing industry	2,277	1.55%	25,013,291.98 €	1.67%
Construction	8,698	5.94%	95,671,538.11 €	6.38%
Retail/Wholesale	15,459	10.55%	168,745,061.98 €	11.25%
Transport	5,731	3.91%	67,186,769.63 €	4.48%
Information and communication	1,796	1.23%	17,526,667.94 €	1.17%
Consumer non-durables	0	0.00%	0.00 €	0.00%
Legal, Financial or Technical Services	32,071	21.90%	329,639,559.86 €	21.98%
Public Administration. Education. Health Care	19,142	13.07%	191,834,415.10 €	12.79%
Tourism	4,019	2.74%	43,324,070.09 €	2.89%
Other Services (**)	35,430	24.19%	352,511,639.02 €	23.50%
Not employed (***)	20,150	13.76%	189,745,114.95 €	12.65%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

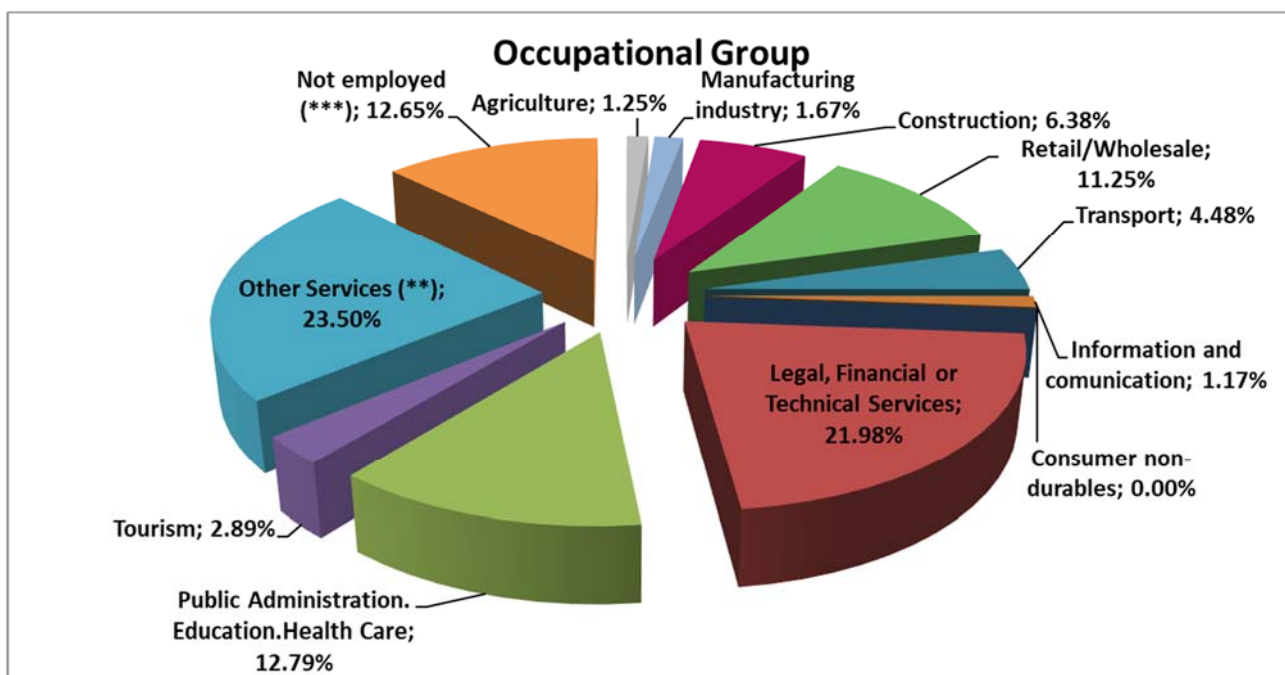
### Classification of not employed

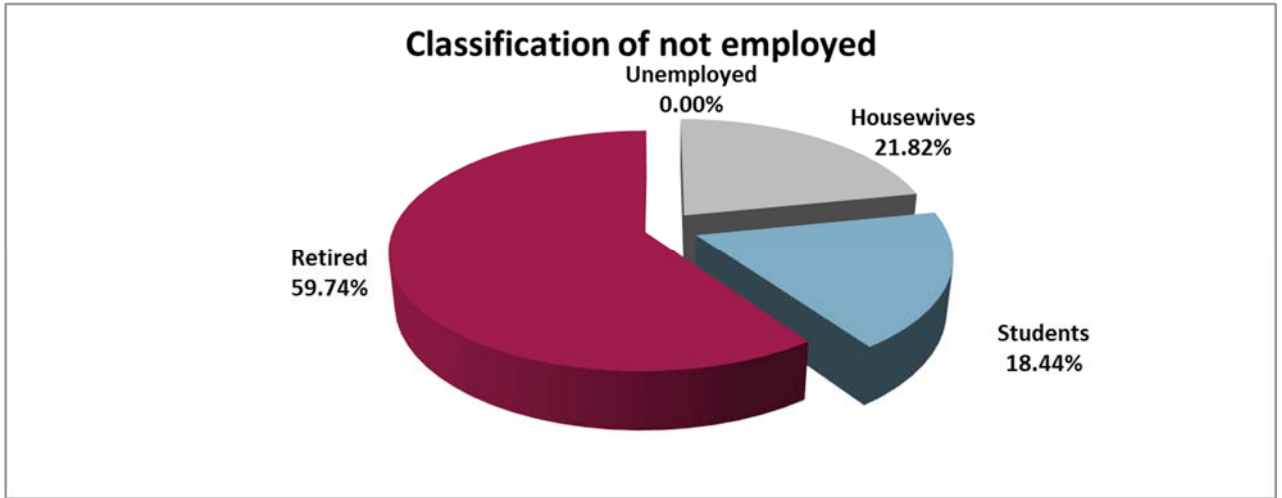
Classification	Number of contracts	Percentage of Loans (%)	Outstanding Discounted Principal Balance	Percentage of Balance (%)
Housewives	4,304	21.36%	41,404,618.11 €	21.82%
Students	3,796	18.84%	34,992,212.58 €	18.44%
Retired	12,050	59.80%	113,348,284.26 €	59.74%
Unemployed	0	0.00%	0.00 €	0.00%
<b>Total</b>	<b>20,150</b>	<b>100.00%</b>	<b>189,745,114.95 €</b>	<b>100.00%</b>

(\*) This classification is internally elaborated by the Seller based on CNAE codes.

(\*\*) "Other Services" include all occupational groups that are not included in the other groups listed here (e.g. engineers, architects, athletes, cleaners, janitors).

(\*\*\*) As per representation (15) of section 2.2.8(i)(b) of the Additional Building Block, Loans granted to Borrowers designated as "not employed" are otherwise eligible for sale by reason of the existence of either: (a) at least one co-borrower (occupied, or with a regular income); (b) a personal guarantee granted by a third party; or (c) due to a source of regular income.





8. Type of payment (*Forma de pago*)

Type of Payment	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Direct Borrower Account Debit (*)	146,474	100.00%	1,500,000,765.72 €	100.00%

(\*) Domiciliación en cuenta del deudor.

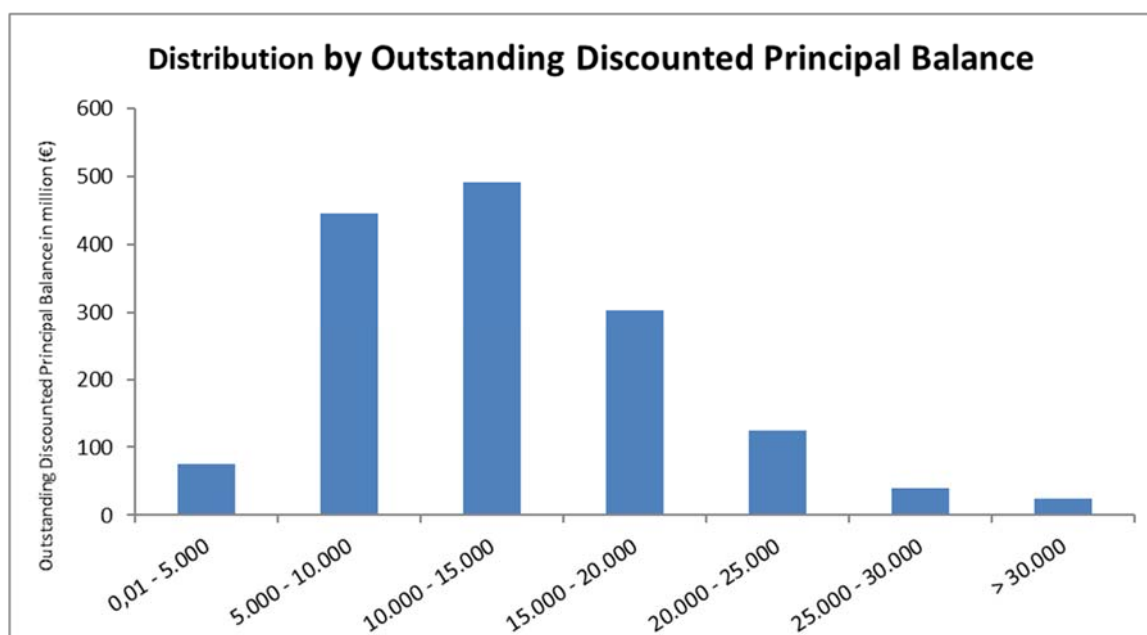


**9. Distribution by Discounted Receivables Balance as of Initial Cut-off Date (*Distribución por Saldo con Descuento de los Derechos de Crédito en la Fecha de Corte Inicial*) (\*)**

Distribution by Outstanding Discounted Principal Balance	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
0,01 - 5.000	22,587	15.42%	75,736,489.28 €	5.05%
5.000 - 10.000	58,038	39.62%	444,557,726.25 €	29.64%
10.000 - 15.000	40,376	27.57%	490,360,275.99 €	32.69%
15.000 - 20.000	17,725	12.10%	302,768,839.72 €	20.18%
20.000 - 25.000	5,613	3.83%	123,646,442.16 €	8.24%
25.000 - 30.000	1,459	1.00%	39,357,496.90 €	2.62%
> 30.000	676	0.46%	23,573,495.42 €	1.57%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
<b>Minimum</b> Outstanding Discounted Principal Balance	81.71 €
<b>Maximum</b> Outstanding Discounted Principal Balance	108,482.50 €
<b>Average</b> Outstanding Discounted Principal Balance	10,240.73 €

(\*) Information relating to the principal and interests of the original loan as from the Initial Cut-off Date discounted at the Discount Rate.



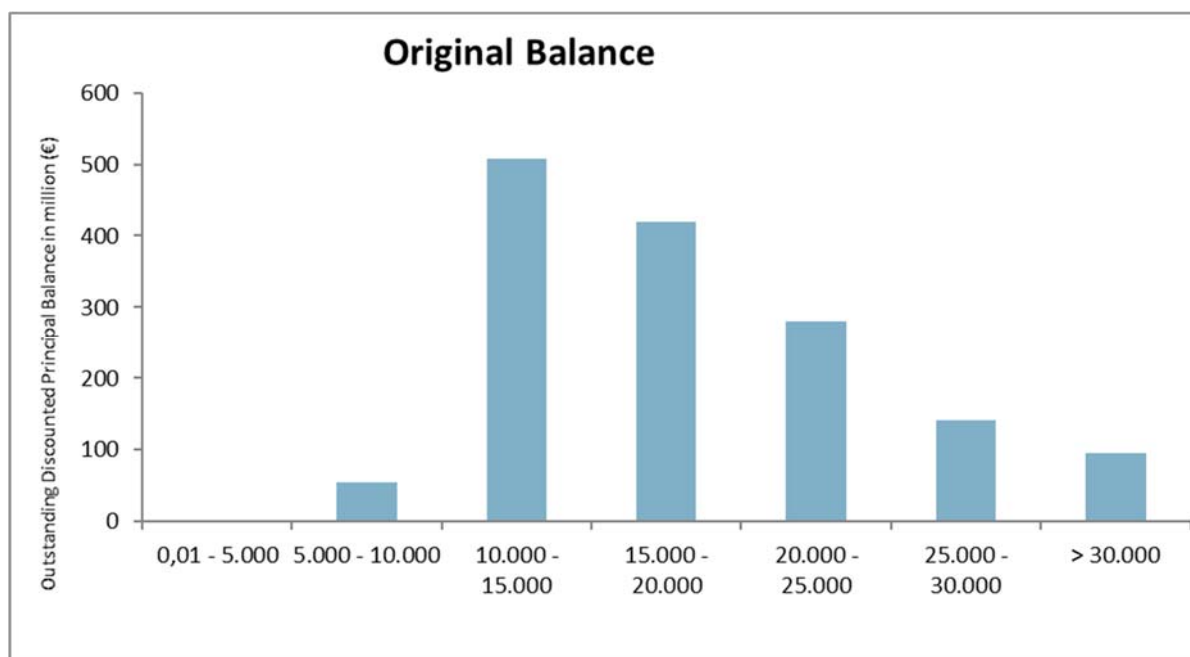
**10. Distribution by original nominal balance as of Initial Cut-off Date (*Distribución por saldo nominal inicial en la Fecha de Corte Inicial*) (\*)**

Distribution by Original Nominal Balance	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
0,01 - 5.000	843	0.58%	2,117,667.81 €	0.14%
5.000 - 10.000	10,957	7.48%	54,449,502.39 €	3.63%
10.000 - 15.000	67,382	46.00%	507,554,727.93 €	33.84%
15.000 - 20.000	37,556	25.64%	419,184,644.40 €	27.95%
20.000 - 25.000	18,507	12.64%	281,078,333.64 €	18.74%
25.000 - 30.000	7,470	5.10%	140,840,981.39 €	9.39%
> 30.000	3,759	2.57%	94,774,908.16 €	6.32%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
<b>Minimum</b> Original Nominal Balance (**)	2,285.50 €
<b>Maximum</b> Original Nominal Balance	151,559.04 €
<b>Average</b> Original Nominal Balance	15,937.65 €

(\*) Original nominal balance refers to the capital of the original loan without discount.

(\*\*) For information purposes, it is hereby stated that the minimum original nominal balance corresponds to a loan in which most of the amortisation takes place as a result of the Balloon Instalment.

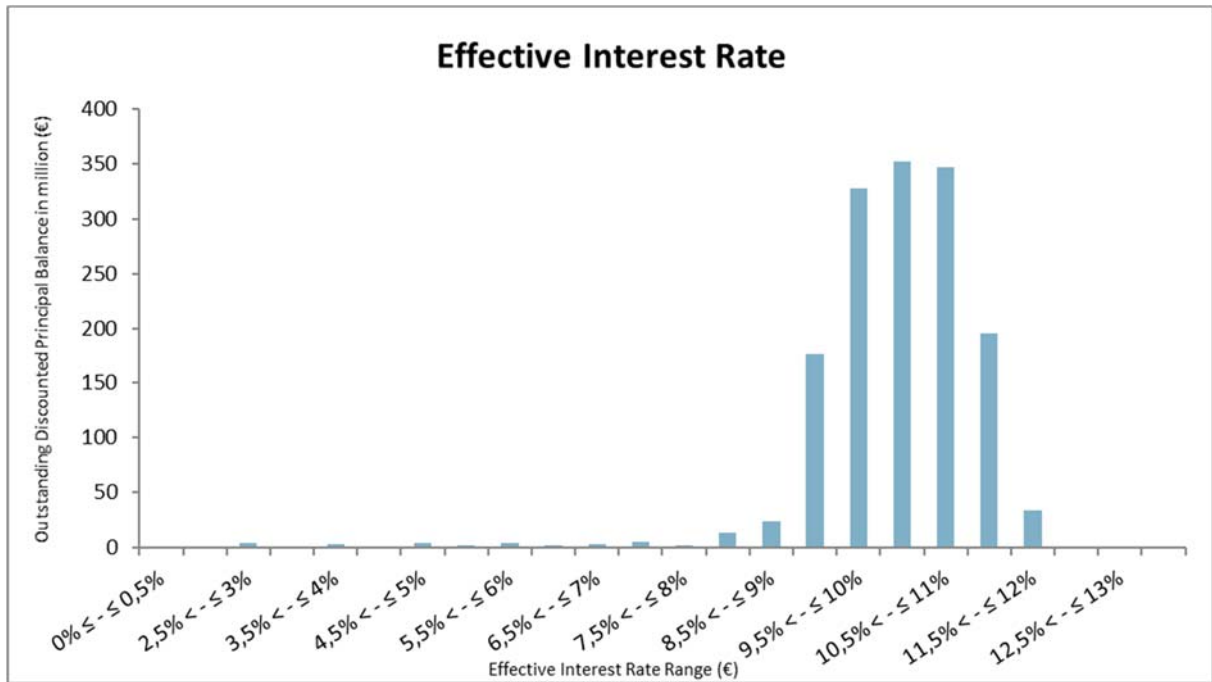


11. Effective Interest Rate paid by Borrower (*Tipo de Interés efectivo pagado por el Deudor*)

Effective Interest Rate paid by the Receivable Debtor	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
0% ≤ - ≤ 0,5%	21	0.01%	90,377.99 €	0.01%
2% < - ≤ 2,5%	5	0.00%	98,821.11 €	0.01%
2,5% < - ≤ 3%	312	0.21%	4,303,282.74 €	0.29%
3% < - ≤ 3,5%	61	0.04%	386,887.38 €	0.03%
3,5% < - ≤ 4%	176	0.12%	2,774,336.69 €	0.18%
4% < - ≤ 4,5%	83	0.06%	1,450,767.39 €	0.10%
4,5% < - ≤ 5%	311	0.21%	3,933,902.86 €	0.26%
5% < - ≤ 5,5%	157	0.11%	2,560,843.34 €	0.17%
5,5% < - ≤ 6%	327	0.22%	4,470,325.41 €	0.30%
6% < - ≤ 6,5%	203	0.14%	2,052,936.36 €	0.14%
6,5% < - ≤ 7%	243	0.17%	2,857,997.21 €	0.19%
7% < - ≤ 7,5%	524	0.36%	4,985,188.18 €	0.33%
7,5% < - ≤ 8%	335	0.23%	2,141,465.20 €	0.14%
8% < - ≤ 8,5%	1,443	0.99%	13,118,309.87 €	0.87%
8,5% < - ≤ 9%	1,971	1.35%	23,761,709.81 €	1.58%
9% < - ≤ 9,5%	14,424	9.85%	175,723,043.72 €	11.71%
9,5% < - ≤ 10%	27,299	18.64%	328,111,454.29 €	21.87%
10% < - ≤ 10,5%	31,997	21.84%	351,545,580.98 €	23.44%
10,5% < - ≤ 11%	38,516	26.30%	346,422,308.87 €	23.09%
11% < - ≤ 11,5%	24,155	16.49%	195,253,168.81 €	13.02%
11,5% < - ≤ 12%	3,773	2.58%	33,207,113.10 €	2.21%
12% < - ≤ 12,5%	136	0.09%	723,934.45 €	0.05%
12,5% < - ≤ 13%	1	0.00%	16,218.82 €	0.00%
13% < - ≤ 13,5%	1	0.00%	10,791.14 €	0.00%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

<b>Statistics</b>	
<b>Minimum Interest Rate Debtor (*)</b>	0.00%
<b>Maximum Interest Rate Debtor</b>	13.27%
<b>Weighted Average Interest Rate Debtor</b>	10.19%

(\*) The loans with an effective interest effective interest rate of 0% have been granted within the framework of PLAN PIVE to stimulate the automobile industry and vehicle purchases, the interest of which is subsidised in its entirety by the Institute of Official Credit, or under the campaign "TAE 0%", whose interests are entirely subsidised by VW group brands.



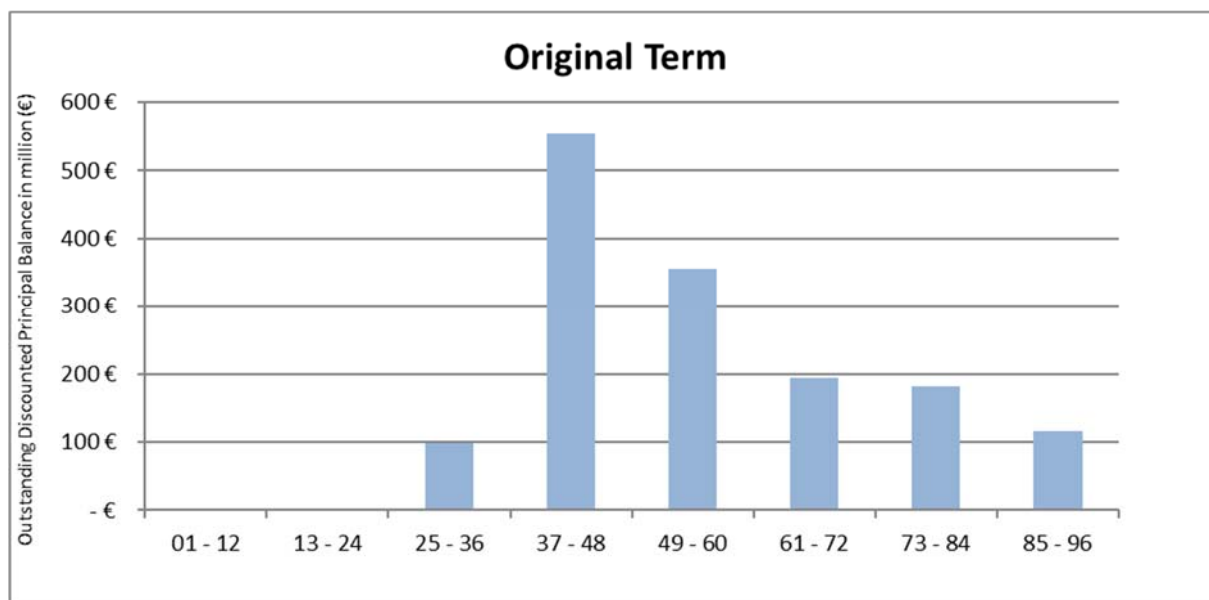
12. Original term (Vida inicial) (\*)

Length of Original Term	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
01 - 12	6	0.00%	94,107.73 €	0.01%
13 - 24	24	0.02%	87,991.70 €	0.01%
25 - 36	17,076	11.66%	97,939,618.66 €	6.53%
37 - 48	66,691	45.53%	554,847,152.33 €	36.99%
49 - 60	30,874	21.08%	355,736,089.16 €	23.72%
61 - 72	14,002	9.56%	193,583,421.62 €	12.91%
73 - 84	11,253	7.68%	182,339,470.96 €	12.16%
85 - 96	6,548	4.47%	115,372,913.56 €	7.69%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
Minimum Original Term	5
Maximum Original Term	96
Weighted Average Original Term	61.12

The references in the above charts to the Term are in months.

(\*) The Original Term provides Information regarding the original loan term from the date of formalization.



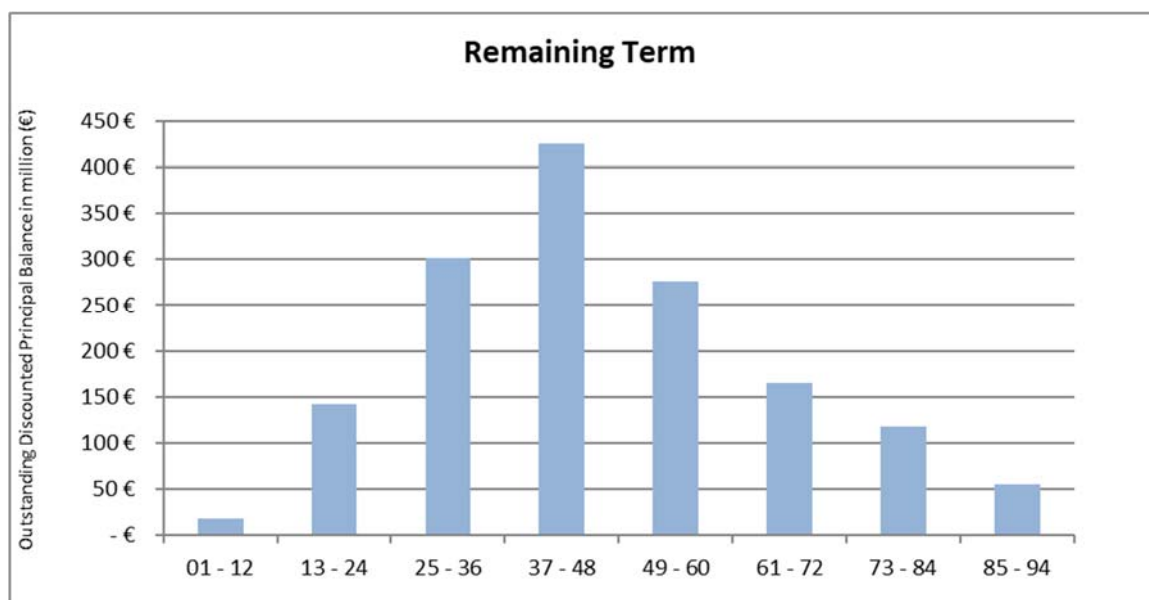
13. Remaining term (*Vida residual*) (\*)

Length of Remaining Term	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
01 - 12	8,193	5.59%	18,494,339.15 €	1.23%
13 - 24	26,661	18.20%	141,918,676.25 €	9.46%
25 - 36	35,422	24.18%	301,148,182.86 €	20.08%
37 - 48	37,421	25.55%	424,993,042.62 €	28.33%
49 - 60	19,682	13.44%	275,842,843.78 €	18.39%
61 - 72	10,075	6.88%	165,156,520.45 €	11.01%
73 - 84	6,319	4.31%	117,871,205.85 €	7.86%
85 - 94	2,701	1.84%	54,575,954.76 €	3.64%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
<b>Minimum</b> Remaining Term	3
<b>Maximum</b> Remaining Term	94
<b>Weighted Average</b> Remaining Term	46.72

The references in the above charts to the Term are in months.

(\*) The information relating to the number of outstanding instalments pending maturity, "Monthly instalment" refers to the monthly period of payment, of principal and interest, of each loan.



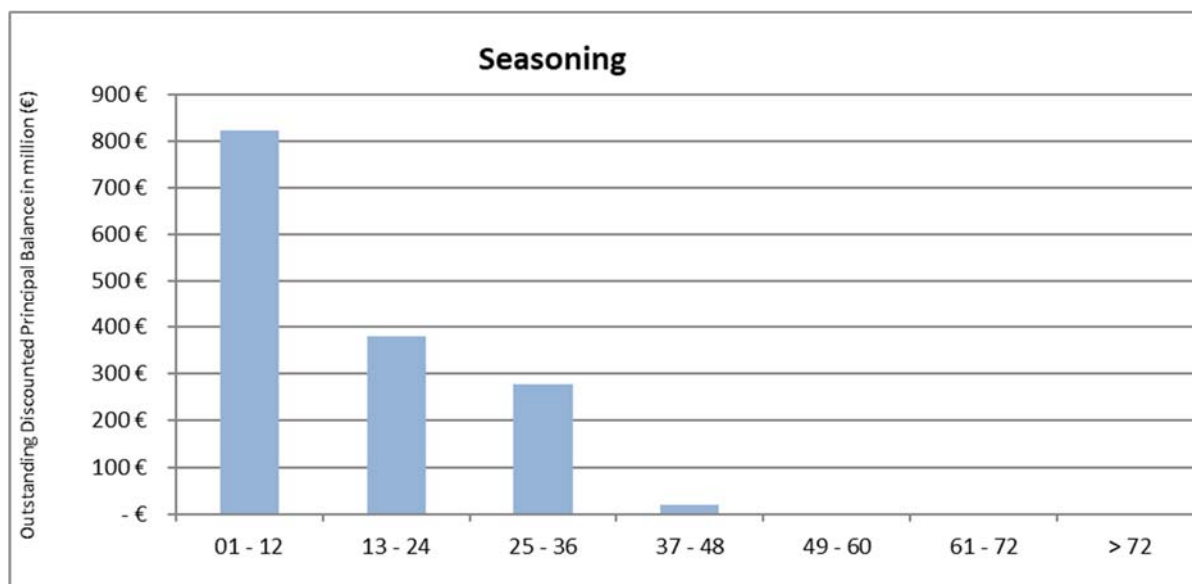
14. Seasoning (*Antigüedad*)

Seasoning	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
01 - 12	63,476	43.34%	823,100,417.47 €	54.87%
13 - 24	37,756	25.78%	377,801,458.14 €	25.19%
25 - 36	40,150	27.41%	275,877,380.37 €	18.39%
37 - 48	4,437	3.03%	20,218,144.18 €	1.35%
49 - 60	619	0.42%	2,882,444.40 €	0.19%
61 - 72	22	0.02%	92,521.33 €	0.01%
> 72	14	0.01%	28,399.83 €	0.00%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Statistics	
<b>Minimum</b> Seasoning (*)	2
<b>Maximum</b> Seasoning	89
<b>Weighted Average</b> Seasoning	14.42

The references in the above charts to the Term are in months. This chart shows the matured and paid instalments of each loan since the first instalment to the one corresponding to the Cut- Off Date.

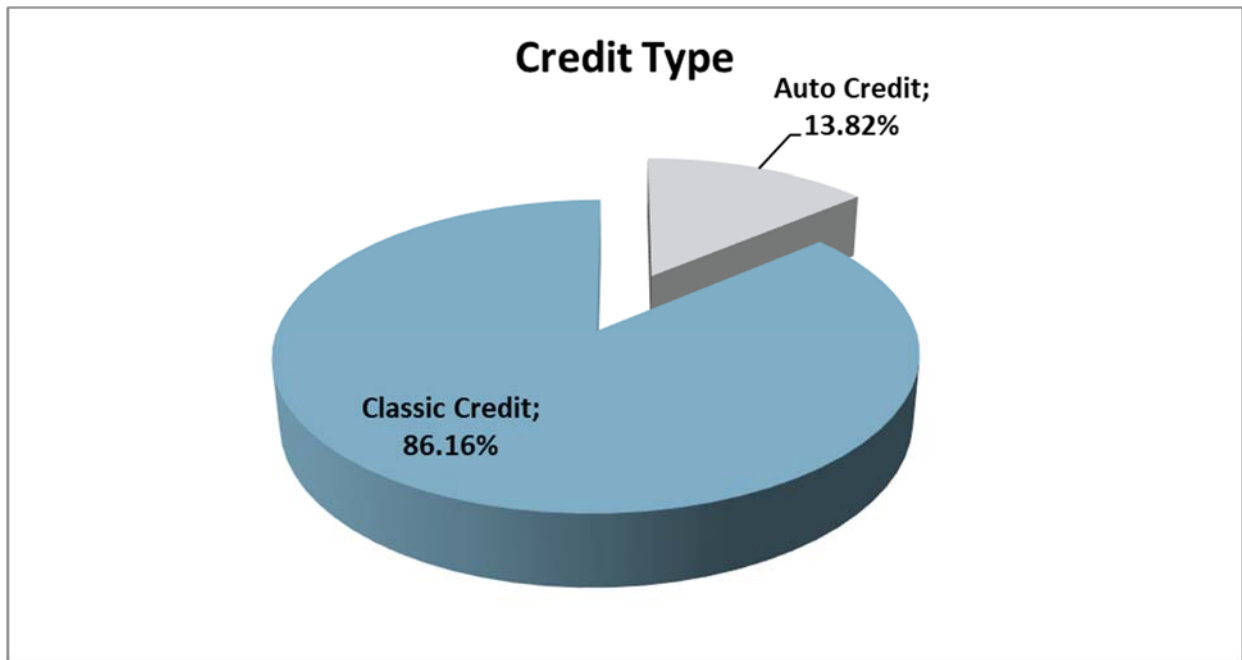
(\*) At Cutoff Date at least two installments will be paid in respect of each of the loan receivables.



15. Type of credit (*Tipo de crédito*)

Credit Type	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
<b>Auto Credit</b>	<b>25,876</b>	<b>17.67%</b>	<b>207,674,151.27 €</b>	<b>13.84%</b>
Auto Credit	12,251	8.36%	81,423,384.28 €	5.43%
Auto Credit Next	13,625	9.30%	126,250,766.99 €	8.42%
<b>Classic Credit</b>	<b>120,598</b>	<b>82.33%</b>	<b>1,292,326,614.45 €</b>	<b>86.16%</b>
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

The "Auto Credit" and the "Classic Credit" refer to the financing models used by VW Bank Spanish Branch in relation to the Loans. Both types of financing, "Auto Credit" and "Classic Credit", are executed in the form of the model agreement provided by ASNEF which main features are detailed in section 2.2.7 of the Additional Building Block. Additionally, "Auto Credit" loans include a balloon instalment, as further described in section 2.2.7 of the Additional Building Block which is not assigned to the Fund.





16. Brand and model (*marca y modelos*)

Make	Model	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
<b>Audi</b>	A1	3,657	2.50%	35,962,053.14 €	2.40%
	A3	5,324	3.63%	58,161,650.21 €	3.88%
	A4	2,294	1.57%	24,482,426.19 €	1.63%
	A5	716	0.49%	7,569,351.70 €	0.50%
	A6	492	0.34%	6,171,319.57 €	0.41%
	A7	43	0.03%	781,587.90 €	0.05%
	A8	15	0.01%	297,291.85 €	0.02%
	Q2	2,656	1.81%	27,432,819.40 €	1.83%
	Q3	3,178	2.17%	34,114,195.02 €	2.27%
	Q5	1,734	1.18%	21,040,902.28 €	1.40%
	Q7	128	0.09%	2,389,863.56 €	0.16%
	TT	35	0.02%	469,370.93 €	0.03%
	OTHER AUDI	844	0.58%	13,176,068.88 €	0.88%
<b>Subtotal</b>		<b>21,116</b>	<b>14.42%</b>	<b>232,048,900.63 €</b>	<b>15.47%</b>
<b>Seat</b>	ALHAMBRA	974	0.66%	10,683,987.64 €	0.71%
	ALTEA	18	0.01%	206,538.24 €	0.01%
	AROSA	11	0.01%	120,681.07 €	0.01%
	ATECA	10,763	7.35%	115,274,622.75 €	7.68%
	CORDOBA	1	0.00%	6,189.98 €	0.00%
	EXEO	1	0.00%	10,491.38 €	0.00%
	IBIZA	16,104	10.99%	139,548,653.29 €	9.30%
	LEON	19,457	13.28%	201,567,917.90 €	13.44%
	MII	474	0.32%	3,579,585.13 €	0.24%
	TOLEDO	871	0.59%	6,238,422.14 €	0.42%
	ARONA	11,763	8.03%	118,682,496.06 €	7.91%
	TARRACO	1,559	1.06%	23,263,248.61 €	1.55%
	OTHER SEAT	347	0.24%	4,414,573.88 €	0.29%
<b>Subtotal</b>		<b>62,343</b>	<b>42.56%</b>	<b>623,597,408.07 €</b>	<b>41.57%</b>
<b>Skoda</b>	CITIGO	137	0.09%	1,207,377.48 €	0.08%
	FABIA	4,690	3.20%	37,375,721.16 €	2.49%
	RAPID	847	0.58%	6,271,359.02 €	0.42%
	OCTAVIA	2,432	1.66%	27,517,860.90 €	1.83%
	ROOMSTER	1	0.00%	6,526.82 €	0.00%
	SPACEBACK	72	0.05%	488,007.03 €	0.03%
	SUPERB	494	0.34%	5,999,766.68 €	0.40%
	YETI	136	0.09%	975,404.98 €	0.07%
	KODIAQ	1,274	0.87%	16,460,463.62 €	1.10%
	KAROQ	3,598	2.46%	41,885,120.63 €	2.79%
	KAMIQ	1,143	0.78%	15,229,574.05 €	1.02%
	SCALA	1,017	0.69%	12,601,039.43 €	0.84%
	OTHER SKODA	228	0.16%	2,468,772.97 €	0.16%
<b>Subtotal</b>		<b>16,069</b>	<b>10.97%</b>	<b>168,486,994.77 €</b>	<b>11.23%</b>

<b>VW</b>	FOX	0	0.00%	- €	0.00%
	POLO	5,784	3.95%	44,563,420.74 €	2.97%
	GOLF	9,248	6.31%	83,502,901.84 €	5.57%
	UP	34	0.02%	187,576.55 €	0.01%
	JETTA	11	0.01%	90,948.02 €	0.01%
	PASSAT	1,043	0.71%	9,369,013.45 €	0.62%
	ARTEON	1,020	0.70%	11,027,565.85 €	0.74%
	EOS	0	0.00%	- €	0.00%
	NEW BEETLE	96	0.07%	670,718.88 €	0.04%
	TOURAN	1,904	1.30%	16,832,494.29 €	1.12%
	SHARAN	400	0.27%	3,673,274.31 €	0.24%
	TOUAREG	53	0.04%	961,646.56 €	0.06%
	PHAETON	1	0.00%	12,177.10 €	0.00%
	CADDY	1,657	1.13%	18,321,270.00 €	1.22%
	T4/T5	2,163	1.48%	30,253,143.75 €	2.02%
	CRAFTER/LT	721	0.49%	10,975,456.17 €	0.73%
	AMAROK	98	0.07%	1,391,822.92 €	0.09%
	SCIROCCO	133	0.09%	663,751.24 €	0.04%
	TIGUAN	6,237	4.26%	62,463,851.80 €	4.16%
	T-ROC	6,765	4.62%	73,581,068.99 €	4.91%
	T-CROSS	271	0.19%	3,459,716.72 €	0.23%
	OTHER VW	9,170	6.26%	102,467,068.41 €	6.83%
<b>Subtotal</b>		<b>46,809</b>	<b>31.96%</b>	<b>474,468,887.59 €</b>	<b>31.63%</b>
<b>Non VW</b>	OTHER	137	0.09%	1,398,574.66 €	0.09%
	<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

**17. Collateral (*Préstamos con y sin garantía personal de tercero*)**

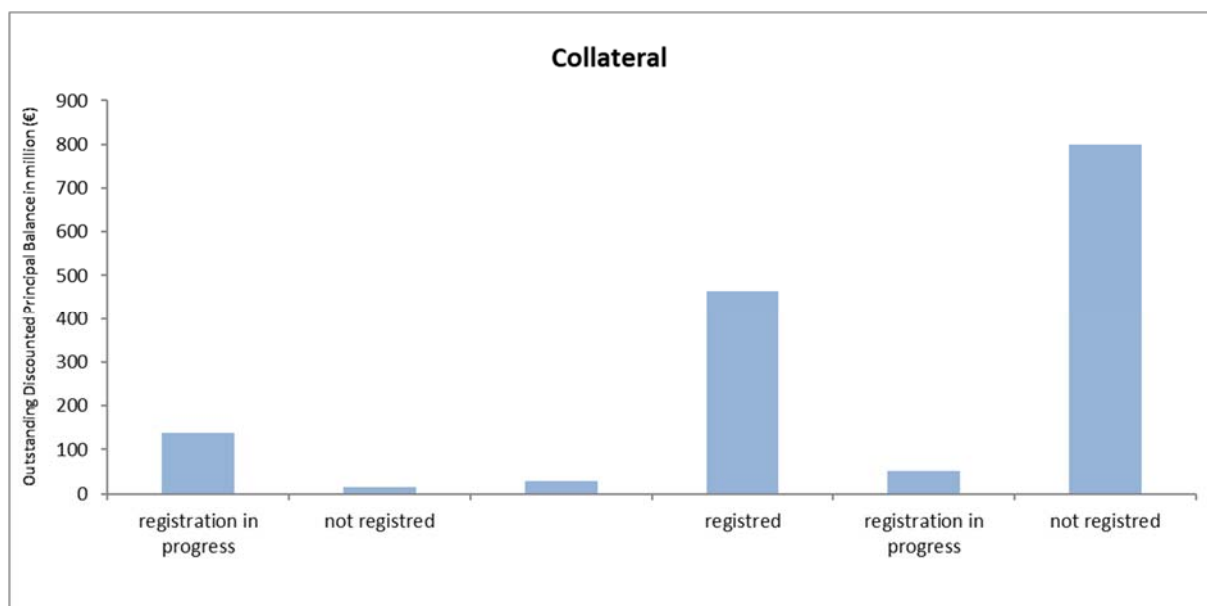
Third Party Guarantor	Vehicle Registration	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Guarantor (*)	registered (**)	13,165	8.99%	138,333,079.02 €	9.22%
	registration in progress (***)	1,169	0.80%	15,235,586.91 €	1.02%
	not registered	2,652	1.81%	29,127,254.00 €	1.94%
<b>Sub Total</b>		<b>16,986</b>	<b>11.60%</b>	<b>182,695,919.93 €</b>	<b>12.18%</b>
No Guarantor	registered (**)	43,897	29.97%	463,791,576.48 €	30.92%
	registration in progress (***)	4,106	2.80%	53,329,237.86 €	3.56%
	not registered	81,485	55.63%	800,184,031.45 €	53.35%
<b>Sub T total</b>		<b>129,488</b>	<b>88.40%</b>	<b>1,317,304,845.79 €</b>	<b>87.82%</b>
<b>Total</b>		<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

This chart divides Loans into two categories, those which have a third party guarantor and those which have not guarantor. Furthermore, inside both categories, it explains the status of such Loans with regards to the reservation of title (registered, not registered or in process).

(\*) It refers to a personal guarantee (*garantía personal*) given by a third party.

(\*\*) Registered with the Chattels Register and, consequently, with the Vehicles Register of the Traffic General Direction.

(\*\*\*) The approximate term for the procedure of inscription of the reservation of title with the Chattels Register is estimated in around 1 month.



18. Geographical distribution of the Borrowers (*Distribución geográfica de los Deudores*)

Autonomous Communities	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
GALICIA	8,687	5.93%	94,093,267.23 €	6.27%
ASTURIAS	2,129	1.45%	21,379,946.87 €	1.43%
CANTABRIA	1,912	1.31%	19,778,181.89 €	1.32%
LA RIOJA	621	0.42%	5,796,408.15 €	0.39%
CASTILLA LEON	5,884	4.02%	58,779,131.54 €	3.92%
C. MADRID	21,240	14.50%	196,432,201.17 €	13.10%
PAIS VASCO	6,786	4.63%	66,245,376.82 €	4.42%
C.NAVARRA	1,520	1.04%	14,604,422.74 €	0.97%
CATALUÑA	29,591	20.20%	306,190,129.13 €	20.41%
ARAGÓN	3,950	2.70%	41,596,173.29 €	2.77%
C. VALENCIANA	15,769	10.77%	161,155,018.67 €	10.74%
CASTILLA LA MANCHA	6,201	4.23%	61,485,873.25 €	4.10%
EXTREMADURA	2,193	1.50%	21,858,938.66 €	1.46%
ANDALUCIA	25,280	17.26%	266,689,282.21 €	17.78%
ISLAS BALEARES	3,610	2.46%	36,472,164.01 €	2.43%
MURCIA	4,352	2.97%	49,383,065.79 €	3.29%
ISLAS CANARIAS	6,532	4.46%	75,268,738.70 €	5.02%
CEUTA	122	0.08%	1,677,608.72 €	0.11%
MELILLA	95	0.06%	1,114,836.88 €	0.07%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

**19. Borrower concentration -20 main Borrowers- (Concentración por deudor -20 deudores principales-)**

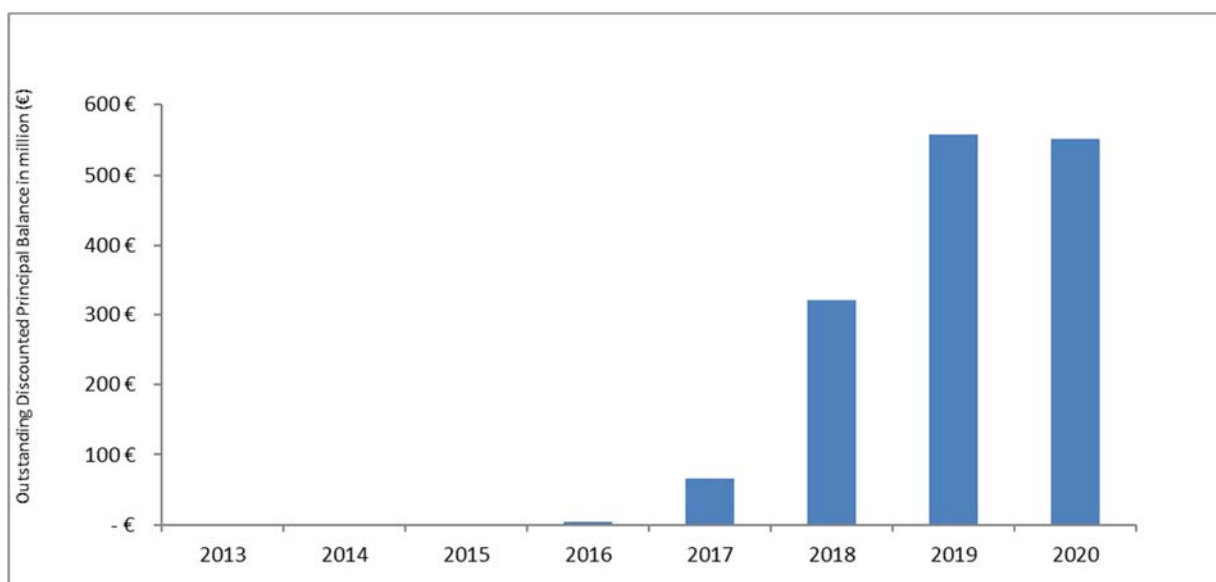
Ranking	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
1	2	0.0014%	115,941.11 €	0.0077%
2	1	0.0007%	108,482.50 €	0.0072%
3	1	0.0007%	95,299.63 €	0.0064%
4	1	0.0007%	89,144.96 €	0.0059%
5	3	0.0020%	77,420.88 €	0.0052%
6	5	0.0034%	74,410.27 €	0.0050%
7	3	0.0020%	73,345.02 €	0.0049%
8	3	0.0020%	70,677.22 €	0.0047%
9	2	0.0014%	70,567.35 €	0.0047%
10	1	0.0007%	69,966.49 €	0.0047%
<b>Subtotal 10 main borrowers</b>	<b>22</b>	<b>0.0150%</b>	<b>845,255.43 €</b>	<b>0.0564%</b>
11	2	0.0014%	69,717.12 €	0.0046%
12	2	0.0014%	66,451.74 €	0.0044%
13	1	0.0007%	60,000.24 €	0.0040%
14	5	0.0034%	58,599.23 €	0.0039%
15	2	0.0014%	58,121.87 €	0.0039%
16	1	0.0007%	56,880.57 €	0.0038%
17	3	0.0020%	56,658.57 €	0.0038%
18	3	0.0020%	54,924.09 €	0.0037%
19	2	0.0014%	54,710.51 €	0.0036%
20	1	0.0007%	53,599.50 €	0.0036%
<b>Total 20 main borrowers</b>	<b>44</b>	<b>0.0301%</b>	<b>1,434,918.87 €</b>	<b>0.0957%</b>
>20	146,430	99.9699%	1,498,565,847	99.9043%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

The calculation of borrower exposure is based on the first titular/customer per contract exclusively.

It is noted that the preceding table has been prepared by grouping, if applicable, the existing borrower groups. For the consideration of group, the definitions contained under article 5 of the Spanish Securities Act have been followed.

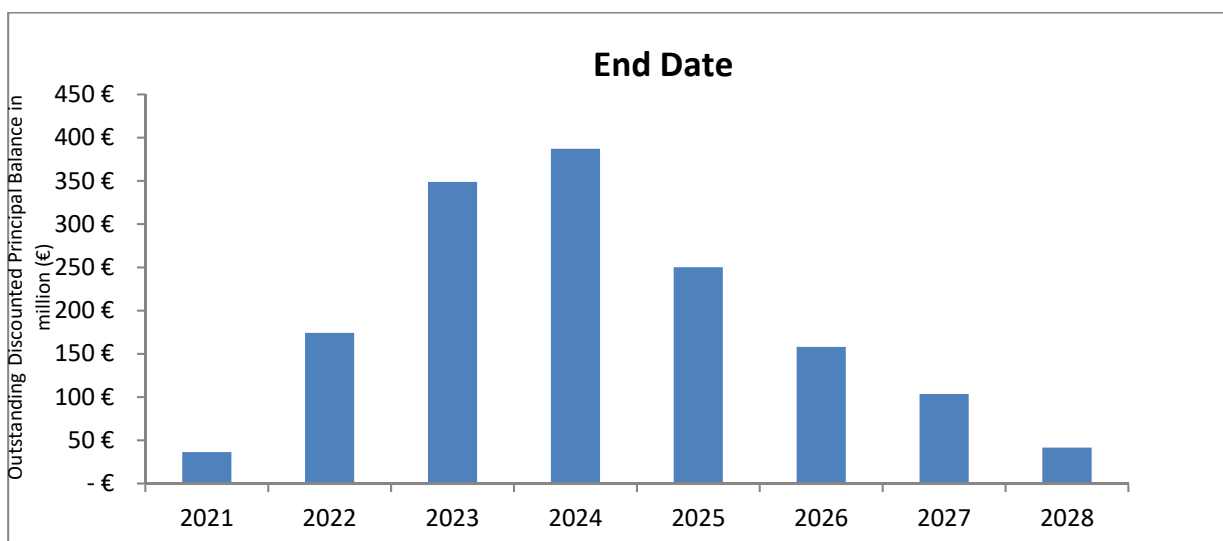
20. Contract start date (*Año de formalización del contrato*)

Origination Date	Number of Loans	Percentage of loans %	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
2013	2	0.00%	4,641.03 €	0.00%
2014	8	0.01%	18,347.66 €	0.00%
2015	111	0.08%	540,103.66 €	0.04%
2016	794	0.54%	3,916,443.51 €	0.26%
2017	11,683	7.98%	65,713,655.74 €	4.38%
2018	43,236	29.52%	321,834,124.62 €	21.46%
2019	49,922	34.08%	557,247,278.23 €	37.15%
2020	40,718	27.80%	550,726,171.27 €	36.72%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>



21. Contract end date (Año de vencimiento)

Maturity Date	Number of contracts	Porcentaje de contratos %	Outstanding Discounted Principal Balance (€)	Porcentaje del Balance (%)
2021	12,733	8.69%	36,427,481.79 €	2.43%
2022	29,099	19.87%	174,362,990.44 €	11.62%
2023	37,879	25.86%	348,785,752.36 €	23.25%
2024	32,630	22.28%	387,088,391.66 €	25.81%
2025	17,286	11.80%	250,206,412.87 €	16.68%
2026	9,357	6.39%	157,938,088.70 €	10.53%
2027	5,482	3.74%	103,562,039.75 €	6.90%
2028	2,008	1.37%	41,629,608.15 €	2.78%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

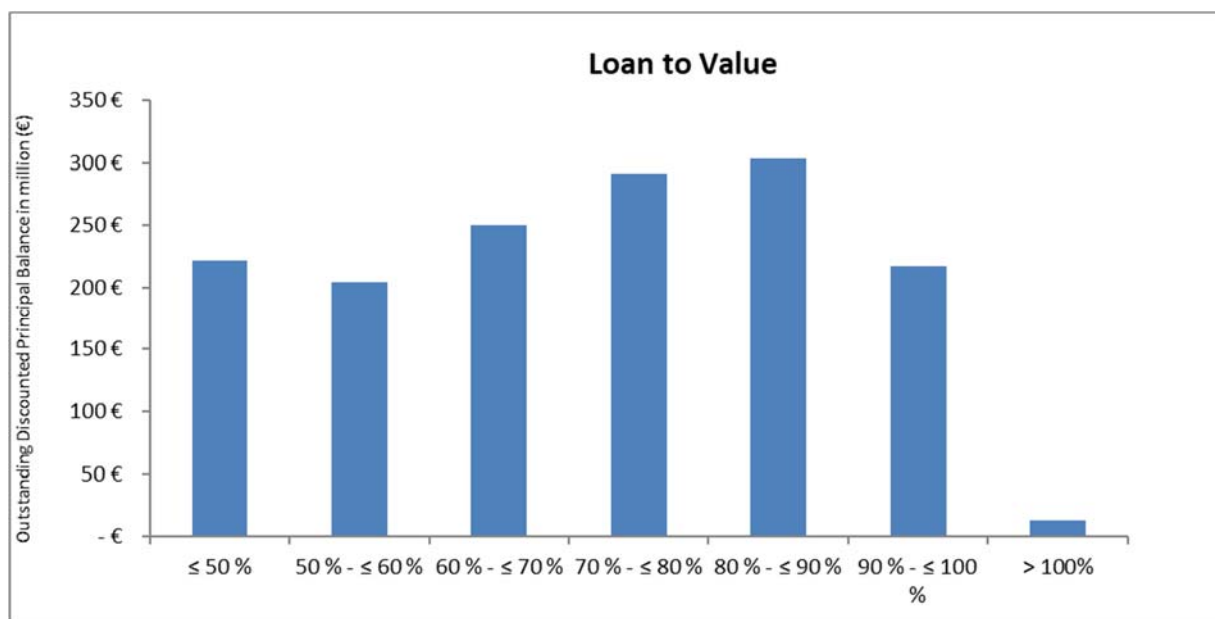


**22. Loan to value in ranges (Ratio del importe del Préstamo / valor del vehículo)**

Loan to value	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
≤ 50 %	28,415	19.40%	221,862,790.56 €	14.79%
50 % - ≤ 60 %	22,843	15.60%	204,001,677.71 €	13.60%
60 % - ≤ 70 %	25,604	17.48%	249,732,729.24 €	16.65%
70 % - ≤ 80 %	27,350	18.67%	291,235,299.48 €	19.42%
80 % - ≤ 90 %	25,301	17.27%	303,062,430.52 €	20.20%
90 % - ≤ 100 %	16,147	11.02%	217,512,550.19 €	14.50%
> 100%	814	0.56%	12,593,288.02 €	0.84%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

The concept “loan amount” refers to the initial amount of the same. The concept “vehicle value” refers to the public sale price of the vehicle, including taxes (V.A.T. and Registration Tax) as of the date of its purchase. The formula for calculating the ratio loan to value is the following: (loan amount/vehicle value)\*100.

For clarification purposes, there are Loans with a Loan to value ratio above 100% because the insurance policies to be assigned to the Fund are paid at the beginning of the life of the Loan and, accordingly, are part of the Loan. The same occurs with registry fees. Therefore the amount of the loan may be higher than the value of the vehicle being financed.



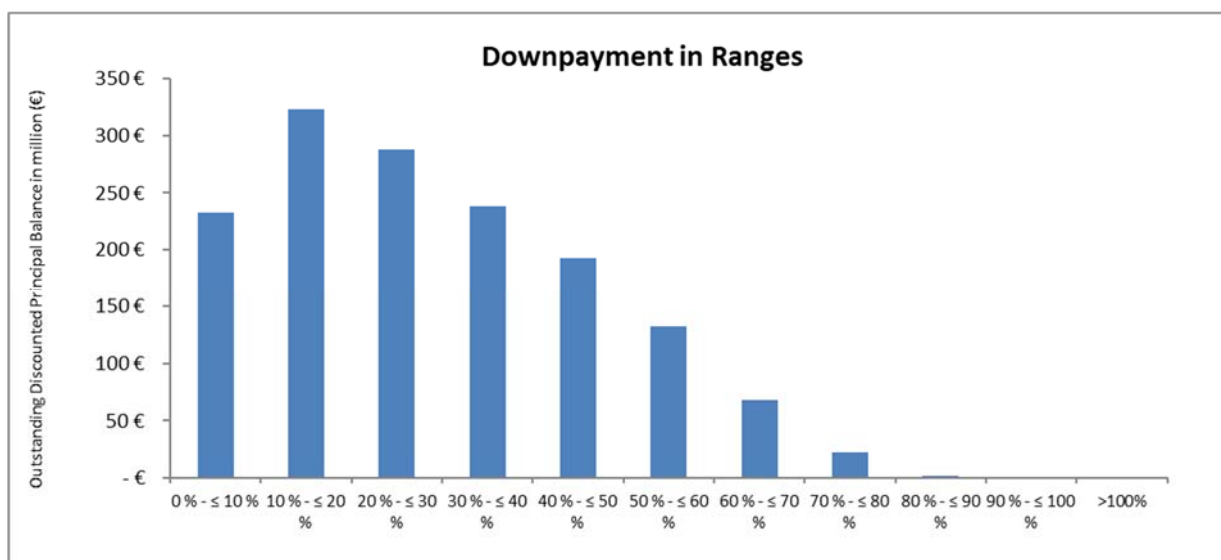


**23. Downpayment / Vehicle Value in Ranges (Ratio entrada inicial / valor del vehículo)**

Down Payment/Vehicle Purchase Price	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
0 % - ≤ 10 %	18,100	12.36%	232,514,644.97 €	15.50%
10 % - ≤ 20 %	26,879	18.35%	322,814,592.71 €	21.52%
20 % - ≤ 30 %	26,737	18.25%	287,838,300.38 €	19.19%
30 % - ≤ 40 %	24,346	16.62%	238,572,711.63 €	15.90%
40 % - ≤ 50 %	21,673	14.80%	193,085,405.62 €	12.87%
50 % - ≤ 60 %	15,996	10.92%	132,534,956.93 €	8.84%
60 % - ≤ 70 %	9,203	6.28%	67,803,251.27 €	4.52%
70 % - ≤ 80 %	3,240	2.21%	22,796,701.91 €	1.52%
80 % - ≤ 90 %	288	0.20%	1,921,547.99 €	0.13%
90 % - ≤ 100 %	12	0.01%	118,652.31 €	0.01%
>100%	0	0.00%	- €	0.00%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

The concept "downpayment" refers to the amount paid by the customer to reduce the initial loan amount. The concept "vehicle value" refers to the public sale price of the vehicle, including taxes (V.A.T. and Registration Tax). The formula for calculating the ratio downpayment/vehicle value is the following: (downpayment/vehicle value)\*100.

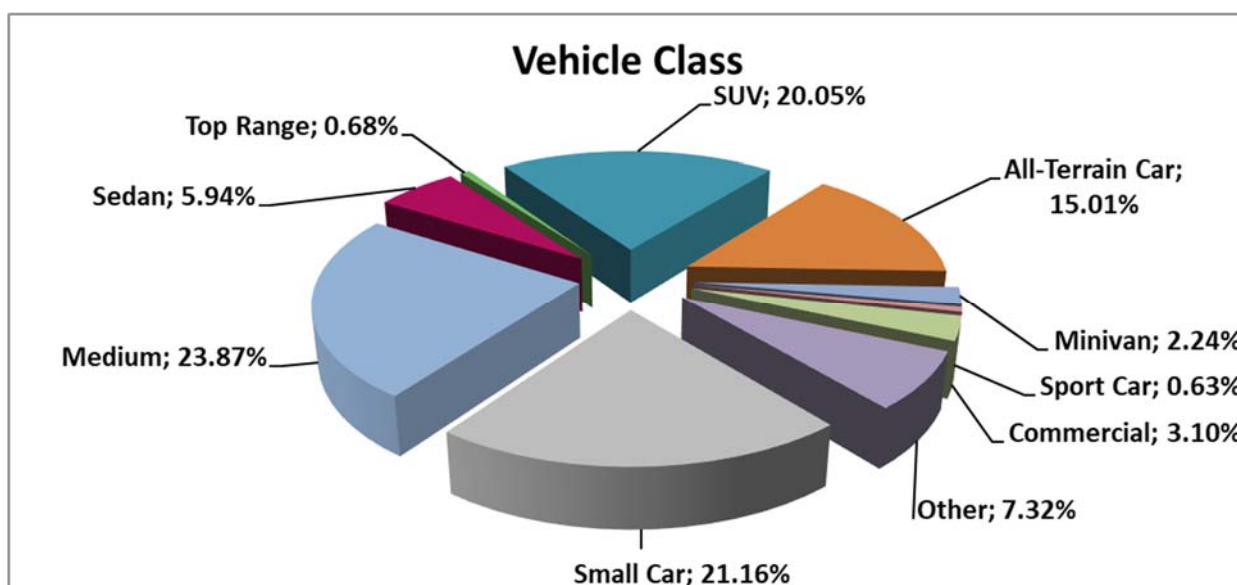
For the avoidance of doubt, the financing may cover the entire price of the purchase. Therefore, the vehicle may be purchased without making any downpayment whatsoever. Consequently, there may be loans with or without a downpayment.



24. Vehicle Class (*Tipo de vehículo*)

Segment	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Small Car	30,988	21.16%	263,221,977.42 €	17.55%
Medium	34,959	23.87%	350,082,784.02 €	23.34%
Sedan	8,695	5.94%	91,442,866.20 €	6.10%
Top Range	1,003	0.68%	12,491,046.58 €	0.83%
SUV	29,374	20.05%	314,384,990.87 €	20.96%
All-Terrain Car	21,982	15.01%	244,221,827.08 €	16.28%
Minivan	3,279	2.24%	31,196,283.06 €	2.08%
Sport Car	927	0.63%	9,484,061.77 €	0.63%
Commercial	4,541	3.10%	59,549,869.92 €	3.97%
Other	10,726	7.32%	123,925,058.80 €	8.26%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

(\*) The segment "Other" includes the sum of the vehicles classified as "OTHER VW", "OTHER AUDI", "OTHER SEAT", "OTHER SKODA and "OTHER" (for non VW Group vehicles) referred to in Chart 16 above, and correspond to vehicles that cannot be included in the specific segments of this Chart.



## 25. Insurances (Seguros)

Loans (*)	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
With insurance	137,238	93.70%	1,396,081,943.82 €	93.07%
Without insurance	9,236	6.31%	103,918,821.90 €	6.93%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Number of insurances (*)	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
3 types of insurance	48,335	33.00%	494,838,308.74 €	32.99%
2 types of insurance	60,038	40.99%	605,836,212.09 €	40.39%
1 type of insurance	28,865	19.71%	295,407,422.99 €	19.69%
no insurance	9,236	6.31%	103,918,821.90 €	6.93%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Insurance Policies to Ensure Payment	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
Formalized	116,901	79.81%	1,188,129,368.95 €	79.21%
Not Formalized	29,573	20.19%	311,871,396.77 €	20.79%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Insurance Policies for Total Loss	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
Formalized	0	0.00%	0.00 €	0.00%
Not Formalized	146,474	100.00%	1,500,000,765.72 €	100.00%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Damage insurance	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
Formalized	86,255	58.89%	871,361,658.06 €	58.09%
Not Formalized	60,219	41.11%	628,639,107.66 €	41.91%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Driver License Insurance Policies	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
Formalized	90,790	61.98%	932,103,746.38 €	62.14%
Not Formalized	55,684	38.02%	567,897,019.34 €	37.86%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

Motor car insurance (***)	Number of Loans	Number of Loans (%)	Outstanding Discounted Principal Balance (€)	Outstanding Discounted Principal Balance (%)
Formalized	16,435	11.22%	218,074,610.08 €	14.54%
Not Formalized	130,039	88.78%	1,281,926,155.64 €	85.46%
<b>Total</b>	<b>146,474</b>	<b>100.00%</b>	<b>1,500,000,765.72 €</b>	<b>100.00%</b>

(\*) This chart does not include the Motor Car Insurance Policies (Pólizas de Seguro de Automóvil Obligatorio).

(\*\*) This chart only includes the supplementary insurances (i.e. Insurance Policy for Payment Protection, Insurance Policy for Total Loss, Damage Insurance Policy and Privation of Driving License Insurance Policy), but it does not include the Motor Car Insurance Policy (Pólizas de Seguro de Automóvil Obligatorio). There are no loans with more than 3 supplementary insurances.

(\*\*\*) This chart exclusively refers to Motor Car Insurance Policies (Pólizas de Seguro de Automóvil Obligatorio) that have been formalised with the intervention of the VW Bank Spanish Branch as broker (mediador). Therefore, the data in the row "Not Formalized" do not entail that said policy has not been entered into but only that the same has not been formalized with VW Bank Spanish Branch (as broker).

The rights and indemnifications corresponding to the Seller by virtue of the insurance policies subscribed in relation to the vehicles (i.e., insurance policies for payment protection (pólizas de seguro de protección de pago), insurance policies for total loss (pólizas de seguro de pérdida total), motor car insurance policies (pólizas de seguro de automóvil obligatorio), privation of driving license insurance policies (pólizas de seguro de retirada de carnet de conducir) and the damage insurance policies (póliza de seguro por daños)) will be transferred to the Fund together with the Loan Receivables. Notwithstanding the above, the Motor Car Insurance (Seguro de Automóvil Obligatorio) is stripped from the Loan instalment. Therefore, in relation to the Motor Car Insurance Policy (Póliza de Seguro de Automóvil Obligatorio), only the Loan instalment shall be transferred to the Fund, but not the insurance premium (prima del seguro). As a result of this, the insurance premium (prima del seguro) does not affect the securitization since the potential breach of payment of the insurance premium (prima del seguro) has no effect in the repayment of the Loan. A detailed description of the Motor Car Insurance Policy (Póliza de Seguro de Automóvil Obligatorio) is provided for in section 2.2.10(iii) of the Additional Building Block.

26. Brand and type of credit (*Distribución por marca y tipo de crédito*)

Classic Credit or Auto Credit	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Classic Credit	14,676	69.50%	182,539,692.09 €	78.66%
Auto Credit	6,440	30.50%	49,509,208.54 €	21.34%
<b>Total</b>	<b>21,116</b>	<b>100.00%</b>	<b>232,048,900.63 €</b>	<b>100.00%</b>

**SEAT**

Classic Credit or Auto Credit	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Classic Credit	56,818	91.14%	577,915,500.37 €	92.67%
Auto Credit	5,525	8.86%	45,681,907.70 €	7.33%
<b>Total</b>	<b>62,343</b>	<b>100.00%</b>	<b>623,597,408.07 €</b>	<b>100.00%</b>

**SKODA**

Classic Credit or Auto Credit	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Classic Credit	14,509	90.29%	157,627,707.96 €	93.55%
Auto Credit	1,560	9.71%	10,859,286.81 €	6.45%
<b>Total</b>	<b>16,069</b>	<b>100.00%</b>	<b>168,486,994.77 €</b>	<b>100.00%</b>

**VW**

Classic Credit or Auto Credit	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Classic Credit	34,458	73.61%	372,845,139.37 €	78.58%
Auto Credit	12,351	26.39%	101,623,748.22 €	21.42%
<b>Total</b>	<b>46,809</b>	<b>100.00%</b>	<b>474,468,887.59 €</b>	<b>100.00%</b>

**OTHER**

Classic Credit or Auto Credit	Number of Loans	Percentage of Loans (%)	Outstanding Discounted Principal Balance (€)	Percentage of Balance (%)
Classic Credit	137	100.00%	1,398,574.66 €	100.00%
Auto Credit	0	0.00%	0.00 €	0.00%
<b>Total</b>	<b>137</b>	<b>100.00%</b>	<b>1,398,574.66 €</b>	<b>100.00%</b>

#### 2.2.2.2 Additional Receivables

The Management Company, acting for and on behalf of the Fund and the Seller have agreed, subject to the satisfaction of the conditions precedent listed in section 2.2.2.2 of this Additional Building Block, to sell, transfer and assign Additional Receivables and the related Ancillary Rights on each applicable Additional Purchase Date during the Revolving Period.

##### 2.2.2.2.1 Revolving Period

During the Revolving Period, the Seller has the right to sell and transfer at its option at each Additional Purchase Date the Additional Receivables.

On each Additional Purchase Date during the Revolving Period, amounts deposited in the Accumulation Account may be used by the Issuer to purchase Additional Receivables if and to the extent offered by the Seller subject to the fulfilment of certain conditions. However, following the occurrence of a Revolving Period Termination Event, the Revolving Period will terminate and no Additional Receivables may be sold by the Seller to the Issuer after such date. Amounts deposited in the Accumulation Account will then be distributed in accordance with the terms of the Order of Priority.

The Seller will not select Additional Receivables to be transferred to the Issuer with the aim of rendering losses on the Additional Receivables higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

##### 2.2.2.2.2 Procedure for acquiring Additional Receivables

###### Additional Purchase Dates

On each Additional Purchase Date during the Revolving Period and subject to the satisfaction of the Conditions Precedent to the Purchase of Additional Receivables, the Issuer, represented by the Management Company, shall purchase from the Seller Additional Receivables deriving from Loan Agreements.

**"Additional Purchase Date"** means any Payment Date during the Revolving Period, on which the Seller may sell, transfer and assign Additional Receivables to the Issuer. The assignment of the Additional Receivables shall take place on the date coinciding with the Additional Purchase Date, but effective from the relevant Additional Cut-off Date. The Fund shall thus be assigned the Additional Receivables which arise from the day following the relevant Additional Cut-off Date.

###### Purchase of Additional Receivables

###### Conditions Precedent to the Purchase of Additional Receivables

The Issuer may purchase Additional Receivables from the Seller. The Additional Receivables will be randomly selected by the Seller from existing loan receivables held by the Seller as at the Date of Incorporation and/or from loan receivables originated by the Seller after the Date of Incorporation. The Management Company, for and on behalf of the Issuer, has agreed to purchase from the Seller the Additional Receivables pursuant to the terms and conditions set forth below (the **"Conditions Precedent to the Purchase of Additional Receivables"**).

The Conditions Precedent to the Purchase of Additional Receivables on the applicable Additional Purchase Date are the following:

- a) the Additional Purchase Date is within the Revolving Period and no Revolving Period Termination Event has occurred prior to or will occur on the relevant Additional Purchase Date;

- b) the Seller has validly made a Purchase Offer of Additional Receivables to the Management Company;
- c) the selected Additional Receivables comply with the Eligibility Criteria by reference to the relevant Additional Cut-off Date;
- d) the representations and warranties made, and the undertakings given by the Seller remain true and accurate in all material respects on the relevant Additional Purchase Date (for the avoidance of doubt, other than with regards to the Receivables); and
- e) the Seller has not breached its obligations under section 2.2.9 of this Additional Building Block.

For the purposes of this Prospectus:

**"Eligibility Criteria"** means the representations and warranties that the Seller will make to the Fund and the Management Company in the Deed of Incorporation and the Assignment Policy established in sections 2.2.8(i)(b), 2.2.8(ii) and 2.2.8(iii) of the Additional Building Block.

#### Purchase Procedure of Additional Receivables

Prior to each Additional Purchase Date on which it is expected that new Additional Receivables will be purchased by the Issuer from the Seller in accordance with the Policy of Assignment, the purchase procedure of such new Additional Receivables shall be the following:

- a) Prior to 11 CET on the 3<sup>rd</sup> business day immediately preceding each Reporting Date during the Revolving Period (the "**Purchase Offer Date**"), the Management Company shall share with the Seller the estimated Accumulation Amount for the next Payment Date;
- b) On the Purchase Offer Date, the Seller may send to the Management Company a Purchase Offer for the transfer of Additional Receivables.
- c) Upon receipt of the Purchase Offer, the Management Company shall verify the satisfaction of the Conditions Precedent to the Purchase of Additional Receivables based on the information provided by the Seller only with respect to those criteria with quantitative parameters and shall inform the Seller of its acceptance or, as the case may be, its refusal (subject to appropriate motivation) to purchase the Additional Receivables stated in the Purchase Offer of new Additional Receivables.
- d) In case of acceptance of the Purchase Offer, the Management Company shall send to the Seller the Purchase Offer duly countersigned as acceptance (the "**Purchase Acceptance Notice**") on the business day immediately preceding the Reporting Date (the "**Purchase Acceptance Date**").
- e) The Additional Receivables Purchase Price on the corresponding Additional Purchase Date shall not exceed the Accumulation Amount. As indicated below in this section, the Additional Receivables Purchase Price will be calculated on any Additional Purchase Date by reference to the present value on the relevant Cut-off Date of the Additional Receivables to be purchased by using the Discount Rate and then multiplied it by one (1) minus 4.25%.

- f) Should any of the Receivables included in the Purchase Offer not comply with the Conditions Precedent to the Purchase of Additional Receivables, the Management Company will inform the Seller in the Purchase Acceptance Notice.
- g) The Management Company, acting for and on behalf of the Issuer, shall give the appropriate instructions to the Account Bank for the Additional Receivables Purchase Price to be debited from the Accumulation Account to be paid to the Seller on the relevant Payment Date in accordance with the Order of Priority. The Management Company shall ensure that the Additional Receivables Purchase Price shall be duly paid by the Issuer to the Seller on the relevant Payment Date in accordance with the Order of Priority.

For the purposes of this Prospectus:

**"Additional Discounted Receivables Balance"** means, on any Additional Purchase Date, the present value on the relevant Cut-off Date of the Additional Receivables to be purchased by the Fund on such Additional Purchase Date, calculated by using the Discount Rate

**"Additional Receivables Purchase Price"** means the purchase price in respect of the Purchased Additional Receivables which shall be equal to the Additional Discounted Receivables Balance multiplied by one (1) minus the Replenished Loan Receivables Overcollateralisation Percentage.

**"Accumulation Amount"** means, on any Payment Date during the Revolving Period, an amount no less than zero equal to the lesser of (a) the Cash Component and (b) the Available Redemption Collections.

**"Available Redemption Collections"** means and amount equal to the Available Distribution Amount less any amounts due and payable on the relevant Payment Date under items first through four of the Order of Priority.

**"Cash Component"** shall be equal to the Aggregate Discounted Receivables Balance Increase Amount multiplied by one minus the Replenished Loan Receivables Overcollateralisation Percentage.

**"Replenished Loan Receivables Overcollateralisation Percentage"** means 4.25%.

#### Purchase Offer of Additional Receivables

The Seller shall send to the Management Company the electronic files, in the format and with the content agreed as per the Assignment Policy, with account by account information related to the Additional Receivables. The Seller shall indicate in each purchase offer of Additional Receivables (i) the number of the selected Receivables, (ii) the Discounted Receivables Balance of the selected Additional Receivables, and (iii) the Additional Receivables Purchase Price (the "**Purchase Offer**").

#### Purchase Acceptance of Additional Receivables

Upon receipt of a valid Purchase Offer made by the Seller according to the above-mentioned Purchase Procedure of Additional Receivables, the Management Company shall verify the satisfaction of the Conditions Precedent to the Purchase of Additional Receivables based on the information provided by the Seller only with respect to those criteria with quantitative parameters. The Management Company shall be obliged to refuse any Purchase Offer made by the Seller if the Conditions Precedent to the Purchase of Additional Receivables will not be, in the opinion of the Management Company and based on the information provided by the Seller, fully satisfied on the relevant Additional Purchase Date. If the Conditions Precedent to the Purchase of Additional Receivables will be satisfied on the relevant Additional Purchase Date, the Management Company shall accept any Purchase Offer made by the Seller according to the abovementioned purchase procedure of Additional Receivables (subject to the existence



of enough Accumulation Amount) and shall inform the Seller by sending a Purchase Acceptance Notice on the relevant Purchase Acceptance Date. Once such Purchase Acceptance Notice has been received by the Seller, the Management Company shall be bound by the terms of such Purchase Acceptance Notice, the assignment of the selected Receivables listed in the relevant Purchase Offer will take place on the Additional Purchase Date but effective from the Additional Cut-off Date.

### 2.2.3 Legal nature of the assets to be securitised

The Loan Receivables are receivables subject to Spanish law. The sale and assignment of the Loan Receivables to the Fund is also subject to Spanish law, in particular to Articles 1526 *et seq.* of the Spanish Civil Code.

The Loan Receivables shall be directly assigned to the Fund by VW Bank Spanish Branch, and will be acquired by the Fund in the terms provided for in section 3.3 of this Additional Building Block. The terms governing the assignment of the Loan Receivables to the Fund are detailed in section 3.3.2.

### 2.2.4 Expiry or maturity date(s) of the assets

Each of the Loan Receivables has a final maturity date without prejudice of the periodic partial repayment instalments (the amortisation of the Loan Receivables is made on substantially equal monthly instalments, including principal and interest), in accordance with the specific terms applicable to each of them. For the purposes of this prospectus, those Loans which have up to the first four instalments (since the relevant Cut-off Date) lower than the rest of constant instalments shall also be deemed to have substantially equal monthly instalments. The number of Loans in the Initial Cut-off Portfolio in this situation are 114 which represents 0.08% of the Aggregate Initial Cut-off Date Discounted Receivables Balance. At any time during the life of the Loan Receivables, the Borrowers may prepay all or part of the outstanding capital, in which case the accrual of interest on the prepaid part will cease with effect from the date on which repayment occurs, and the prepayment fees that may exist will be transferred to the Fund, in accordance with section 3.3.2 of this Additional Building Block.

The Borrowers may also request (in relation to Classic Credit contracts) the novation of the Loan Receivables under and subject to Section 3.7.2 *debajo de*. This may result in an increase or a reduction of the relevant instalments.

In this respect, in any of the events of early termination or novation of the Loan Receivables in accordance with the above, it is stated that the existing difference of interest rate between, on one side, the Discount Rate and, on the other, the interest rate applicable to the prepaid (or novated) Loan agreement will be compensated, for the period elapsing between the date of prepayment and the date of ordinary amortisation initially foreseen in the relevant Loan agreement (or in the event of novation, for the period elapsing between the newly agreed amortisation dates and the amortisation dates initially provided in the relevant Loan agreement). Such compensation will be carried out either by means of a payment carried out by VW Bank Spanish Branch to the Fund, or by the Fund to VW Bank Spanish Branch, as may be applicable (the "**Interest Compensation Payment**").

According to the definition of the Collections of the Fund, the Interest Compensation Payment, when it must be charged to the Fund and credited to the Seller, shall be offset against the remaining Collections of the Fund.

The final maturity date of the Loan Receivables to be assigned to the Fund upon being established will not exceed 96 months from their origination date.

#### 2.2.5 Amount of the assets

The Fund shall be set up on the Date of Incorporation by means of the assignment of the Initial Receivables by VW Bank Spanish Branch to the Fund. The Aggregate Initial Cut-off Date Discounted Receivables Balance amounts to €1,500,000,765.72, which is the face value amount of the Notes Issue plus the amount of the Subordinated Loan plus the overcollateralisation amount.

#### 2.2.6 Ratio of nominal outstanding balance over valuation or level of overcollateralisation

In addition to the Subordinated Loan, there will be overcollateralisation, during the entire life of the Fund, for the amount that on any moment the Aggregate Discounted Receivables Balance exceeds the sum of the Nominal Amount of the Notes and the nominal amount of the Subordinated Loan. The initial overcollateralisation will amount to €52,500,000 on Closing Date.

#### 2.2.7 Credit and collection policy

As indicated above, some of the Loans to be transferred to the Fund have been originated by Volkswagen Finance, S.A. E.F.C. which was absorbed by the Seller with effects from 31 May 2019. The Loans were granted following the usual credit risk analysis and assessment procedures for such type of retail financing to natural persons and legal entities. The procedures currently in place at VW Bank Spanish Branch and followed for the granting of the Loans comprising the Initial Cut-off Portfolio are described below and these are the same that were in place for Volkswagen Finance, S.A. E.F.C. and, therefore, references to the procedures of the Seller are applicable to the procedures then in place by Volkswagen Finance, S.A. E.F.C.

VW Bank Spanish Branch specialises in providing financing at the point of sale. It operates through agreements with dealerships (mainly distributors) which then offer the final customer the financing for their products, even though the loan underwriting and risk assessment is performed by VW Bank Spanish Branch. The loan agreement is signed between VW Bank Spanish Branch and the customer. Agreements that VW Bank Spanish Branch agrees with dealerships (who are intermediaries) are annual agreements through which the objectives to be reached by the distributor as a dealership of VW Bank Spanish Branch are set, as well as commissions and rappels to which the dealership would be entitled to in case of reaching the targets set previously.

The members of its management body and the senior staff of Volkswagen Bank Spanish Branch have adequate knowledge and skills in originating and underwriting loan receivables, similar to the loan receivables included in the portfolio, gained through years of practice and continuing education. The members of the management body and Volkswagen Bank Spanish Branch's senior staff have been appropriately involved within the governance structure of the functions of originating and underwriting of the portfolio. Volkswagen Bank GmbH holds a permission granted by the German regulator *Bundesanstalt für Finanzdienstleistungsaufsicht* for the granting of loans and origination of loan receivables. Additionally, VW Bank has been securitising loan receivables actively since 2004 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 Volkswagen Bank GmbH have also professional experience in the securitisation of loan 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.

The commercial network of the Spanish Branch is national in scope and consists of 34 commercial managers, the main objective of which is to attract and manage business.

To improve management and customer service, VW Bank Spanish Branch has provided its managers with advanced management and administration tools which identify business opportunities and reduce administrative procedures.

### General operation

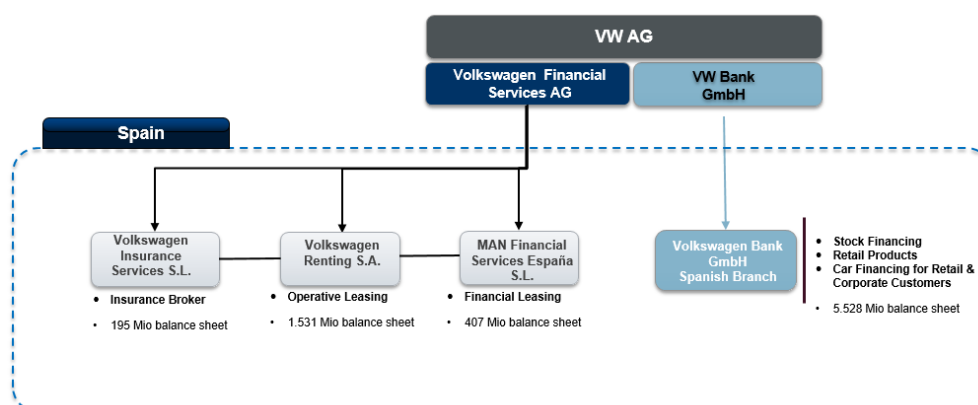
The general scheme of a collaboration agreement between VW Bank Spanish Branch and its dealerships includes the following steps:

- (a) Financing is offered to the customer through the dealership.
- (b) The financing agreement is signed between VW Bank Spanish Branch and the final customer. VW Bank Spanish Branch finances the purchase of the vehicle and assumes the financial risk of the transactions.
- (c) VW Bank Spanish Branch pays the amount for the purchase of the vehicle to the dealership.
- (d) The final customer returns the amount to VW Bank Spanish Branch using the form of payment stipulated in the corresponding loan agreement.
- (e) A financing operation must always include 4 steps:
  - (i) Filling out an application with the information on the financing transaction;
  - (ii) Signing the application / the agreement and attaching documentation;
  - (iii) Verifying the information; and
  - (iv) Paying for the operation.

### Principles of credit risk management

VW Bank Spanish Branch's general risk policy fits within the Volkswagen Bank GmbH Group's general risk policy. which is VW Bank Spanish Branch's reference, though VW Bank Spanish Branch's policy has specific corrections, necessary to meet its own requirements.

As of the date of this Prospectus, the position of VW Bank Spanish Branch within the group of Volkswagen AG (i.e. the parent company) is the following:



The risks are subject to monitoring and supervision processes at all times. These processes allow: knowledge of their quality, analysis of their development, establishment of specific points of difference which may be necessary in each case, and foreseeing undesired situations.

The basic principle of VW Bank Spanish Branch's credit risk management is the management of risk exposure for the life of the risk (on-going management of the risk), assigning precise responsibilities in the different phases: analysis, admission, monitoring, and, if credit quality worsens, intensive monitoring and recovery management.

This ensures that each risk exposure is being managed where and by whom it must be, that the staff involved in the different phases of the life of the risk effectively interact, and that each step of the process adds value.

This management dynamic is supplemented by the continued review and improvement of the policies, regulations, and methodologies employed, as well as of the procedures, decision-making circuits, and tools used in the study and supervision of risks.

One of VW Bank Spanish Branch's basic priorities is the development of tools and support systems in each phase of risk management. Accordingly, in the risk analysis and admission phases, credit rating models allow for more objective, streamlined, and effective decisions.

The credit risk management principles and policies are included in the Risk Management Regulations approved by the management bodies of Volkswagen Bank GmbH Group Risk Management.

#### **Acceptance of risk**

Acceptance of the risk for automobile finance operations for individuals proceeds, first, from the automatic reports produced by the systems. For those operations which the automatic systems label "UNDER STUDY", it proceeds from a manual analysis, depending on the amount, within the personal delegation schemes of VW Bank Spanish Branch.

Risk analysis is centralised in Operations Management, within Credit Management.

All operations which exceed the risk limit established for the Operations Management delegations, according to the delegation of powers scheme below, must be proposed to the entity's Credit Corporate for authorisation, with the recommendation of the person in charge of said area.

VW Bank Spanish Branch Risk Management develops automatic sanction models in keeping with the internal credit risk validation regulations designed by the Volkswagen Bank GmbH Group Risk Management.

#### **Delegation of responsibilities regarding risk**

The delegation of risk management is a necessary condition but insufficient to allow a person to decide, since any decision-making is based on a prior, professional analysis of operations and customers, in accordance with the risk management procedures applicable from time to time.

The quality of the risk is a non-negotiable priority which must be evaluated objectively and independently, making no concessions in the face of diverse pressures – environmental, sociological, goal-oriented, etc. – which those deciding on risks suffer.

Delegation is conferred on a person due to his/her expertise and qualifications and due to the need for him/her to have the delegation conferred so that he/she may carry out his/her mission. Since the delegation is conferred on a person and not a job position, the amount handled by the delegatee may vary when different persons take care of the same responsibility.

Contrasting decisions to be made with other persons is a necessary procedure, to achieve both enrichment and greater objectivity in the decision. This does not undermine the principle of personal responsibility, nor does it slow response time in dealings with customers.

Delegation of risk acceptance originates in the political bodies of the Volkswagen Bank GmbH Group Risk Management, is relayed from the chairman down the entire hierarchy, and is centralised in the Credit Area.

The amount delegated involves the maximum limits and risks which the delegate may have with a customer or a group of customers considered as a group. For these purposes, the concept of group is the one included in article 42 of the Spanish Commercial Code.

Delegation is always attributed in writing, in keeping with the model established by the internal regulations.

Operations which, due to their amount, type, deadline, etc., cannot be accommodated by the delegation must be referred to the next higher level after analysis.

VW Bank Spanish Branch's regulations on delegation of powers ("**Decision Regulations**") is included in its credit risk management regulations ("**Credit Risk Management Regulations**").

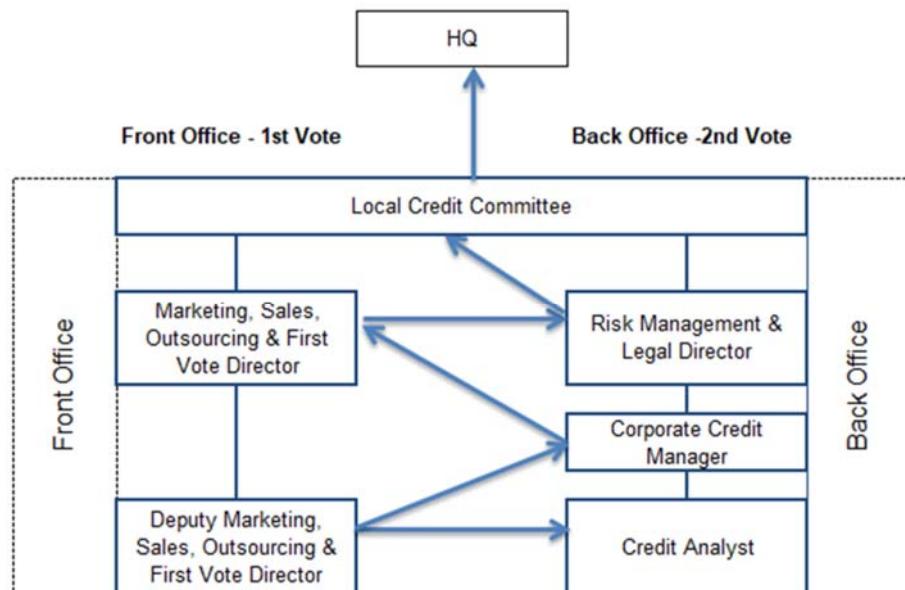
### Delegation levels

The Decision Regulations included in the Credit Risk Management Regulations establishes different levels of delegation, by amount, to decide on whether to accept the risks of final customers. In this way, the underwriting authorisation is established as follows:

#### VW Bank Spanish Branch:

- VW Bank Germany Marktfolge.
- Credit Committee: made up of the Risk Management & Legal Director, Local Branch Manager, Corporate Credit Manager, Marketing Sales and First Vote Director.
- Credit Corporate Assessment: made up of the Risk Management and Legal Director, Credit Corporate Manager and the Credit Corporate Analyst.
- Credit Retail Assessment: made up of the Marketing Sales and First Vote Director, Credit Retail Analyst + Responsible (Senior and Junior).

#### Delegation of powers scheme:



### **Analysis and approval process for automobile financing operations for individual buyers**

VW Bank Spanish Branch only receives applications from the dealerships forming part of the official networks of the brands, as indicated in chart 1 of section 2.2.2 of the Additional Building Block, of the Volkswagen Group in Spain. The financing of vehicles with brands classified as "Others" in said chart 1 can be provided by VW Bank Spanish Branch with respect to vehicles that are young-used (*semi-nuevos*) and are delivered by the Borrower to the relevant official dealer of Volkswagen Group when the Borrower acquires a new vehicle.

The application for financing reaches VW Bank Spanish Branch directly, with all the information provided electronically by the dealership. Once all the customer's information has been entered in the system, the system performs an automatic analysis and, depending on the results of such analysis the operations managers, and in accordance with the parameters established by Risk Management, will process the applications.

The above process leads to the result or final report, which may declare the application is authorised, denied, or under study:

- (a) if the report declares the application "under study" managers must study the application, in accordance with the scheme of personal delegations;
- (b) if the information obtained from the application, the rating report, and the credit references is insufficient to base an opinion on, the credit manager may request additional information from the applicant; and
- (c) once the operation is authorised, the process of putting it into effect continues, with the reception of the documentation established, the rigorous check that all the documented information coincides with that contained in the application, and, once verified, release of the payment to the dealership and settlement of the operation with the final customer.

If any information contained in the documentation does not match the information recorded in the system, a new report from the scoring must be issued before the process may continue.

The following is the minimum documentation required for study and approval of operations processed through the automatic decision-making system:

- (a) application/contract;
- (b) identification documents: National Identity Card (DNI)/Residency Permit/Immigrant Identity Card (NIE);
- (c) receipt for direct debit;
- (d) receipts for income: pay-slip, Personal Income Tax (IRPF) declaration, etc. (depending on the case); and
- (e) titles to property, if necessary: Municipal Real Estate Tax (IBI), latest receipt for payment of mortgage.

Contracts involving more than €40,000 and those for a lesser amount but flagged by the credit manager must be notarised.

## Rating Systems

The first step in the process is filling out the application. It is of vital importance that all sections of the applications be filled out. The omission of any may affect the final decision. The application for financing is sent to VW Bank Spanish Branch electronically.

The information on the application must be verified against the customer's National Identity Card (DNI) or Residency Permit (in order to avoid fraud). The dealership must verify the documentation, since VW Bank Spanish Branch only receives a photocopy.

Operations Management receives the application. If any indispensable information is missing, Operations Management contacts the dealership. The dealership then requests that the customer provide the necessary information. This new information is then entered in the system.

There are five rating models, based on VW Bank Spanish Branch's knowledge of the sector's behaviour and on VW Bank Spanish Branch's data base:

- (a) "Classic Credit" new vehicle financing model for individuals (*personas físicas*);
- (b) "Classic Credit" young-used vehicle financing model for legal entities (*personas jurídicas*);
- (c) "Classic Credit" used vehicle financing model;
- (d) "Auto Credit" credit financing model (including the subset Next "Auto Credit" credit financing model); and
- (e) leasing model not included in the securitisation transaction.

It is hereby recorded that on 31 October 2020, the "Auto Credit" and the "Classic Credit" financing models represented 18.48% and 81.52% respectively of the Seller's entire portfolio (not the Initial Cut-off Portfolio).

The financing through "Auto Credit" and "Classic Credit" loan agreements involves VW Bank Spanish Branch granting a loan to the purchaser to purchase the vehicle. The purchaser is then obliged to repay the borrowed amount in several payments, and VW Bank Spanish Branch secures the recovery of the borrowed amount through the reservation of title clause, as well as other guarantees which may be agreed.

As previously stated by the Seller, a portion of the Loan Receivables are derived from Loans executed before a Spanish notary public (public deed), while others are derived from Loans executed by private agreements. The execution of the loans before a Spanish notary is required for loans for €40,000 and upwards, without prejudice to the possibility of the execution of agreements below such amount before a Spanish notary when so decided by the credit analyst in charge, according to that established in this section.

VW Bank Spanish Branch executes its agreements by means of the model agreement provided by the National Association of Credit Financial Institutions ("**ASNEF**") and approved by the General Management of Registries and Notaries (resolution of 14 March 2017). These agreements may then be registered in the Chattels Registry. The main features of said model agreement, which are common to the "Classic Credit" and "Auto Credit" agreements, are the following:

- (a) Purpose: The purpose of the loan agreement is the granting of a loan for funding the acquisition of vehicles. The repayment of the loan is carried out by means of the payment of several instalments.

- (b) Interest rate: An annual fixed nominal interest rate accruing on a daily basis is agreed, plus late payment penalty interest of 2% with effect from the date following the expiration of the payment obligation of the relevant instalment. The late payment penalty interest is accrued on a daily basis without prior requirement. The unpaid interests at their due date are accumulated to, and increase the principal amount on a monthly basis themselves and accrue further interest.
- (c) Early termination: If the Borrower delays the payment of any two payments or the last of them, VW Bank Spanish Branch is entitled to terminate the loan agreement and require the payment of all outstanding debt comprising the unpaid debt with the relevant interest, the early overdue debt and all the above with the late payment penalty interest, repayment fees and other expenses agreed in the agreement.
- (d) Prohibition on sale: The Borrower is not allowed to transfer or encumber the financed vehicle until complete payment of the loan, without prior express consent of the financing entity, who is the owner of the financed vehicle until said complete payment.
- (e) Reservation of title clause: VW Bank Spanish Branch is the owner of the vehicle until complete repayment of the loan.
- (f) For the reservation of title clause or the prohibition on sale clause to be enforceable against third parties they must be registered with the Chattels Registry. The legal configuration of the reservation of title is further detailed in section 2.2 of this Additional Building Block.
- (g) Insurance policies: The purchaser of the vehicle is required to subscribe and maintain full insurance policies for the damages of the vehicle during the term of the loan agreement and any extensions. The first beneficiary of the said policy is VW Bank Spanish Branch.

In addition to the above and as a specific regulation of the "Auto Credit" loans (including the NEXT Auto Credit loans), said loans include a Borrower's faculty, as described below, to be exercised at the ending of the contract, and regarding the last instalment of the loan, which is configured as an instalment composed of principal and interest with an amount significantly higher than the previous instalments ("**Balloon Instalment**"), which, as set forth in section 3.3.2 below, shall not be assigned to the Fund. In this respect, the particularities of the "Auto Credit" loan agreements are the following:

- (a) Borrower options: at the end of the term of the loan agreement the Borrower may opt between the following alternatives:
  - (i) pay the Balloon Instalment. The Borrower in this event may, in turn, opt between: (i) pay the Balloon Instalment at the due date of the loan agreement; or (ii) request that VW Bank Spanish Branch finances the Balloon Instalment; or
  - (ii) deliver the vehicle to VW Bank Spanish Branch as payment of the Balloon Instalment (subject to certain conditions, regarding the use, state and mileage of the vehicle). The delivery is made on a sale commission basis and VW Bank Spanish Branch guarantees to the Borrower a minimum sale price of the vehicle equalling the Balloon Instalment. The Borrower waives any possible excess between the sale price and the minimum value guaranteed.
- (b) The loan agreement includes the above referred final options and the terms and conditions in the event of the return of the vehicle (as well as consequences of damage or excess of mileage of the vehicle).



- (c) All other terms and conditions of these loan agreements are part of the above referred ASNEF approved models.
- (d) NEXT Auto Credit loans is a subset of Auto Credit loans in which the Borrower (i) elects to pay an extra nominal amount as part of the monthly instalments; and (ii) this extra nominal amount is converted by VW Bank Spanish Branch into points that can then be converted into a cash equivalent sum and either be used to reduce the Balloon Instalment or used as a deposit for the purchase of another financed vehicle.

It is not possible for the Borrowers to set-off their accumulated "points" against any outstanding balance of their loans (other than with respect to the Balloon Instalment).

As further indicated in section 3.3.2 of the Additional Building Block, nominal instalments (other than the Balloon Instalment) of the NEXT Auto Credit Loans will be assigned to the Fund.

The "Classic Credit" loan agreements contain the same terms and conditions of the above referred ASNEF approved models.

These rating models have been developed and are periodically reviewed by VW Bank Spanish Branch's Risk Management area with the collaboration of Volkswagen Bank GmbH Group Risk Management and specialised external suppliers. The variables and weighting factor are adjusted depending on how the profiles of the portfolios develop. Company management must decide on implementation. VW Bank Spanish Branch's Risk Management Department is responsible for the subsequent calibration of the rating model.

The complete rating process consists of the following:

- (a) Decision-making algorithm by points: selection of the best borrower. This is a rating model by points, based on the applicant's socio-demographic information and the information on the operation. All parties, Borrowers, and guarantors involved are given points, and the best borrower is then chosen. For clarification purposes, the "best borrower" is the one that obtains the highest score based on the parameters described above;
- (b) Risk filters: The system evaluates the filters and issues an "under study" report if there are any. The analyst reviews the application using the parameters given and issues an "authorised" or "denied" report;
- (c) Validation and/or rules to override the automatic denial: The model is supplemented with a series of validation rules which may alter the report indicated above or downgrade the model recommendation; and
- (d) Final decision: Once the above phases have been completed, the final report may be: (a) "Authorised"; or (b) "Denied".

#### **Supervision and monitoring of credit risk**

VW Bank Spanish Branch's Risk Management area prepares the information on the development of the risk in all its phases in all the business units through the existing computer systems and submits all aspects it deems convenient for monitoring the risk to the relevant committees.

There are different types of reports, depending on how often they are prepared and on their content:

- (a) periodical reports, in which the development of the main aspects of the risk is analysed, distinguishing between the different portfolios and sub-portfolios through standardised

reports, outstanding among which are those on development in delay or default in payment, recoveries, etc.;

- (b) detailed reports, which are obtained in case of a warning situation regarding the development of a given segment or in order to improve the existing risk criteria, the purpose of which is to provide more information for decision-making; and
- (c) reports on the criteria for risk and for rating, development of the decision, and behaviour and stability of the models.

All the executive lines of the business, from the highest level to that closest to the customer, are committed and responsible for monitoring risk and for adopting the actions in response. Specialised units provide the information, the necessary technical analyses, and the regulations on action.

One of the main tools of credit risk monitoring is an early warning system which is triggered when a non-payment takes place on any instalment and is fed with the statistical information generated by the Recovery Management.

### **Delinquent loan recovery policy**

The recovery management is divided into three stages: call management stage, pre-litigation stage and court proceedings stage.

The call management stage is performed internally using as a main tool a powerful call centre system that runs continuously from 9:00 am to 06:00 pm.

Pre-litigation stage is outsourced in the first phase to three agencies specialised in recovery and it is internally managed too. The second phase is conducted internally by managers distributed throughout Spain. In addition there are two external agencies. Both are managed and coordinated by the head of pre-litigation and his team from the Service Provider's headquarters.

The court proceeding stage is conducted by the litigation manager by means of a team of in-house lawyers and 5 law firms supervised by this team.

Below are the terms and actions carried out in each of the stages:

CALENDAR DAY	ACTION
Day D	First default.
Day D + 1	If the loan agreement has no previous instalments unpaid or if it does have them but they were cancelled more than 60 days before, a second call for payment is produced automatically and a warning letter is automatically sent to the customer.
Day D + 1	Otherwise, the recovery operation begins: first phone contact and automatic dispatch of a letter to the customer requesting deposit of the amount into a bank account held by VW Bank Spanish Branch with other bank.
Day D + 7	Recovery management by phone, internal call centre, obtaining of promises to pay, and follow-up. For each non-payment, a letter requesting payment is automatically sent to the customer. If the payment is not made within 40 calendar days, the collection enters the pre-litigation or amicable procedure.
Day D + 47	Pre-litigation stage: Outsourced on-site collection management (by phone, letter, and visit). Contracts have been signed with two collection agencies from which on-site collection management is required: <ul style="list-style-type: none"> <li>• If collection is successful, payment and cancellation of the unpaid debt.</li> <li>• If not, internal on-site collection management begins.</li> </ul>

**Day D + 150**

Pre-litigation stage: Internal On-Site Collection Management: The case manager attempts to resolve the case through personal contact, agreements to pay, and, if the debt cannot be recovered, repossession of the vehicle is intended.

- If the debt is recovered, the file is regularised, as the debt is settled.
- If the debt is not recovered and the deadlines for collection expire, the loan is deemed terminated. If the customer is solvent, the file is brought before a court of law; if not, the case is given up as Write-off status (as defined below).

**Day D + 151**

Collection through Court Proceedings.

Internal collection through court proceedings: once a contract has been in default on at least 2 instalments it is reviewed by the Write-off Committee. Then, in-house lawyers make a last attempt to collect by phone and letter for a maximum of 10 days. In some of the most important regions of Spain, internal lawyers start abbreviated proceedings *-procesos monitorios-*, which they process until the judicial situation changes. At that moment they are passed to external lawyers.

External collection through court proceedings: The case is assigned to one of the 5 collaborating law firms for collection on two fronts: court proceedings and amicable negotiation. The company acts constantly seeking dynamic decisions and considering collection its priority, even once in court.

External collection is supervised and monitored by in-house counsel, with immediate consultations and bi-monthly reviews.

Each case can only be closed on full collection or when acknowledged as a Write-off. "Write-off" means any Loan: (i) which at any time is 48 months in default or longer from the first defaulted instalment; or (ii) which has been declared or classified as a write-off by the Seller, provided that such Loan has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.

Remuneration of law firms: the regulations on collaboration with law firms and court liaisons promote the attempt to have the borrower pay these fees. In all other cases, remuneration of lawyers depends on the rapid recovery of the debt. The expenses from the lawyers are billed in accordance with standardised fees and regardless of the amount.

Management of Write-offs: Once court proceedings have been exhausted, Write-offs are placed in the hands of agencies specialised in recovery, or, if applicable, they may be assigned to be managed in lots. This results in an economic return even in cases in which collection efforts have been exhausted.

Sale of recovered goods: Repossessed vehicles are sold through a special unit (Profit Centre) so as to obtain the best price as fast as possible to be applied to the debt. The company has a web site for the sale of such vehicles to professionals and private individuals.

The objective of the Recovery Area, in all its channels, is the recovery of all the amounts owed by the clients, although there is the possibility of a partial or total forgiveness of the expenses and/or default interests, even debt in certain cases with the prior authorization of the person in charge of the area, through the procedure described for this purpose.

Please note that actions described in the Credit and Collection Policy explained in this section may be impacted by the Covid-19 Moratoriums approved from time to time.

2.2.8 Indication of representations and warranties given to the Issuer in relation to the assets

(i) General representations and warranties

a) Regarding the Seller by reference to and in connection to the Date of Incorporation:

- (1) the Seller is duly incorporated as a private limited liability company (*Gesellschaft mit beschränkter Haftung*) and validly existing under the laws of Germany, and its Spanish Branch is duly registered within Bank of Spain's applicable Register;
  - (2) neither on the Date of Incorporation nor at any time since it was incorporated has the Seller been declared insolvent (*zahlungsunfähig*) (as defined in section 17 of the InsO, has been in negative equity (*überschuldet*) (as defined in section 19 InsO), nor is any insolvency imminent (*drohende Zahlungsunfähigkeit*) (as defined in section 18 InsO);
  - (3) the Seller has obtained all necessary authorisations, including those required of its corporate bodies and third parties, if any, affected by the assignment of the Loan Receivables to the Fund, to validly execute the Deed of Incorporation, the Assignment Policy, and any other agreements relating to the establishment of the Fund to which the Seller is a party to, as well as to fulfil its obligations thereunder; and
  - (4) the most recent financial statements of the Seller were prepared in accordance with international accounting standards or accounting principles generally accepted in Germany consistently applied.
  - (5) VW Bank has audited annual accounts for the last two available financial years which have been filed with relevant authority in accordance with German law. As of the date of this Prospectus, the Seller has unqualified audited annual accounts for years ended 31 December 2018 and 2019.
  - (6) that it has in place (i) effective systems to apply its standard loan criteria for granting the Loan Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Loan Receivables, in order to ensure that granting of the Loan Receivables is based on a thorough assessment of each Borrower's creditworthiness. Furthermore, the Seller warrants and guarantees that the assessment of each Borrower's creditworthiness (i) has been performed on the basis of sufficient information, where appropriate obtained from the Borrower and, where necessary, on the basis of a consultation of the relevant database, and (ii) is repeated before any significant increase in the total amount is granted after the conclusion of the loan, in combination with an update of the Borrower's financial information.
- b) Regarding the Loans and the Initial Receivables by reference to and in connection the Initial Cut-off Date:
- (1) the Loan Receivables arise from Loans granted to individuals resident in Spain or legal persons with their registered office in Spain to finance the purchase of vehicles, which have the characteristics and comply with the policy described in Section 2.2.7 above of the Additional Building Block of this Prospectus. The policy has been faithfully followed, is that normally used by the Seller in granting loans, and complies with the Spanish law;
  - (2) the Seller has full ownership of the Loan Receivables and its accessory rights, such as all guarantee rights (third party personal guarantees and reservations of title), and the benefits from any insurance policies as established in section 3.3.2(ii)(4) debajo de of the Additional Building Block. The Loan Receivables and the above referred accessory rights are not subject, neither in part nor in whole, to any right of assignment, pledge, guarantee, claim, compensation, or charge of any type;

- (3) the information given about the Loans in the Deed of Incorporation and the Assignment Policy correctly reflects their status on the date to which such information refers and that such information is correct, complete and not misleading. Any other additional information about the nature of the Seller's Loan portfolio given in this Prospectus or notified to the Management Company is correct, according to the information about the Loans included in the computer files or in the documentation of the Seller and is not misleading. Furthermore, any information about the Loans that might, in any way, have a bearing upon the financial or legal structure of the Fund has been reported to the Management Company;
- (4) the Loans have been granted in accordance with the Credit and Collection Policy (as described under section 2.2.7 of the Additional Building Block), which also applies to loans which will not be securitised;
- (5) all the Loans and the Loan Receivables have been and are being serviced by the Seller (as Service Provider), from the time of their granting or subrogation in favour of the Seller as consequence of the merger of Volkswagen Finance S.A., E.F.C. into the Seller, in accordance with the procedures normally used by the latter in servicing loans and in accordance with the Credit and Collection Policy;
- (6) all the Loans are denominated in Euros, are payable exclusively in Euros and do not include any clause that allows for deferral of the periodic payment of interest or principal;
- (7) the interest rate applicable to each Loan agreement is fixed;
- (8) a portion of the Loan Receivables derives from Loans executed by a Spanish Notary, whereas others are formalised in a private document;
- (9) all the contracts and policies whereby the Loans (from which the Loan Receivables are derived) have been formalised, have been duly placed at the disposal of the Management Company at the address of the Seller. All the Loan Receivables are clearly identified in electronic medium and by the relevant contracts or policies, and they are analysed and followed up by the Seller;
- (10) the Seller has access to all the insurance documents related to the Loan Receivables which have been insured through a payment protection policy;
- (11) the Seller is not aware of any lawsuits in connection with the Loan Receivables which may prejudice the validity thereof or may result in the application of Article 1,535 of the Spanish Civil Code;
- (12) according to the Seller's records, the Loan Receivables are capable of being assigned and that the Loans do not contain any provisions preventing them from being assigned or, if they are not capable of being transferred freely without the consent of the Borrower, such consent has been obtained;
- (13) according to the Seller's records, the Loans require substantially equal of monthly interest and principal instalments. The payment obligations of the Loans Receivables are carried out by means of direct debit. Subject to the foregoing, the amortisation system of the monthly instalments is the French method, except for the "Auto Credit" financing models, which include Balloon Instalments that, as indicated, are not assigned to the Fund;

- (14) the Seller has not received any notice of early repayment, neither in part nor in full, of the Loan Receivables; and
- (15) the Loans granted to Borrowers designated as "not employed" are otherwise eligible for sale by reason of the existence of either: (a) at least one co-borrower (occupied, or with a regular income); (b) a personal guarantee granted by a third party; or (c) due to a source of regular income.

(ii) Specific representations and warranties regarding the Initial Receivables

That, according to VW Bank Spanish Branch's records on the Initial Cut-off Date and on the Date of Incorporation:

- (1) the Loans constitute legally valid, binding and enforceable agreements;
- (2) the Loan Receivable are up-to-date in payments (i.e. there are no outstanding amounts due under such Loan Receivables);
- (3) the status and enforceability of the Loan Receivables is not impaired due to warranty claims or any other rights of the Borrower;
- (4) as far as it is aware, none of the Borrowers holds any credit right against the Seller which would give them the right to claim compensation and thus negatively affect the rights conferred by the Loan Receivables. Therefore, the Loan Receivables are free of claims for compensation against the Seller by the Borrowers, whether pre-emptory or otherwise, on the relevant Cut-off Date, as well as free of rights of third parties;
- (5) no Borrower maintains deposits on accounts with VW Bank Spanish Branch;
- (6) none of the Borrowers is an Affiliate of Volkswagen AG;
- (7) none of the Borrowers is an employee of the Seller;
- (8) none of the Loans is a Terminated Loan or a Write-off;
- (9) the Loans have been entered into exclusively with Borrowers which, if they are corporate entities, have their registered office in Spain or, if they are individuals, have their place of residence in Spain;
- (10) on the relevant Cut-off Date at least 2 instalments have been paid in respect of each of the Loan Receivables and that the Loan Receivables foresee the payment of up to 96 monthly instalments from the date of origination of the Loan;
- (11) each of the Loan Receivables has at least 3 monthly instalments remaining until maturity and no more than 94 monthly instalments from the relevant Cut-off Date;
- (12) each of the Loan Receivables has an interest rate equal to or lower than 15%;
- (13) none of the Loans was entered into to finance more than one car;
- (14) the Loans which are subject to the provisions of Spanish law on consumer financing comply in all material respects with the requirements of such provisions;

- (15) no insolvency proceedings has been initiated against any of the Borrowers during the term of the Loans up to the relevant Cut-off Date;
  - (16) the Loans under which the relevant Loan Receivables arises provides for reservation of title (*reserva de dominio*) of the financed vehicles and that VW Bank Spanish Branch has the right to demand registration of the reservation of title (*reserva de dominio*) in the Chattels Register (*Registro de Bienes Muebles*);
  - (17) the Loan Receivables are governed under the Spanish laws;
  - (18) none of the Loans has been formalised as a financial lease agreement;
  - (19) all of the Loans have been fully drawn by the corresponding Borrower; and
  - (20) the Loans are not the result of rent a car operations (i.e., loans aimed at the acquisition of vehicles by vehicle rental companies).
- (iii) Concentration limits of the portfolio

On the Initial Cut-off Date:

- (1) Discounted Receivables Balance of Loan Receivables corresponding to used cars shall not exceed 30% of the Aggregate Discounted Receivable Balance.
- (2) Discounted Receivables Balance of Loan Receivables corresponding to Auto Credit contracts shall not exceed 25% of the Aggregate Discounted Receivable Balance.
- (3) Discounted Receivables Balance of Loan Receivables derived from the Loans with one and the same Borrower shall not exceed 0.5% of the Aggregate Discounted Receivable Balance in respect of any single Borrower.
- (4) Discounted Receivables Balance of Loan Receivables corresponding to companies shall not exceed 10% of the Aggregate Discounted Receivable Balance.
- (5) Discounted Receivables Balance of Loan Receivables with a term to maturity exceeding sixty (60) months shall not exceed 30% of the Aggregate Discounted Receivable Balance.
- (6) Discounted Receivables Balance of Loan Receivables assigned to Borrowers with an employment status of "Self-employed" (*autónomo*) on the date on which the Loan has been granted shall not exceed 20% of the Aggregate Discounted Receivable Balance.

Each representation is made by reference to and in connection to the Date of Incorporation (in case of 2.2.8(i)(a)) and to the Initial Cut-off Date (in case of 2.2.8.i(b), 2.2.8(ii) and 2.2.8(iii)) with respect to the Initial Receivables.

#### Repetition of representations

The representations of 2.2.8(i)(a) shall be deemed repeated on each Additional Cut-off Date and on each Additional Purchase Date with reference to such dates. Representations 2.2.8(i)(b) and 2.2.8(ii) shall be deemed repeated on each Additional Purchase Date by reference to the relevant Additional Cut-off Date with respect only to the relevant Additional Receivables and representation 2.2.8(iii) (concentration limits) shall be deemed repeated on each Additional Purchase Date with reference to the relevant Additional Cut-off Date after giving effect to the

intended sale and transfer of Additional Receivables to the Fund. Furthermore, during the Revolving Period, the representation 2.2.8(i)(a)(5) must be complied by the Seller on each Additional Cut-off Date by reference to the last two audited annual accounts approved by the Seller and if it is not complied with no Additional Receivables can be purchased on such Additional Purchase Date.

For the avoidance of doubt, it is hereby stated that the fact that a Loan may be affected on the Initial Cut-off Date or on the relevant Additional Cut-off Date by a Covid-19 Moratorium will not imply (only for this reason) the lack of compliance of any representation with regard to such Loan or Loan Receivables.

#### 2.2.9 Substitution of the securitised assets

In the exceptional event that, notwithstanding the representations and warranties made by the Seller in accordance with section 2.2.8(i) (regarding the Loan Receivables), section 2.2.8(ii) and 2.2.8(iii), the diligence exercised by the latter in ensuring their truthfulness, it is established, during the life of the Fund, that any of the Loan Receivables did not conform to the content of said representations and warranties on the date to which the representations and warranties refer, the Seller undertakes as follows:

- (i) To substitute the relevant Loan Receivable with another or similar financial characteristics, in terms of the amount, remaining term, interest rate and characteristics of the Borrower, which is accepted by the Management Company, reported to the Rating Agencies and provided that it does not affect the Note ratings granted by such agencies to the Notes.

The amounts accrued and unpaid until the date of substitution of the Loan Receivable that is to be substituted must be paid to the Fund by the Seller, in its capacity as Service Provider, at the time that such Loan Receivable is substituted.

When substituting a Loan Receivable, the Seller must attest that the substitute Loan Receivable conforms to the representations and warranties set forth in section 2.2.8 por encima de of this Additional Building Block. The Management Company will verify the suitability of the terms of the replacement Loan Receivable.

As soon as the Seller learns that one of the Loan Receivables transferred to the Fund does not comply with any of the aforementioned representations and warranties, it will report the matter to the Management Company and, within 5 Business Days, indicate the Loan Receivables with which it proposes to substitute the affected Loan Receivables.

The Seller undertakes to formalise the substitution of the Loan Receivables with the same formalities used for their assignment and in the manner and time frame stipulated by the Management Company, and to furnish any related information that the Management Company deems necessary. The substitution will be reported to the Rating Agencies and to the CNMV.

- (ii) Failing the obligation assumed under point (i) por encima de and whenever the substitution stipulated therein is not possible because the Loan Receivables available are not homogeneous with the securitised portfolio in terms of: (i) the amount; (ii) the residual term; (iii) the interest rate; (iv) the characteristics of the Borrower; or (v) the collateral, the Seller undertakes to proceed to the early redemption of the relevant Loan Receivable, by reimbursing the Discounted Receivables Balance, as well as pay any other amount owed to the Fund with respect to the relevant Loan Receivable, by depositing it in the Fund. The amounts received from the relevant Loan Receivables in the aforementioned circumstances will be added to the Available Distribution Amount



and applied on the next Payment Date subject to the Order of Priority or the Liquidation Order of Priority, as appropriate.

In particular, with respect to the representation and warranty contained in section 2.2.8(i)(14) above of this Additional Building Block, the Seller has agreed that, if it is evidenced that a Borrower has opted for the early repayment, totally or in part, of any Loan Receivable, prior to the Date of Incorporation or the relevant Additional Purchase Date (as applicable), even if such option was unknown to VW Bank Spanish Branch, the terms and undertakings referred to in sections (i) and (ii) por encima de would be applicable, but this will not imply nor deemed to be in any way as a lack of truthfulness or a breach of the referred representation and warranty by VW Bank Spanish Branch.

Additionally, in particular, should the Seller modify the terms and conditions of the Loans during their lifetime without complying with the limits established in the special legislation applicable and with the terms agreed between the Fund and the Seller in the Deed of Incorporation and in the Assignment Policy, and in section 3.7.2(ii) debajo de of this Additional Building Block (other than as consequence of the implementation of a mandatory law or regulation) and, therefore, the Seller would be unilateral breach of its obligations and the Fund will not be held responsible. In the event of such breach, the Fund, through the Management Company, will be entitled to: (i) seek damages; and (ii) seek the substitution or reimbursement of the relevant Loan Receivables, pursuant to the provisions of letters (i) and (ii) por encima de. This will not imply that the Seller guarantees the success of the Transaction but the necessary redress of the effects caused by the breach of its obligations, pursuant to article 1,124 of the Spanish Civil Code. The Management Company will immediately notify the CNMV whenever Loan Receivables are substituted as a result of breach by the Seller. The expenses resulting from the actions to remedy the breach of the Seller will be borne by the latter and may not be recovered from the Fund.

#### 2.2.10 Relevant insurance policies relating to the securitised assets

For the avoidance of doubt it is stated that in this Prospectus the term "**Loan Receivables**", save otherwise indicated, includes both the Initial and the Additional Receivables.

The Loan agreements giving rise to the Loan Receivables which will be transferred to the Fund entitle the Borrower to purchase optional supplementary services related to insurance policies in connection with the vehicles (insurance policies for payment protection, insurance policies for total loss, damage insurance policies, privation of driving license insurance policies and motor car insurance -*seguro de automóvil obligatorio*-), being the rights and indemnifications corresponding to the Seller also transferred to the Fund, as indicated in section 3.3.2 of this Additional Building Block. Chart 25, included in section 2.2.2 of the Additional Building Block, shows the contracts included in the Initial Cut-off Portfolio which have these insurance policies. The terms and conditions of the insurance policies are the following:

- (i) Insurance policy for payment protection:
  - (1) The payment protection insurance releases the customer from its payment obligation in the event of:
    - death and permanent disability (basic protection); and
    - death, temporary or permanent disability and unemployment (total protection).
  - (2) The Seller acts only in an assistance capacity to the insurance broker. The insurance contract is entered into between the Borrower and the insurance company (i.e., Cardif Seguros).

- (3) The insurance premium (*prima del seguro*) is paid upfront by the Borrower to VW Bank Spanish Branch. In turn VW Bank Spanish Branch forwards this payment to the insurance company.
  - (4) Notwithstanding with the above, the insurance premium (*prima del seguro*) can be financed by the Seller for the Borrower jointly with the vehicle, in which case the insurance premium (*prima del seguro*) may increase the Loan amount. In such event, the Loan instalment includes the corresponding premium and the principal amount as a sole amount. Partial payments are not allowed.
  - (5) Payment in the event of use of the policy:
    - Death and disability coverage: the insurance company settles the outstanding Loan amount and makes the payment directly to the Seller. This results in the early repayment of the entire Loan. The payment is transferred to the Fund as a Collection.
    - Unemployment coverage: the insurance company makes the payment directly to the Seller (maximum: 6 instalments for unemployment). These amounts are transferred to the Fund as a Collection.
- (ii) Insurance policy for total loss:
- (1) This insurance covers the total loss of the vehicle in the event of an accident, theft or fire.
  - (2) The Seller only acts in an assistance capacity to the insurance broker. The insurance policy is entered into between the customer and the insurance company.
  - (3) The insurance premium (*prima del seguro*) is paid upfront by the Borrower to VW Bank Spanish Branch. In turn VW Bank Spanish Branch forwards this payment to the insurance company.
  - (4) Notwithstanding with the above, the insurance premium (*prima del seguro*) can be financed by the Seller for the Borrower jointly with the vehicle, in which case the insurance premium (*prima del seguro*) increases the Loan amount. In such event, the Loan instalment includes the corresponding premium and the principal amount, as a sole amount. Partial payments are not allowed.
  - (5) Payment in the event of use of the policy: The insurance policy settles the outstanding Loan amount and makes a payment (for an amount equal to the outstanding amounts under the relevant loan) directly to the Seller. This results in the early repayment of the entire Loan. The payment is transferred to the Fund as a Collection.
- (iii) Motor car insurance (*seguro de automóvil obligatorio*):
- (1) The motor car insurance (*seguro de automóvil obligatorio*) covers the following events:
    - third party liability (basic coverage);
    - third party liability and damage to own car exceeding the excess coverage (all risk with excess coverage); and

- third party liability and damage to own car (all risk without excess coverage).
- (2) The Seller only acts in an assistance capacity to the insurance broker. The insurance policy is entered into between the Borrower and the insurance company (i.e., Mapfre and Zurich Insurance).
  - (3) In this case, only the Loan instalment is assigned to the Fund, excluding the amount for the reimbursement of the insurance policy.

For the purposes of securitisation, the motor car insurance policies are not included in the Loan instalment. Only the Loan instalment is sold and transferred to the Fund, but not the insurance premium (*prima del seguro*). The insurance premium (*prima del seguro*) does not affect the securitisation.

- (4) The yearly insurance premium (*prima del seguro*) is paid by the Seller to the insurance company in advance on behalf of the Borrower. Subsequently it is reimbursed by the Borrower to the Seller by increasing the monthly instalments of the car Loan for the relevant annual payment pro rata. In the case of partial payment, the amount paid by the Borrower shall be used to cover, firstly, the monthly instalments for the vehicle Loan and, secondly, for the reimbursement of the insurance premium (*prima del seguro*), according to the common practice in terms of payment allocation.
- (5) Payment in the event of use of the policy:
  - Third party liability is not relevant.
  - In the event of damage to own car, the insurance company makes the payment directly to the Borrower, if this coverage has been purchased.
  - In the event of total loss of own car, if this coverage has been purchased, the insurance company makes the payment directly to the Seller. This results in the early repayment of the entire Loan. In this case, the payment is transferred to the Fund as a Collection.

(iv) Privation of driving license insurance policy:

- (1) The privation of driving license insurance covers the payment obligation in the case of a temporary privation of driving license.
- (2) The privation of the driving license must be enacted by administrative resolution or final judicial decision.
- (3) VW Bank Spanish Branch acts as insurance broker exclusively; the insurance contract is concluded between the Borrower and Caser Insurance.
- (4) The insurance premium (*prima del seguro*) is paid upfront by the Borrower to VW Bank Spanish Branch. In turn VW Bank Spanish Branch forwards this payment to the insurance company.
- (5) However, the insurance premium (*prima del seguro*) may be financed by VW Bank Spanish Branch to the Borrower jointly with the car, so that, if applicable, the insurance premium (*prima del seguro*) would increase the Loan amount. In this event, the Loan instalment includes both the payment of the insurance premium (*prima del seguro*) as well as the principal amount, being therefore a

joint instalment; there is no possibility of making partial payments of the instalments.

- (6) The maximum duration of this insurance is 12 months, being as well 12 months the highest coverage of this insurance.
  - (7) Payment in the event of use of the policy: (i) Caser Insurance pays directly to VW Bank Spanish Branch; and (ii) Caser Insurance pays to the Borrower the cost of the course to recover the driving license.
- (v) Damage insurance policies:
- (1) This insurance policy is an extension of the legal warranty for an additional period of up to 3 years.
  - (2) The Seller only acts in an assistance capacity to the insurance broker. The insurance policy is entered into between the Borrower and the insurance company (mainly Real Garant or Caser Insurance).
  - (3) The insurance premium (*prima del seguro*) is paid upfront by the Borrower to VW Bank Spanish Branch. In turn VW Bank Spanish Branch forwards this payment to the insurance company.
  - (4) Notwithstanding with the above, this premium may be financed by VW Bank Spanish Branch jointly with the car, so that, if applicable, the insurance premium (*prima del seguro*) would increase the Loan amount. In this event, the Loan instalment includes both the payment of the insurance premium (*prima del seguro*) as well as the principal amount, being therefore a joint instalment; there is no possibility of carrying out partial payments of the instalments.
  - (5) Payment in the event of use of the policy: the insurance company pays the reparation expenses incurred by the Borrower.

2.2.11 Information concerning the obligors in the events where the securitised assets comprise obligations of 5 or fewer obligors which are legal persons or are guaranteed by 5 or fewer legal persons or where an obligor or entity guaranteeing the obligations accounts for 20% or more of the assets or where 20% or more of the assets are guaranteed by a single guarantor

Not applicable.

2.2.12 If a relationship exists that is material to the issue, between the Issuer, the guarantor and the obligor, details of such relationship

Not applicable.

2.2.13 If the assets comprise obligations that are not traded on a regulated or equivalent third country market or SME Growth Market, a description of the main conditions

Not applicable.

2.2.14 If the assets comprise obligations that are traded on regulated or equivalent third country market or SME Growth Market, a description of the main conditions

Not applicable.

2.2.15 Where the assets comprise equity securities that are admitted to trading on a regulated or equivalent third country market or SME Growth Market, a description of the main conditions

Not applicable.

2.2.16 Where more than 10% of the assets comprise equity securities that are not traded on a regulated or equivalent third country market or SME Growth Market, a description of the main conditions

Not applicable.

2.2.17 Valuation reports of the property and the cash flow / income streams in the events that an important portion of the assets is secured by real property

Not applicable.

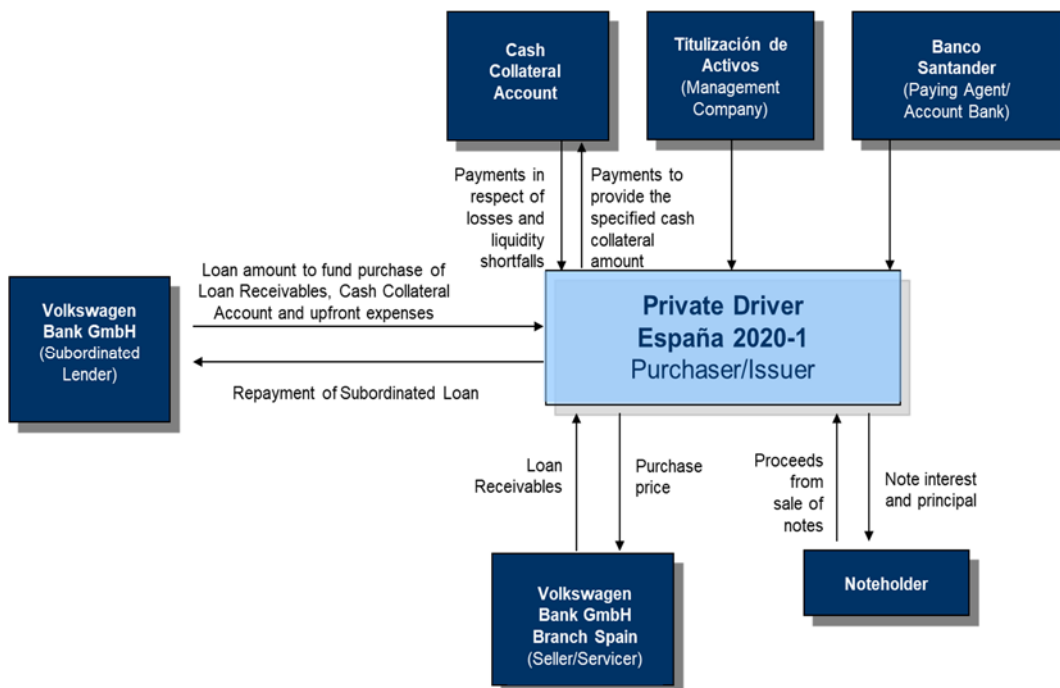
2.3 Actively managed assets backing the Issue of Notes

Not applicable.

2.4 Statement in the event that the Issuer proposes to issue further securities backed by the same assets, and description of how the holders of that class will be informed

Not applicable.

3. **STRUCTURE AND CASH FLOW**



3.1 Description of the structure of the Transaction and the cash flows

By means of this Transaction, VW Bank Spanish Branch will assign and sell to the Fund the Initial Receivables on the Date of Incorporation and the Additional Receivables on each Additional Purchase Date, resulting from the provision of Loans for the purpose of vehicle purchases by natural persons or legal entities. The assignment of the Initial Receivables will be formalised by means of the Assignment Policy which will be granted by the Management Company, acting for and on behalf of the Fund, and by VW Bank Spanish Branch, in the same act as the granting of the Deed of Incorporation and the assignment of Additional Receivables will be granted as detailed in section 2.2.2.2 of the Additional

Building Block. Therefore, by means of the Deed of Incorporation and the Assignment Policy the following Transaction will take place on the Date of Incorporation:

- (a) the sale and assignment of the Initial Receivables by the Seller to the Fund; and
- (b) the issue of 13,860 Notes.

Additionally, in order to strengthen the financial structure of the Fund and the coverage of the inherent risks of the Issue of Notes, the Management Company, acting for and on behalf of the Fund, will execute the Transaction Documents, being able to extend or modify them in accordance with its terms, replace the Service Provider and even execute additional agreements, having informed the CNMV and, if necessary, obtaining the authorisation of the Rating Agencies, in order to comply with the operation of the Fund in the terms and conditions of the applicable law. The above, always without prejudicing the rights of the Noteholders and, in particular, ensuring that it will not result in the downgrade of the ratings of the Notes.

#### **Initial financial statements sheet of the Fund**

The estimated fund financial statements at the Closing Date of the Notes shall be as follows:

ASSETS (*)	EUROS	LIABILITIES	EUROS
Loan receivables	1,500,000,765.72	Notes	1,386,000,000.00
Distribution Account	330,000.00	Subordinated Loan	61,500,765.72
Cash Collateral Account	11,250,000	Overcollateralisation	52,500,000.00
		Cash Collateral	11,250,000.00
		Initial Expenses (**)	330,000.00
<b>Total Assets</b>	<b>1,511,580,765.72</b>	<b>Total Liabilities</b>	<b>1,511,580,765.72</b>

(\*) In the assets of the financial statements of the Fund at the Closing Date is reflected the total amount of the Initial Receivables acquired by the Fund, that is, the Aggregate Initial Cut-off Date Discounted Receivables Balance. However, the amount to be transferred by the Fund to the Seller by virtue of the acquisition of the Initial Receivables shall be an amount equal to the Aggregate Initial Cut-off Date Discounted Receivables Balance minus (i) the Initial Cash Collateral; minus (ii) the Overcollateralisation; minus (iii) the Initial Expenses. The difference between the Aggregate Initial Cut-off Date Discounted Receivables Balance and the Initial Receivables Purchase Price is reflected in the liabilities of the financial statements of the Fund in the records Overcollateralisation, Cash Collateral and Initial Expenses.

(\*\*) As indicated, the Initial Expenses shall be paid by the Fund. In any event, an amount equal to that paid by the Fund as Initial Expenses shall be deducted to determine the Initial Receivables Purchase Price, as provided in Section 3.3.3 of the Additional Building Block.

The estimated fund financial statement of the Fund has been prepared in accordance with Circular 2/2016.

- 3.2 Description of the entities participating in the issue and of the functions to be performed by them in addition to information on the direct and indirect ownership or control between those entities

The list of these entities and a description of their functions is contained in section 3.1 of the Securities Note.

No other direct or indirect ownership or control relationship is known to exist between the legal persons that are involved in the Transaction.

The Management Company, on behalf of and for the account of the Fund, will proceed to execute the Deed of Incorporation and the Assignment Policy and to enter into the agreements that are summarised in this Additional Building Block.

The Management Company declares that the summary descriptions of the agreements of the Fund contained in the relevant sections of this Prospectus contain the most important and material information on each of the contracts and give a true and fair view of their content, and no information that might affect the contents of this Prospectus has been omitted.

### 3.3 Description of the method and date of sale, transfer, novation or assignment of the assets or of any other right and/or obligation in the assets to the Issuer

#### 3.3.1 Assignment of the Loan Receivables

In the act of incorporating the Fund, the Seller shall sell and assign the Initial Receivables to the Fund by means of the Assignment Policy governed by Spanish law, formalised before a Spanish notary public in the same act as the execution of the Deed of Incorporation. The assignment shall take place on the Date of Incorporation, effective on the Initial Cut-off Date. The Fund thus holds all the Initial Receivables accrued from the day following the Initial Cut-off Date.

In accordance with Article 6.2 of the Securitisation Regulation, the Seller did not select Initial Receivables to be transferred to the Issuer with the aim of rendering losses on the transferred Initial Receivables higher than the losses over the same period on comparable assets held on the balance sheet of the Seller.

Each new acquisition by the Fund of Additional Receivables shall be executed in accordance with the procedure detailed in section 2.2.2.2 of this Additional Building Block.

All expenses and taxes generated in relation to the acquisition of the Additional Receivables shall be borne by the Fund. In each new acquisition of Additional Receivables, the Management Company shall send to the CNMV no later than ten (10) Business Days after the corresponding assignment date via CIFRADO/CNMV service:

- (i) An itemisation of all the Additional Receivables assigned to the Fund with the main features allowing them to be identified.
- (ii) A written statement by the Seller, with the Management Company copied in, indicating the Discounted Receivables Balance of the Additional Receivables assigned to the Fund and a declaration that the Additional Receivables meet all the Eligibility Criteria stipulated for their assignment to the Fund.

#### 3.3.2 Terms of the assignment of the Loan Receivables

For the avoidance of doubt it is stated that in this Prospectus the term "**Loan Receivables**", save otherwise indicated, includes both the Initial and the Additional Receivables.

- (i) The Loan Receivables will be fully and unconditionally assigned for the entire term remaining until maturity of each Loan Receivable.
- (ii) The transfer of the Loan Receivables will include the following components derived from the Loans effective on the day after the relevant Cut-off Date:

- (1) nominal instalments (principal and interest); for the avoidance of doubt, the assignment does not include the Balloon Instalment, according to what is established in section 3.3.2(iv) debajo de;
- (2) interest for delayed payment;
- (3) prepayments fees (total or partial); and
- (4) rights or compensations assigned to the Seller by virtue of insurance policies related to the vehicles according to Section 2.2.10 por encima de of the Additional Building Block.

As indicated in greater detail in section 2.2.10 of the Additional Building Block, in relation to certain types of insurances, the insurance premium (*prima del seguro*) may be financed by the Seller to the Borrower jointly with the car, increasing, as the case may be, the amount of the Loan. In such event, the Loan instalment includes the corresponding premium and the principal amount, as a sole amount. Partial payments are not allowed. Notwithstanding the above, according to section 2.2.10 of the Additional Building Block, in relation to the motor car insurance policy (*póliza de seguro de automóvil obligatorio*), only the Loan instalment will be transferred to the Fund, but not the insurance premium (*prima del seguro*).

- (iii) The transfer of the Loan Receivables shall not include commissions different to those detailed above, that is to say, it shall not include commissions for unpaid instalments, commissions for agreement novation or motor car insurance premiums (*primas de seguro de automóvil obligatorio*).
- (iv) Likewise, the transfer of the Loan Receivables shall not include the Balloon Instalments for "Auto Credit" loans, described in section 2.2.7 above. Balloon Instalments for the residual value of the vehicle on the date on which the relevant loan agreement ends allows the vehicle purchaser to choose between the following alternatives on that date: (a) to pay off the Loan directly by means of the Balloon Instalment or applying for financing of the final instalment from the Seller (such financing will not be considered an additional credit right for the Fund); or (b) to hand the vehicle over to the Seller as the payment of the final instalment of the agreement.

It is hereby stated that, if an event of termination occurs in connection with a loan for which there are Balloon Instalments, the amount resulting from any partial repayments shall be distributed between the Fund and the Seller on a pro rata basis, based on the amounts owed to each of them, arising from the Loan Receivables and the Balloon Instalment, respectively.

- (v) The assignment of the Loan Receivables to the fund will as well implicate the assignment of the rights inherent to the Loan Receivables such as guarantees granted in connection with the Loans, including but not limited to third-party guarantees of the Borrower's obligations, as well as ownership reservation agreements.
- (vi) Pursuant to Article 348 of the Spanish Commercial Code, the Seller shall only be liable for the existence and lawfulness of the Loan Receivables at the time they are assigned to the Fund and under the terms and conditions contained in this Prospectus, as well as for the capacity in which it carries out the assignment of the Loan Receivables to the Fund (as the owner of them).
- (vii) The Seller shall not bear the risk of default on the Loan Receivables and shall therefore have no liability whatsoever for default by the Borrowers of principal, interest or any other amount owed to it by the Borrowers under the Loans, and will not be liable for the



enforceability of personal security collateral thereto or the accessibility or effects, as the case may be, of exchange proceedings for the claim of any debt. The Seller will moreover have no liability whatsoever to directly or indirectly guarantee that the Transaction will be properly performed, nor give any guarantees or security, nor indeed agree to replace or repurchase the Loan Receivables, other than as provided in section 2.2.9 of this Additional Building Block.

- (viii) The Loan Receivables shall include all interest accrued on each Loan Receivable assigned, and for all rights derived from the reservations of title and the insurance agreements detailed above under paragraph 3.3.2(ii)(4) of this section that the Borrower may have signed with the Seller.
- (ix) The Fund's rights resulting from the Loan Receivables are linked to the payments made by the Borrowers, and are hence directly affected by the evolution, delays, prepayments or any other incident relating to the Loans.
- (x) The Seller of the Loan Receivables shall be entitled to receive from the Borrower the fees (except for the prepayment fee that will be transferred to the Fund), or any other right which cannot be made part of the debt claimed from the Borrower in the event of default of the Loans.
- (xi) Returns on the Loan Receivables obtained by the Fund are not subject to withholding tax, as provided in Article 61.k) of the Regulation on Corporate Income Tax. If any additional direct or indirect tax, rate, or withholding is established in the future on such returns, they shall be paid by the Fund, and the Seller shall not be required to give the Fund additional amounts in this regard.

### 3.3.3 Loan Receivable sale or assignment price

#### Initial Receivables

The price for the sale and assignment of the Initial Receivables shall be an amount equal to the Aggregate Initial Cut-off Date Discounted Receivables Balance, minus (i) €11,250,000 of the Initial Cash Collateral Amount; minus (ii) an amount equal to that for overcollateralisation, which will be the amount of the Aggregate Discounted Receivables Balance of the Loan Receivables which exceeds the face value of the Notes and the face value of the Subordinate Loan; minus (iii) €330,000 established as the payment for Initial Expenses relating to the Notes Issue; (i.e., a total amount of €1,435,920,765.72, the "**Initial Receivables Purchase Price**").

The Discount Rate represents a fixed percentage of 3.1983% per annum, which has been determined by the Seller, and that is equal to the sum of: (i) the Service Provider Fee Rate of 1% per annum; plus (ii) 0.03% of any administrative expenses and fees; plus (iii) the weighted average of both the fixed rate to be paid by the Fund to the Notes and the fixed rate under the Subordinated Loan to be paid by the Fund to the Subordinated Lender; plus 2%.

The Subordinated Loan, together with the proceeds from the subscription of the Notes, shall be used to: (a) pay the Initial Receivables Purchase Price; (b) pay the Initial Expenses; and (c) provision the Initial Cash Collateral Amount.

The Initial Receivables Purchase Price shall be paid by the Fund to the Seller on the Closing Date, for the value on said day, once the disbursement for the subscription of the Notes Issue is made and the Subordinated Loan is made available by means of deposit in the Distribution Account opened in the name of the Fund. In no event shall VW Bank Spanish Branch receive interest for the time past from the Initial Cut-off Date until the Closing Date, on which the Initial Receivables Purchase Price must be paid.

If the incorporation of the Fund and hence the assignment of the Initial Receivables terminates, in accordance with the provisions of section 4.4.3 of the Registration Document: (i) the Fund's

obligation to pay the Initial Receivables Purchase Price shall terminate; and (ii) the Management Company shall be obliged to restore to VW Bank Spanish Branch any rights whatsoever accrued for the Fund upon the Initial Receivables being assigned (after paying the relevant Initial Expenses that would be assumed by the Seller if the Fund is not incorporated).

#### Additional Receivables

The price for the sale and assignment of the each Additional Receivables on each Additional Purchase Date, shall be equal to the Additional Discounted Receivables Balance multiplied by one (1) minus the Replenished Loan Receivables Overcollateralisation Percentage (each of them, the "**Additional Receivables Purchase Price**").

For the purposes of this Prospectus:

**"Additional Discounted Receivables Balance"** means, on any Additional Purchase Date, the present value on the relevant Cut-off Date of the Additional Receivables to be purchased by the Fund on such Additional Purchase Date, calculated by using the Discount Rate

**"Replenished Loan Receivables Overcollateralisation Percentage"** means 4.25%.

#### 3.3.4 Defences and set-off rights of the Borrowers

Under the Assignment Policy VW Bank Spanish Branch will be selling and assigning the Loan Receivables to the Issuer without disclosing the assignment to the respective Borrowers (save for the exceptions referred to in section 3.7.2(iii) of the Additional Building Block below). This means that a Loan Receivable may be subject to defences and set-off rights of the Borrower where such rights (i) were in existence and due and payable at the time of the assignment of such Loan Receivable or (ii) were acquired by the Borrower after the date of the assignment of the Loan Receivable to the Issuer and the Borrower did not have knowledge of the assignment of the Loan Receivable to the Issuer at the time when it acquired the right giving rise to the defence or set-off or at the time when the right giving rise to the defence or set-off became due and payable. Such set-off rights could in particular result from deposits of Borrowers with VW Bank Spanish Branch who are, at the same time, debtors under Loan Receivables.

If, despite the representation contained in section 2.2.8(ii)(4), any of the Borrowers opposes set-off because it does not know that the Loan Receivables have been assigned to the Fund, the Seller shall so inform the Management Company and must pay the Fund the amount by which the Borrower is compensated, plus the interest which would have accrued in favour of the Fund to the date on which the deposit is made, calculated in accordance with the conditions applicable to the relevant Loan.

#### 3.4 Explanation of the flow of funds

##### 3.4.1 Explanation of how the cash flow from the assets will meet the obligations of the Issuer with the Noteholders

The Service Provider is entitled to commingle funds such as collections from the Loan Receivables and proceeds from the enforcement of the Loan Receivables with its own funds. However, in order to mitigate the temporary risk that the Collections received by the Service Provider and pending transfer to the Fund might not be separated from the Service Provider's funds in the event of an Insolvency Event of the Service Provider, the cash flows from the assets will follow the mechanism described below in order to meet the obligations of the Issuer with the Noteholders.

If and as long as the Monthly Remittance Condition is satisfied, VW Bank Spanish Branch, as Service Provider, shall be entitled to commingle funds representing Collections with its own funds during each Monthly Period and will be required to make a single transfer of such Collections to the Distribution Account on the relevant Payment Date.

If and as long as the Monthly Remittance Condition is not satisfied, VW Bank Spanish Branch shall be entitled to commingle funds representing Collections with its own funds during each Monthly Period provided that, no later than 30 calendar days after the first day on which the Monthly Remittance Condition has not been satisfied (the "**Monthly Collateral Start Date**"), VW Bank Spanish Branch complies with the following mechanism:

- (i) advance an amount equal to the sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for the Monthly Period in which the Monthly Collateral Start Date falls plus, if the Monthly Collateral Start Date falls on a date prior to the Payment Date falling in such Monthly Period, an amount equal to the sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 in respect of the preceding Monthly Period;
- (ii) for any subsequent Monthly Period in which the Monthly Remittance Condition continues to not be satisfied (save in respect of any Monthly Collateral posted under limb (i) above):
  - (1) on the sixteenth (16<sup>th</sup>) calendar day of the month preceding the first day of such Monthly Period, determine the amount representing the Monthly Collateral Part 1 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 1 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period; and
  - (2) on the second (2<sup>nd</sup>) calendar day of the Monthly Period relating to such Payment Date, determine the amount representing the Monthly Collateral Part 2 in respect of the Monthly Period relating to such Payment Date and advance an amount equal to the Monthly Collateral Part 2 to the Distribution Account to be retained until the Payment Date relating to such Monthly Period,

Provided it complies with its posting obligations in paragraph (ii) above and its obligation to transfer Collections to the Distribution Account on the relevant Payment Date in accordance with the Servicing Agreement, VW Bank Spanish Branch will be entitled to hold, use and invest at its own risk the Collections without segregating such funds from its other funds and VW Bank Spanish Branch will be required to make a single transfer of Collections to the Distribution Account on the relevant Payment Date. Otherwise, Collections will be required to be remitted by it to the Distribution Account on the third Business Day after receipt of such amounts.

On any Payment Date, VW Bank Spanish Branch's obligation to pay Collections for the relevant Monthly Period into the Distribution Account may be netted against its claim for repayment of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 for such Monthly Period and such Monthly Collateral Part 1 and Monthly Collateral Part 2 (after netting) will form part of the Available Distribution Amount on such Payment Date. If for such Monthly Period the monthly investor report shows (a) that the sum of the Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred to the Distribution Account by VW Bank Spanish Branch for the relevant Monthly Period exceeds the Collections received by VW Bank Spanish Branch for such Monthly Period, such excess amount shall be released to VW Bank Spanish Branch outside the Order of Priority on the relevant Payment Date or (b) that the Collections received by VW Bank Spanish Branch for such Monthly Period exceed the sum of Monthly Collateral Part 1 and the Monthly Collateral Part 2 which has been transferred by VW Bank Spanish Branch for the relevant Monthly Period, an amount equal to such excess shall be paid into the Distribution Account by VW Bank Spanish Branch on the relevant Payment Date.

When the Monthly Remittance Condition is satisfied again, any Monthly Collateral standing to the credit of the Distribution Account shall be released to the Service Provider outside of the Order of Priority by wire transfer from the Account Bank once the Management Company, acting in the name and on behalf of the Fund, has given the instruction to the Account Bank.

Following a breach of the Monthly Remittance Condition, the monthly report prepared by the Service Provider will show for each Monthly Period whether the Monthly Collateral which has been transferred by Service Provider for the relevant Monthly Period exceeds the Collections and other amounts collected by it for such Monthly Period or whether the Collections and other amounts collected by it for the relevant Monthly Period exceed the Monthly Collateral for such Monthly Period.

The cash flow from the Loan Receivables will meet the Fund's obligations as follows:

- (i) on the Closing Date, the proceeds from the subscription of the Notes shall be transferred to the Paying Agent. Also, the Subordinated Lender shall pay the Subordinated Loan amount of €61,500,765.72 to the Fund and shall pay the said amount to the Paying Agent;
- (ii) from the amounts available (obtained from the proceeds of the subscription of the Notes and the Subordinated Loan), the Paying Agent, acting for the Fund under instructions from the Management Company, shall on the Closing Date: (i) deposit the Initial Cash Collateral Amount, as defined in section 3.4.2(i) of this Additional Building Block, in the Cash Collateral Account; (ii) pay the Initial Expenses of the Fund; and (iii) pay the Seller the Initial Receivables Purchase Price;
- (iii) the Collections of the Loan Receivables shall be received by VW Bank Spanish Branch and transferred to the Fund as indicated above by means of a deposit in the Distribution Account, which shall cover the Fund's payments on each Payment Date in accordance with the Order of Priority and the Liquidation Order of Priority. As provided in the Accounts Agreement, the interest of the Distribution Account shall be part of the Available Distribution Amount; and
- (iv) the Available Distribution Amount, as defined in section 3.4.7(ii)(1) of this Additional Building Block shall be used on each Payment Date to meet the payment obligations of the Fund in accordance with the Order of Priority and the Liquidation Order of Priority, described in sections 3.4.7(ii)(2) and 3.4.7(ii)(4), respectively.

For the purpose of this section the following definitions shall apply:

**"Monthly Remittance Condition"** means a condition which shall no longer be satisfied, if:

- (a) Volkswagen Bank GmbH no longer has a short-term rating for unsecured and unguaranteed debt of at least "A-2" from S&P Global Ratings and a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P Global Ratings; or (y) where Volkswagen Bank GmbH is not the subject of an S&P Global Ratings short-term rating, Volkswagen Bank GmbH no longer has a long-term rating for unsecured and unguaranteed debt of at least "BBB+" from S&P Global Ratings; or (z) S&P Global Ratings notifies the Issuer and/or the Service Provider that Volkswagen Bank GmbH is not deemed eligible any longer under the applicable rating criteria by S&P Global Ratings; or
- (b) Volkswagen Bank GmbH receives notification from DBRS that DBRS has determined Volkswagen Bank GmbH's capacity for timely payment of financial commitments would no longer equal a short-term rating for unsecured and unguaranteed debt of at least "R-2" by DBRS or a long-term rating for unsecured and unguaranteed debt of at least "BBB (high)" by DBRS.

**"Monthly Collateral Part 1"** means in respect of a Monthly Period an amount equal to the sum of (i) the Loan Receivables becoming due in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period and (ii) the expected

prepayments of the Loan Receivables in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period.

**"Monthly Collateral Part 2"** means in respect of a Monthly Period an amount equal to the sum of (i) the Loan Receivables becoming due in the period from (and including) the fifteenth calendar day of the relevant Monthly Period until (and including) the last calendar day of such Monthly Period and (ii) the expected prepayments of the Purchased Receivables in the period from (and including) the fifteenth until (and including) the last calendar day of such Monthly Period.

#### 3.4.1(a) Application of insolvency regulations

The Transaction is structured to qualify under German law as an effective (true) sale of the Loan Receivables under the Assignment Policy of Loan Receivables from the Seller to the Issuer and provisions under German insolvency laws are considered not to represent any severe clawback risk for the Transaction.

In the event of insolvency of the Seller, the applicable law will be the German Law insofar as the Seller is the Spanish Branch of a German bank. However, the general rule under German Law will be that the Issuer will have a right of segregation (*Aussonderungsrecht*), similar to the one referred to in article 16.4 of Law 5/2015, of the Loan Receivables. Furthermore, in accordance with Directive 2001/24, the Spanish Courts will not be empowered to decide on the implementation of one or more reorganisation or winding up measures since these powers will be vested on the administrative or judicial authorities of Germany.

It is outlined below the applicable regime to the Seller as a result of the implementation into German law of the Directive 2014/59/EU on Banking Recovery and Resolution Directive of 15 May 2014 ("**BRRD**"), by virtue of the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz* - "**SAG**"), which became effective on 1 January 2015.

On 27 June 2019, Directive (EU) 2019/879 amending the BRRD (the "**BRRD II**") entered into force. Furthermore, the Directive (EU) 2017/2399 amending the BRRD (the "**BRRD Amending Directive**") as regards the ranking of unsecured debt instruments entered into force on 28 December 2017. At this stage it cannot be predicted when and in which form the remaining parts of the proposal may be implemented, nor the impact of the BRRD II and/or the BRRD Amending Directive and future amendments on the Noteholders.

An institution will be considered as failing or likely to fail according to Art. 32 (4) BRRD when: (a) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (b) its assets are, or are likely in the near future to be, less than its liabilities; (c) it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (d) it requires extraordinary public financial support (except in limited circumstances). The BRRD provides for various actions and measures that can be taken by the resolution authority in order to avoid systematic risks for the financial markets or the necessity of a public bail-out if a credit institution is in financial difficulties.

The BRRD currently contains four resolution tools according to Recital no. 59: (a) the sale of business tool enables resolution authorities to direct the sale of the institution or parts of its business to one or more purchasers without requiring the consent of the shareholders or complying with the procedural requirements that would otherwise apply; (b) furthermore the BRRD enables resolution authorities to transfer all or part of the business of the firm to another entity or a bridge institution (a public controlled entity holding such business or part of a business with a view to reselling it (Art. 40 (2) BRRD)) or an asset management vehicle; (c) the asset separation tool enables resolution authorities to transfer impaired or under-performing assets to an asset management vehicle to allow them to be managed and worked out over time; and (d) the bail-in tool gives resolution authorities the power to write-down the claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims to equity, which

equity could also be subject to any future cancellation, transfer or dilution by application of such general bail-in tool.

The implementation of the BRRD into German law by the SAG is relevant for the Seller. The SAG provides for various actions and measures that can be taken by the German Federal Agency for Financial Services Supervision (Bundesanstalt für Finanzdienstleistungsaufsicht – "**BaFin**") in its capacity as national resolution authority. BaFin could take any of the above described measures and actions with regard to the Seller. The Issuer has been advised that, even if the Seller should be in financial difficulties and measures are being taken, these measures should only have limited impact on the claims of the Issuer against the Seller for the following reasons: Claims of the Issuer against the Seller (in its capacity as Seller or Service Provider) for payment of Collections received in respect of the Loan Receivables and other claims under the Servicing Agreement are subject to a collateral agent arrangement (*Treuhandverhältnis*) and, in principle, the Collections (unless commingled) are subject to substitute segregation (*Ersatzaussonderung*) and should therefore be excluded from any bail-in measures pursuant to Section 91(2) No. 4 SAG. The Loan Receivables should not be subject to bail-in pursuant to the SAG as long as the sale and transfer of the Loan Receivables from the Seller to the Issuer will not be re-characterised as a secured loan. However, even if the sale and transfer of the Loan Receivables was re-characterised as a secured loan, claims against the Seller would not become subject to bail-in to the extent these claims are secured claims within the meaning of Section 91(2) No. 2 SAG. Consequently, if and to the extent the relevant claims against the Seller are secured by collateral they should not be affected by bail-in. Finally, although the Issuer will not be in a position to prevent the transfer of any of the Seller's assets to another entity, such transfer pursuant to Section 110(1) SAG may only occur in conjunction with a transfer of the security provided therefor and vice versa. A separation of the Loan Receivables from the collateral should therefore not result from any such transfer (see also Section 110(3) No. 4 SAG).

In addition, the risk of loss for the Issuer with regard to its claims against the Seller due to a bail-in or other measures under the SAG is further mitigated by the following: (i) Pursuant to Section 97 SAG, the claims of the Issuer against the Seller would only become subject to a bail-in after the equity and capital positions set out in Section 90 SAG have been exhausted and (ii) Section 147 SAG provides creditors with a compensatory claim against the restructuring fund pursuant to Section 8 of the Restructuring Fund Act (*Restrukturierungsfondsgesetz*) if and to the extent the restructuring measures under the SAG put them into a worse position than they would be in if insolvency proceedings had been opened over the assets of the relevant credit institution in accordance with the no creditor worse off principle.

Furthermore, if an Insolvency Event occurs in respect of the Seller, the Issuer may under certain circumstances be able to claim under the prerequisites of section 48 of the German Insolvency Code (*Insolvenzordnung*) the right to substitutional segregation (*Ersatz-Aussonderungsrecht*) from the assets involved in the insolvency proceedings, with respect to Collections that the Seller's insolvency administrator received for the Loan Receivables, if subsequent to the opening of insolvency proceedings against the Seller, the Loan Receivables have been collected by the insolvency administrator without authorisation, as long as the consideration continues to exist in a distinct form among the assets involved in the insolvency proceedings of the Seller. If payments on the Loan Receivables have been credited to an account of the Seller, a right to substitutional segregation (*Ersatz-Aussonderungsrecht*) could be reduced by subsequent drawings from such account and would only exist to the extent of the remaining credit balance on such account (after taking subsequent account drawings into consideration). Where a right for substitutional segregation would not exist or be available for the Issuer, the Issuer would rank as unsecured creditor in relation to amounts standing on credit on the Seller's accounts unless such accounts have been pledged to the Issuer. Additionally, in accordance with German law, any transfer of rights or assets or any payments contemplated by the Transaction Documents may be challenged by an insolvency administrator of the Seller in accordance with sections 129 to 147 of the German Insolvency Code (*Insolvenzordnung* – "**InsO**").

If and to the extent the sale and transfer of the Loan Receivables was re-characterised as a secured loan, an insolvency administrator would be obliged to transfer the proceeds from the realisation of the Loan Receivables to the Issuer, he would be controlling the way and manner of enforcement and would be entitled to deduct from the enforcement proceeds a flat fee of 4% of the realisation proceeds for assessing the (security) rights to the Loan Receivables plus a further fee of 5% of the enforcement proceeds as compensation for the costs of enforcement. If such enforcement costs are considerably higher or lower than 5% of the enforcement proceeds, the compensation for the enforcement costs may be increased or decreased, as the case may be. If the enforcement is subject to VAT, the insolvency administrator may also withhold VAT on such amounts. Similar cost sharing provisions apply in respect of the realisation of the vehicles in respect of which the Seller holds a reservation of title (*reserva de dominio*) (and which the Seller will transfer to the Issuer). The payment of such compensation for the costs of enforcement to the insolvency administrator may have an impact on the ability of the Fund to repay the Notes.

For the purpose of this section the following definition shall apply:

**"Insolvency Event"** means, in relation to the Seller, the Service Provider or the Management Company, any of the following events: (i) the assignment or transfer of its assets or of a substantial part of the same, or any agreement with its creditors that may affect them; (ii) the application to invoke any insolvency measure, or the consent or the acceptance to the appointment of a receiver, custodian, trustee, liquidator or similar position at the company or in relation to a substantial part of its assets, (iii) the start of any lawsuit, action or procedure before any court or tribunal or governmental authority against the Seller, the Service Provider or the Management Company under any legislation on insolvency, liquidation or bankruptcy that may imply the insolvency, the dissolution or the corporate reorganisation of the same or a creditors agreement or similar situation, and provided that such requests, actions or lawsuits are not contested on good faith by the company with a reasonable possibility of success; (iv) seizures or judicial writs that affect the whole or a substantial part of the assets of the Seller, the Service Provider or the Management Company, provided that such seizure is not lifted or its enforcement is prevented within 30 days following the seizure or the reception of the judicial writ; (v) the judicial request to dissolve the Seller, the Service Provider or the Management Company, or the adoption of any measure aiming at its dissolution; and (vi) the acknowledgement by the Seller, the Service Provider or the Management Company of not being capable of facing its debts as they mature in accordance with any law on insolvency, liquidation, bankruptcy, reorganisation or other of similar nature in the jurisdiction where such entity was incorporated or where its permanent establishment is located.

#### 3.4.2 Information on any credit enhancements

##### (i) Description of credit enhancements

###### (1) Cash Collateral

On the Closing Date, the initial cash collateral of €11,250,000 (the "**Initial Cash Collateral Amount**") will be constituted with the amount available in the Distribution Account obtained with the Notes Issue and the Subordinated Loan.

On each Payment Date during the Revolving Period, the Cash Collateral amount shall be replenished with an amount taken from the Available Distribution Amounts according to the Order of Priority (once interest on the Notes and other amounts owing to the Fund as indicated in Items 1 to 3 of the Order of Priority have been paid) which allows the balance of the Cash Collateral amount to be equal to the Initial Cash Collateral Amount. On each Payment Date following the end of the Revolving Period (except a Payment Date on which the Fund is liquidated early), the Cash Collateral amount shall

be replenished with an amount taken from the Available Distribution Amounts according to the Order of Priority (once interest on the Notes and other amounts owing to the Fund as indicated in Items 1 to 3 of the Order of Priority have been paid) which allows the balance of the Cash Collateral amount to be equal to the higher of the following amounts: (a) 0.75% of the Aggregate Discounted Receivables Balance as of the end of the Monthly Period; and (b) the lowest amount of the following: (i) €6,000,000; and (ii) the Outstanding Nominal Balance of the Notes on the Payment Date (once all payments and distributions have been made at such date), provided that the Specified Cash Collateral Account Balance will be reduced to zero on the Payment Date following the date on which the Notes are redeemed in full (the "**Specified Cash Collateral Account Balance**").

Furthermore, on each Payment Date (other than a Payment Date on which an early liquidation event of the Fund or the event referred to in section 3.4.7(ii)(3)4 of this Additional Building Block would take place) amounts will be withdrawn from the Cash Collateral Account to cover any shortfall in the Available Distribution Amount and pay the amounts under Items 1 through 3 of the Order of Priority (this will include Interest Shortfall of the Notes).

"**Interest Shortfall**" means the accrued interest which is not paid on previous Payment Dates.

"**Scheduled Repayment Date**" means, - assuming that among the Loans to be assigned to the Fund on the last Additional Purchase Date there is at least one with a term of 94 months and which is not affected by an event of early repayment prior to its initially scheduled due date - the Payment Date following the Monthly Period on which the last of the Loan Receivables is to mature, that is, September 2031, or if such day is not a Business Day, the following Business Day unless that day is in the following month. In the later event, the Payment Date shall be the first previous Business Day. This assumes that there is at least one Loan among those to be assigned to the Fund, on the last Additional Purchase Date which has a term of 94 months and is not affected by a termination event or early repayment prior to its initially scheduled maturity date. Thus: (i) on the Scheduled Repayment Date, after the last maturity date of the Loan Receivables occurs; or (ii) as soon as all the Loan Receivables have matured, no amount shall be assigned to the Specified Cash Collateral Account Balance, and the funds from the Cash Collateral Account will be used for the payment of Items 5 to 8 of the Order of Priority or in accordance with the Liquidation Order of Priority, as applicable.

On each Payment Date, provided that no Credit Enhancement Increase Condition is in effect and/or provided that no Service Provider Insolvency Event has occurred, the amount in the Cash Collateral Account in excess of the Specified Cash Collateral Account Balance for that Payment Date may be used to pay Items 6, 7, and 8 of the Order of Priority (that is, payments owing to the Subordinated Lender until all amounts payable in respect of accrued and unpaid interest have been made and the principal of the Subordinated Loan has been reduced to zero and the Financial Intermediation Margin). For the avoidance of doubt, if any of the aforementioned events occur, no amount of the Cash Collateral Account in excess of the Specified Cash Collateral Account Balance for that Payment Date may be used to pay Items 6, 7 and 8 of the Order Priority and therefore the amount of the Cash Collateral Account in excess of the Specified Cash Collateral Account Balance will remain in the account in order to cover any potential shortfall in the Available Distribution Amount on the following Payment Date.



The amounts making up the Cash Collateral amount shall be deposited in the Cash Collateral Account.

The Set-Off Risk Reserve

**"Set-Off Risk Reserve"** means, as of the end of the related Monthly Period, the sum of the amounts defined for each Borrower as the lesser of (i) the Discounted Receivables Balance of the related Loan Receivables and (ii) the deposits made by such Borrower in the books of the Seller at that date.

**"Set-Off Risk Reserve Condition"** means, on any Payment Date, a condition that is satisfied if:

- (a) the Set-Off Risk Reserve is greater than zero (0)% of the Aggregate Discounted Receivables Balance as of the end of the related Monthly Period; and
- (b) Volkswagen Bank GmbH's long-term rating is lower than (A) "BBB (high)" by DBRS, or (B) is (deemed to be) rated lower than "BBB" by S&P Global.

If, on any Payment Date subsequent to the Date of Incorporation, the Set-Off Risk Reserve Condition is satisfied, VW Bank Spanish Branch shall provide collateral amounting to the Set-Off Risk Reserve. The Set-Off Risk Reserve shall be deposited in the Cash Collateral Account, shall be adjusted on a monthly basis and shall be exclusively used to cover losses resulting from set-off risks related to deposits of Borrowers with VW Bank Spanish Branch owing to Loan Receivables.

All funds in the Cash Collateral Account other than the unused amounts of the Set-Off Risk Reserve are referred to as the "Cash Collateral".

In order to minimise the set-off risk resulting from such Borrowers' deposits, the selection criteria applicable to the Loan Receivables provide for the exclusion of Borrowers who maintain deposits with VW Bank Spanish Branch as of the relevant Cut-off Date or the Date of Incorporation. For the time thereafter, if the Set-Off Risk Reserve Condition is satisfied on any Payment Date, VW Bank will be obliged to provide collateral in an amount equal to the Set-Off Risk Reserve. The Set-Off Risk Reserve will be deposited in the Cash Collateral Account, will be adjusted on a monthly basis, and will be exclusively reserved to cover losses resulting from set-off risks related to deposits of Borrowers with VW Bank Spanish Branch owing to Loan Receivables. In addition, as long as the Borrower of a Loan Receivable has no knowledge of the assignment of such Loan Receivable to the Issuer, e.g. because not being notified by VW Bank Spanish Branch of the assignment, he may validly discharge his debt outstanding under the Loan Receivable by payment to VW Bank Spanish Branch or may set-off with counterclaims against VW Bank (e.g. with claims from such Borrower's deposits on bank accounts maintained with VW Bank) which have become due and payable prior to obtaining knowledge of the assignment of such Loan Receivable to the Issuer. In such case, the Issuer would have a claim for compensation against VW Bank Spanish Branch and would therefore be subject to Volkswagen Bank GmbH insolvency risk.

On the date of this Prospectus the Set-Off Risk Reserve is zero.

(2) Subordinated Loan

In order to provide credit enhancement to the Notes, Volkswagen Bank GmbH

shall grant the Subordinated Loan described in section 3.4.4 of this Additional Building Block for in the amount of €61,500,765.72 to the Fund.

(3) Overcollateralisation

In addition to the Subordinated Loan, for the life of the Fund there will be overcollateralisation for the amount by which the Aggregate Discounted Receivables Balance of the Loan Receivables as at the relevant Cut-off Date exceeds the sum of the face value of the Notes and the face value of the Subordinated Loan.

3.4.3 Risk retention requirement applicable to the Transaction and material net economic interest retained by the Seller

In accordance with Article 6(3)(d) of the Securitisation Regulation (and article 8 of the Commission Delegated Regulation (EU) 625/2014 applicable until the new regulatory technical standards to be adopted by the Commission apply, pursuant to article 43(7) of the EU Securitisation Regulation), the Seller has communicated to the Management Company that it will retain, for the life of the Transaction, a net economic interest through the retention of the first loss tranche consisting of the overcollateralization and the Subordinated Loan the sum of which will equal an amount equivalent to no less than 5% of the nominal value of the securitised exposures on an ongoing basis provided that the level of retention may reduce over time in compliance with Article 10 (2) of the Commission Delegated Regulation (EU) 625/2014 or any successor delegated regulation. The overcollateralization and the Subordinated Loan on the date of registration of this Prospectus amounts to 7.6% of the Discounted Receivables Balance and 7.14% of the nominal amount of the Loan Receivables.

Should the Subordinated Loan be amortised during the Revolving Period, the overcollateralization will be increased proportionally to match the Targeted Overcollateralisation Percentage of 7.6%. Should the Actual Overcollateralisation Percentage fall below 7.3% it will trigger a Revolving Period Termination Event.

Notwithstanding the foregoing, certain details relating to the said retention are provided in this Prospectus below. In particular:

- (i) that the Seller, in its capacity of Originator of the securitisation, will undertake under the Deed of Incorporation to comply with article 6(3)(d) of the Securitisation Regulation; and
- (ii) that, under the Deed of Incorporation, the Seller will undertake to communicate to the Management Company, on a monthly basis, its compliance with the retention commitment assumed by it.

Investors, to which the Regulation (EU) 2017/2402 (the "**Securitisation Regulation**") is applicable, should make themselves aware of the requirements of Articles 5 et seqq. of the Securitisation Regulation, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

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

Article 5 of the Securitisation Regulation places an obligation on institutional investors (as defined in the Securitisation Regulation) before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions and monitor on an ongoing basis in a timely manner performance information on the exposures underlying their securitisation positions. After the Date of Incorporation, the Seller in its capacity as originator,

as designated reporting entity under Article 7 of the Securitisation Regulation, will prepare monthly investor reports wherein relevant information with regard to the Loan Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Originator in accordance with Article 7 of the Securitisation Regulation.

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

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

Following the issuance of Notes, relevant investors, to which the Securitisation Regulation is applicable, are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 5 of the Securitisation Regulation.

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

#### 3.4.4 Subordinated Loan Agreement

According to section 3.4.2(i)(2) of this Additional Building Block, the Management Company shall, acting for and on behalf of the Fund, enter with Volkswagen Bank GmbH (the "**Subordinated Lender**") into an agreement whereby Volkswagen Bank GmbH shall grant to the Fund a commercial subordinated loan amounting to €61,500,765.72 (the "**Subordinated Loan**"). The total amount of the Subordinated Loan shall be paid into the Distribution Account on the Closing Date. The Subordinated Loan is granted, among others, in order to enhance the credit rating of the Notes.

The Subordinated Loan shall be amortised on each Payment Date in accordance with the Order of Priority or the Liquidation Order of Priority.

The Subordinated Loan shall be amortised in the following circumstances:

- (1) If: (i) once the payments for Items 1 to 6 of the Order of Priority have been paid the Outstanding Nominal Balance of the Notes has been reduced to the Targeted Note Balance and (ii) the Available Distribution Amount is greater than 0 after the payment for Items 1 to 6 of the Order of Priority, it shall be amortised in the Available Distribution Amount after the payment for Items 1 to 6 of the Order of Priority.
- (2) If on the Fund's early liquidation date the Available Distribution Amount is greater than 0 after the payment for Items 1 to 5 of the Liquidation Order of Priority, by the Available Distribution Amount after the payment for Items 1 to 5 of the Liquidation Order of Priority.

Likewise, the Subordinated Loan shall be amortised on each Payment Date in the amount of the balance of the Cash Collateral Account which is in excess of the Specified Cash Collateral Account Balance on that Payment Date: (i) provided that there is no Credit Enhancement Increase Condition and/or Insolvency Event for the Service Provider; and (ii) provided that all payments have been made up to Item 6 of the Order of Priority or Item 5 of the Liquidation Order of Priority has been paid (that is, that the Subordinated Lender has paid the interest

accrued but not paid from the Subordinated Loan, including without limitation outstanding interest).

Subordinated Loan principal shall be repaid on each Payment Date in accordance with the Order of Priority or the Liquidation Order of Priority. The final maturity of the Subordinated Loan shall occur on the Final Maturity Date or, as the case may be, on the date on which the Management Company proceed with the liquidation of the Fund subject to the Liquidation Order of Priority.

The outstanding Subordinated Loan principal shall accrue an annual fixed nominal interest, determined monthly in each Interest Accrual Period, which shall be a fixed rate of 2.789%. This interest will be payable only if the Fund has sufficient Available Distribution Amounts to allocate in the Order of Priority or the Liquidation Order of Priority, as the case may be. Interest shall be settled and payable on each Payment Date, and shall be calculated based on: (i) a month of 30 days; and (ii) a 360 day year. Interest shall be paid on the relevant Payment Date provided that the Fund has sufficient funds in the Order of Priority or in the Liquidation Order of Priority.

The accrued but unpaid interest on a Payment Date shall be accumulated to the Subordinated Loan principal and shall earn interest from that time.

All Subordinated Loan amounts due and not paid to Volkswagen Bank GmbH due to a shortfall of Available Distribution Amounts shall be settled on the following Payment Date on which the Available Distribution Amounts allow payment in the Order of Priority of payments or the Liquidation Order of Priority, together with any amounts to be repaid on the same Payment Date. Amounts not paid on preceding Payment Dates shall be paid with preference over Subordinated Loan amounts payable on that Payment Date, paying overdue and unpaid interest and principal repayment, according to the Order of Priority or the Liquidation Order of Priority.

The Subordinated Loan Agreement will be terminated if any of the events described in section 4.4.3.(ii)(5) of the Registration Document occurs.

3.4.5 Accounts of the Fund. Parameters for the investment of temporary liquidity surpluses and parties responsible of such investment

(i) Accounts of the Fund

The Management Company, acting in the name and on behalf of the Fund, shall sign the Accounts Agreement with the Account Bank to open the following cash accounts:

(1) Cash Collateral Account

The Cash Collateral Account is the Fund's account opened with the Account Bank endowed on the Closing Date with money from the Initial Cash Collateral Amount and subsequently with the appropriate payments in accordance with item 4 of the Order of Priority in order to maintain the Specified Cash Collateral Account Balance, as established in the Order of Priority in section 3.4.7(ii)(2) of this Additional Building Block. The sole account holder of the Cash Collateral Account shall be the Fund, represented by the Management Company.

On each Payment Date, the cash collateral amount deposited in the Cash Collateral Account shall be used (i) to cover any deficit in the payment of the amounts payable under items 1 to 3 of the Order of Priority, and (ii) (a) on the Scheduled Repayment Date after the last maturity date of the Loan Receivables occurs; or (b) as soon as all the Loan Receivables have matured, for the payment of Items 5 to 8 of the Order of Priority or in accordance with the Liquidation Order of Priority, as applicable.

For this purpose, the Management Company, acting in the name and on behalf

of the Fund, shall give the Account Bank instructions to release the funds in the Cash Collateral Account and pay the amounts indicated in section 3.4.7 of the present Additional Building Block and the Accounts Agreement, provided that the Cash Collateral Account has sufficient funds to make such payments.

On each Payment Date, the Cash Collateral Account shall always have a minimum balance equivalent to the Specified Cash Collateral Account Balance, as defined in section 3.4.2(i)(1) of this Additional Building Block, subject to the Available Distribution Amount.

If, on any Payment Date subsequent to the Date of Incorporation, the Set-Off Risk Reserve Condition is satisfied, VW Bank Spanish Branch shall provide collateral amounting to the Set-Off Risk Reserve. The Set-Off Risk Reserve shall be deposited in the Cash Collateral Account, shall be adjusted on a monthly basis and shall be exclusively used to cover losses resulting from set-off risks related to deposits of Borrowers with VW Bank Spanish Branch owing to Loan Receivables.

All funds in the Cash Collateral Account other than the unused amounts of the Set-Off Risk Reserve are referred to as the "Cash Collateral".

In the event of any amount standing to the credit of the Cash Collateral Account overnight, fixed interest shall accrue at an annual rate equal to - 0.50%, as adjusted in accordance with paragraph below. Negative interests accrued on the credit balances of the Cash Collateral Account will be considered Ordinary Expenses.

The applicable interest shall be reviewed by the Account Bank, acting reasonably in accordance with market standards, on an annual basis. Any adjustment to be made to the interest rate shall be communicated to the Management Company within a 30 Business Days period prior to the end of December each year and will be effective from January of the following year onwards. The first adjustment shall not take effect before January 2021. The reviewed interest rate must be higher or equal to the ECB Deposit Facility Rate at the revision date. Any positive interest accrued shall form part of the Available Distribution Amount.

(2) Distribution Account

The Distribution Account is an account which the Fund has opened in the Account Bank. The sole account holder of the Distribution Account shall be the Fund, represented by the Management Company. All the amounts received by the Fund are credited to the Distribution Account. Most of such amounts come from the following sources:

1. subscription for the Notes;
2. Subordinated Loan; and
3. Collections of the Fund.

In the event of any amount standing to the credit of the Distribution Account overnight, fixed interest shall accrue at an annual rate equal to -0.50%, as adjusted in accordance with paragraph below. Negative interests accrued on the credit balances of the Distribution Account will be considered Ordinary Expenses.

The applicable interest shall be reviewed by the Account Bank, acting reasonably in accordance with market standards, on an annual basis. Any adjustment to be made to the interest rate shall be communicated to the Management Company within a 30 Business Days period prior to the end of December each year and will be effective from January of the following year onwards. The first adjustment shall not take effect before January 2021. The reviewed interest rate must be higher or equal to the ECB Deposit Facility Rate at the revision date. Any positive interest accrued shall form part of the Available Distribution Amount.

The amounts that shall be applied from the Distribution Account to carry out the financial service of the Notes Issue in accordance with the section (2) below (Available Distribution Amount: application) will be transferred by the Paying Agent, following instructions from the Management Company acting on behalf of the Fund, in order to make the relevant payments in accordance with this Prospectus.

(3) Accumulation Account

The Accumulation Account shall be used to collect during the Revolving Period payments as set forth under item 5 of the Order of Priority. During the Revolving Period, amounts on deposit in the Accumulation Account shall be used by the Issuer for the purchase of Additional Receivables from the Seller according to the terms for the purchase of Additional Receivables. After the end of the Revolving Period, the Accumulation Account shall be closed on the subsequent Payment Date and any amounts on deposit in the Accumulation Account shall be transferred on the subsequent Payment Date to the Distribution Account.

The sole account holder of the Accumulation Account shall be the Fund, represented by the Management Company.

The Account Bank shall follow the Management Company's instructions in applying the balance as established in section 3.4.1 of the present Additional Building Block.

In the event of any amount standing to the credit of the Accumulation Account overnight, fixed interest shall accrue at an annual rate equal to -0.50%, as adjusted in accordance with paragraph below. Negative interests accrued on the credit balances of the Accumulation Account will be considered Ordinary Expenses.

The applicable interest shall be reviewed by the Account Bank, acting reasonably in accordance with market standards, on an annual basis. Any adjustment to be made to the interest rate shall be communicated to the Management Company within a 30 Business Days period prior to the end of December each year and will be effective from January of the following year onwards. The first adjustment shall not take effect before January 2021. The reviewed interest rate must be higher or equal to the ECB Deposit Facility Rate at the revision date. Any positive interest accrued shall form part of the Available Distribution Amount.

(ii) Downgrade in Credit Rating of the Account Bank

The Account Bank must have: (i) (a) a minimum rating of A-1 on the S&P Global Ratings scale for its uninsured, non-secured, non-subordinated short term debt obligations and a minimum rating of A- on the S&P Global Ratings scale for its

uninsured, non-secured, unsubordinated long-term debt obligation, or (b) a minimum rating of A- on the S&P Global Ratings scale for its uninsured, non-secured, unsubordinated long-term debt obligations in the event the Account Bank has not a short term rating from S&P Global Ratings; and (ii) (i) (a) if it has a COR, the higher of (x) a rating one notch below its COR and (y) its issuer rating or its unsecured, unsubordinated and unguaranteed debt obligations, rated at least "BBB (high)" (long-term) by DBRS, (b) if it does not have a COR, the higher of (x) its issuer rating or (y) its unsecured, unsubordinated and unguaranteed debt obligations, rated at least "BBB (high)" (long-term) by DBRS, or (c) if the relevant entity has no rating from DBRS, having at least a DBRS Equivalent Rating of "BBB (high)" (long-term) by DBRS ("**Account Bank Required Rating**").

If the Account Bank does not have the Account Bank Required Rating or such rating is withdrawn for any reason, the Account Bank shall have 30 calendar days from such event to adopt one of the following options at its own expense:

- (1) to replace the Account Bank by an Eligible Collateral Bank, which shall assume, substantially, the functions of the Account Bank in the same or better conditions; or
- (2) to seek for an unconditional, irrevocable and first-demand bank guarantee or other guarantee which meets the standards established for this eventuality by S&P Global Ratings and DBRS respectively, granted by an entity which has the Account Bank Required Rating, subject to the early notice to the Rating Agencies. This bank guarantee shall guarantee the Account Bank's timely payment of its obligation to reimburse the Fund for the amounts deposited by the Fund into the Account Bank as long as the situation of the loss of the Account Bank Required Rating is maintained (the "**Account Bank Required Guarantee**").

When the Account Bank ceases to have the Account Bank Required Rating, it shall give an irrevocable commitment to report to the Management Company as soon as said circumstance occurs. This commitment shall last for the life of the Notes Issue.

Any costs, expenses or taxes derived from the options referred to in the above paragraphs caused by a downgrade in the rating of the Account Bank, according to the above, will be borne by the Account Bank, up to a maximum amount of €15,000. The excess over such amount shall be borne by the Fund and will be considered as Extraordinary Expenses, as defined in section 3.4.7(ii)(5) of the Additional Building Block.

On the date of registration of this Prospectus Santander holds the Account Bank Required Rating.

#### 3.4.6 Collection by the Fund of the payments related to the assets

VW Bank Spanish Branch shall manage collection of all Loan Receivables payable by the Borrowers, and shall use every effort in order for payments to be made by the Borrowers to be collected in accordance with the contractual terms and conditions of the Loans.

The Collections derived from the Loan Receivables received by VW Bank Spanish Branch shall be paid into the Distribution Account as set forth in section 3.4.5(i)(2) of this Additional Building Block.

#### 3.4.7 Order of Priority of payments made by the Fund

- (i) Source and application of funds on the Closing Date until the First Payment Date, exclusive

The source and application of the amounts available for the Fund on the Notes Issue Closing Date shall be as follows:

- (1) Source: the Fund shall have the following funds:
    1. Note subscription payments for the Notes; and
    2. drawdown of Subordinated Loan principal.
  - (2) Application: in turn, the Fund will apply the funds described above to the following payments:
    1. setting up of the Initial Cash Collateral Amount;
    2. payment of the Initial Expenses; and
    3. payment of the Initial Receivables Purchase Price.
- (ii) Source and application of funds at the first Payment Date, inclusive, until the last Payment Date or the liquidation of the Fund, exclusive

On each Payment Date, other than the Final Maturity Date or other than the date in which the early liquidation of the Fund could take place, the Management Company shall proceed successively to apply the Available Distribution Amount in accordance with the Order of Priority given hereinafter for each of them.

During the Revolving Period, if and to the extent the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates and after the Revolving Period, to the extent the Available Distribution Amount is sufficient and in accordance with the Order of Priority of distributions set forth below, the Issuer will pay to the holders of the Notes an aggregate amount in respect of principal equal to the Principal Payment Amount. The Principal Payment Amount is the amount necessary to reduce the outstanding principal amount of the Notes to the Targeted Note Balance. The Principal Payment Amount is intended to reduce the aggregate outstanding principal amounts of the Notes to amounts which would leave an amount of overcollateralisation constant as a percentage of the Aggregate Discounted Receivables Balance, subject to certain specified increases in those percentages in case a Credit Enhancement Increase Condition is in effect.

- (1) Available Distribution Amount: source

The Available Distribution Amount at any Payment Date to face the payment obligations or the provisions mentioned in the Order of Priority in section 3.4.7(ii)(2) will be the amounts deposited in the Distribution Account, corresponding to the following concepts identified as such by the Management Company (in accordance with the information obtained by the Service Provider, where applicable) which will be equal to the sum of the following amounts (the "**Available Distribution Amount**"):

1. the Collections of the Monthly Period of such Payment Date; plus
2. the withdrawals of the Cash Collateral Account in accordance to what is established in section 3.4.5(i)(1) of this Additional Building Block; plus
3. in case of the occurrence of a Revolving Period Termination Event or after termination of the Revolving Period, transfers from the Accumulation Account to the Distribution Account; plus



4. the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus
5. any other amounts obtained by the Fund.

In the event of liquidation of the Fund, the liquidation amount of the assets of the Fund will be available and shall be considered to be Available Distribution Amounts to include all the amounts deposited in the Fund Accounts.

(2) Available Distribution Amount: application

Generally, the Available Distribution Amount of the Fund, as defined in the preceding section will be applied, on any Payment Date, to the following concepts, establishing the following order of priority (the "**Order of Priority**").

1. payment of taxes by the Fund;
2. payment of Ordinary Expenses and Extraordinary Expenses of the Fund;
3. amounts payable in respect of: (a) interest accrued during the immediately preceding Interest Accrual Period; plus (b) Interest Shortfalls (if any) on the Notes;
4. amounts payable to the Cash Collateral Account, until the Cash Collateral amount is equal to the Specified Cash Collateral Account Balance;
5. on a pro rata and pari passu basis, (1) the Amortisation Amount and (2) an amount equal to the Accumulation Amount (which, during the Revolving Period, shall be credited to the Accumulation Account for the purposes of acquiring Additional Receivables);
6. payment to the Subordinated Lender of the accrued and unpaid interest on the Subordinated Loan (including, without limitation, overdue interest);
7. payment to the Subordinated Lender of principal amounts until the aggregate principal amount of the Subordinated Loan has been reduced to zero; and
8. to payment of all remaining excess to VW Bank Spanish Branch by way of Financial Intermediation Margin as described in section 3.4.7(ii)(6) debajo de.

For the purposes of this Prospectus:

**"Amortisation Amount"** means (i) on a Payment Date falling during the Revolving Period and if and to the extent the amounts standing to the credit of the Accumulation Account do not exceed 10% of the Aggregate Discounted Receivables Balance on two consecutive Payment Dates, zero or (ii) on any Payment Date during the Revolving Period if and to the extent the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates and on any Payment Date falling after the end of the Revolving Period, the Principal Payment Amount.

(3) Other Rules

1. If the Available Distribution Amount is insufficient to make any of the above payments, the Available Distribution Amount of the Fund will be applied to the different items mentioned in the previous section in the Order of Priority established and pro rata to the required amount among those entitled to receive payment.
2. The amounts that remain unpaid will be allocated, on the next Payment Date, in a priority order immediately before the concept to which it is referred to and that should be paid on such Payment Date.
3. The amounts owed by the Fund that are not paid on their respective Payment Dates will not accrue additional interest (except in relation to the Subordinated Loan as contemplated in section 3.4.4 of the Additional Building Block).
4. Should the Fund default in the payment of any interest on the Notes then outstanding when the same becomes due and payable and such default continues for a period of five (5) Business Days, the order of priority to be used from the next Payment Date (and onwards) shall be the "Liquidation Order of Priority", although, such event isolated will not constitute an Early Liquidation event and the Management Company will not (only for that reason) be obliged to early liquidate the Fund.

(4) Fund Liquidation Order of Priority

The Management Company shall proceed to liquidate the Fund upon the Fund being liquidated in accordance with the provisions of section 4.4.3 of the Registration Document, by applying the available funds obtained from the following items (the "**Liquidation Available Funds**"): (i) the Available Distribution Amount; and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loan Receivables and the remaining assets, in the following order of priority of payments (the "**Liquidation Order of Priority**"), after deducting the necessary Liquidation Expenses reserve:

1. payment of taxes by the Fund;
2. payment of Ordinary Expenses and Extraordinary Expenses of the Fund;
3. amounts payable in respect of: (a) interest accrued during the immediately preceding Interest Accrual Period; plus (b) Interest Shortfalls (if any) on the Notes;
4. payment by means a reduction of the principal amount until the Notes are redeemed in full;
5. payment to the Subordinated Lender of amounts payable in respect of accrued and unpaid interest on the Subordinated Loan (including, without limitation, overdue interest);
6. payment of the Subordinated Lender of principal amounts until the aggregate principal amount of the Subordinated Loan has been reduced to zero; and

7. to payment of all remaining excess to VW Bank Spanish Branch by way of a Financial Intermediation Margin as described in section 3.4.7(ii)(6) debajo de.

For clarification purposes, upon the occurrence of the event described in section 3.4.7(ii)(3)4 above, from the next Payment Date and onwards, the order of priority to be used shall be the "Liquidation Order of Priority", although, such event isolated will not constitute an Early Liquidation event and the Management Company will not (only for that reason) be obliged to early liquidate the Fund.

(5) Fund Expenses

1. Ordinary Expenses. The following are considered ordinary expenses ("**Ordinary Expenses**"): those which may arise from mandatory verifications, registrations, and administrative authorisations; Rating Agency fees for follow-up and maintenance of the rating of the Notes; those relating to bookkeeping for the Notes by means of account entries; those relating to maintenance of the trading of the Notes in secondary markets; those arising from the annual audit of the Fund; those arising from the amortisation of the Notes; those arising from announcements and notices relating to the Fund and/or the Notes; the Management Company's commission; Service Provider fee; any Paying Agents' fees; EDW fees (other than the initial fee payable to EDW), other administrative expenses of the Fund; and in general any expenses included in Items 1 to 2 of the Order of Priority and of the Liquidation Order of Priority.

If applicable, the negative interests accrued on the credit balances of the Accounts of the Fund will also be considered Ordinary Expenses.

According to the hypotheses contained in Section 4.10 of the Securities Note, the estimated annual Ordinary Expenses for the Fund amounts to €448,696.53 plus an amount equivalent to 1% of the Aggregate Discounted Receivables Balance of the Loan Receivables corresponding to the Service Provider Fee. The estimated amount of said Ordinary Expenses to be paid on the first Payment Date of the Fund is €37,500.02, plus the Service Provider Fee applicable on such Payment Date. The annual amount of Ordinary Expenses is expected to decrease throughout the life of the Fund because the amount of part of the Ordinary Expenses of the Fund is determined as a percentage of the Transaction balance, which obviously will decrease through time.

2. Extraordinary Expenses. The following are considered extraordinary expenses ("**Extraordinary Expenses**"): where applicable, any expenses arising from the preparation and formal execution of the amendment of the Deed of Incorporation and the ancillary agreements, as well as for the execution of additional agreements; where applicable, the expenses for the incorporation of the Fund and the Notes Issue in excess of the estimated amount of the Initial Expenses described in section 6 of the Securities Note; where applicable any costs derived from the election and formalisation of the substitution caused by a downgrade in the rating of the Paying Agent in accordance with section 5.2 of the Securities Note and of the Account Bank which exceed the maximum amount of €15,000 according to section 3.4.5(ii) por encima de of this Additional Building

Block; extraordinary audit and legal advice expenses; expenses that may be incurred in the case of substitution of the Servicer Provider in connection with the registration of retention of titles and notices to borrowers, any expenses incurred in the sale of the Loan Receivables and of the remaining assets of the Fund; the expenses required for seeking the enforcement of the Loan Receivables and those arising from the necessary recovery actions; costs incurred by the Management Company that are not foreseen in its management fee; in general, any other extraordinary expenses incurred by the Fund or by the Management Company, on behalf of and for the account of the same. Extraordinary Expenses will include, if applicable, the Liquidation Expenses.

3. Liquidation Expenses. The following will be considered liquidation expenses ("**Liquidation Expenses**"): any expenses incurred in the assignment of the Loan Receivables and the remaining assets of the Fund when it is liquidated and those incurred in the liquidation of the Fund, including the extinction expenses reserve.
4. Initial Expenses. The estimate of the initial expenses ("**Initial Expenses**") incurred in the incorporation of the Fund and the issue of the Notes is detailed in section 6 of the Securities Note. The Initial Expenses will be paid by the Fund. In any event, an amount equal to that paid as Initial Expenses by the Fund shall be subtracted so as to determine the Initial Receivables Purchase Price, as indicated in section 3.3.3 of the Additional Building Block.

(6) Financial Intermediation Margin

The Seller will be entitled to receive from the Fund a variable and subordinated amount as remuneration for its involvement in the financial intermediation process carried out and that has permitted the financial transformation defining the activity of the Fund, the acquisition of the Loan Receivables and the provisional ratings assigned to the Notes.

Such remuneration will be settled every month on each Payment Date, for an amount equal to the positive difference between the Available Distribution Amount of the Fund and the application of items 1 to 7 of the Order of Priority and of items 1 to 6 in the Liquidation Order of Priority (the "**Financial Intermediation Margin**").

This amount will not be deemed a fee or consideration owed on account of the delivery of a good or provision of a service to the Fund, but instead will be deemed as remuneration for the financial intermediation process carried out by the Seller.

3.4.8 Other arrangements upon which payments of interest and principal to investors are dependent

(i) Paying Agency Agreement

The Management Company, on behalf of and for the account of the Fund, will enter into a Paying Agency Agreement with the Paying Agent in order to carry out the financial service of the Issue of Notes issued at the expense of the Fund, the main terms and conditions of which are set forth in section 5.2 of the Securities Note.

The Fund shall pay an annual commission in consideration for the services to be provided by the Paying Agent, provided that the Fund has sufficient Available

Distribution Amounts in accordance with the Order of Priority (Item 2 of the section 3.4.7(ii)(2) of the Additional Building Block) or, if necessary, the Liquidation Order of Priority (Item 2 of the section 3.4.7(ii)(4) of the Additional Building Block).

If the Fund does not have sufficient Available Distribution Amounts to pay the entire commission on the Payment Date indicated in the preceding paragraph, the unpaid amounts shall accrue without penalty and shall be paid on the following Payment Date, unless the situation persists. In such event, the amounts owing shall accumulate until the Payment Date on which they are paid in their entirety.

3.5 Name, address and significant business activities of the Seller of the securitised assets

The Seller of the securitised Loan Receivables is VW Bank Spanish Branch. The Seller belong to the group headed by the German entity Volkswagen AG, as reflected in the corporate chart included in section 2.2.7 of the Additional Building Block of this Prospectus.

Registered office: Avenida Bruselas 34, 28108, Alcobendas (Madrid), España.

**Significant economic activities of VW Bank**

The following are the relevant data of VW Bank for fiscal years 2017, 2018 and 2019. This audited individual financial information was prepared in accordance with International Financial Reporting Standards, adopted by the European Union (IFRS).

**INDIVIDUAL BALANCE SHEETS AT DECEMBER 31, 2019, 2018 and 2017**

**BALANCE SHEET AT 31 DECEMBER 2017, 2018 and 2019**

(in thousands of euros)

<b>ASSETS</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>1. Cash reserve</b>	<b>1,714,168</b>	<b>1,865,567</b>	<b>3,470,999</b>
a) Cash-in-hand	909	933	987
b) Central bank balances	1,713,178	1,864,626	3,469,985
of which:			
at Deutsche Bundesbank	(1,705,254)		
c) Post office bank balances	81	8	28
<b>2. Loans to and receivables from banks</b>	<b>1,862,374</b>	<b>528,424</b>	<b>427,049</b>
a) Repayable on demand	421,626	528,046	314,759
b) Other receivables	1,440,748	377	112,290
<b>3. Loans to and receivables from customers</b>	<b>47,912,663</b>	<b>51,077,476</b>	<b>55,706,184</b>
<b>4. Bonds and other fixed-income securities</b>	<b>15,094,211</b>	<b>15,418,973</b>	<b>14,704,406</b>
a) Bonds			
aa) From public-sector issuers	1,974,943	2,094,399	1,320,059
of which:			
eligible as collateral at Deutsche Bundesbank	(1,737,569)	(1,865,486)	
ab) From other issuers	13,119,268	13,324,573	13,384,346
of which:			
eligible as collateral at Deutsche Bundesbank	(11,967,401)	(12,449,813)	
<b>5. Equities and other variable-yield securities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>6. Long-term equity investments</b>	<b>87,989</b>	<b>87,852</b>	<b>93,893</b>

<b>7. Shares in affiliated companies</b>	<b>631,651</b>	<b>546,982</b>	<b>125,907</b>
of which:			
in banks	(88,854)	(2,324)	
<b>8. Intangible fixed assets</b>	<b>7,481</b>	<b>11,110</b>	<b>13,275</b>
a) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	7,314	11,110	13,275
b) Goodwill	167	0	0
<b>9. Property and equipment</b>	<b>8,545</b>	<b>9,730</b>	<b>13,168</b>
<b>10. Lease assets</b>	<b>1,198,281</b>	<b>1,407,756</b>	<b>1,644,148</b>
<b>11. Other assets</b>	<b>488,568</b>	<b>637,365</b>	<b>375,997</b>
<b>12. Prepaid expenses</b>	<b>9,761</b>	<b>21,032</b>	<b>123,211</b>
<b>TOTAL ASSETS</b>	<b>69,015,602</b>	<b>71,612,266</b>	<b>76,698,236</b>

**EQUITY AND LIABILITIES**

<b>1. Liabilities to banks</b>	<b>7,194,019</b>	<b>8,872,301</b>	<b>7,464,262</b>
a) Repayable on demand	213,033	1,245,092	52,575
b) With agreed maturity or notice period	6,980,987	7,627,209	7,411,687
<b>2. Liabilities to customers</b>	<b>35,433,829</b>	<b>34,443,652</b>	<b>38,199,254</b>
a) Other liabilities			
aa) Repayable on demand	23,885,894	23,820,648	24,847,615
ab) With agreed maturity or notice period	11,547,936	10,623,004	13,351,639
<b>3. Notes, commercial paper issued</b>	<b>3,802,822</b>	<b>5,670,650</b>	<b>7,677,393</b>
a) Bonds issued	3,265,549	4,770,326	7,037,916
b) Other notes, commercial paper issued	537,273	900,324	639,477
of which:			
Commercial paper	(537,273)		
<b>4. Other liabilities</b>	<b>12,221,980</b>	<b>12,167,503</b>	<b>13,040,123</b>
<b>5. Deferred income</b>	<b>758,833</b>	<b>887,268</b>	<b>852,742</b>
<b>6. Provisions</b>	<b>672,426</b>	<b>639,267</b>	<b>567,332</b>
a) Provisions for pensions and similar obligations	70,612	88,894	100,774
b) Provisions for taxes	40,220	40,991	44,290
c) Other provisions	561,594	509,381	422,267
<b>7. Special tax-allowable reserve</b>	<b>1,171</b>	<b>1,128</b>	<b>0</b>
<b>8. Subordinated liabilities</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b>9. Fund for general banking risks</b>	<b>25,565</b>	<b>25,565</b>	<b>25,565</b>
<b>10. Equity</b>	<b>8,874,958</b>	<b>8,874,933</b>	<b>8,841,565</b>
a) Subscribed capital	318,279	318,279	318,279
b) Capital reserves	8,531,074	8,531,049	8,497,681
c) Revenue reserves			
ca) Other revenue reserves	25,604	25,604	25,604
d) Net retained profits	0	0	0
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69,015,602</b>	<b>71,612,266</b>	<b>76,698,236</b>

**1. Contingent liabilities**

a) Liabilities under guarantees and indemnity agreements	135,995	183,232	233,062
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of which:			
to affiliated companies	108,773	152,249	173,462
<b>2. Other obligations</b>			
a) Irrevocable credit commitments	2,147,999	2,303,652	1,771,244
of which:			
to affiliated companies	137,012	54,533	30,260

**INDIVIDUAL PROFIT AND LOSS ACCOUNTS FOR YEARS ENDED DECEMBER 31, 2019, 2018 and 2017**

	2017	2018	2019
<b>1. Interest income from</b>	<b>1,457,251</b>	<b>1,570,526</b>	<b>1,652,750</b>
a) Lending and money market transactions	1,386,246	1,502,960	1,602,677
b) Fixed-income securities and debt register claims	71,005	67,566	50,073
<b>2. Interest expense</b>	<b>138,708</b>	<b>105,378</b>	<b>131,385</b>
<b>3. Interest anomalies</b>	<b>-12,309</b>	<b>82,299</b>	<b>-13,123</b>
a) Positive interest from banking business (collateral deposits)	751	104,640	6,834
b) Negative interest from money market transactions	13,060	22,341	19,957
	<b>1,306,234</b>	<b>1,547,447</b>	<b>1,508,241</b>
<b>4. Current income from</b>			
a) Equities and other variable-yield securities	31	58	54
b) Long-term equity investments	0	6,758	0
	<b>31</b>	<b>6,815</b>	<b>54</b>
<b>5. Leasing income</b>	715,588	837,646	997,608
<b>6. Leasing expenses</b>	321,299	396,011	466,498
	<b>394,289</b>	<b>441,635</b>	<b>531,111</b>
<b>7. Fee and commission income</b>	388,164	351,980	377,571
<b>8. Fee and commission expenses</b>	500,544	749,225	563,751
	<b>-112,380</b>	<b>-397,245</b>	<b>-186,180</b>
<b>9. Other operating income</b>	419,824	248,195	228,642
<b>10. Income from reversal of special tax-allowable reserve</b>	43	43	1,128
<b>11. General and administrative expenses</b>	<b>815,280</b>	<b>752,417</b>	<b>795,381</b>
a) Personal expenses	117,271	209,030	215,281
aa) Wages and salaries	97,913	165,730	177,765
ab) Social security, post-employment and employee benefit costs	19,357	43,300	37,516
other			
of which:			
in respect of post-employment benefits	(363)		
b) Other administrative expenses	698,010	543,387	580,100
<b>12. Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of property and equipment and lease assets</b>	<b>367,653</b>	<b>446,175</b>	<b>515,623</b>
a) Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of property and equipment	5,240	8,323	10,695
and			
b) Depreciation and write-downs of lease assets	362,413	437,852	504,928

<b>13. Other operating expenses</b>	<b>272,824</b>	<b>315,962</b>	<b>79,843</b>
<b>14. Amortization and write-downs of receivables and certain securities, and additions to provisions in the lending business</b>	<b>0</b>	<b>105,953</b>	<b>205,691</b>
<b>15. Income from the reversal of write-downs of and valuation allowances on receivables and certain securities and from the reversal of provisions in the lending business</b>	<b>125,675</b>	<b>0</b>	<b>305</b>
<b>16. Write-downs of long-term equity investments, shares in affiliated companies, and securities treated as fixed assets</b>	<b>0</b>	<b>453</b>	<b>10</b>
<b>17. Result from ordinary activities</b>	<b>677,959</b>	<b>225,932</b>	<b>486,753</b>
<b>18. Extraordinary income</b>	<b>2,969</b>	<b>74,972</b>	
<b>19. Extraordinary expenses</b>	<b>0</b>	<b>0</b>	<b>-2</b>
<b>20. Extraordinary result</b>	<b>2,969</b>	<b>74,972</b>	<b>-2</b>
<b>21. Income tax expense</b>	<b>191,629</b>	<b>96,317</b>	<b>121,931</b>
<b>22. Other taxes, unless reported under item 13</b>	<b>52</b>	<b>120</b>	<b>95</b>
<b>23. Profits transferred under a profit and loss transfer agreement</b>	<b>489,247</b>	<b>204,467</b>	<b>364,726</b>
<b>24. Net income</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>25. Reduction in assets as a result of demerger</b>	<b>0</b>	<b>0</b>	<b>-481,099</b>
<b>26. Withdrawal from capital reserves</b>			<b>481,099</b>
<b>27. Net retained profits</b>	<b>0</b>	<b>0</b>	<b>0</b>

3.6 Return and/or repayment of securities linked to the performance or credit of other assets which are not assets of the Issuer

Not applicable.

3.7 Administrator, calculation agent or equivalent

3.7.1 Management and representation of the Fund

The Management Company, Titulización de Activos, S.G.F.T., S.A., shall be responsible for managing and administering the Fund, as the authorised representative of the Fund and the Master Servicer, on the terms set in article 26 of Law 5/2015, to the extent applicable, other applicable laws, and on the terms of the Deed of Incorporation and this Prospectus.

The management and significant economic activities of the Management Company are respectively detailed in section 6 of the Registration Document.

The Management Company shall carry out for the Fund the functions attributed to it in Law 5/2015 and in particular the Management Company is the responsible (in accordance to article 26.1.b) of Law 5/2015) of managing the assets allocated to the Fund. The Management Company may sub-contract or delegate to a third party entity such functions (as contemplated under section 3.7.2 below), keeping its responsibility in accordance with article 30.4) of Law 5/2015.

It is also the Management Company's duty, as the manager of third-party interests, to represent and defend the interests of the holders of Notes issued at the cost of the Fund and those of its creditors. Consequently, the Management Company shall make its actions conditional on their



protection and observe the provisions established for that purpose from time to time. Noteholders and all other creditors of the Fund shall have no recourse against the Management Company, except for a breach of its duties or failure to observe the provisions of the Deed of Incorporation and this Prospectus.

Merely by way of illustration, and notwithstanding other actions stipulated in the Deed of Incorporation and this Prospectus, the duties of the Management Company in accordance with the applicable laws at the time of registration of this Prospectus, will be as follows:

- (i) check that the amount of the Collections actually received by the Fund matches the information provided by the Service Provider to the Management Company in the monthly investors report and in the periodic information files, in accordance with the provisions of the different contracts from which such Collections derive. Should it be necessary, the Management Company will take any action, either in court or out of court, necessary or appropriate to protect the rights of the Fund and of the Noteholders;
- (ii) apply the Fund's Collections to the payment of the Fund's obligations, as provided in the Deed of Incorporation and this Prospectus;
- (iii) extend the term or modify the contracts it has entered into on behalf of the Fund in order to allow the Fund to operate in the terms stipulated in the Deed of Incorporation, this Prospectus and the laws applicable from time to time;
- (iv) replace each of the providers of services to the Fund, in the terms set forth in the Deed of Incorporation and in this Prospectus and, if and when necessary, the authorisation of the competent authorities is obtained, the Rating Agencies are notified and the interests of the Noteholders are not harmed. In particular, in the event that the Seller is in breach of its obligations as the service provider of the Loan Receivables, the Management Company will take any steps necessary to ensure the proper servicing of the Loan Receivables;
- (v) issue appropriate instructions in relation to the Accounts;
- (vi) issue appropriate instructions to the Paying Agent regarding payments to be made to the Noteholders and, where applicable, to other entities in charge of making payments;
- (vii) calculate and give instructions regarding the Subordinated Loan principal and interest payments;
- (viii) appoint and replace the Fund's auditor, where applicable, with the prior approval of the CNMV, where necessary;
- (ix) produce and submit to the competent agencies any documents and information that must be submitted under current regulations to the CNMV and produce and disclose to the Noteholders any information that is legally required;
- (x) make appropriate decisions relating to the liquidation of the Fund, including the decision to proceed with the early liquidation of the Fund, pursuant to the provisions of the Deed of Incorporation and this Prospectus;
- (xi) perform all of the duties that correspond to the Management Company in accordance with article 26 of Law 5/2015;
- (xii) perform all of the duties that correspond to it in relation to the actions to be taken during the Revolving Period; and
- (xiii) make available to the public any documents and information necessary in accordance with the Deed of Incorporation and this Prospectus.

### **Resignation and substitution of the Management Company**

The Management Company shall be substituted in managing and representing the Fund, in accordance with articles 32 (*Resignation*) and 33 (*Forced Substitution*) of Law 5/2015 and to the extent applicable, other regulations to be established in the future.

#### **Resignation**

The Management Company may resign its management and authorised representation function with respect to all or part of the funds managed whenever it deems this fit, requesting its substitution, which should be authorized by the CNMV, in accordance with the procedure and the conditions to be established in the regulations.

The Management Company may in no event resign its duties until and unless all requirements and formalities have been complied with in order for its substitute to take over its duties.

The substitution expenses originated shall be borne by the Management Company and may in no event be passed on to the Fund.

#### **Forced substitution**

- (i) In the event that the Management Company is declared insolvent, it shall find a substitute management company, in accordance with the provisions of the foregoing section.
- (ii) Always in the event for which provision is made in the preceding section, if four months have elapsed from the occurrence determining the substitution and no new management company has been found to take over management of the Fund, there shall be an early liquidation of the Fund, and the Early Redemption of the Notes issued by the Fund in accordance with the provisions of this Prospectus.

The Management Company agrees to execute such notarial deeds and private documents as may be necessary for it to be substituted by another management company, in accordance with the system for which provision is made in the preceding paragraphs of this section. The substitute management company shall be substituted in the Management Company's rights and duties under this Prospectus. Furthermore, the Management Company shall hand to the substitute management company such accounting records and data files as it may have to hand over in connection with the Fund.

#### **Management Company's remuneration**

The Management Company will receive, for its management, an initial fee (which has been included within the Initial Expenses of the Fund) plus a management fee on each Payment Date, equal to a twelfth part of the fixed amount (which shall be deemed included in the Ordinary Expenses of the Fund). Such fee will be deemed gross, in the sense of including any direct or indirect tax or withholding which could charge the same.

Exceptionally, on the first Payment Date, the remuneration of the Management Company will be calculated on a *pro rata* basis according to the number of days elapsed as from the Date of Incorporation.

### **3.7.2 Administration and custody of the securitised assets**

- (i) Appointment of Service Provider and its functions

Notwithstanding the obligations of servicing and management of the Loan Receivables corresponding to the Management Company in accordance with article 26.1.b) of Law 5/2015 (as it is set forth under section 3.7.2(vii) of the Additional Building Block), the

Management Company has entered into a Servicing Agreement with the Seller by virtue of which the Management Company subcontract or delegate in the Seller the functions of servicing and managing the Loan Receivables. The relations between VW Bank Spanish Branch and the Fund, represented by the Management Company, shall be governed by the Servicing Agreement in relation to custody and servicing of the Loan Receivables. All the above should be understood without prejudice to the liability of the Management Company as Master Servicer of the Loan Receivables according to article 26.1.b) of Law 5/2015.

The Service Provider shall manage the Loan Receivables, using the same degree of skill and attention that the Service Provider exercises with respect to comparable vehicle loan receivables that the Service Provider collects for itself or others, and in any case, according to the terms and conditions of the Servicing Agreement.

The Service Provider, in the performance of its duties, must follow the instructions given by the Management Company during the term of the Servicing Agreement, subject to what is established in such agreement. The Service Provider undertakes to apply the procedures for the management and administration of the Loan Receivables which are and shall continue to be in conformity with current applicable laws.

The Service Provider's functions will include, but are not limited to:

- (1) Custody of private agreements, documents and files. In accordance with the Service Provider's customary practices in effect from time to time, the Service Provider has subcontracted with a third entity (Iron Mountain), with sufficient capacity to carry out satisfactory such activity, the custody of the agreements relating to the Loan Receivables (although the Servicer Provider is still responsible vis-à-vis the Fund). In relation to the other private agreements, deeds (*contratos privados, escrituras o pólizas*), documents and computer records regarding the Loans, the Service Provider shall keep them in safe custody and shall not leave their possession, custody or control without the prior written authorisation of the Management Company, except for the event that a document is required from the Service Provider to initiate proceedings to claim the payment of a Loan Receivable or that a document is required by any other authority having jurisdiction.

All computer records regarding the Loans shall be maintained so that they can be identified.

The Service Provider shall reasonably provide the Management Company, or the auditors of the Fund duly authorised by the Management Company, access to the referred private agreements or deeds (*contratos privados, escrituras o pólizas*), documents and computer records at any time. Additionally, if the Management Company so requests, the Service Provider shall provide, free of charge, a copy of any of the referred private agreements or deeds (*contratos privados, escrituras o pólizas*), documents and computer records within the 5 Business Days following the Management Company's request. All such actions shall, in any event, be carried out in accordance with the regulations on the protection of personal data in effect at any time.

- (2) Insurance policies benefits and realisation of Loan Receivables. The Service Provider is authorised, until revocation by the Management Company, acting in the name and on behalf of the Issuer, in accordance with section 3.7.2(vi) of this Additional Building Block; and obliged to assert, in accordance with the Service Provider's customary practices in effect from time to time in relation to the respective insurance companies, the claims regarding the insurance proceeds derived from the insurance policies which are part of the Loan

Receivables and shall be assigned to the Issuer, according to what is established in section 2.2.10 and 3.3.2 of this Additional Building Block. The Service Provider is not required to monitor the compliance by a Borrower with the insurance provisions and the Service Provider shall not be liable for any failure by a Borrower to comply with such provisions.

Likewise, the Service Provider must coordinate the procedure for the collection of any compensation arising from the insurance policies, according to their terms and conditions, which belong to the Fund and shall pay to it the collected amounts.

Upon the termination of a Loan agreement due to a Borrower's delinquency, the Service Provider is authorised, until revocation by the Management Company, acting in the name and of behalf of the Fund, to recover the possession of the vehicle on behalf of the Fund and to realise such vehicle in accordance with the Service Provider's customary practices in effect from time to time. The proceeds of realisation to which the Fund is entitled shall be credited by the Service Provider to the Fund.

- (3) Collection of the Loan Receivables. The Service Provider shall continue with the management of the collection of the Loan Receivables, including principal and interest or any other amount in connection with them, in accordance with the terms and conditions of each Loan and with the Service Provider's customary practices in effect from time to time, using the same degree of skill and attention that the Service Provider exercises with respect to comparable vehicle loan receivables that the Service Provider manages for itself or others.

The Service Provider, as collection manager, shall receive on behalf of the Fund, any Collections and amounts arising from the Loan Receivables, paid by the Borrowers, on any basis, which are payable to the Fund. The Service Provider shall credit the Collections, and the amounts above referred, to its own bank accounts and subsequently, pursuant to Section 3.4 of this Additional Building Block, the Service Provider shall credit said Collections to the Distribution Account, opened by the Management Company, in the name and on behalf of the Fund, in the Account Bank, or in the bank account indicated by the Management Company in the event of change of the Account Bank, pursuant to the Accounts Agreement.

The Service Provider shall not pay any amount whatsoever to the Fund unless it has been previously received as payment of the Loan Receivables, without prejudice to Section 3.4.1 of this Additional Building Block.

The Service Provider's authorisation and power to collect the Loan Receivables ceases automatically if any of the following events occurs (each, a "**Service Provider Replacement Event**"):

- (i) the Service Provider fails to make any payment or deposit to be made by it to the Distribution Account and such failure to pay has not been remedied within five (5) Business Days after the earliest of (i) receipt by the Service Provider of a written notice from the Management Company of such failure to pay or (ii) the Service Provider becoming aware of such failure to pay;
- (ii) the Service Provider fails to perform or observe in any material respect any material term, covenant or agreement hereunder applicable to it (other than as referred to in paragraphs (a) above) and such failure shall remain unremedied for sixty (60) days (or if such

failure is not capable of remedy, in the Service Provider's sole discretion, five Business Days) after receipt by the Service Provider of written notice from the Management Company requiring the failure to be remedied, (which Service Provider Replacement Event shall be deemed to occur only upon the last day of the relevant period);

- (iii) any material written representation or warranty made by the Service Provider in its capacity as such in the Servicing Agreement or any of the Transaction Documents proves to have been incorrect, in any material respect, when made or deemed to be made by reference to the facts and circumstances then subsisting (provided, that repurchase or exchange of a Loan Receivable by VW Bank in accordance with the Assignment Policy shall be deemed to remedy such circumstances with respect to such Loan Receivable), and such incorrect representation or warranty shall remain unremedied for sixty (60) days (or, if such failure is not capable of remedy, in the Service Provider's sole discretion, five Business Days) after receipt by the Service Provider of written notice from the Management Company requiring the circumstances causing or responsible for such misrepresentation to be remedied (which Service Provider Replacement Event shall be deemed to occur only upon the last day of the relevant period); or
- (iv) the Service Provider becomes subject to an Insolvency Event;

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

The Service Provider will notify to the Management Company, S&P Global Ratings and DBRS of the occurrence of the event referred to in (iv) above.

If a Service Provider Replacement Event occurs, the Service Provider expressly undertakes to refrain from further collection of Loan Receivables and from the utilisation of direct debit into its account. Furthermore the Service Provider undertakes to inform at the request of the Management Company all Borrowers about the assignment of the Loan Receivables to the Fund without undue delay and to instruct such Borrowers to no longer make their money transfer to the account of the Service Provider, but to the Distribution Account of the Fund, as it is established in section 3.7.2(ii) of this Additional Building Block. Finally, the Service Provider will provide the Fund, in accordance and subject to data protection regulations applicable, with the relevant information for the registration, where applicable, of the relevant reservations of title clause in favour of the Fund in the event that the Seller is no longer the Service Provider of the Loan Receivables. In such scenario, the costs associated to the registration of the relevant reservation of title clauses in favour of the Fund will be borne by the Fund.

- (4) Action against the Borrowers for default in payment of the Loans.

**Actions for delay in repayment.**

The Service Provider shall use the same diligence and shall implement the same procedure to claim the due, unpaid amounts of the Loans as the Service Provider uses for the loans that it manages for itself or on account of third parties.

In the event of default of its obligations by the Borrower, the Service Provider shall take the necessary steps and shall adopt any measures, as described in section 2.2.7 of this Additional Building Block, that it would normally adopt for the loans that it manages for itself or on account of third parties, in accordance with good banking customs and practices for the recovery of any amounts due. The referred steps include all court and out-of-courts actions that the Service Provider considers appropriate to claim and recover the amounts owed by the Borrowers.

**Court Actions.**

The Service Provider shall take any relevant actions against the Borrowers that default in their payment obligations arising from the Loans and against the guarantors, if appropriate. Such action shall be taken through the appropriate court proceedings.

For the above purposes under the Deed of Incorporation the Management Company (as Master Servicer and manager of the assets pursuant to article 26.1.b) of Law 5/2015) will grant a power of attorney to the Service Provider, as broad as required by law, so that the Service Provider, acting through any of its attorneys-in-fact with sufficient powers for such purposes, and according to the instructions provided by the Management Company, whether on behalf and for account of the Management Company, or on its own behalf and for account of the Management Company (as Master Servicer and manager of the assets pursuant to article 26.1.b) of Law 5/2015), may claim the payment of the debt from any Borrower of any Loan and/or, from their guarantors, as appropriate, through any court or out-of-court proceedings, and bring any appropriate legal actions against them, as well as any other powers required to exercise its role as Service Provider. These powers may be extended and amended if necessary.

The Service Provider undertakes to keep the Management Company up-to-date with any requests for payment, legal actions and any other circumstances affecting the collection of the amounts due and payable under the Loans. The Service Provider shall also provide the Management Company with all the documents that the latter may request in connection with said Loans and, in particular, any documents required for the Management Company to bring any legal actions, if appropriate.

(5) Expenses.

Any expenses incurred by the Service Provider in performing its duties under the Servicing Agreement and this Prospectus shall be included in the Service Provider Fee.

(ii) Refinancing and amendment of Loan agreements

The Seller, as Service Provider of the Loans agreements, shall be authorised to, with effect from the Date of Incorporation of the Fund, carry out the following amendments to the Loan agreements:

- (1) amendment to the terms and conditions of Loan agreements (which in no case may lead to increasing the Loan amount) if so requested by the relevant Borrower and to maximize collections (including as a result of Covid-19 Contractual Moratoriums);
- (2) subrogation of any of the parties; and
- (3) execute an acknowledgement of the debt, in case the Loan is due or if any other cause that legally prevents the execution of an amendment or a subrogation occurs.

The amendments will be formalised with at least the same guarantees of the original contract and seeking, as far as possible, the incorporation of additional guarantees.

The above mentioned amendments shall be subject to the limits set out below:

- (1) the total number of instalments (original agreement plus amendment) must not be more than 96 months; and
- (2) the principal amount of the Loan is never increased.

The amendments will be implemented by means of a modification to the Loan agreement. It will seek the signatures of all the parties to the Loan agreement. In this way, the guarantee for the reservation of title is not lost.

The amendments to the Loan agreements will be carried out subject to the representations and warranties that the Seller, as the owner of the Loan Receivables, will grant as described in section 2.2.8 of this Additional Building Block. The Seller shall receive the commission for contractual amendment, to which it may be entitled, and which shall not be assigned to the Fund, without prejudice to the prepayment fee arising in case of reduction of the term of the Loan agreement.

The Service Provider shall provide, periodically, the Management Company with the information in connection with the changes in the terms and conditions of the Loan agreements, if any, in accordance with the provisions of paragraph 3.7.2(iv) of this Additional Building Block and in the Servicing Agreement.

In the event of the extension of the term of the Loan agreement the commission for contractual amendment, which, if any, belongs to the Seller, is not assigned to the Fund. Notwithstanding the above, the additional amount of interest resulting from such extension shall be in favour of the Fund. In the event of a reduction of the term of the Loan agreement, prepayment fees (total or partial) are transferred to the Fund, as described in paragraph 3.3.2 of this Additional Building Block.

All costs and expenses arising from the refinancing and amendment of the Loan agreements shall be borne by the Seller. Said costs and expenses are included in the Service Provider Fee received by the Seller.

Notwithstanding the foregoing, it is necessary to bear in mind that pursuant to the Insolvency Act, a judge may order the judicial endorsement of a refinancing agreement which may have the following effects on the Loans in accordance with the majorities of the financial liabilities that have approved the refinancing: (i) extension, whether of the

principal, interest or any other amount owed for a period of five years or more, but in no case exceeding ten; (ii) debt relief; (iii) conversion of the debt into shares or interests in the borrower's company; (iv) conversion of the debt into equity loans for a term of five years or more, but in no case exceeding ten; or (v) the assignment of the creditors' property or rights in lieu of payment of all or part of the debt.

The Management Company accepts that the Service Provider may amend the Loan Receivables due to Covid-19 Moratoriums.

(iii) Notice to the Borrowers

Without prejudice to the exceptions referred to in last paragraph of this section 3.7.2(iii), the Management Company and the Seller have agreed not to serve notice of the transfer on the respective Borrowers. For these purposes, service of notice is not a requirement for the validity of the transfer of receivables. Notwithstanding the above, the Seller shall grant powers as broad as required by law to the Management Company so that the Management Company may, in the name and on behalf of the Fund, serve notice of the transfer on the Borrowers, as provided in this Prospectus and in the Servicing Agreement.

If a Service Provider Replacement Event occurs, or if the Managing Company considers it reasonably justified, on the basis of objective circumstances that advise such decision, the Managing Company may demand that the Service Provider serve notice on the Borrowers that the Receivables were assigned to the Fund, and that the payments arising thereof shall release the Borrower if they are paid into the Distribution Account. If the Service Provider fails to serve notice on the Borrowers within the 5 Business Days following receipt by the Service Provider of the request for notice, the Managing Company may serve notice on the Borrowers and guarantors, as appropriate, or through a new service provider designated by it.

The Fund shall cover the expenses arising from service of notice to the Borrowers, and the Service Provider or the new service provider designated by it shall provide evidence of such expenses.

Notwithstanding the above, the Seller, in order to comply with applicable regulations in certain Spanish Autonomous Communities, shall send a notice to some Borrowers informing about the assignment and, in particular, to:

the Borrowers located in the Autonomous Community of Valencia according to Decree-Law 1/2019, of December 13, of the Consell, approving the consolidated version of the Statute of consumers and users of the Valencian Community;

b. the Borrowers located in the Autonomous Community of Castilla La Mancha to the extent required by Law 3/2019, of March 22, approving the Statute of Consumers in Castilla La Mancha; and

c. the Borrowers located in of the *Foral* Community of Navarra to the extent required under Ley 1/1973 approving the compilation of Derecho Foral de Navarra.

(iv) Reporting Obligations

VW Bank Spanish Branch, in its capacity as Originator, shall be the designated reporting entity pursuant to Article 7 of the Securitisation Regulation.

Notwithstanding the information undertakings that correspond to the Management Company as Master Servicer of the Loan Receivables in accordance with article 26.1.b of Law 5/2015 and the information undertakings detailed in section 4 of this Additional



Building Block (which correspond to the Management Company) pursuant to the Servicing Agreement, the Management Company has tasked the Service Provider with reporting, amongst others, the following facts to the Management Company, the Paying Agent and the Rating Agencies on the Reporting Date, by means of the monthly investors report:

- the aggregate amount to be distributed on the Notes and the Subordinated Loan on the Payment Date immediately following;
- the repayment of the nominal amount attributed to the Notes and the Subordinated Loan as distributed together with the interest payment;
- the nominal amount still outstanding on the Notes and on the Subordinated Loan on their respective Payment Dates; and
- the Notes factor;

The factor of the Notes shows the percentage of the outstanding principal amount of the Notes.

The factor shall be calculated as follows:

$$NF = \frac{1,386,000,000 - KR}{1,386,000,000}$$

where NF means the Notes factor which is calculated to six decimal places and KR means the total of all repayments of the nominal amount of all Notes paid and contained respectively in each payment up to each respective Payment Date.

- the amounts still available in the Cash Collateral Account on the Payment Date immediately following the Payment Date;
- the sums corresponding to the Service Provider Fee;
- the Cumulative Gross Loss Ratio;
- the Actual Overcollateralisation Percentage;
- the applicable Targeted Overcollateralisation Percentage;
- delinquency information for delinquency periods of up to one month, up to 2 months, up to 3 months, up to 4 months, up to 5 months, up to 6 months and more than 6 months with respect to the number of Write-off Loan agreements, the amount of Loan Receivables and the total outstanding Discounted Receivables Balance of delinquent Loan agreements;
- information on recoveries;
- in the event of the Final Maturity Date, the fact that such date is the Final Maturity Date; and
- to remit to the Management Company by the deadlines it reasonably requires, the information necessary to comply with the Fund's reporting obligations under legal regulations at any time.

Likewise, the Service Provider shall periodically provide the Management Company with the information in connection with the individual characteristics of each Loan, the Borrowers' compliance with their obligations arising from the Loans, delinquency, any changes made to the terms and conditions of the Loans, as appropriate, in accordance with Section 3.7.2(ii) of the Additional Building Block, and any actions taken in the event of delay, any court proceedings and auction of assets: It is recorded that the delivery of said information will be, in any case, carried out with the compliance of the obligations arising from the regulations on the protection of personal data applicable at any time, where applicable, and shall keep receipts of the relevant communications, as set forth in this section.

The Service Provider shall prepare and deliver to the Management Company any additional information requested by the Management Company in connection with the Loans or any rights arising thereof, in particular, any documents required for the Management Company to bring any legal actions, as appropriate.

Reporting to comply with Article 7 of the Securitisation Regulation will be made by VW Bank Spanish Branch in accordance with Commission Delegated Regulation (EU) 2020/1224.

The Service Provider shall list the amounts to be distributed for each Payment Date in the Order of Priority and will inform on the balance of the Interest Compensation Payments to be paid by the Service Provider or the Management Company, in the name and on behalf the Fund, in case of early repayment or novation of the Loan Receivables pursuant to section 2.2.4 of this Additional Building Block. The Service Provider shall, furthermore, provide the Rating Agencies with the reports and information which the latter reasonably need to maintain their rating of the Notes.

The Service Provider hereby covenants to the Issuer:

- that it shall maintain (and regularly update) a list of those officers or other persons working for it, whether as employee, agent, contractor or consultant, who have actual or potential access to Relevant Information and shall transmit such list to any relevant governmental or regulatory authority upon request by such authority;
- that it shall promptly inform the Issuer of any information in its possession that it may reasonably determine to be Relevant Information; and
- that it shall promptly assist the Management Company, acting in the name and on behalf the Issuer, in making such disclosures of Relevant Information (if any) as may be incumbent upon the Management Company, acting in the name and on behalf the Issuer.
- The "**Relevant Information**" means any information relating to the Transaction (or any individual item comprised therein) that is likely to have a material impact on the value of the Notes Issue.

To the extent no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, the Service Provider will make such information available (as required under Article 7 of the Securitisation Regulation) on the website of the of the European Data Warehouse ([www.eurodw.eu](http://www.eurodw.eu)) which, for the avoidance of doubt, conforms to the requirements set out in Article 7.2 of the Securitisation Regulation or any other website complying with the Securitisation Regulation Disclosure Requirements. If a securitisation repository should be registered in accordance with Article 10 of the Securitisation Regulation, VW Bank Spanish Branch will make the information available to such securitisation repository.

(v) Term of appointment of the Service Provider

The services shall be provided by the Service Provider until the earlier of: (i) the date on which all the Loan Receivables and the Notes are paid; (ii) when all the obligations assumed by the Service Provider with regard to the Loan Receivables and the Notes have been completely extinguished; (iii) when the Fund has been extinguished after its liquidation; or (iv) if any of the events described in section 4.4.3.(ii)(5) of the Registration Document occurs.

If the Service Provider breaches any of its obligations under this Prospectus and the Servicing Agreement, the Management Company, in the name and on behalf of the Issuer, shall have the right to terminate the Servicing Agreement, giving prior notice to the Rating Agencies, without prejudice to any contractual liability of the Service Provider as a result of such breach.

If the event of the early termination of the Servicing Agreement, the Management Company in its capacity of Master Servicer (in accordance with article 26.1.b of Law 5/2015) must previously appoint a substitute service provider in relation to the Loans. In such event, the substitute service provider shall, at the written request of the Management Company, and if legally possible, carry out the servicing and management of the Loans which the Service Provider serviced in terms and conditions identical to those contained in the Servicing Agreement. To this effect, the parties undertake to formalise the necessary documents. The Service Provider shall continue with the servicing in relation to the Loan Agreements until the new service provider had been appointed and is ready to assume the servicing of the Loan Receivables.

The Management Company shall take into account the proposals made by the Service Provider with regard to the appointment of the substitute service provider (but without those proposals being binding on the Management Company).

In the event of the early termination of the Servicing Agreement, the dismissed Service Provider shall, at the request of the Management Company and in the manner the Management Company specifies, make available to the substitute service provider, if appropriate, the documents and computer registers necessary for it to engage in its activities as service provider. Likewise, in the same circumstances, the Management Company will request that the new service provider carry out the administrative procedures necessary to register the assignments of the Loan Receivables subject to reservation of title in the Chattels Registry, pursuant to Section 2.2 of this Additional Building Block. The Issuer shall pay any costs arising thereof (including those derived from the registration of the reservation of title in the Chattels Registry).

(vi) Dismissal and substitution of Service Provider

After a Service Provider Replacement Event, the Management Company, acting in the name and on behalf the Fund, is entitled to dismiss the Service Provider by written notification and to appoint a new service provider. Notwithstanding this, the Management Company is the Master Servicer and responsible for the management of the Fund. The dismissal and the appointment of a new service provider shall only become effective after the new service provider has: (i) taken over all the rights and obligations of the Service Provider hereunder; and (ii) agreed to indemnify and hold harmless the Service Provider from all procedures, claims, obligations and liabilities as well as all related costs, fees, damages claims and expenditures (inclusive fees and expenditures associated with legal advice, auditors and other experts or persons commissioned or initiated from the Service Provider) which it may incur arising out of, in connection with or based upon any negligent breach of the contractual duties or any other omission or action of the new service provider. In case of such a dismissal, the Service Provider is obliged to transfer all the existing vested rights and assets held to

the new service provider appointed by the Fund. The Service Provider is furthermore obliged to place all information, files and documents, which are necessary for the proper performance of the Service Provider's obligations, at the new service provider's disposal. The Service Provider is precluded from asserting retention rights and from setting off. The Management Company shall use its best efforts to nominate a new service provider within not more than sixty (60) days.

The Service Provider is permitted to delegate any or all of its duties to other entities, including its Affiliates and subsidiaries, except for the duties that according to law may not be delegated. Notwithstanding, the Service Provider will remain liable for the performance of any duties that it delegates to another entity. The referred delegation cannot cause any additional costs or expenses for the Fund and shall not result in reduction or withdrawal of the rating of the Notes.

By delegating the duties under the Servicing Agreement or appointing a replacement service provider it has to be assured that all data transfer must be in compliance with the Spanish data protection rules and that the replacement service provider is an entity or person authorised to handle such data and meets the requirements described therein.

The Service Provider may provide services similar to those set forth in the Servicing Agreement and in this Prospectus to other individuals, firms, companies engaged in similar business or that are in competition with the Management Company's business.

(vii) Liability of the Service Provider and indemnity

VW Bank Spanish Branch, as Service Provider, shall at no time have any liability whatsoever in relation to the obligations of the Management Company as manager of the Fund (as contemplated under article 26.1.b) of Law 5/2015) and manager of Noteholders' interests, nor in relation to the obligations of the Borrowers derived from the Loan Receivables, without prejudice to the liabilities undertaken by VW Bank Spanish Branch as Seller of the Loan Receivables acquired by the Fund.

The Service Provider shall not be liable for any losses, expenses or damages caused to the Issuer as a result of the performance of its services under the Servicing Agreement. The above shall apply except when the losses, expenses or damages caused to the Issuer result from a wilful or negligent breach of its obligations by the Service Provider.

The Service Provider has an obligation to indemnify the Fund or its Management Company for any damage, loss or expense caused to the same on account of any breach by the Service Provider of its duties to take custody of, service and report on the Loan Receivables, established under the Servicing Agreement or in the event of a breach in accordance with the last paragraph of section 2.2.9 of this Additional Building Block.

The Management Company shall, for and on behalf of the Fund, take action against the Service Provider for defaulting in its obligations under this Prospectus and under the Servicing Agreement, provided that such default does not arise from a breach by the Borrowers of their obligations under the Loan agreements.

Upon a Loan agreement terminating, the Fund shall, through its Management Company, retain a right of action against the Service Provider until fulfilment of its obligations.

Neither the Noteholders nor any other creditor of the Fund shall have any right of action whatsoever against the Service Provider; that right of action shall lie with the

Management Company, as the representative of the Fund, who shall have that right of action on the terms described in this section. Notwithstanding the foregoing, under Article 26.1 (b) and 2 of Law 5/2015, the Management Company shall be liable to Noteholders and other creditors of the Fund for all and any losses caused to them by a breach of its obligation to service and manage the Receivables pooled in the Fund.

(viii) Service Provider's remuneration

**"Service Provider Fee"** means, for any Payment Date, a twelfth of the Service Provider Fee Rate multiplied by the Aggregate Discounted Receivables Balance of the Loan Receivables at the beginning of the Monthly Period (inclusive of Value Added Tax if applicable).

**"Service Provider Fee Rate"** means 1% *per annum*.

The Service Provider will be entitled to receive the Service Provider Fee, as consideration for the services rendered by it under the Servicing Agreement, on each Payment Date according to the Order of Priority or to the Liquidation Order of Priority, as the case may be, set forth in Section 3.4.7(ii)(2) and 3.4.7(ii)(4) of this Additional Building Block of this Prospectus, which the Service Provider declares to know. The Service Provider Fee shall be, for any Payment Date, a twelfth of the Service Provider Fee Rate multiplied by the Aggregate Discounted Receivables Balance of the Receivables from the beginning of the Monthly Period (inclusive of Value Added Tax if applicable).

In the case of a Service Provider Replacement Event, the Management Company is empowered to modify the Service Provider Fee in favour of the new service provider.

In the event that the Fund, through the Management Company, does not have sufficient Available Distribution Amounts, according to the Order of Priority, and fails to pay the Service Provider Fee on the Payment Date due to the lack of sufficient funds, the unpaid amounts shall accumulate without any penalty until their effective payment.

3.8 Name, address and brief description of any counterparties for credit, liquidity or accounts transactions

- **Titulización de Activos, S.G.F.T., S.A.** is the Management Company of the Fund and the Master Servicer of the Loan Receivables.
- **Volkswagen Bank GmbH, Spanish Branch**, is the Seller of the Loan Receivables and the Service Provider under the Servicing Agreement.
- **Santander** is the Arranger, the Lead Manager, the Paying Agent and the Account Bank.
- **Volkswagen Bank GmbH** is the Subordinated Lender under the Subordinated Loan.
- **Hogan Lovells** is the legal advisor to the Transaction.
- **EY** is auditor of the accounts of the Fund.
- **PwC** acts as auditor in the verification of certain attributions of the Initial Cut-off Portfolio owned by the Seller from which arise the Loan Receivables that will be assigned to Fund on its Date of Incorporation.
- **EDW** has been appointed as provider of the website which conforms to the requirements set out in Article 7.2 of the Securitisation Regulation.
- **S&P Global Ratings** and **DBRS** are the Rating Agencies in the Notes Issue.

#### 4. POST ISSUANCE REPORTING

- 4.1 Indication in the Prospectus of where the Issuer is under an obligation to, or where the Issuer intends to, provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. The Issuer shall indicate what information will be reported, where such information can be obtained, and the frequency with which such information will be reported

The information proposed to be provided after the Notes Issue is described below.

- 4.1.1 Issue, verification and approval of annual accounts and other accounting documentation of the Fund

Within 4 months following the end of each accounting period, together with the audited annual financial statements of the Fund, the Management Company will issue a report including:

- (i) an annual report including the information detailed under article 35.1 of the Law 5/2015, to be filed with the CNMV within the abovementioned 4 months period; and
- (ii) a management report containing the information that has to be sent pursuant to Circular 2/2016.

Within 2 months following the end of each quarterly period, the report contemplated under the report referred to under article 35.3 of the Law 5/2015, to be filed with the CNMV within the referred 2 months period.

The abovementioned report will be published in the website of the Management Company ([www.tda-sgft.com](http://www.tda-sgft.com)).

- 4.1.2 Obligations and periods envisaged for making periodic information on the financial and economic situation of the Fund available to the public and the CNMV

Every month, within 7 Business Days after each Payment Date, the Management Company will send to the AIAF a report that will contain the information referred to below and, in any event, the information legally required from time to time:

- (i) With regard to the Notes and in relation to each Payment Date:
  - (1) amount of the original nominal balance of the Notes;
  - (2) amount of the matured nominal balance of the Notes;
  - (3) amount of the nominal balance pending maturity of the Notes;
  - (4) amount of the Outstanding Nominal Balance of the Notes;
  - (5) amount of the nominal balance matured and actually paid to the Noteholders;
  - (6) total interest accrued on the Notes since the previous Payment Date; and
  - (7) interest accrued since the Closing Date that should have been but was not paid on previous Payment Dates (will not accrue late payment interest).
- (ii) In relation to the Loan Receivables and with respect to each Payment Date:
  - (1) aggregate Discounted Receivables Balance of the Loan Receivables;
  - (2) amount of scheduled principal and early repayments of the Loan Receivables;
  - (3) prepayment rates; and

- (4) Aggregate Discounted Receivables Balance of the Loan Receivables that have been declared as Write-off and percentages of arrears with respect to the total of the Loan Receivables.
- (iii) With regard to the financial and economic situation of the Fund and in relation to each Payment Date:
- (1) balance of the Distribution Account, the Cash Collateral Account and the Accumulation Account and the interest generated by them; and
  - (2) expenses and amount of the Cash Collateral.

Additionally, the Management Company will send to the CNMV the information referred to in paragraph (i) above, in the same time frames established above. The information regarding the Loan Receivables and the information regarding the economic and financial position of the Fund will be sent to the CNMV as stipulated in Circular 2/2016, as amended.

4.1.2(a) Additionally and to the extent no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, VW Bank Spanish Branch, in its capacity as Originator, shall make the information required by the Securitisation Regulation Disclosure Requirements available on the website of the of the European Data Warehouse ([www.eurodw.eu](http://www.eurodw.eu)) which, for the avoidance of doubt, complies with the requirements set out in Article 7(2) of the Securitisation Regulation. If a securitisation repository should be registered in accordance with Article 10 of the Securitisation Regulation, the Service Provider will make the information available to such securitisation repository.

4.1.3 Other ordinary and extraordinary disclosure obligations and material disclosure requirements

- (i) Ordinary periodic notification

The Service Provider, on the Reporting Dates, as defined in section 4.9.4 of the Securities Note, shall publish the information regarding the performance of the Fund in its monthly investors report, which shall be accessible on: (i) the web page of Volkswagen Financial Services AG ([www.vwfs.com](http://www.vwfs.com)); or any website that may replace it in the future); and (ii) Bloomberg (after having been transferred to it by the Service Provider). This report shall include the information indicated in section 3.7.2(iv) of the Additional Building Block.

As indicated in section 3.7.2(iv) of the Additional Building Block, and under the referred Servicing Agreement, the Service Provider will also provide the Rating Agencies with such other information as they may reasonably request.

Each month, on each Reporting Date, as provided in Section 4.9.4 of the Securities Note, the Management Company will notify the Noteholders of the following information:

- (1) the interest and reimbursement of principal of the Notes to be paid to the Noteholders;
- (2) if applicable, the interest and redemption amounts accrued on these and unpaid, due to insufficiency of Available Distribution Amount in accordance with the Order of Priority and Liquidation Order of Priority; and
- (3) the Outstanding Nominal Balances of the Notes, after the redemption due on each Payment Date and the percentages that such balances represent with respect to the initial face value of the Note.

The above notifications will be made as established in section 4.1.3(iii) of this Additional Building Block and also provided to AIAF and IBERCLEAR on each Reporting Date.

(ii) Extraordinary notification

The following will be subject to extraordinary notification:

- (1) any amendment to the Deed of Incorporation; and
- (2) any significant event that may occur in relation to the Loan Receivables, the Notes, the Fund and the Management Company itself that could significantly influence the trading of the Notes and, generally, any significant modification of the assets or liabilities of the Fund and in the event of termination of the incorporation of the Fund or a possible decision for early liquidation of the Fund and Early Redemption of the Notes for any of the reasons envisaged in the present Prospectus or the occurrence of any of the events referred to in the definition of the Revolving Period Termination Event. In this case, the affidavit of termination of the Fund and liquidation procedure followed as referred to in section 4.4 of the Registration Document will be sent to the CNMV and the Rating Agencies.

(iii) Noteholder notification procedure

The notifications that the Management Company has to make to the Noteholders in accordance with the above regarding the Fund will be made as follows:

(1) Ordinary notification.

Ordinary notification will be made through publication of an announcement either in the AIAF daily bulletin or any other bulletin substituting it or with similar characteristics or through publication of an announcement in a widely circulated newspaper in Spain of a general or economic and financial nature. In addition, the Management Company can distribute this or other information in the interest of the Noteholders through financial market distribution channels and systems such as Reuters, Bridge Telerate, Bloomberg or any other with similar characteristics.

(2) Extraordinary notifications.

Extraordinary notification will be made: (i) by means of their publication at the CNMV (by means of privileged Information notice or other relevant information); and (ii) through publication of an announcement either in the AIAF daily bulletin, or in such other bulletin as may replace it or with similar characteristics, or through publication of announcement in a widely circulated newspaper in Spain of either a general or business and financial nature.

The abovementioned notifications will be deemed effective on the date of their publication, which may fall on any day of the year, whether a Business Day or not.

Any downgrades in the credit ratings of the Notes, as well as the measures to be taken in the case of activations of the triggers due to a downgrade in the credit rating of any counterparty to the Transaction Documents or any other cause, will be notified to the CNMV.

(3) Notifications and other information.



The Management Company may make notifications and other information of interest available to the Noteholders through its own internet pages or other means of remote transmission with similar characteristics.

Notwithstanding the above, the Seller will be responsible for the content of the information generated by it and sent to investors and Rating Agencies.

This Prospectus is endorsed on all its pages and has been signed in Madrid in representation of the Management Company.

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Mr. Ramón Pérez Hernández  
Chief Executive Officer (*Consejero Delegado*)

5. **GLOSSARY OF DEFINED TERMS**

For an appropriate interpretation of this Prospectus, defined terms shall have the meanings described below, unless otherwise expressly indicated. The terms that are not expressly defined will be deemed to have their natural and obvious meaning in accordance with the general use of the same. Also, it is stated that the terms in singular shall include the plural, and vice versa, if the context so requires.

**"Account Bank"** means Banco Santander, S.A.

**"Account Bank Required Guarantee"** means an unconditional, irrevocable and first-demand bank guarantee or other guarantee that meets the standards established for this eventuality by S&P Global Ratings and DBRS, granted by an entity which has the Account Bank Required Rating.

**"Account Bank Required Rating"** means a bank which has: (i) (a) a minimum rating of A-1 on the S&P Global Ratings scale for its uninsured, non-secured, non-subordinated short term debt obligations and a minimum rating of A- on the S&P Global Ratings scale for its uninsured, non-secured, unsubordinated long-term debt obligation, or (b) a minimum rating of A- on the S&P Global Ratings scale for its uninsured, non-secured, unsubordinated long-term debt obligations in the event it has not a short term rating from S&P Global Ratings; and (ii) (a) if it has a COR, the higher of (x) a rating one notch below its COR and (y) its issuer rating or its unsecured, unsubordinated and unguaranteed debt obligations, rated at least "BBB (high)" (long-term), (b) if it does not have a COR, the higher of (x) its issuer rating or (y) its unsecured, unsubordinated and unguaranteed debt obligations, rated at least "BBB (high)" (long-term) by DBRS, or (c) if the relevant entity has no rating from DBRS, having at least a DBRS Equivalent Rating of "BBB (high)" (long-term) by DBRS.

**"Accounts"** means the Cash Collateral Account, the Accumulation Account and the Distribution Account.

**"Accounts Agreement"** means the bank accounts opening agreement between the Management Company, in the name and on behalf of the Fund, and the Account Bank governing the Accounts of the Fund.

**"Accumulation Account"** means the account to be opened at the Account Bank, on the name of the Fund, by the Management Company that is regulated by the Accounts Agreement.

**"Accumulation Amount"** means, on any Payment Date during the Revolving Period, an amount no less than zero equal to the lesser of (a) the Cash Component and (b) the Available Redemption Collections.

**"Actual Overcollateralisation Percentage"** means, with respect to any Payment Date, one minus the quotient of: (a) the outstanding nominal amount of all Notes; divided by (b) the sum of (i) the Aggregate Discounted Receivables Balance; and (ii) any amounts standing to the credit of the Accumulation Account, in each case of (a) and (b) as determined immediately after the preceding Payment Date.

**"Additional Building Block"** means the additional building block to the securities note prepared in accordance with Annex 19 of Regulation 2019/980, part of this Prospectus.

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

**"Additional Discounted Receivables Balance"** means, on any Additional Purchase Date, the present value on the relevant Cut-off Date of the Additional Receivables to be purchased by the Fund on such Additional Purchase Date, calculated by using the Discount Rate.

**"Additional Purchase Date"** means a Payment Date falling in the Revolving Period, as applicable, when an additional purchase is made.

**"Additional Receivable"** means an additional Receivable purchased by the Issuer from the Seller on any Additional Purchase Date during the Revolving Period in accordance with the terms of the Assignment Policy.

**"Additional Receivables Purchase Price"** means the purchase price in respect of the Purchased Additional Receivables which shall be equal to the Additional Discounted Receivables Balance multiplied by one (1) minus the Replenished Loan Receivables Overcollateralisation Percentage.

**"Affiliate"** means, in relation to any legal entity, any entity controlled, directly or indirectly by the legal entity, any entity that controls, directly or indirectly the legal entity or any entity directly or indirectly under common control with such legal entity (for this purpose, "control" has the meaning ascribed to this concept under article 42 of the Spanish Commercial Code).

**"Aggregate Cut-off Date Discounted Receivables Balance"** means the Aggregate Initial Cut-off Date Discounted Receivables Balance plus the Aggregate Discounted Receivables Balance as at the relevant Additional Cut-off Date.

**"Aggregate Initial Cut-off Date Discounted Receivables Balance"** means the Aggregate Discounted Receivables Balance of the Loans on the Initial Cut-off Date.

**"Aggregate Discounted Receivables Balance"** means the sum of the Discounted Receivables Balance of all the assigned Loan Receivables.

**"Aggregate Discounted Receivables Balance Increase Amount"** means, in respect of a Payment Date, the amount necessary to increase the Aggregate Discounted Receivables Balance as of the end of the Monthly Period to the Targeted Aggregate Discounted Receivables Balance.

**"AIAF"** means AIAF Mercado de Renta Fija, S.A.

**"AIFM Regulation"** means the Regulation (EU) No. 231/2013 of 19 December 2012 referred to as the Alternative Investment Fund Manager Regulation.

**"Amortisation Amount"** means (i) on a Payment Date falling during the Revolving Period and if and to the extent the amounts standing to the credit of the Accumulation Account do not exceed 10% of the Aggregate Discounted Receivables Balance on two consecutive Payment Dates, zero or (ii) on any Payment Date during the Revolving Period if and to the extent the amounts standing to the credit of the Accumulation Account exceed 10% of the Aggregate Discounted Receivables Balance after two consecutive Payment Dates and on any Payment Date falling after the end of the Revolving Period, the Principal Payment Amount.

**"Arranger"** means Banco Santander, S.A.

**"ASNEF"** means the National Association of Credit Financial Institutions.

**"Assignment Policy"** means the policy by means of which the Loan Receivables are assigned to the Fund.

**"Available Distribution Amount"** in respect of a Payment Date shall equal the sum of the following amounts:

- (a) the Collections of the Monthly Period preceding such Payment Date; plus
- (b) the withdrawals of the Cash Collateral Account in accordance with what is established in section 3.4.5(i)(1) of the Additional Building Block; plus
- (c) in case of the occurrence of a Revolving Period Termination Event or after termination of the Revolving Period, transfers from the Accumulation Account to the Distribution Account; plus

- (d) the amounts standing to the credit of the Accumulation Account after the preceding Payment Date; plus
- (e) any other amounts obtained by the Fund.

**"Available Redemption Collections"** means an amount equal to the Available Distribution Amount less any amounts due and payable on the relevant Payment Date under items first through four of the Order of Priority.

**"BaFin"** means German Federal Agency for Financial Services Supervision (*Bundesanstalt für Finanzdienstleistungsaufsicht*).

**"Balloon Instalment"** means, in relation to the "Auto Credit" loans, the final instalment composed of principal and interest, with an amount significantly higher than the previous instalments, and which allows the Borrower under the relevant Loan agreement to opt between the alternatives described under section 2.2.7 of the Additional Building Block.

**"Borrower"** means, in respect of a Loan Receivable, a natural person (including consumers and businessmen) or legal entity to which the Seller has granted one or more Loans.

**"Borrower Notification Event"** means notification in connection with a Service Provider Replacement Event.

**"BRRD"** means Directive 2014/59/EU on Banking Recovery and Resolution Directive of 15 May 2014.

**"BRRD II"** means Directive (EU) 2019/879 amending the BRRD.

**"BRRD Amending Directive"** means Directive (EU) 2017/2399 amending the BRRD.

**"Business Day"** means any day which is not:

- (a) a holiday in the cities of Madrid or London; or
- (b) a non-business day on the TARGET2 (Trans European Automated Real-Time Gross Settlement Express Transfer System) calendar.

**"Cash Collateral"** means the credit enhancement described in section 3.4.2(i) of this Additional Building Block, which does not include amounts representing the Set-Off Risk Reserve.

**"Cash Collateral Account"** means the account to be opened with the Account Bank, on the name of the Fund, by the Management Company, and that is regulated by the Accounts Agreement.

**"Cash Component"** shall be equal to the Aggregate Discounted Receivables Balance Increase Amount multiplied by one minus the Replenished Loan Receivables Overcollateralisation Percentage.

**"Chattels Hire Purchaser Act"** means the Chattels Hire Purchase Act 28/1998, of July 13 (*Ley de Venta a Plazos de Bienes Muebles*), as amended.

**"Chattels Register"** means any and each of the relevant *Registro de Bienes Muebles* in Spain and the Central Chattels Register.

**"Circular 2/2016"** means the Circular of the CNMV 2/2016, of 20 April 2016, on accounting standards, annual accounts, public financial statements and reserved statistical information of securitisation funds, as amended.

**"Civil Procedure Act"** means the Civil Procedure Act 1/2000, of January 7 (*Ley de Enjuiciamiento Civil*), as amended.

**"Closing Date"** means 30 November 2020.

**"CNMV"** means the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*).

**"Collections"** means: (i) all collections of the Fund by virtue of the Loan Receivables in respect of principal, interest (excluding principal and interest amount corresponding to the Balloon Instalments), overdue interest, prepayment fees (total or partial), proceeds from insurance policies that belongs to the Fund, proceeds from the execution of the guarantees granted for any existing Loans (either third-party personal guarantees or guarantees of ownership reservation); plus (ii) Interest Compensation Payments and settlement amounts paid by the Seller to the Fund; minus (iii) Interest Compensation Payments paid by the Fund to the Seller.

**"Commercial Registry"** means the relevant/competent commercial registry (*Registro Mercantil*).

**"Consumer Credit Contracts Act"** means Law 16/2011, of 24 June, on consumer credit contracts, as amended.

**"Consumer Protection Act"** means Legislative Royal Decree 1/2007, of 16 November, approving the restated and amended text of the law on the protection of consumers and users.

**"Corporate Income Tax Act"** means Law 27/2014, of 27 November, on corporate income tax.

**"Commission's Proposal"** means the proposal made on 14 February 2013 by the European Commission for a Council Directive implementing enhanced cooperation in the area of a financial transaction tax.

**"COR"** or **"DBRS Critical Obligations Rating"** means, in relation to a relevant entity, the rating assigned by DBRS which addresses the risk of default of particular obligations and/or exposures of the relevant entity that in the view of DBRS have a higher probability of being excluded from bail-in and remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations. If a COR assigned by DBRS to the relevant entity is public, it will be indicated on the website of DBRS ([www.dbrs.com](http://www.dbrs.com)).

**"Covid-19 Contractual Moratoriums"** means any of the voluntary measures taken by VW Spanish Branch as provided under Risk Factor 1.1.7 in connection with measures in force to tackle the effects of the Covid-19.

**"Covid-19 Legal Moratoriums"** means any legislation or governmental measures in terms similar to the foreseen in Royal Decree-Law 11/2020 (as amended from time to time), together with any settlement, suspension of payments, rescheduling of the amortisation plan or other contractual amendments resulting from or arising from mandatory provisions of law or regulation granted in connection with measures in force to tackle the effects of the Covid-19.

**"Covid-19 Moratoriums"** means together the Covid-19 Legal Moratoriums and Covid-19 Contractual Moratoriums.

**"CPR"** (*TAA – tasa anual constante de amortización anticipada*) means constant annual rate of prepayment.

**"Credit and Collection Policy"** means the method of creation and management of the Loan Receivables set forth in section 2.2.7 of the Additional Building Block.

**"Credit Enhancement Increase Condition"** shall be deemed to be in effect if the Cumulative Gross Loss Ratio exceeds: (i) 1% on any Payment Date up to the one corresponding to month November 2021 (included); or (ii) 2.50% for any Payment Date after the one corresponding to month November 2021 (excluded) and prior to the one corresponding to month November 2022 (included); or 5% for any Payment Date thereafter.

**"Credit Risk Management Regulations"** means VW Bank Spanish Branch's credit risk management regulations.

**"CRD"** means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.

**"CRD IV-Package"** means the CRD and the CRR.

**"CRD V"** means the Directive (EU) 2019/878 of 20 May 2019.

**"CRR"** means the Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012.

**"CRR II"** means the CRR, as amended by Regulation (EU) 2019/876 of 20 May 2019.

**"Cumulative Gross Loss Ratio"** (*Ratio de Pérdidas Brutas Acumuladas*) means, in relation to each Payment Date, a fraction, expressed as a percentage, the numerator of which is the sum of the Discounted Receivables Balance of the Loan Receivables that were declared Terminated Loans by the Service Provider, corresponding with the closing of the calendar month on which the relevant terminations took place (in accordance with the definition of Terminated Loans and with the Service Provider's customary practices in effect from time to time), from the Initial Cut-off Date through the last day of the Monthly Period, and the denominator of which is the Aggregate Cut-off Date Discounted Receivables Balance.

**"Cumulative Write-off Ratio"** (*Tasa de Fallido Acumulado*) means 0.32%. For the purposes of the results shown in section 4.10 of the Securities Note, this ratio is a fraction, expressed as a percentage, which numerator is the sum of the Discounted Receivables Balance of the Loan Receivables under Write-offs in relation to not recovered Terminated Loans, from the Initial Cut-off Date to the end of the corresponding Monthly Period, and the denominator of which is the Aggregate Cut-off Date Discounted Receivables Balance. It is assumed that the recovery of Write-offs deriving from unrecovered Terminated Loans occurs 27 months after the termination of the loan.

**"Cut-off Date"** means each of the Initial Cut-off Date and each Additional Cut-off Date.

**"Date of Incorporation"** means 25 November 2020.

**"DBRS"** means DBRS Ratings GmbH or DBRS Ratings Limited and their successors in the rating business.

**"Deed of Incorporation"** means the public deed recording the establishment of the Fund and the issue of the Notes by the Fund.

**"Delinquency Ratio"** (*Tasa de Morosidad*) means 1%. For the purposes of the results shown in section 4.10 of the Securities Note, this ratio is a fraction, expressed as a percentage, the numerator of which is the sum of the Discounted Receivables Balance of the Loan Receivables delinquent for more than 30 days (>30), excluding the Loan Receivables that have already been considered Terminated Loans (according to the definition of such term), and the denominator of which is the Aggregate Discounted Receivables Balance of the portfolio. Delinquent loans are assumed to be fully recovered 3 months after they become delinquent. It is noted that the Delinquency Ratio is calculated on a monthly basis.

**"Determination Date"** means the 2<sup>nd</sup> Business Day prior to each Payment Date, and means the date on which the Management Company will determine the Nominal Interest Rate of the Notes for the corresponding following Accrual Period.

**"Directive 2001/24"** means Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001, on the reorganisation and winding up of credit institutions.

**"Discount Rate"** means a fixed percentage of 3.1983% per annum, which equals the sum of: (i) the Service Provider Fee Rate of 1% per annum; plus (ii) 0.03% for any administrative expenses and fees; plus (iii) the weighted average of both the fixed rate to be paid by the Fund to the Notes and the fixed rate under the Subordinated Loan to be paid by the Fund to the Subordinated Lender; plus 2%.

**"Discounted Receivables Balance"** means, regarding a Loan Receivable, the outstanding instalments of principal and interest pending payment, including matured and unpaid amounts, discounted at the end of any Monthly Period at the Discount Rate (as described with more detail in section 3.3.3 of the Additional Building Block of this Prospectus), on the basis of a 360-day year, which equals 12 months of 30 days each. For the avoidance of doubt, the Discounted Receivables Balance excludes any Write-offs.

**"Distribution Account"** means the account to be opened with the Account Bank, on the name of the Fund, by the Management Company, which functioning regulated by the Accounts Agreement.

**"Early Redemption"** means the early redemption of the Notes on a date prior to the Final Maturity Date, in accordance and with the requirements set forth in section 4.4.3 of the Registration Document.

**"Eligible Collateral Bank"** means an international recognised bank with the Account Bank Required Rating.

**"Eligibility Criteria"** means the representations and warranties that the Seller will make to the Fund and the Management Company in the Deed of Incorporation and the Assignment Policy established in sections 2.2.8(i)(b), 2.2.8(ii) and 2.2.8(iii) of the Additional Building Block.

**"ESMA"** means the European Securities Markets Authority.

**"Extraordinary Expenses"** means any expenses arising from the preparation and formal execution of the amendment of the Deed of Incorporation and the ancillary agreements, as well as for the execution of additional agreements; where applicable, the amount of the incorporation of the Fund and Notes Issue expenses that exceed the estimated amount of Initial Expenses described in section 6 of the Securities Note; when applicable, expenses derived from the option and formalisation of a substitution triggered by a downgrade in the rating of the Paying Agent in accordance with section 5.2 of the Securities Note and of the Account Bank which exceed the amount of €15,000 according to section 3.4.5(ii) of the Additional Building Block; extraordinary audit and legal advice expenses; any expenses incurred in the sale of the Loan Receivables and of the remaining assets of the Fund when it is liquidated; expenses required for seeking the enforcement of the Loan Receivables and those arising from the necessary recovery actions; in general, any other extraordinary expenses incurred by the Fund or by the Management Company, on behalf of and for the account of the same.

**"EY"** means Erns & Young, S.L., auditor of the accounts of the Fund.

**"FATCA"** means the Foreign Account Tax Compliance Act.

**"Final Maturity Date"** means 21 October 2034 or, if such date is not a Business Day, the following Business Day.

**"Financial Intermediation Margin"** means the variable remuneration paid by the Fund to the Seller according to what established in section 3.4.7(ii)(6) of the Additional Building Block.

**"Fund"** means Private Driver España 2020-1, Fondo de Titulización.

**"General Contracting Conditions Act"** means Law 7/1998, of 13 April, on general contracting conditions, as amended.

**"Glossary"** means the glossary of defined terms used in this Prospectus.



**"Gross Losses"** means, regarding the Terminated Loans by the Seller, the outstanding amount of said loans at the moment of termination of the same.

**"Hogan Lovells"** means Hogan Lovells International LLP, Establecimiento Permanente en España.

**"IBERCLEAR"** means Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A., the Spanish Central Securities Depository.

**"IGA"** means the intergovernmental agreement to facilitate the implementation of FATCA entered into between the United States and the Government of the Kingdom of Spain.

**"Initial Cash Collateral Amount"** means €11,250,000.

**"Initial Cut-off Date"** means 31 October 2020.

**"Initial Cut-off Portfolio"** means the Loans constituting the portfolio on the Initial Cut-off Date.

**"Initial Expenses"** means the estimated expenses incurred in the incorporation of the Fund and the Notes Issue detailed in section 6 of the Securities Note. The Initial Expenses will be paid by the Fund. In any event, an amount equal to that paid for the Initial Expenses by the Fund shall be subtracted in determining the Initial Receivables Purchase Price, as indicated in section 3.3.3 of the Additional Building Block.

**"Initial Receivables"** means the Loan Receivables purchased by the Issuer from the Seller on the Date of Incorporation.

**"Initial Receivables Purchase Price"** means an amount equal to the Aggregate Initial Cut-off Date Discounted Receivables Balance, minus (i) the amount of €11,250,000 on which the Initial Cash Collateral Amount is calculated; minus (ii) an amount equal to that for overcollateralisation, which will be the amount of the Aggregate Discounted Receivables Balance of the Loan Receivables on the Date of Incorporation which exceeds the face value of the Notes and the face value of the Subordinated Loan; minus (iii) the amount of €330,000 established as the payment for Initial Expenses relating to the Notes Issue (i.e., a total amount of €1,435,920,765.72).

**"InsO"** means German Insolvency Code (*Insolvenzordnung*).

**"Insolvency Act"** means the restated version of the Spanish Insolvency Law approved by Royal Legislative Decree 1/2020 5 May, as amended.

**"Insolvency Event"** means, in relation to the Seller, the Service Provider or the Management Company, any of the following events: (i) the assignment or transfer of its assets or of a substantial part of the same, or any agreement with its creditors that may affect them; (ii) the application to invoke any insolvency measure, or the consent or the acceptance to the appointment of a receiver, custodian, trustee, liquidator or similar position at the company or in relation to a substantial part of its assets, (iii) the start of any lawsuit, action or procedure before any court or tribunal or governmental authority against the Seller, the Service Provider or the Management Company under any legislation on insolvency, liquidation or bankruptcy that may imply the insolvency, the dissolution or the corporate reorganisation of the same or a creditors agreement or similar situation, and provided that such requests, actions or lawsuits are not contested on good faith by the company with a reasonable possibility of success; (iv) seizures or judicial writs that affect the whole or a substantial part of the assets of the Seller, the Service Provider or the Management Company, provided that such seizure is not lifted or its enforcement is prevented within 30 days following the seizure or the reception of the judicial writ; (v) the judicial request to dissolve the Seller, the Service Provider or the Management Company, or the adoption of any measure aiming at its dissolution; and (vi) the acknowledgement by the Seller, the Service Provider or the Management Company of not being capable of facing its debts as they mature in accordance with any law on insolvency, liquidation, bankruptcy, reorganisation or other of similar nature in the jurisdiction where such entity was incorporated or where its permanent establishment is located.

**"Interest Accrual Period"** means with regard to the accrual of the interest for the Notes Issue, the period between each Payment Date, save for the first that will start on Closing Date (included) and will end on the first Payment Date (excluded). Except the first Interest Accrual Period, all Interest Accrual Periods shall be deemed to have a duration of 30 days.

**"Interest Compensation Payment"** means the interest compensation payment payable by VW Bank Spanish Branch to the Fund or the Fund to VW Bank Spanish Branch, as may be applicable for the existing difference of interest rate between, on one side, the Discount Rate and, on the other, the interest rate applicable to the prepaid loan agreement for the period elapsing between the date of prepayment and the date of ordinary amortisation initially foreseen in the relevant Loan agreement.

**"Interest Shortfall"** means the accrued interest which is not paid on previous Payment Dates.

**"IRR"** means internal rate of return.

**"Issuer"** means the Fund.

**"Law 5/2015"** means Law 5/2015 of 27 April on promoting corporate financing (*Ley de Fomento de la Financiación Empresarial*).

**"Law 10/2014"** means Law 10/2014, of 26 June on the organisation, supervision and solvency of credit entities.

**"Law of Transfer Tax and Stamp Duty"** means Royal Legislative Decree 1/1993, of 24 September on Transfer Tax and Stamp Duty.

**"LCR Regulation"** means the Delegated Regulation (EU) No 2015/61 of 10 October 2014 with regard to liquidity coverage requirement for Credit Institutions.

**"LCR Delegated Regulation"** means the Delegated Regulation (EU) 2018/1620 amending the LCR Regulation.

**"Lead Manager"** means Banco Santander, S.A.

**"Liquidation Available Funds"** means: (i) the Available Distribution Amount; and (ii) the amounts obtained by the Fund from time to time upon disposing of the Loan Receivables and the remaining assets.

**"Liquidation Expenses"** means such expenses incurred in the sale of the Loan Receivables and the remaining assets of the Fund when it is liquidated and those incurred in the liquidation and extinction of the Fund.

**"Liquidation Order of Priority"** means (i) the order of priority of the Fund's payment or withholding for applying the Liquidation Available Funds on the Final Maturity Date or when there is an early liquidation event of the Fund in accordance with section 4.4 or; (ii) the order of priority to be used in accordance with 3.4.7(ii)(4) to distribute payments of interest and principal to the Noteholders and other payments payable by the Issuer.

**"Loan"** means any loan granted by the Seller to an individual resident in Spain and/or a legal entity with its registered office in Spain for the acquisition of vehicles. To qualify under this definition, the Loan Receivables arising from the relevant Loan shall have been assigned to the Fund.

**"Loan Receivables"** means the Initial Receivables and the Additional Receivables.

**"Management and Subscription Agreement"** means the management and subscription agreement of the Notes to be executed by the Management Company, in the name and on behalf of the Fund, the Seller, the Arranger, the Lead Manager and VW Bank on the Date of Incorporation.

**"Management Company"** means Titulización de Activos, S.G.F.T., S.A.

**"Master Servicer"** means the Management Company.

**"Maximum Discounted Receivables Balance"** means the highest historic Aggregate Discounted Receivables Balance at any time since the Closing Date.

**"Monthly Collateral Part 1"** means in respect of a Monthly Period an amount equal to the sum of (i) the Loan Receivables becoming due in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period and (ii) the expected prepayments of the Loan Receivables in the period from (and including) the first until (and including) the fourteenth calendar day of such Monthly Period.

**"Monthly Collateral Part 2"** means in respect of a Monthly Period an amount equal to the sum of (i) the Loan Receivables becoming due in the period from (and including) the fifteenth calendar day of the relevant Monthly Period until (and including) the last calendar day of such Monthly Period and (ii) the expected prepayments of the Purchased Receivables in the period from (and including) the fifteenth until (and including) the last calendar day of such Monthly Period.

**"Monthly Collateral Start Date"** means the date falling 30 calendar days after the first day on which the Monthly Remittance Condition has not been satisfied.

**"Monthly Period"** means the calendar month immediately preceding the relevant Payment Date (for illustration purposes, if the Payment Date falls on 21 July, the Monthly Period will correspond to the calendar month of June). Since the first Payment Date will be 21 December 2020 the first Monthly Period will be the calendar month of November.

**"Monthly Remittance Condition"** means a condition which shall no longer be satisfied, if:

- (a) Volkswagen Bank GmbH no longer has a short-term rating for unsecured and un-guaranteed debt of at least "A-2" from S&P Global Ratings and a long-term rating for unsecured and unguaranteed debt of at least "BBB" from S&P Global Ratings; or (y) where Volkswagen Bank GmbH is not the subject of an S&P Global Ratings short-term rating, Volkswagen Bank GmbH no longer has a long-term rating for unsecured and unguaranteed debt of at least "BBB+" from S&P Global Ratings; or (z) S&P Global Ratings notifies the Issuer and/or the Service Provider that Volkswagen Bank GmbH is not deemed eligible any longer under the applicable rating criteria by S&P Global Ratings; or
- (b) Volkswagen Bank GmbH receives notification from DBRS that DBRS has determined Volkswagen Bank GmbH's capacity for timely payment of financial commitments would no longer equal a short-term rating for unsecured and unguaranteed debt of at least "R-2" by DBRS or a long-term rating for unsecured and unguaranteed debt of at least "BBB (high)" by DBRS.

**"Net Losses"** means, regarding the loans which have been considered as Write-Offs by the Seller and have been accounted as a loss by the same (according to that described in sections 2.2.2 and 2.2.7 of the Additional Building Block), the outstanding amount of said loans on said accounting date as a loss, subtracting the sales incomes of the corresponding vehicle as well as any other recovery arising from the outstanding amounts of the corresponding Loan Receivables until the mentioned accounting date as a loss.

**"Nominal Interest Rate"** means, in relation to the Notes 0.052%.

**"Noteholders"** means the holders of the Notes.

**"Notes Issue"** means the issue of the Notes.

**"Notes"** means the Notes, with ISIN ES0305518005, issued by the Fund on the Date of Incorporation with a total nominal amount of €1,386,000,000, consisting of 13,860 individual Notes, each with a nominal amount of €100,000.

**"Notification Dates"** will be each 3<sup>rd</sup> Business Day prior to each Payment Date throughout the life of the Fund. On said dates, the Management Company will notify the amounts to be paid for principal and interest to the Noteholders, in the way described in section 4.1.3(i) of the Additional Building Block.

**"Order of Priority"** means the order of priority according to which the payments of interest and principal to the Noteholders are distributed and other payments due and payable by the Issuer are made, in accordance with section 3.4.7(ii) of the Additional Building Block.

**"Ordinary Expenses"** means the expenses described in section 3.4.7(ii)(5) of the Additional Building Block.

**"Originator"** means VW Bank, acting through its Spanish Branch.

**"Outstanding Nominal Balance of the Notes"** means the sum of the principal pending maturity plus the principal due and not paid at a certain date of all the Notes.

**"Paying Agency Agreement"** means the paying agency agreement entered into on the Date of Incorporation by the Management Company, in representation and on behalf of the Fund, and the Paying Agent, in order to carry out the financial service of the Notes issued by the Fund.

**"Paying Agent"** means Banco Santander, S.A.

**"Payment Date"** means in respect of the first Payment date, 21 December 2020, and in respect of any subsequent Payment Date the 21<sup>st</sup> day of each month or, in the event that such a day is not a Business Day, the next following Business Day unless that day falls in the next calendar month, in which case the date will be the first preceding day that is a Business Day.

**"Principal Payment Amount"** means the amount necessary to reduce on each Payment Date the Outstanding Nominal Balance of the Notes to an amount equal to the Targeted Note Balance.

**"Prospectus"** means this Spanish asset securitisation prospectus, prepared in connection with the Notes Issue by the Fund.

**"Prospectus Regulation"** means Regulation (EU) 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.

**"Purchase Acceptance Date"** means during the Revolving Period the business day immediately preceding the Reporting Date when the Purchase Acceptance Notice will be sent by the Management Company to the Seller.

**"Purchase Offer Date"** means during the Revolving Period, the 3<sup>rd</sup> business day immediately preceding each Reporting Date when the Seller will send to the Management Company a Purchase Offer.

**"Purchase Price"** means the Initial Receivables Purchase Price and the Additional Receivables Purchase Price.

**"PwC"** means PricewaterhouseCoopers Auditores, S.L.

**"Rating Agencies"** means S&P Global Ratings and DBRS.

**"Recovery Ratio"** (*Ratio de Recuperación*) means 84%.

**"Registration Document"** means the registration document prepared in accordance with Annex 9 of Regulation 2019/980, part of this Prospectus.

**"Regulation 2019/980"** means the Regulation (EU) n° 2019/980 of the European Commission, dated 14 March 2019.

**"Regulation on Corporate Income Tax"** means Royal Decree 634/2015, of 10 July.

**"Relevant Information"** means any information relating to the Transaction (or any individual item comprised therein) that is likely to have a material impact on the value of the Notes Issue.

**"Replenished Loan Receivables Overcollateralisation Percentage"** means 4.25%.

**"Reporting Dates"** will be the 16<sup>th</sup> calendar day of a month (or, in the event such day not being a Business Day, the previous Business Day) throughout the life of the Fund. On these dates the Service Provider will publish the information referring to the performance of the Fund in its monthly investor report, which will be accessible through: (i) the website of Volkswagen Financial Services AG ([www.vwfs.com](http://www.vwfs.com)); and (ii) Bloomberg (after the Service Provider has put at the disposal of the latter such information). The information submitted in this monthly investor report is more precisely detailed in section 3.7.2(iv) of the Additional Building Block.

**"Revolving Period"** means the period of time beginning on (and including) Date of Incorporation and ending on the earlier of (i) the Revolving Period End Date and (ii) the Revolving Period Termination Date.

**"Revolving Period End Date"** means the Payment Date falling on 21 November 2023 (included).

**"Revolving Period Termination Date"** means the day on which a Revolving Period Termination Event occurs.

**"Revolving Period Termination Event"** means any of the following:

- (i) the occurrence of an early liquidation event of the Fund in accordance with section 4.4 of the Registration Document;
- (ii) with respect to the Seller an Insolvency Event occurs; or
- (iii) the occurrence of a Service Provider Replacement Event;
- (iv) the Credit Enhancement Increase Condition is in effect;
- (v) on any Payment Date falling after April 2021, the Actual Overcollateralisation Percentage is determined as being lower than 7.3%; or
- (vi) the Seller ceases to be an Affiliate of Volkswagen AG or any successor thereto.

**"Risk Factors"** means the main risk factors which are specific and material to the Fund and the Notes.

**"Risk Retention U.S. Persons"** means "U.S. persons" as defined in the U.S. Risk Retention Rules.

**"Royal Decree 1310/2005"** means Royal Decree 1310/2005, of 4 November, on public offerings implementing into Spanish law the EU Prospectus Directive 71/2003/EC.

**"SAG"** means German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*).

**"Santander"** means Banco Santander, S.A.

**"Scheduled Repayment Date"** means, - assuming that among the Loans to be assigned to the Fund on the last Additional Purchase Date there is at least one with a term of 94 months and which is not

affected by an event of early repayment prior to its initially scheduled due date - the Payment Date following the Monthly Period on which the last of the Loan Receivables is to mature, that is, September 2031, or if such day is not a Business Day, the following Business Day unless that day is in the following month. In the later event, the Payment Date shall be the first previous Business Day. This assumes that there is at least one Loan among those to be assigned to the Fund on the last Additional Purchase Date which has a term of 94 months and is not affected by a termination event or early repayment prior to its initially scheduled maturity date.

**"Securities Act"** means the Royal Legislative Decree 4/2015, of 23 October, approving the Restated Text of the Spanish Securities Market Law (*Ley del Mercado de Valores*), in its current version.

**"Securities Note"** means the securities note prepared in accordance with Annex 15 of Regulation 2019/980, part of this Prospectus.

**"Securitisation Regulation"** means Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012.

**"Securitisation Regulation Disclosure Requirements"** means the disclosure requirements set out in Article 7 of the Securitisation Regulation and the Commission Delegated Regulation (EU) 2020/1224.

**"Seller"** means VW Bank, acting through its Spanish Branch.

**"Service Provider"** means VW Bank Spanish Branch. Notwithstanding the obligations of servicing and management of the Loan Receivables corresponding to the Management Company in accordance with article 26.1.b) of Law 5/2015 (as it is set forth under section 3.7.2(vii) of the Additional Building Block), the Management Company has entered into a Servicing Agreement with the Seller by virtue of which the Management Company subcontracts or delegates in the Seller the functions of servicing and managing the Loan Receivables. Therefore, all the references made to the position of Service Provider under this Prospectus shall be understood to be made to VW Bank Spanish Branch.

**"Service Provider Fee"** means, for any Payment Date, a twelfth of the Service Provider Fee Rate multiplied by the Aggregate Discounted Receivables Balance of the Loan Receivables at the beginning of the Monthly Period (inclusive of Value Added Tax if applicable).

**"Service Provider Fee Rate"** means 1% *per annum*.

**"Service Provider Replacement Event"** means:

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

such circumstances with respect to such Loan Receivable), and such incorrect representation or warranty shall remain unremedied for sixty (60) days (or, if such failure is not capable of remedy, in the Service Provider's sole discretion, five Business Days) after receipt by the Service Provider of written notice from the Management Company requiring the circumstances causing or responsible for such misrepresentation to be remedied (which Service Provider Replacement Event shall be deemed to occur only upon the last day of the relevant period); or

- (iv) the Service Provider becomes subject to an Insolvency Event;

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

**"Servicing Agreement"** means the agreement between the Service Provider and the Fund dated on the Date of Incorporation, for the servicing of the Loan Receivables by the Service Provider, for the benefit of the Fund, in accordance with the Deed of Incorporation.

**"Set-Off Risk Reserve"** means, as of the end of the related Monthly Period, the sum of the amounts defined for each Borrower as the lesser of (i) the Discounted Receivables Balance of the related Loan Receivables and (ii) the deposits made by such Borrower in the books of the Seller at that date.

**"Set-Off Risk Reserve Condition"** means, on any Payment Date, a condition that is satisfied if:

- (b) the Set-Off Risk Reserve is greater than zero (0)% of the Aggregate Discounted Receivables Balance as of the end of the related Monthly Period; and
- (c) Volkswagen Bank GmbH's long-term rating is lower than (A) "BBB (high)" by DBRS, or (B) is (deemed to be) rated lower than "BBB" by S&P Global.

**"Solvency II Regulation"** means the Regulation (EU) 2015/35 of 10 October 2014.

**"S&P Global Ratings"** means S&P Global Ratings Europe Ltd.

**"Spanish Civil Code"** means the Civil Code (*Código Civil*) approved by the Royal Decree of 24 July 1889, as amended.

**"Spanish Commercial Code"** means the Commercial Code (*Código de Comercio*) approved by the Royal Decree of 22 August 1885, as amended.

**"Spanish Companies Act"** means the Companies Act (*Texto Refundido de la Ley de Sociedades de Capital*) approved by the Royal Legislative Decree 1/2010, of 2 July 2010, as amended.

**"Specified Cash Collateral Account Balance"** means initially and on each Payment Date during the Revolving Period, €11,250,000 and on each Payment Date following the end of the Revolving Period (except a Payment Date on which the Fund is liquidated early), the higher of the following amounts: (a) 0.75% of the Aggregate Discounted Receivables Balance as of the end of the Monthly Period; and (b) the lowest amount of the following: (i) €6,000,000; and (ii) the Outstanding Nominal Balance of the Notes on the Payment Date (once all payments and distributions have been made at such date), provided that the Specified Cash Collateral Account Balance will be reduced to zero on the Payment Date following the date on which the Notes are redeemed in full.

**"Subordinated Lender"** means Volkswagen Bank GmbH.

**"Subordinated Loan"** means the loan amounting to €61,500,765.72 granted by Volkswagen Bank GmbH to the Fund under the Subordinated Loan Agreement on the Date of Incorporation.

**"Subordinated Loan Agreement"** means the agreement between Volkswagen Bank GmbH and the Management Company, in name and on behalf of the Fund, which grants the Subordinated Loan.

**"Subscription Date"** means 27 November 2020.

**"Subscription Period"** means the period between 11:30 AM (C.E.T.) and 2:00 PM (C.E.T.) on the Subscription Date, within which the Notes will be subscribed.

**"Targeted Aggregate Discounted Receivables Balance"** means on a given Payment Date a fraction the numerator of which is the aggregate principal amount of the Notes after application of the Amortisation Amount on such Payment Date and the denominator of which is the difference of 100 per cent. minus the Targeted Overcollateralisation Percentage.

**"Targeted Note Balance"** means: (a) except in the case of (b), the excess of the sum of (i) the Aggregate Discounted Receivables Balance at the end of the Monthly Period; plus (ii) after expiration of the Revolving Period, the amounts standing to the credit of the Accumulation Account at the end of the respective Monthly Period, over the Targeted Overcollateralisation Amount; and (b) zero, if the Aggregate Discounted Receivables Balance at the end of the Monthly Period is less than 10% of the Maximum Discounted Receivables Balance or if a Service Provider Replacement Event occurs.

**"Targeted Overcollateralisation Amount"** means, on each Payment Date, the Targeted Overcollateralisation Percentage multiplied by the sum of: (a) Aggregate Discounted Receivables Balance at the end of the Monthly Period; and (b) the amounts standing to the credit of the Accumulation Account at the end of the Monthly Period.

**"Targeted Overcollateralisation Percentage"** means:

- (a) 7.6% until expiration of the Revolving Period; or
- (b) 100% after expiration of the Revolving Period.

**"Terminated Loan"** means any Loan: (i) which is at any time in default for 245 days or longer from the first defaulted instalment and is cancelled or terminated early by the Seller; or (ii) that is cancelled or terminated early by the Seller, provided that such Loan has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.

**"Transaction"** means the incorporation of the Fund and issuance of the Notes and the related transactions contemplated in the Transaction Documents.

**"Transaction Documents"** means this Prospectus, the Deed of Incorporation, the Assignment Policy, the Servicing Agreement, the Paying Agency Agreement, the Accounts Agreement, the Subordinated Loan Agreement and the Management and Subscription Agreement.

**"Transaction Parties"** means the parties to the Transaction Documents.

**"U.S. Securities Act"** means the United States Securities Act of 1933, as amended.

**"U.S. Risk Retention Rules"** means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of Section 15G of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**"Value Added Tax Act"** means Law 37/1992 of 28 December, on value added tax.



**"Volkswagen Group"** means Volkswagen AG and its Affiliates.

**"VW Bank"** means Volkswagen Bank GmbH.

**"VW Bank Spanish Branch"** means Volkswagen Bank GmbH, acting through its Spanish Branch.

**"Withholdable Payments"** means (i) certain payments from sources within the United States, (ii) "foreign pass through payments" made to certain FFI that do not comply with the new reporting regime imposed by FATCA, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating FFI, potentially subject to a 30% withholding tax pursuant to FATCA.

**"Write-off"** means any Loan: (i) which at any time is 48 months in default or longer from the first defaulted instalment; or (ii) which has been declared or classified as a write-off by the Seller, provided that such Loan has been in default on at least 2 instalments, and the Management Company had been informed thereof through the means of communication agreed by the parties.