

STS Term Verification Checklist
VCL MULTI-COMPARTMENT S.A.
“VCL 38”



PRIME COLLATERALISED SECURITIES (PCS) EU SAS

27th March 2023

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

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

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

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

27th March 2023

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PRIME COLLATERALISED SECURITIES (PCS) STS Verification

Individual(s) undertaking the assessment	Dr Martina Spaeth
Date of Verification	27 th March 2023
The transaction to be verified (the “Transaction”)	VCL 38
Issuer	VCL Multi-Compartment S.A., (acting for and on behalf of its) Compartment VCL 38
Originator	Volkswagen Leasing GmbH (“VWL”)
Joint Lead Manager(s)	BofA Securities Europe S.A., Mizuho Securities Europe GmbH and UniCredit Bank AG
Transaction Legal Counsel	Hogan Lovells International LLP, Germany
Rating Agencies	Moody’s and S&P Global
Stock Exchange	Bourse Luxembourg
Closing Date	27 March 2023

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

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

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

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

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

1	STS Criteria	Verified? YES
	<p>1. The title to the underlying exposures shall be acquired by the SSPE by means of a true sale or assignment or transfer with the same legal effect in a manner that is enforceable against the seller or any other third party.</p>	
	<p>PCS Comments</p> <p>See Prospectus, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</p> <p>See also RPA, 4. WARRANTIES BY VWL WITH RESPECT TO THE PURCHASED LEASE RECEIVABLES, 4.1</p> <p>(a) that the Lease Contracts are legally valid and binding agreements</p> <p>(b) that the Leased Vehicles under the Lease Contracts (i) are existing and (ii) are situated (<i>belegen</i>) in Germany based on the assumption that (ii) is fulfilled if the Lessee (<i>Leasingnehmer</i>) is resident in Germany;</p> <p>(d) that it may (subject to the provisions set out in clause 2.2 herein) dispose of the Purchased Lease Receivables free from rights of third parties;</p> <p>(q) that, subject to the provisions set out in clause 2.2 herein, it may freely dispose of title to the Leased Vehicles and that no third-party's rights prevent such dispositions;</p> <p>In this context also refer to RPA, 2. 2 and 2.3</p> <p><i>"True sale" is not a legal concept but a rating agency creation.</i></p> <p><i>The essence of a "true sale" is that the property in the securitised assets has legally moved from the originator(s)/seller to the SSPE in such a way that the SSPE's ownership will be recognised as a matter of law, including and especially in the case of the insolvency of the originator(s)/seller. In a "true sale" the insolvency officer and creditors of the insolvent originator/seller are not able to satisfy the claims of the originator/seller's creditor out of the proceeds of the securitised assets. Following a "true sale" there is no legal device by which the assets can automatically revert to the originator/seller's ownership. Such automatic reversion is associated with security interests and anathema to a "true sale".</i></p> <p><i>This is clearly stated in the wording of the Regulation (20.1). The expression "transfer to the same effect" indicates that, as long as the conditions in the preceding paragraph are met, the Regulation does not seek to limit the type of legal devices which can be used to effect such transfer of title.</i></p> <p><i>The issue of "true sale" is separate from the issue of "clawback". "Clawback" refers to legal processes through which, in the insolvency of the seller of an asset, an insolvency officer is entitled to reverse the sale – even in cases where a "true sale" has taken place.</i></p> <p><i>All European jurisdictions, to PCS' knowledge, have rules allowing for clawbacks. Clawbacks are usually rules to avoid a company heading towards insolvency from "defrauding" its existing creditors either by selling assets at very low prices (to friends and relations) or unfairly preferring certain creditors over others.</i></p> <p><i>The Regulation (20.1) therefore does not require STS "true sales" to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback may occur. The Regulation (20.1) therefore does not require STS "true sales" to be clawback proof since this would mean that no European securitisation could ever be STS. It does require the sale not to be subject to "severe clawback". The Regulation does not define "severe clawback" but gives an example (20.2) where a clawback happens for no reasons. The Regulation (20.3) also explicitly excludes from the definition of "severe clawback" the traditional European basis for such devices which all come under the general category of "preferences".</i></p>	

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

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

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

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

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

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

- (a) provisions which allow the liquidator of the seller to invalidate the sale of the underlying exposures solely on the basis that it was concluded within a certain period before the declaration of the seller's insolvency;
- (b) provisions where the SSPE can only prevent the invalidation referred to in point (a) if it can prove that it was not aware of the insolvency of the seller at the time of sale.

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

2	STS Criteria	Verified? YES
	2. The transfer of the title to the SSPE shall not be subject to severe clawback provisions in the event of the seller's insolvency.	
PCS Comments		
COMI is in Germany. There is no severe clawback, see above.		

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

3	STS Criteria	Verified? YES
	3. Where the seller is not the original lender, the true sale or assignment or transfer with the same legal effect of the underlying exposures to the seller, whether that true sale or assignment or transfer with the same legal effect is direct or through one or more intermediate steps, shall meet the requirements set out in paragraphs 1 to 3.	
PCS Comments		
See Prospectus, Warranties and Guarantees in relation to the Sale of the Purchased Receivables		

See also Receivables Purchase Agreement, sections 2 and 4

2.2 The VCL Master Security Trustee and VCL Master C1, acting for and on behalf of its Compartment 1, hereby each authorise (*ermächtigen*) VWL within the meaning of section 185 of the German Civil Code (i) to assign the Lease Receivables together with the related Lease Collateral held by the VCL Master Security Trustee to the Issuer, and (ii) to transfer for security purposes (*Sicherungsübereignung*) to the Issuer title to the relevant Leased Vehicles relating to the Lease Receivables.

2.3 VWL, acting with the authority granted under clause 2.2 above, hereby sells and assigns to the Issuer the Purchased Lease Receivables. VWL shall not select assets to be transferred to the Issuer with the aim of rendering losses on the assets transferred to the Issuer, measured over the life of the Transaction, higher than the losses over the same period on comparable assets held on the balance sheet of VWL which for the avoidance of doubt, would satisfy the representations and warranties given by VWL in clause 4.1.

4.4 VWL warrants and guarantees that the Purchased Lease Receivables are originated in the ordinary course of the business of VWL pursuant to lease granting standards which also apply to leases which will not be securitised.

Although the lease receivables were sold to VCL Master S.A acting for and on behalf of its Compartment ("VCL Master C1") for warehousing purposes before they were assigned to VCL 38 for the Transaction, the transfer can still be considered a direct sale by VWL being also the original lender. VWL has been authorised by the VCL Master Security Trustee, acting for VCL Master C1, who had originally purchased these Receivables, to on-sell such Receivables, with all the Seller warranties as for a direct sale. The sale of the receivables is therefore construed as a tripartite agreement between VWL, the VCL Master C1, the Issuer and their respective representatives. The effectiveness of the true sale is confirmed by the German legal opinion issued by Hogan Lovells. PCS notes that there is no intermediate seller within the meaning of article 20.4.

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

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

4

STS Criteria

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

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

Verified?
YES

PCS Comments

Not applicable.

The legal Opinion confirms that the transfer from VWL to the Issuer takes place on the Closing Date. There is no perfection at a later stage within the meaning of article 20.5.

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

5	STS Criteria	Verified? YES
	<p>5. The seller shall provide representations and warranties that, to the best of its knowledge, the underlying exposures included in the securitisation are not encumbered or otherwise in a condition that can be foreseen to adversely affect the enforceability of the true sale or assignment or transfer with the same legal effect.</p> <p>PCS Comments</p> <p>See Prospectus, <i>Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i>, Warranties and Representations for the Sale of the Purchased Receivables</p> <p>(a) that the Lease Contracts are legally valid and binding agreements;</p> <p>(d) that it may (subject to the provisions set out in clause 2.2 (Purchase agreement concerning the Purchased Lease Receivables) of the Receivables Purchase Agreement) dispose of the Purchased Lease Receivables free from rights of third parties;</p> <p>(e) that the Purchased Lease Receivables are free of defences, whether pre-emptory or otherwise (<i>Einwendungen oder Einreden</i>) for the agreed term of the Lease Contract as well as (subject to the provisions set out in clause 2.2 (Purchase agreement concerning the Purchased Lease Receivables) free from rights of third parties and that the Lessees in particular have no set-off claim;</p> <p>(g) that the status and enforceability of the Purchased Lease Receivables is not impaired due to warranty claims or any other rights (including claims which may be set off) of the Lessees (even if the Issuer knew or could have known of the existence of such defences or rights on the Cut-off Date);</p>	

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

6	STS Criteria	Verified? YES
	<p>6. The underlying exposures transferred from, or assigned by, the seller to the SSPE shall meet pre-determined, clear and documented eligibility criteria....</p> <p>PCS Comments</p> <p>See Prospectus, <i>Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i></p> <p>See also RPA, 4. WARRANTIES BY VWL WITH RESPECT TO THE PURCHASED LEASE RECEIVABLES, section 4, 4.1 (a) to (u).</p> <p><i>The EBA Guidelines clarify that “clear” does not mean easily readable or comprehended by a non-expert. In the Regulation a criterion is “clear” when a court or tribunal could determine whether, presumably in all cases, the criterion is met for each asset. In the Regulation, “clear” is about certainty of determination.</i></p> <p><i>PCS has read the eligibility criteria in the Prospectus. As they are mandatory, they meet the “predetermined” requirement. As they are in the Prospectus, they meet the “documented” requirement. PCS has also concluded that they allow determination in each case and so meet the “clear” requirement.</i></p>	

7	<p>STS Criteria</p> <p>7. Which do not allow for active portfolio management of those exposures on a discretionary basis. For the purpose of this paragraph, substitution of exposures that are in breach of representations and warranties shall not be considered active portfolio management.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See RPA, sections 4.3. and 4.1</p> <p>4.3 In the event of a breach of any of the warranties set forth above (or, in case of clause 4.1(c), if the assumption set out therein proves wrong) at the Closing Date which materially and adversely affects the interests of the Issuer or the Noteholders, VWL shall have until the end of the Monthly Period which includes the 60th day (or, if VWL so elects, an earlier date) after the date that VWL became aware or was notified of such breach (whichever is earlier) to cure or correct such breach. The Issuer's sole remedy will be to require VWL to take one of the following remedial actions:</p> <p>(a) [...]</p> <p>(b) replace the relevant Purchased Lease Receivable by taking into account the warranties and guaranties set out in clauses 4.1 above, with a Lease Receivable the present value of which shall be at least the Settlement Amount of such Purchased Lease Receivable as at the Monthly Period immediately preceding such replacement, provided that, if a remedy within the time period specified above is not practicable, VWL may replace such Purchased Lease Receivable by the last day of the following Monthly Period;</p> <p>(c) repurchase the relevant Purchased Lease Receivable and all related Lease Collateral at a price equal to, or, in case of a breach of clause 4.1(a), pay to the Issuer, the Settlement Amount of such Purchased Lease Receivable as of the Monthly Period immediately preceding such repurchase provided that, if it is not practicable to repurchase such Purchased Lease Receivable within the time period provided above, VWL may repurchase such Purchased Lease Receivable on the Payment Date immediately following the last day of the following Monthly Period.</p> <p>4.1 VWL warrants and guarantees with respect to the Purchased Lease Receivables transferred with the authority granted by the VCL Master Security Trustee and VCL Master C1 acting for and on behalf of its Compartment 1 under clause 2.2 hereof, in the form of a separate guarantee undertaking pursuant to section 311 (1) of the German Civil Code, that as of the Cut-off Date the following selection criteria have been fulfilled (for the avoidance of doubt, when applying the selection criteria below the Purchased Lease Receivables have been selected randomly and not with the intention to prejudice the Noteholders):</p> <p><i>The EBA Guidelines set out seven devices to repurchase securitised assets which are not to be considered indicative of "active portfolio management". To the extent that a transaction only contains some or all of those seven devices and does not provide any other form of repurchase, then the STS criterion will be met. If the transaction should contain a repurchase device that is not included in the EBA's list, then an analysis will need to be conducted as to whether this additional device offends against the principles set out in the EBA Guidelines (15.a and b) as defining "active portfolio management". PCS has reviewed the repurchase devices set out in the Prospectus and each is one of the seven allowable repurchase devices.</i></p>	
8	<p>STS Criteria</p> <p>8. Exposures transferred to the SSPE after the closing of the transaction shall meet the eligibility criteria applied to the initial underlying exposures.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p><i>There is no revolving period in this transaction. For replacement provisions see above.</i></p> <p><i>This criterion is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</i></p>	

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

9	STS Criteria	Verified? YES
	9. The securitisation shall be backed by a pool of underlying exposures that are homogeneous in terms of asset type, taking into account the specific characteristics relating to the cash flows of the asset type including their contractual, credit risk and prepayment characteristics. A pool of underlying exposures shall only comprise one asset type.	
	PCS Comments	
	See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, The Purchased Lease Receivables under the Receivables Purchase Agreement</i> See also Prospectus, <i>BUSINESS PROCEDURES OF VOLKSWAGEN GMBH</i> According to the Commission Delegated Regulation (EU) 2019/1851 on Homogeneity: Art. 1 (a): the asset class falls into the category of (v) auto loans and leases Art. 1 (b): the receivables have been originated by various dealers as agents and underwritten by VWL according to similar standards, as confirmed by VWL to PCS and additionally stated in the Originator Notification STSS27 ("which apply similar approaches to the assessment of credit risk associated with the Lease Receivables and without prejudice to Article 9(1) of the Securitisation Regulation.") Art. 1 (c): they are serviced, i.e. "are to be administered together with all other lease receivables of VWL and the Leased Vehicles are to be realised according to VWL's customary practices in effect from time to time" (BUSINESS PROCEDURES OF VOLKSWAGEN GMBH) Art. 1 (d)/Art. 2: the homogeneity factor 4b) shall apply since all the obligors are all resident in the same jurisdiction, Germany. See also RPA, 4.1. (k) that the Lease Contracts have been entered into exclusively with Lessees which, if they are corporate entities have their registered office or, if they are individuals have their place of residence in Germany; PCS notes that the homogeneity criteria also apply on the basis of the current Consultation Paper on an amended RTS on homogeneity which was published on 28 July 2022.	
10	STS Criteria	Verified? YES
	10. The underlying exposures shall contain obligations that are contractually binding and enforceable.	
	PCS Comments	
	See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i> (a) that the Lease Contracts are legally valid and binding agreements; (g) that the status and enforceability of the Purchased Lease Receivables is not impaired due to warranty claims or any other rights (including claims which may be set off) of the Lessees (even if the Issuer knew or could have known of the existence of such defences or rights on the Cut-Off Date);	
11	STS Criteria	Verified? YES
	11. With full recourse to debtors and, where applicable, guarantors.	
	PCS Comments	
	See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, The Purchased Lease Receivables under the Receivables Purchase Agreement</i> The Purchased Lease Receivables include the monthly payments for the use of the related Leased Vehicles with full recourse against the respective Lessees.	

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

12	<p>STS Criteria</p> <p>12. The underlying exposures shall have defined periodic payment streams, the instalments of which may differ in their amounts.</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, The Purchased Lease Receivables under the Receivables Purchase Agreement</i></p> <p>The Purchased Lease Receivables include the monthly payments for the use of the related Leased Vehicles with full recourse against the respective Lessees. The amounts payable in each month which have been acquired pursuant to the Receivables Purchase Agreement do not include claims to special payments or insurance premiums or VAT attributable to any payments for the use of the Leased Vehicles or claims arising from service components such as maintenance fees or fees for the excessive use of the Leased Vehicles.</p> <p>The Purchased Lease Receivables include Lease Receivables originated under open end Lease Contracts (<i>Verträge mit Gebrauchtwagenabrechnung – "Open End Lease Contracts"</i>) and closed end Lease Contracts (<i>Verträge ohne Gebrauchtwagenabrechnung – "Closed End Lease Contract"</i>). Open End Lease Contracts have no fixed residual values guaranteed by the dealers but the buy-back of the car is based on the state of the vehicle and the general state of the market on the date of the return of the Leased Vehicle to VWL. Therefore, upon the re-marketing of the car, the Lessee bears the risk of a loss and partly participates in a profit. Closed End Lease Contracts are based on fixed residual values based on the contractual mileage and term of the contract, both being guaranteed by the vehicle dealer in respect of a return of the car in compliance with the term of the contract at the end of the contract term arranging the conclusion of the respective Closed End Lease Contract and VWL. [...].</p> <p>Under Closed End Lease Contracts, the risk of realisation of the residual value is borne entirely by the respective vehicle dealer. However vehicle dealers may have the option to transfer the residual value risk to VWL. If vehicle dealers exercise such option, VWL takes back the car from the relevant vehicle dealer at the end of the respective Lease Contract for a pre-agreed price and takes care of remarketing.</p> <p>PCS notes that the portfolio consists of closed end and open-end contracts and according to Table 14 in the Prospectus (Description of the Lease Contracts) an amount of 99,99% are Closed End Contracts and 0,01% are Open end Lease Contracts. The Residual Values are not part of the Purchased Receivables. The exposures all pay in monthly instalments.</p>		
13	<p>STS Criteria</p> <p>13. Relating to rental, principal, or interest payments, or to any other right to receive income from assets supporting such payments. The underlying exposures may also generate proceeds from the sale of any financed or leased assets.</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i></p> <p>(l) that on the Cut-Off Date at least two (2) lease instalments have been paid in respect of each of the Lease Contracts and that the Lease Contracts require substantially equal monthly payments to be made within 12-60 months of the date of origination of the Lease Contract;</p> <p>See also Prospectus, <i>The Purchased Lease Receivables under the Receivables Purchase Agreement</i></p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Enforcement and Sale of Leased Vehicles</i></p> <p>See also Trust Agreement, <i>ENFORCEMENT AND SALE OF LEASED VEHICLES</i></p>		

See also Prospectus, OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES, Realisation of Security

Upon the occurrence of a Foreclosure Event, the Security Trustee is authorised and obliged to adequately realise the ownership interest given in the form of a directly enforceable security interest in the Leased Vehicles by selling the Leased Vehicles or having the Leased Vehicles sold by third parties commissioned by the Security Trustee. The proceeds of realisation thus gained shall be divided between the Issuer, VWL and VCL Master Residual Value as provided in clause 18 of the Trust Agreement.

See also point 12 above. The Receivables do not have a balloon payment, only the monthly lease instalments are sold to the Issuer. In case of an early termination of a lease contract or an enforcement event, proceeds from the sale of the vehicle are allocated on a proportionate basis to the Issuer and the VCL Master Residual Value. The receivables are transferred from the VCL Master C1 discounted by the Discount rate, at which they had previously been purchased into the VCL Master C1.

Article 20.8. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.

14	<u>STS Criteria</u>	<u>Verified?</u> YES
	14. The underlying exposures shall not include transferable securities, as defined in Article 4(1), point 44 of Directive 2014/65/EU of the European Parliament and of the Council other than corporate bonds, provided that they are not listed on a trading venue.	
	<u>PCS Comments</u>	
	See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i>	
	VWL warrants and guarantees that the Purchased Lease Receivables are originated in the ordinary course of the business of VWL pursuant to lease granting standards which also apply to leases which will not be securitised.	
	See STS notification, STSS 27	
	"Furthermore, the Seller hereby confirms that the underlying exposures do not contain any transferable securities for purposes of Article 20(8) of the Securitisation Regulation."	
	PCS notes that from the Warranties and Guarantees made in the prospectus regarding the lease receivables it can be deducted that none of the purchased receivables are transferrable assets. In addition, this has been confirmed by the Seller in the STS notification.	

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

15	<u>STS Criteria</u>	<u>Verified?</u> YES
	15. The underlying exposures shall not include any securitisation position.	
	<u>PCS Comments</u>	
	See Prospectus, Warranties and Guaranties in relation the Sale of the Purchased Receivables	

(c) that the Leased Vehicles under the Lease Contracts (i) are existing and (ii) are situated (belegen) in Germany based on the assumption that (ii) is fulfilled if the Lessee (Leasingnehmer) is resident in Germany;(k) that the Lease Contracts have been entered into exclusively with Lessees which, if they are corporate entities have their registered office or, if they are individuals have their place of residence in Germany;

See also STS Notification, STSS28:

“The Seller hereby confirms that the underlying exposures do not contain any securitisation position. The underlying exposures exclusively consist of automotive lease receivables.”

PCS notes that from the Warranties and Guarantee made in the prospectus regarding the lease receivables it can be deducted that none of the purchased receivables are transferrable assets. In addition, this has been confirmed by the Seller in the STS notification.

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

16	STS Criteria	Verified?
	16. The underlying exposures shall be originated in the ordinary course of the originator’s or original lender’s business.	YES
PCS Comments		
See Prospectus, <i>DESCRIPTION OF THE PURCHASED RECEIVABLES, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i>		
VWL warrants and guarantees that the Purchased Lease Receivables are originated in the ordinary course of the business of VWL pursuant to lease granting standards which also apply to leases which will not be securitised. In particular, VWL warrants and guarantees that it has in place (i) effective systems to apply its standard lease criteria for granting the Purchased Lease Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Lease Receivables, in order to ensure that granting of the Purchased Lease Receivables is based on a thorough assessment of each Lessee’s creditworthiness. Furthermore, VWL warrants and guarantees that the assessment of each Lessee’s creditworthiness (i) will be performed on the basis of sufficient information, where appropriate obtained from the Lessee and, where necessary, on the basis of a consultation of the relevant database, and (ii) will be repeated before any significant increase in the total amount is granted after the conclusion of the lease, in combination with an update of the Lessee’s financial information.		
PCS also notes that the Purchased receivables are randomly selected and according to information from the due diligence materials it is not known to the car dealers whether a receivable is securitised or not.		
17	STS Criteria	Verified?
	17. Pursuant to underwriting standards that are no less stringent than those that the originator or original lender applied at the time of origination to similar exposures that are not securitised.	YES
PCS Comments		
See 16 above. See also <i>Description of the Lease Contracts, Lease Receivables, Leased Vehicles and Lessees as at the Cut-Off Date as at 31 December 2022</i> , last paragraph		
The Purchased Lease Receivables have not been selected by the Seller with the aim of rendering losses on the Purchased Lease Receivables to the Issuer, measured over the life of the Transaction, higher than the losses over the same period on comparable Lease Receivables held on the balance sheet of the Seller.		

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

18	<p><u>STS Criteria</u></p> <p>18. The underwriting standards pursuant to which the underlying exposures are originated and any material changes from prior underwriting standards shall be fully disclosed to potential investors without undue delay.</p>	<u>Verified?</u> YES
	<p><u>PCS Comments</u></p> <p>See Prospectus, ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT, Reporting Duties of the Servicer and Duties under the Swap Agreements</p> <p>The Servicer further undertakes to disclose to the Noteholders without undue delay any material change to VWL's customary practices, which either refer to the similarity of the underwriting standards further specified in the Commission Delegated Regulation 2019/1851 or changes which materially affect the overall credit risk or expected average performance of the Portfolio.</p> <p><i>The EBA Guidelines make clear that the part of the criterion referring to changes from prior underwriting is a future event criterion. It applies changes in underwriting criteria that occur post-closing. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost.</i></p> <p><i>Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting at the same time that the absence of any such covenant – although possibly unsettling for some investors – would not invalidate the STS status of the transaction at closing.</i></p> <p>PCS notes that this transaction has no revolving period, therefore this criterion does not strictly apply to this transaction. PCS also notes that VWL undertakes to disclose changes to underwriting standards or other changes which may affect the overall credit risk and expected performance.</p>	

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

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

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

20	<p>STS Criteria</p> <p>20. The assessment of the borrower's creditworthiness shall meet the requirements set out in Article 8 of Directive 2008/48/EC or paragraphs 1 to 4, point (a) of paragraph 5, and paragraph 6 of Article 18 of Directive 2014/17/EU or, where applicable, equivalent requirements in third countries.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, DESCRIPTION OF THE PURCHASED RECEIVABLES, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</p> <p>VWL warrants and guarantees that the Purchased Lease Receivables are originated in the ordinary course of the business of VWL pursuant to lease granting standards which also apply to leases which will not be securitised. In particular, VWL warrants and guarantees that it has in place (i) effective systems to apply its standard lease criteria for granting the Purchased Lease Receivables and (ii) processes for approving and, where relevant, amending, renewing and re-financing the Purchased Lease Receivables, in order to ensure that granting of the Purchased Lease Receivables is based on a thorough assessment of each Lessee's creditworthiness. Furthermore, VWL warrants and guarantees that the assessment of each Lessee's creditworthiness (i) will be performed on the basis of sufficient information, where appropriate obtained from the Lessee and, where necessary, on the basis of a consultation of the relevant database, and (ii) will be repeated before any significant increase in the total amount is granted after the conclusion of the lease, in combination with an update of the Lessee's financial information.</p> <p>See Prospectus, BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH, Incorporation, Registered Office and Purpose</p> <p>VWL is a financial services institution (<i>Finanzdienstleistungsinstitut</i>) according to §1 (1a) German Banking Act. As such, the Originator is supervised by BaFin as competent supervisory authority. As a precaution VWL performs the „Assessment of the borrower's creditworthiness" with respect to lease contracts with consumers in accordance with paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU as reflected in § 505 a and § 505 b German Civil Code (BGB).</p> <p><i>The criterion requires consumer loans or mortgages to have been underwritten in accordance with one of two European Directives. European Directives, in contrast to Regulations, do not have direct effect but must be implemented into national law country by country. PCS assumes, although the Regulation and the EBA Guidelines are silent on this point, that the requirement for mortgages and consumer loans to have been underwritten in compliance with the Directives only applies to assets underwritten after these Directives were transcribed into national law.</i></p> <p>PCS notes that VWL is a 100% subsidiary of Volkswagen Financial Services AG, regulated by BaFin, and performs the borrowers' assessment according to the German legislation reflecting the requirements set out in the EU directive 2008/48/EC.</p>	

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

21	STS Criteria 21. The originator or original lender shall have expertise in originating exposures of a similar nature to those securitised.	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus, <i>BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH</i>.</p> <p>Origination, Servicing and Securitisation Expertise</p> <p>As already set out under the section "Incorporation, Registered Office and Purpose" one of the main purposes of VWL for the last five decades has been the origination, underwriting and servicing of lease receivables of a similar nature to those securitised under this Transaction. The members of its management body and the senior staff of VWL have adequate knowledge and skills in originating, underwriting and servicing lease receivables, similar to the lease receivables included in the Portfolio, gained through years of practice and continuing education. The members of the management body and VWL senior staff have been appropriately involved within the governance structure of the functions of originating, underwriting and servicing of the Portfolio. Additionally, VWL has been securitising lease receivables actively since 1996 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 VWL have also professional experience in the securitisation of lease 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.</p> <p><i>An entity originating assets similar to those securitised for at least five years is deemed, according to the EBA Guidelines to have "expertise".</i></p>	

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

22	STS Criteria 22. The underlying exposures shall be transferred to the SSPE after selection without undue delay...	Verified? YES
	<p>PCS Comments</p> <p>See Prospectus</p> <p>"Cut-Off Date": 28 February 2023</p> <p>"Issue Date": 27 March 2023.</p> <p><i>The Pool is selected on the Cut-Off-Date and transferred on the Issue Date. These dates are only one month apart.</i></p> <p><i>PCS has assumed that any period of three-and-a-half months or less between pool cut date and closing will meet the requirements of the criterion. The time difference here is in line with market standards.</i></p>	

23	STS Criteria	Verified?
	<p>23. And shall not include, at the time of selection, exposures in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013...</p>	YES
<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables</i></p> <p>See also clause 4.1 (t) (i) of the RPA.</p> <p>(s) the Purchased Lease Receivables will not include Lease Receivables relating to:</p> <ul style="list-style-type: none"> (i) a Lessee who VWL considers as unlikely to pay its obligations to VWL and/or to a Lessee who is past due more than 90 days on any material credit obligation to VWL; or (ii) a credit-impaired Lessee or guarantor who, on the basis of information obtained (i) from the Lessee of the relevant Lease Receivable, (ii) in the course of VWL's servicing of the Lease Receivables or VWL's risk management procedures, or (iii) from a third party, <p>(t) that the Purchased Lease Receivables have not been subject to forbearance amendments which had been agreed between VWL and the respective Lessee on basis of either (i) the German law on reduction of the consequences of the Corona Pandemic in the civil-, insolvency- and criminal procedure law (Gesetz zur Abmilderung der Folgen der COVID-19-Pandemie im Zivil-, Insolvenz- und Strafverfahrensrecht) or (ii) a voluntary forbearance amendment VWL offered to the respective Lessee to limit the impact of the Corona Pandemic on the economic situation of such Lessee;</p> <p><i>The warranty given by the Originator for the Purchased Lease Receivables is in accordance with the definition of default of Article 178(1) of Regulation (EU) No 575/2013.</i></p>		

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

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

- (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and
- (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;

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

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

24	STS Criteria	Verified?
	24. Or exposures to a credit-impaired debtor or guarantor, who, to the best of the originator's or original lender's knowledge:	YES

PCS Comments

See Prospectus, *DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables*

See also RPA, clause 4.1 (s) (ii)

(ii) a credit-impaired Lessee or guarantor who, on the basis of information obtained (i) from the Lessee of the relevant Lease Receivable, (ii) in the course of VWL's servicing of the Lease Receivables or VWL's risk management procedures, or (iii) from a third party,

- (1) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer of the Purchased Receivable to the Issuer;
- (2) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to VWL; or
- (3) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by VWL which are not securitised.

The note below applies to points from 24 to 29.

Although the text of the STS Regulation is quite vague, the EBA guidelines on defining "credit impaired" debtors are very helpful.

For PCS, the key points of the EBA guidelines on this issue are:

- a. *First that the three listed conditions of credit impaired status (set out in article 20.11 (a) to (c) of the Regulation) amount to a full definition of what it means to be "credit impaired". So that it is not necessary to reflect at what the term "credit impaired" could mean above and beyond those three items.*
- b. *Secondly, in relation to entries in a credit registry, the EBA is very clear that the criterion should not be interpreted as excluding debtors with any entry on a credit registry. Providing further guidance, the example given in the EBA Guidelines of a credit registry entry that would not be indicative of a "credit impaired" debtor is the example of a failure to pay that can "reasonably be ignored" for the purposes of credit assessment.*

Therefore, the criterion, to be met, does not require the elimination from the pool of all debtors with any negative entry in a credit registry but only those whose entries it would not be reasonable to ignore for the purposes of credit assessments.

Absent any further clarification from the EBA or a national competent authority regarding what it is reasonable to ignore, a judgement would still be necessary in cases where the originator does include in the pool some debtors with some negative entries in a credit registry.

In making this judgement, PCS takes comfort from the intent of the legislators – including, crucially, the legislators' belief that the STS Regulation was justified by the excellent performance of most "plain vanilla" European securitisation. It is clear to PCS that the "credit impaired" prohibition is driven by the desire of legislators to exclude from the STS category deals generally coming under the definition of "sub-prime". Therefore, it is unreasonable to refuse STS status to a transaction considered by universal consensus to be a "prime/plain vanilla" transaction with no "sub-prime" aspects. Indeed, this approach seems to be the rationale behind the EBA Guidelines on this matter.

- c. *Thirdly, the EBA Guidelines on guaranteed obligations make it clear that the criterion is met so long as either the debtor or the guarantor are not "credit impaired".*

25

STS Criteria

25.(a) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination.

**Verified?
YES**

	PCS Comments See 24 above.	
26	STS Criteria 26. Or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the date of transfer or assignment of the underlying exposures to the SSPE, except if:	Verified? YES
	PCS Comments See 24 above.	
27	STS Criteria 27. (i) a restructured underlying exposure has not presented new arrears since the date of the restructuring which must have taken place at least one year prior to the date of transfer or assignment of the underlying exposures to the SSPE; and	Verified? YES
	PCS Comments See 24 above.	
28	STS Criteria 28. (ii) the information provided by the originator, sponsor and SSPE in accordance with points (a) and (e)(i) of the first subparagraph of Article 7(1) explicitly sets out the proportion of restructured underlying exposures, the time and details of the restructuring as well as their performance since the date of the restructuring;	Verified? YES
	PCS Comments See 24 above.	
29	STS Criteria 29. (b) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or, where there is no such public credit registry, another credit registry that is available to the originator or original lender;	Verified? YES
	PCS Comments See 24 above.	
30	STS Criteria 30. (c) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the originator which are not securitised.	Verified? YES
	PCS Comments See 24 above.	

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

31	<p><u>STS Criteria</u></p> <p>31. The debtors shall at the time of transfer of the exposures, have made at least one payment, except in the case of revolving securitisations backed by exposures payable in a single instalment or having a maturity of less than one year, including without limitation monthly payments on revolving credits.</p>	<p><u>Verified?</u></p> <p>YES</p>
	<p><u>PCS Comments</u></p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables ,(l)</i> and clause 4.1 (l) of the RPA “(l) that on the Cut-off Date at least two (2) lease instalments have been paid in respect of each of the Lease Contracts and that the Lease Contracts require substantially equal monthly payments to be made within 12-60 months of the date of origination of the Lease Contract;”</p>	

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

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

32	STS Criteria	Verified? YES
	<p>32. The repayment of the holders of the securitisation positions shall not have been structured to depend predominantly on the sale of assets securing the underlying exposures.</p>	
	<p>PCS Comments</p> <p>See Prospectus, <i>DESCRIPTION OF THE PORTFOLIO, The Purchased Lease Receivables under the Receivables Purchase Agreement</i></p> <p>The Purchased Lease Receivables include the monthly payments for the use of the related Leased Vehicles with full recourse against the respective Lessees. The amounts payable in each month which have been acquired pursuant to the Receivables Purchase Agreement do not include claims to special payments or insurance premiums or VAT attributable to any payments for the use of the Leased Vehicles or claims arising from service components such as maintenance fees or fees for the excessive use of the Leased Vehicles.</p> <p>See also RPA, <i>ASSIGNMENT OF PURCHASED LEASE RECEIVABLES AND CLOSING DATE, 3.3</i></p> <p>VWL, acting with the authority granted under clause 2.2 above, shall simultaneously assign to the Issuer as security for the acquired Purchased Lease Receivables and as security for all of the Issuer's current and future claims against VWL arising from this Agreement and the Servicing Agreement including all future damage claims pursuant to section 280 (1) in connection with section 280 (3) (<i>Schadensersatz statt der Leistung</i>) of the German Civil Code, and further including all claims arising out of a withdrawal from this Agreement, notwithstanding the transfer of auxiliary or preferential rights pursuant to section 401 of the German Civil Code, when the assignment is effectuated pursuant to clause 3.1, the following Purchased Lease Receivables and rights: [...]</p> <p>See also RPA, 7.1, last paragraph</p> <p>"provided that the Collateral Ownership Interest is transferred solely for the purpose of securing the existence and fulfilment of the Purchased Lease Receivables and the rights and claims of the Issuer against VWL arising under this Agreement or any other Transaction Document and any potential obligations on the grounds of invalidity or unenforceability of any Transaction Document, in particular claims on the grounds of unjustified enrichment (<i>ungerechtfertigte Bereicherung</i>). The transfer of title for security purposes is subject to the resolutive condition (<i>auflösende Bedingung</i>) of the occurrence of a Lease Contract Termination Event. The parties hereto agree that the transfer of title to the Leased Vehicles shall not affect the expectancy rights to such Leased Vehicles transferred by VWL to VCL Master Residual Value, and further transferred from VCL Master Residual Value to the Expectancy Rights Trustee (section 161 (2) of the German Civil Code)."</p> <p><i>The Lease Receivables are sold into this transaction without the residual value component of the contract, so that they constitute claims to the respective lessees only and do not depend on the sale of the assets securing the underlying exposure.</i></p>	

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

33	STS Criteria	Verified? YES
	<p>33.The originator, sponsor or original lender shall satisfy the risk retention requirement in accordance with Article 6.</p> <p>PCS Comments</p> <p>See Prospectus, Securitisation Regulation</p> <p>The Seller will, whilst any of the Notes remain outstanding, retain for the life of the Transaction a material net economic interest of not less than 5 per cent. with respect to the Transaction in accordance with Article 6(3)(c) of Regulation (EU) 2017/2402 (the "Securitisation Regulation") and undertakes that it will not reduce, hedge or otherwise mitigate its credit exposure to the material net economic interest for the purposes of Article 6(1) of the Securitisation Regulation and Article 12 of Commission Delegated Regulation specifying the risk retention requirements pursuant to the Securitisation Regulation and, pursuant to Article 43(7) of the Securitisation Regulation, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the Securitisation Regulation, provided that the level of retention may reduce over time in compliance with Article 10 (2) of Commission Delegated Regulation (EU) 625/2014 or any successor delegated regulation. As at the Closing Date, such interest will, in accordance with Article 6(3)(c) of the Securitisation Regulation, and, pursuant to Article 43(7) of the Securitisation Regulation, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the Securitisation Regulation, be comprised of an interest in randomly selected exposures equivalent to no less than 5 percent. of the nominal value of the securitised exposures. The Seller in its capacity as servicer will service all of the retained exposures, the securitised exposures and comparable exposures held on its balance sheet in accordance with its customary practices in effect from time to time.</p>	

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

34	STS Criteria	Verified? YES
	<p>34. The interest rate...risks arising from the securitisation shall be appropriately mitigated.</p> <p>PCS Comments</p> <p>See Prospectus, <i>Swap Agreements</i></p> <p>The Issuer will enter into the Class A Swap Agreement and the Class B Swap Agreement, each with the Swap Counterparty. Each Swap Agreement will hedge the interest rate risk deriving from fixed rate interest payments owed by the Lessees to the Issuer under the Purchased Lease Receivables and floating rate interest payments owed by the Issuer under the Notes.</p> <p>See also Prospectus, SWAP AGREEMENTS AND SWAP COUNTERPARTY</p> <p>The Swap Agreements</p> <p>Under the Class A Swap Agreement the Issuer will undertake to pay to the Class A Swap Counterparty on each Payment Date an amount equal to the amount of interest on the nominal amount of the Class A Notes outstanding on each Payment Date, calculated on the basis of a fixed rate of interest of [●] per cent. per annum on the basis of 30/360. The Class A Swap Counterparty will undertake to pay to the Issuer on each Payment Date an amount equal to the floating rate of interest on such outstanding nominal amount of the</p>	

Class A Notes, calculated on the basis of EURIBOR plus [●] per cent. per annum on the basis of the actual number of days elapsed in an Interest Period divided by 360, and subject to a floor of zero

The same applies to the Class B notes.

See Prospectus, RISK FACTORS.

Interest Rate Risk / Risk of Swap Counterparty Insolvency

Clearly and explicitly, "appropriate" hedging does not require "perfect" hedging. This is confirmed by the EBA Guidelines which require the hedges to cover a "major share" of the risk from an "economic perspective". However, the definition of "appropriate" hedging or a "major share" of the risk will always contain an element of subjectivity and must be analysed on a case by case basis. The fact that the Regulation was crafted by the legislators to recognise existing high quality European securitisations rather than raise the bar to a level not previously encountered, together with the common-sense approach of the EBA, leads to the conclusion that transactions considered adequately hedged by common investor and rating agency consensus should be held to meet this criterion. This still requires an analysis of the matter. Since PCS is not a quantitative analysis provider or a credit rating agency, our verification is based on a second-hand analysis which focuses on:

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

In the case of the Transaction, payments from the underlying receivables are based on fixed rate payments, while the notes are floating rate. The Fixed Interest Rate of the Lease Receivables is the Discount Rate (5.7016% per annum), which was fixed for the original sale to the VCL Master C1 for each asset and contains a 2% buffer. An interest rate swap based on the nominal amount outstanding on each payment date is used in the Transaction to mitigate and fully hedge fixed-to-floating interest rate risk, subject to a floor of zero.

35	<u>STS Criteria</u>	<u>Verified?</u>
	35. Currency risks arising from the securitisation shall be appropriately mitigated.	YES
	<u>PCS Comments</u>	
	See Prospectus, DESCRIPTION OF THE PORTFOLIO, RPA, 4. WARRANTIES BY VWL WITH RESPECT TO THE PURCHASED LEASE RECEIVABLES	
	(b) that the Purchased Lease Receivables are denominated, payable in Euro and assignable;	
	See Prospectus, cover page, description of the Notes.	
	<i>See PCS comment under 34 above. Both notes and Loans are currently denominated in Euros and in the absence of any currency mismatch, no currency hedging is therefore necessary.</i>	
36	<u>STS Criteria</u>	<u>Verified?</u>
	36. Any measures taken to that effect shall be disclosed.	YES
	<u>PCS Comments</u>	
	<i>Actions taken to mitigate interest rate risk in the Transaction have been disclosed in the transaction documents.</i>	

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

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

37	<p>STS Criteria</p> <p>37. Except for the purpose of hedging currency risk or interest rate risk, the SSPE shall not enter into derivative contracts and...</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, 5. Further Covenants of the Issuer (1) As long as any of the Notes and/or the Subordinated Loan remains outstanding, the Issuer is not entitled, without the prior consent of the Security Trustee, to develop any activities described in clause 38 of the Trust Agreement. See also Prospectus, Trust Agreement, 38. Actions of the Issuer requiring Consent As long as the Notes and the Subordinated Loan are outstanding, the Issuer is not authorised without prior written consent of the Security Trustee to: See sections 38.1 to 38.15 In addition , see also STS Notification, STSS36: “The SSPE has not entered into derivative contracts except in the circumstances of interest rate hedging as referred to above.” <u>PCS notes that based on the permitted actions of the Issuer, it can be clearly deducted that the issuer cannot enter into any other derivative contracts, which is in accordance with the regulation. In addition this has been confirmed in the STS notification.</u></p>	
38	<p>STS Criteria</p> <p>38. ...Shall ensure that the pool of underlying exposures does not include derivatives.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See also Prospectus, Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables, (k) See STS Notification, STSS35: “Furthermore, the Seller hereby confirms that the underlying exposures do not contain any derivatives for purposes of article 21(2) of the Securitisation Regulation.” <u>PCs notes that based on the eligibility criteria for the receivables, these criteria exclude derivatives to form part of the pool. In addition, see STS Notification, STSS35, where this is explicitly confirmed.</u></p>	

39	STS Criteria	Verified? YES
	39. Those derivatives shall be underwritten and documented according to common standards in international finance.	
	PCS Comments	
	See Prospectus, "Class A Swap Agreement" means the class A interest rate swap agreement between the Issuer and the Swap Counterparty pursuant to the 2002 ISDA Master Agreement, the associated schedule and the credit support annex and a confirmation dated on [6 March 2023]. PCS notes that the Swap Agreements have been underwritten according to International Standards.	

Article 21.3. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds, and shall not reference complex formulae or derivatives.

40	STS Criteria	Verified? YES
	40. Any referenced interest payments under the securitisation assets and liabilities shall be based on generally used market interest rates, or generally used sectoral rates reflective of the cost of funds and shall not reference complex formulae or derivatives.	
	PCS Comments	
	<u>ASSETS:</u> Purchased Receivables: See Prospectus, <i>Assumed Amortisation of the Notes:</i> "the Discount Rate according to linear method is to be 5.7016 per cent. <i>per annum</i> and the Monthly Payments are discounted back to the Cut-Off Date;" <u>LIABILITIES:</u> See Prospectus, <i>OVERVIEW</i> Class A: EURIBOR-rate for one month deposits plus [] per cent. <i>per annum</i> , subject to a floor of zero Class B: EURIBOR-rate for one month deposits plus [] per cent. <i>per annum</i> , subject to a floor of zero For the fixed cash flow from the fixed rate paying assets of this Transaction, the monthly instalments are discounted as described above. The Portfolio Information provides a "Run Out Schedule" with "Interest" and "Principal" components. The liabilities are referencing generally used market rates.	

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

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

41	<p><u>STS Criteria</u></p> <p>41. Where an enforcement or an acceleration notice has been delivered:</p> <p>(a) no amount of cash shall be trapped in the SSPE beyond what is necessary to ensure the operational functioning of the SSPE or the orderly repayment of investors in accordance with the contractual terms of the securitisation, unless exceptional circumstances require that amount is trapped in order to be used, in the best interests of investors, for expenses in order to avoid the deterioration in the credit quality of the underlying exposures;</p>	<p><u>Verified?</u></p> <p>YES</p>
<p><u>PCS Comments</u></p> <p>See Prospectus, <i>TRUST AGREEMENT, Part E. ACCOUNTS; ORDER OF PRIORITY, 22.2 (c)</i></p> <p>Order of Priority-following the occurrence of an Enforcement Event. [...]</p> <p>See also Prospectus, definition of "Available Distribution Amount".</p> <p>See Prospectus, <i>OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES</i></p> <p>Following the occurrence of an Enforcement Event, distributions (other than repayments due to VWL in accordance with clause 10.2 (<i>Payments, repayment claims</i>) of the Receivables Purchase Agreement) will be made by the Security Trustee from the Available Distribution Amount according to the following Order of Priority: [...]</p> <p><i>According to the Priority of Payments described in the Prospectus and the definition of Available Distribution Amount no cash is trapped in the SSPE within the meaning of the Regulation</i></p>		
42	<p><u>STS Criteria</u></p> <p>42. (b) Principal receipts from the underlying exposures shall be passed to investors via sequential amortisation of the securitisation positions, as determined by the seniority of the securitisation position;</p>	<p><u>Verified?</u></p> <p>YES</p>
<p><u>PCS Comments</u></p> <p>See Prospectus, <i>TRUST AGREEMENT, Part E. ACCOUNTS; ORDER OF PRIORITY, 22.2 (c)</i></p> <p>Order of Priority-following the occurrence of an Enforcement Event.</p> <p><i>The Notes are repaid sequentially following the occurrence of an Enforcement Event.</i></p>		

43	STS Criteria 43. (c) Repayment of the securitisation positions shall not be reversed with regard to their seniority; and	Verified? YES
	PCS Comments See Prospectus, TRUST AGREEMENT, Part E. ACCOUNTS; ORDER OF PRIORITY, 22.2 (c) Order of Priority-following the occurrence of an Enforcement Event. The Notes are repaid sequentially following the occurrence of an Enforcement Event and the order of priority is not reversed.	
44	STS Criteria 44. (d) No provisions shall require automatic liquidation of the underlying exposures at market value.	Verified? YES
	PCS Comments See Prospectus, TRUST AGREEMENT, PART D ,17. FORECLOSURE ON THE SECURITY; FORECLOSURE EVENT 17.3 "For the avoidance of doubt, upon the occurrence of an Enforcement Event, the Security Trustee is not automatically required to liquidate the Purchased Lease Receivables at market value." 18. Enforcement and Sale of the Leased Vehicles After the occurrence of a Foreclosure Event the Security Trustee will enforce the security with the consent of the Expectancy Rights Trustee and foreclose or enforce or cause the foreclosure or enforcement of the Security (clause 17.2 and clause 18 of the TRUST AGREEMENT)	
Article 21.5. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.		
45	STS Criteria 45. Transactions which feature non-sequential priority of payments shall include triggers relating to the performance of the underlying exposures resulting in the priority of payments reverting to sequential payments in order of seniority. Such performance-related triggers shall include at least the deterioration in the credit quality of the underlying exposures below a pre-determined threshold.	Verified? YES
	PCS Comments <i>PCS notes that there is an element of pro-rata amortisation in this transaction. The performance related trigger to revert to sequential amortisation is the "Level 2 Credit Enhancement Increase Condition".</i> "Level 2 Credit Enhancement Increase Condition" shall be deemed to be in effect if the Cumulative Net Loss Ratio exceeds 1.60 per cent. for any Payment Date. "Class A Targeted Overcollateralisation Percentage" means: (a) 12.25 per cent. until a Credit Enhancement Increase Condition has once occurred; (b) 14.00 per cent. if a Level 1 Credit Enhancement Increase Condition has once occurred; and (c) 100 per cent. until the Legal Maturity Date if a Level 2 Credit Enhancement Increase <i>The pro-rata element of the amortisation does not apply in 22.2 (c) quoted above.</i>	

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

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

46	STS Criteria 46. The transaction documentation shall include appropriate early amortisation provisions or triggers for termination of the revolving period where the securitisation is a revolving securitisation, including at least the following: (a) a deterioration in the credit quality of the underlying exposures to or below a pre-determined threshold;	Verified? YES
	PCS Comments <i>Does not apply, since there is no revolving period.</i>	
47	STS Criteria 47. (b) the occurrence of an insolvency-related event with regard to the originator or the servicer;	Verified? YES
	PCS Comments <i>See 46, above.</i>	
48	STS Criteria 48. (c) the value of the underlying exposures held by the SSPE falls below a pre-determined threshold (early amortisation event);	Verified? YES
	PCS Comments <i>See 46, above.</i>	
49	STS Criteria 49. (d) a failure to generate sufficient new underlying exposures that meet the pre-determined credit quality (trigger for termination of the revolving period).	Verified? YES
	PCS Comments <i>See 46, above.</i>	

Article 21.7. The transaction documentation shall clearly specify:		
(a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;		
(b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and		
(c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.		
50	STS Criteria	Verified? YES
	50. The transaction documentation shall clearly specify: (a) the contractual obligations, duties and responsibilities of the servicer and the trustee, if any, and other ancillary service providers;	
51	PCS Comments	Verified? YES
	See Prospectus, <ul style="list-style-type: none">• <i>Security Trustee</i>: see section "TRUST AGREEMENT" of the Prospectus.• <i>Other ancillary providers</i>: see section "ACCOUNT BANK, CASH ADMINISTRATOR, CALCULATION AGENT, PAYING AGENT" of the Prospectus.• <i>Data Trustee</i>: see section DATA PROTECTION TRUSTEE of the Prospectus. <p>See also underlying transaction documents: See Trust Agreement, 4. Assets of the Issuer for the Purpose of Payments on the Notes and on the Subordinated Loan, Provision of Security, Limited Payment Obligation, Non Petition</p> <p>Furthermore, the Issuer has entered into additional agreements in connection with the acquisition of the Purchased Lease Receivables and Lease Collateral and the Issue of the Notes and the raising of the Subordinated Loan, in particular, the Subordinated Loan Agreement with an Affiliate of Volkswagen AG, the Data Protection Trust Agreement with the Data Protection Trustee and the Security Trustee, the Agency Agreement with VWL and the Paying Agent, two Swap Agreements with the Swap Counterparty and the Account Agreement with the Account Bank.</p> <p>See definition of Servicing Agreement "Servicing Agreement" means the servicing agreement between the Servicer, the Issuer, the Security Trustee and the Expectancy Rights Trustee dated on or about the Signing Date.</p> <p>PCS notes that the TRUST AGREEMENT is part of the Prospectus in this Transaction.</p>	
51	STS Criteria	Verified? YES
	51. (b) the processes and responsibilities necessary to ensure that a default by or an insolvency of the servicer does not result in a termination of servicing, such as a contractual provision which enables the replacement of the servicer in such cases; and	
51	PCS Comments	
	See Prospectus, ADMINISTRATION OF THE LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT	

The Servicer may be replaced in case of a Servicer Replacement Event as outlined below. In that case the costs of replacing it are also to be paid from income from the investment of the funds in the Distribution Account and the Cash Collateral Account. If these proceeds do not cover the said costs, the difference is to be made up from the General Cash Collateral Amount.

See definition of “Servicer Replacement Event”.

(d) the Servicer suffers a Servicer Insolvency Event;

PCS notes that the Servicer Replacement Events (a) to (c) are curable, (d) is not curable as required by the regulation.

See also Prospectus, *DISMISSAL AND REPLACEMENT OF THE SERVICER*

After a Servicer Replacement Event, the Issuer is entitled to dismiss the Servicer by written notification. The Issuer shall use its best efforts to replace the Servicer and to appoint a new Servicer. The dismissal and the appointment of a new Servicer shall only become effective after the new Servicer has (i) taken over all the rights and obligations of the Servicer hereunder and (ii) agreed to indemnify and hold harmless the dismissed Servicer. However, the Servicer shall use best efforts that the appointment of the new Servicer shall become effective no later than three (3) months after the Servicer Replacement Event.

52 STS Criteria

52. (c) provisions that ensure the replacement of derivative counterparties, liquidity providers and the account bank in the case of their default, insolvency, and other specified events, where applicable.

**Verified?
YES**

PCS Comments

See Prospectus, *RISK FACTORS, Interest Rate Risk / Risk of Swap Counterparty Insolvency*

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

See Prospectus, *13 Accounts*

See also Account Agreement, section 15

Change of Account Bank and/or Cash Administrator

The Account Bank shall promptly notify each of the Issuer and the Security Trustee if its short-term or long-term ratings fall below the Account Bank Required Rating. If the Account Bank ceases to have the Account Bank Required Rating, the Account Bank shall notify the Issuer and the Security Trustee thereof and within sixty (60) calendar days, at its own cost (for the avoidance of doubt, it shall cover the external legal fees as separately agreed in a side letter between, amongst others, the Issuer and the Account Bank, but shall not extend to the fees or to any interest rate differential charged by such Successor Bank which shall be paid by the Issuer), shall do one of the following:

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

53	<p>STS Criteria</p> <p>53. The servicer shall have expertise in servicing exposures of a similar nature to those securitised</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH, Origination and Securitisation Expertise</i> Origination, Servicing and Securitisation Expertise</p> <p>As already set out under the section "Incorporation, Registered Office and Purpose" one of the main purposes of VWL for the last five decades has been the origination, underwriting and servicing of lease receivables of a similar nature to those securitised under this Transaction. The members of its management body and the senior staff of VWL have adequate knowledge and skills in originating, underwriting and servicing lease receivables, similar to the lease receivables included in the Portfolio, gained through years of practice and continuing education. The members of the management body and VWL senior staff have been appropriately involved within the governance structure of the functions of originating, underwriting and servicing of the Portfolio. Additionally, VWL has been securitising lease receivables actively since 1996 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 VWL have also professional experience in the securitisation of lease 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.</p> <p>See Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT</i>.</p> <p>The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion.</p>		
54	<p>STS Criteria</p> <p>54. And shall have well documented and adequate policies, procedures and risk management controls relating to the servicing of exposures.</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>BUSINESS AND ORGANISATION OF VOLKSWAGEN LEASING GMBH, Origination and Securitisation Expertise</i>. See also Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT</i>.</p> <p>PCS has been invited to attend and has dialled into VW's annual due diligence presentation on 24th May 2022. The EBA Guidelines provide that an entity that has serviced similar assets for at least five years will be deemed to meet the expertise criterion which is clearly the case for VWL.</p>		

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

55	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>55. The transaction documentation shall set out in clear and consistent terms, remedies and actions relating to delinquency and default of debtors debt restructuring, debt forgiveness, forbearance, payment holidays, losses, charge offs, recoveries and other asset performance remedies.</p> <p><u>PCS Comments</u></p> <p>See Prospectus, <i>BUSINESS PROCEDURES OF VOLKSWAGEN LEASING GMBH</i></p> <p>See also Servicing Agreement, <i>COLLECTIONS</i></p> <p><i>The servicer duties are set out in the Prospectus, BUSINESS PROCEDURES OF VOLKSWAGEN LEASING GMBH, and the Servicing Agreement section 2., COLLECTION OF THE PURCHASED LEASE RECEIVABLES</i></p> <p><i>They include a more detailed description of the Negotiation of the Lease Contracts • Debts Management including forbearance, restructuring and payment holidays • Termination of Lease Contracts • Enforcement • Write-Off and Losses</i></p> <p><i>The Originator and Servicer has also provided investors with a due diligence presentation that describes the debt management and Collection Center in detail.</i></p>	

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

56	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>56. The transaction documentation shall clearly specify the priorities of payment,</p> <p><u>PCS Comments</u></p> <p>See Prospectus, <i>TRUST AGREEMENT, section E., ACCOUNTS; ORDER OF PRIORITY, section 22.2</i></p> <p>(a) Prior to the occurrence of an Enforcement Event,</p> <p>(b) Distribution will be made from the Cash Collateral Account on any Payment Date on which the General Cash Collateral Amount exceeds the Specified Cash Collateral Account Balance provided that no Credit Enhancement Increase Condition is in effect:</p> <p>(c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Available Distribution Amount according to the following Order of Priority:</p> <p>See also Prospectus, <i>Order of Priority of Distributions</i></p>	
57	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>57. The transaction documentation shall clearly specify the events which trigger changes in such priorities of payment.</p> <p><u>PCS Comments</u></p>	

	See Prospectus, definition of "Enforcement Event": "Enforcement Event" means the event that (in the sole judgment of the Security Trustee) a Foreclosure Event has occurred and the Security Trustee has served an Enforcement Notice upon the Issuer. See also Prospectus, definitions of "Level 1 Credit Enhancement Increase Event" and "Level 2 Credit Enhancement Increase Event".	
58	<p>STS Criteria</p> <p>58. The transaction documentation shall clearly specify the obligation to report such events.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>Trust Agreement, Part D, DUTIES OF THE SECURITY TRUSTEE AFTER OCCURRENCE OF A FORECLOSURE EVENT</i>, The Security Trustee shall without undue delay give notice to the Expectancy Rights Trustee, Noteholders of the relevant Class and the Subordinated Lender and notify the Rating Agencies of the occurrence of a Foreclosure Event. See Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT, Reporting Duties of the Servicer and Duties under the Swap Agreements</i>: (vii) the Cumulative Net Loss Ratio and whether a Credit Enhancement Increase Condition is in effect;</p>	
59	<p>STS Criteria</p> <p>59. Any change in the priorities of payments which will materially adversely affect the repayment of the securitisation position shall be reported to investors without undue delay.</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, definition of "Enforcement Event". "Enforcement Event" means the event that (in the sole judgment of the Security Trustee) a Foreclosure Event has occurred and the Security Trustee has served an Enforcement Notice upon the Issuer. See Prospectus, <i>Trust Agreement, Part D, DUTIES OF THE SECURITY TRUSTEE AFTER OCCURRENCE OF A FORECLOSURE EVENT</i> The Security Trustee shall without undue delay give notice to the Expectancy Rights Trustee, Noteholders of the relevant Class and the Subordinated Lender and notify the Rating Agencies of the occurrence of a Foreclosure Event and of the occurrence of an Enforcement Event and the corresponding change to the Order of Priority. See also Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT, Reporting Duties of the Servicer and Duties under the Swap Agreements</i> (vii) the Cumulative Net Loss Ratio and whether a Credit Enhancement Increase Condition is in effect; See also Prospectus, <i>GENERAL INFORMATION, Inspection of Documents, (g)</i> <i>Both types of changes of Priorities of Payment are reported by the Servicer. In the case of a Foreclosure Event a notice is served without undue delay. In the case of a so-called "Credit Enhancement Increase Condition" coming into effect, this is reported monthly, as part of the investor report and the information therein, which, due to the monthly reporting frequency, is as soon as it becomes known. It would also get reported in the Significant Event Report.</i></p>	

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

60	<u>STS Criteria</u>	<u>Verified?</u> YES
	60. The transaction documentation shall include clear provisions that facilitate the timely resolution of conflicts between different classes of investors, voting rights shall be clearly defined and allocated to bondholders	
<u>PCS Comments</u>		
See Prospectus, <i>TERMS AND CONDITIONS OF THE CLASS A NOTES</i> , 12 <i>Miscellaneous</i>		
(5) The Class A Noteholders may agree to amendments of the Conditions of the Class A Notes by majority vote and appoint a noteholders' representative (<i>gemeinsamer Vertreter</i>) for all Class A Noteholders for the preservation of their rights pursuant to the provisions of the German Debenture Act (<i>Gesetz über Schuldverschreibungen aus Gesamtemissionen – "SchVG"</i>) (section 5 (1) sentence 1 <i>SchVG</i>).		
<i>The notes will be issued on the basis of the German Debenture Act (Schuldverschreibungsgesetz - SchVG), see section "TERMS AND CONDITIONS OF THE CLASS A NOTES" and "TERMS AND CONDITIONS OF THE CLASS B NOTES", condition 12 of each class of notes, enabling noteholders to take resolutions within one class of notes.</i>		

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

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

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

62	STS Criteria 62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,	Verified? No
63	STS Criteria 63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.	Verified? YES
64	STS Criteria 64. Those data shall cover a period no shorter than five years.	Verified? YES

STS Criteria

62. The originator and the sponsor shall make available data on static and dynamic historical default and loss performance, such as delinquency and default data, for substantially similar exposures to those being securitised,

PCS Comments

See Prospectus, *Historical Performance Data*.

- Portfolio Delinquencies
- Portfolio Losses

PCS has reviewed the historical static and dynamic performance data made available to PCS in connection with the transaction, and it is in line with the requirements. It describes cumulative static losses (net write-offs), dynamic losses and dynamic delinquencies for the overall lease portfolio of VWL, dating back ten years, relating to data until December 2022.

STS Criteria

63. and the sources of those data and the basis for claiming similarity, to potential investors before pricing.

PCS Comments

See Prospectus, *ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION*

For the purposes of Article 7 and Article 22 of the Securitisation Regulation the Servicer (on behalf of the Seller as the originator for the purposes of the Securitisation Regulation) confirms and (where applicable) will make available the following information:

(a) Before pricing of the Notes, for the purpose of compliance with Article 22(1) of the Securitisation Regulation, the Servicer will make available to investors and potential investors information on static and dynamic historical default and loss performance, for a period of at least 5 years. In this regard, see the section "HISTORICAL PERFORMANCE DATA" of this Prospectus.

The overall portfolio of VWL is similar to the portfolio securitised, as also confirmed above and in the description of the selection process.

STS Criteria

64. Those data shall cover a period no shorter than five years.

PCS Comments

See point 64 above. The data covers a period of more than five years, for delinquencies more than 10 years, for losses 10 years.

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

65	<p>STS Criteria</p> <p>65. A sample of the underlying exposures shall be subject to external verification prior to issuance of the securities resulting from the securitisation by an appropriate and independent party,</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i>, (b)</p> <p>(b) For the purpose of compliance with Article 22(2) of the Securitisation Regulation, the Servicer confirms that a sample of Lease Contracts has been externally verified by an appropriate and independent party prior to the date of this Prospectus (see also the section "Description of the Lease Contracts, Lease Receivables, Leased Vehicles and Lessees as at 31 December 2022") (as well as an agreed upon procedures review, amongst other things, of the conformity of the Lease Contracts in the Portfolio with certain of the Warranties and Guarantees in relation to the Sale of the Purchased Lease Receivables (where applicable)). For the purposes of the verification a confidence level of at least 95% was applied. The Servicer confirms no significant adverse findings have been found. The independent party has also performed agreed upon procedures on the data included in the stratification tables in the section "Description of the Lease Contracts, Lease Receivables, Leased Vehicles and Lessees as at 31 December 2022" in order to verify that the stratification tables are accurate. The Servicer confirms no significant adverse findings have been found. Based on the review by the independent party, the Servicer confirms that to the best of its knowledge such information is accurate and in accordance with the facts and does not omit anything likely to affect its import.</p> <p>PCS has reviewed the final report on "agreed upon procedures" (AUP) commonly known as the sample "pool audit" which was performed with no findings. PCS can confirm that this was done by an appropriate and independent third party. PCS has received evidence of a satisfactory Eligibility Check on the final pool prior to closing. In addition the stratification tables were reviewed.</p>		
66	<p>STS Criteria</p> <p>66. Including verification that the data disclosed in respect of the underlying exposures is accurate.</p>	<p>Verified? YES</p>
<p>PCS Comments</p> <p>See 65 above.</p>		

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

67	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>67. The originator or the sponsor shall, before the pricing of the securitisation, make available to potential investors a liability cash flow model which precisely represents the contractual relationship between the underlying exposures and the payments flowing between the originator, sponsor, investors, other third parties and the SSPE.</p> <p><u>PCS Comments</u></p> <p>See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i></p> <p>(c) Before pricing of the Notes, for the purpose of compliance with Article 22(3) of the Securitisation Regulation, the Servicer will make available a cashflow liability model of the Transaction on the website of Moody's Analytics https://www.sfportal.com/deal/cashflows/YBI.VCL38 which precisely represents the contractual relationship between the Purchased Lease Receivables and the payments flowing between the Seller and investors in the Notes. Such cashflow model will be available after the Closing Date to investors on an ongoing basis and to potential investors on request.</p> <p><i>PCS is not a modelling firm nor has any modelling expertise. The criterion requires an accurate liability model to be circulated to prospective investors pre-pricing must be made publicly available on-going. Therefore, it will not verify the model's accuracy or perform any due diligence whatsoever on the model. However, it will seek to satisfy itself indirectly as to the likelihood of the model's accuracy by requesting details of the individuals (if employed by the originator) or the firms (if the model is outsourced) responsible for the model. PCS will then assess whether, in its sole opinion, the model was put together by persons or firms with a reputation and a track-record in such models.</i></p>	
68	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>68. And shall, after pricing, make that model available to investors on an ongoing basis and to potential investors upon request.</p> <p><u>PCS Comments</u></p> <p>See item 67, above.</p> <p><i>Although technically covering the period between pricing and close, this is primarily a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if, at a later stage, it is not met, then the Originator will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement whilst noting, at the same time, that the absence of any such covenant – although possibly unsettling for some investors - would not invalidate the STS status of the transaction at closing.</i></p>	

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

By way of derogation from the first subparagraph, originators may, from 1 June 2021, decide to publish the available information related to the principal adverse impacts of the assets financed by underlying exposures on sustainability factors.

69	<p><u>STS Criteria</u></p> <p>69. In case of a securitisation where the underlying exposures are residential loans or car loans or leases, the originator and sponsor shall publish the available information related to the environmental performance of the assets financed by such residential loans or car loans or leases, as part of the information disclosed pursuant to point (a) of the first subparagraph of Article 7(1).</p>	<u>Verified?</u> YES
	<p><u>PCS Comments</u></p> <p>See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i></p> <p>(d) For the purpose of compliance with Article 22(4) of the Securitisation Regulation, the Servicer confirms that, so far as it is aware, information on environmental performance of the Vehicles relating to the Purchased Lease Receivables is not available to be reported pursuant to Article 22(4). The Servicer confirms that once information on environmental performance of the Vehicles relating to the Purchased Lease Receivables is available and able to be reported, it will make such information available to investors on an ongoing basis in order to comply with the requirements of Article 22(4) of the Securitisation Regulation.</p> <p>In addition, see also Originator Notification, STSS61</p> <p>Please refer to the following statement in the Prospectus:</p> <p>"For the purpose of compliance with Article 22(4) of the Securitisation Regulation, the Servicer confirms that, so far as it is aware, information on environmental performance of the Vehicles relating to the Purchased Lease Receivables is not available to be reported pursuant to Article 22(4). The Servicer confirms that once information on environmental performance of the Vehicles relating to the Purchased Lease Receivables is available and able to be reported, it will make such information available to investors on an ongoing basis in order to comply with the requirements of Article 22(4) of the Securitisation Regulation."</p> <p><i>This environmental impact criterion only applies to mortgages and car loan securitisations. The EBA Guidelines make it clear that an originator is only required to disclose information that is in its possession and captured in its internal data base or IT systems.</i></p> <p>PCS notes that environmental data is not required at this stage. The consultation paper ("Draft Regulatory Technical Standards with regard to the content, methodologies and presentation of disclosures of Article 22(4) and 26(4) of Regulation (EU)2017/2402) was published on 2 May 2022 and is still subject to further changes on this matter. PCS notes the statement made in the prospectus by the Servicer that such information is currently not available, but that it shall be reported once such information is available.</p>	

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

70	STS Criteria	Verified? YES
	70. The originator and the sponsor shall be responsible for compliance with Article 7 of this Regulation.	
	PCS Comments	
	See Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT</i>	
	Additionally, VWL in its capacity as originator as designated reporting entity under Article 7 of the Securitisation Regulation undertakes to the Issuer under the Servicing Agreement that it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the Securitisation Regulation and to potential Noteholders all such information as the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation Disclosure Requirements. The Servicer will make such information available via the Securitisation Repository.	
	"Securitisation Regulation Disclosure Requirements" means the disclosure requirements set out in Article 7 and Commission Delegated Regulation (EU) 2020/1224.	

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

71	STS Criteria	Verified? YES
	71. The information required by point (a) the first subparagraph of Article 7(1) shall be made available to potential investors before pricing upon request.	
	PCS Comments	
	See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i>	
	(g) For the purposes of Article 7(1)(a) and (e) of the Securitisation Regulation, information on the Purchased Lease Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Lease Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation Disclosure Requirements via the Securitisation Repository.	
72	STS Criteria	Verified? YES
	72. The information required by points (b) to (d) of the first subparagraph of Article 7(1) shall be made available before pricing at least in draft or initial form.	
	PCS Comments	
	See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i>	
	(e) Before pricing of the Notes and within 15 days of the Closing Date, for the purposes of compliance with Article 22(5) and Article 7(1)(b) of the Securitisation Regulation, the Servicer will make available certain Transaction Documents and the Prospectus. It is not possible to make final documentation available before pricing of the Notes and so the Servicer has made available the Prospectus and drafts of the Trust Agreement, Security Assignment Deed, Agency Agreement, Account Agreement, Receivables Purchase Agreement, Servicing Agreement, Data Protection Trust Agreement, Subordinated Loan Agreement and template Swap Agreements via the Securitisation Repository.	

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

73	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>73. The final documentation shall be made available to investors at the latest 15 days after closing of the transaction.</p> <p><u>PCS Comments</u></p> <p>See item 72, above.</p> <p><i>This criterion requires document disclosure within 15 days of closing and therefore is a future event criterion. In other words, it cannot be either met or failed at the outset of the transaction. But if it is not met within the specified 15-day period, then the Seller will need to inform ESMA and the STS status of the securitisation will be lost. Therefore, as a technical matter, this criterion is not applicable at the closing of a transaction. However, PCS will nevertheless look to see if there is a covenant on the part of the originator to comply in the future with this requirement.</i></p>	

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

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

74	<u>STS Criteria</u>	<u>Verified?</u> YES
	<p>74. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:</p> <p>(a) information on the underlying exposures on a quarterly basis,</p> <p><u>PCS Comments</u></p> <p>See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i></p> <p>(g) For the purposes of Article 7(1)(a) and (e) of the Securitisation Regulation, information on the Purchased Lease Receivables will be made available before pricing of the Notes and on a monthly basis the Servicer will make available information on the Purchased Lease Receivables and an investor report (such information to be provided simultaneously) in accordance with the Securitisation Regulation Disclosure Requirements via the Securitisation Repository.</p> <p>See Prospectus, <i>ADMINISTRATION OF THE PURCHASED LEASE RECEIVABLES UNDER THE SERVICING AGREEMENT</i></p> <p>Additionally, VWL in its capacity as originator as designated reporting entity under Article 7 of the Securitisation Regulation undertakes to the Issuer under the Servicing Agreement that it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the Securitisation Regulation and to potential Noteholders all such information as the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation Disclosure Requirements. The Servicer will make such information available via the Securitisation Repository.</p> <p>"Securitisation Regulation Disclosure Requirements" means the disclosure requirements set out in Article 7 and Commission Delegated Regulation (EU) 2020/1224.</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' analysis in Note 73 above.</i></p>	

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

- (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
 - (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions;
 - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
 - (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
 - (iv) the servicing, back-up servicing, administration and cash management agreements;
 - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
 - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

75 **STS Criteria**

75. (b) all underlying documentation that is essential for the understanding of the transaction, including but not limited to, where applicable, the following documents:
- (i) the final offering document or the prospectus together with the closing transaction documents, excluding legal opinions
 - (ii) for traditional securitisation the asset sale agreement, assignment, novation or transfer agreement and any relevant declaration of trust;
 - (iii) the derivatives and guarantees agreements as well as any relevant documents on collateralisation arrangements where the exposures being securitised remain exposures of the originator;
 - (iv) the servicing, back-up servicing, administration and cash management agreements;
 - (v) the trust deed, security deed, agency agreement, account bank agreement, guaranteed investment contract, incorporated terms or master trust framework or master definitions agreement or such legal documentation with equivalent legal value;
 - (vi) any relevant inter-creditor agreements, derivatives documentation, subordinated loan agreements, start-up loan agreements and liquidity facility agreements;

Verified?
YES

PCS Comments

See item 71, above.

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

Article 7.1. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;		
76	STS Criteria 76. That underlying documentation shall include a detailed description of the priority of payments of the securitisation;	Verified? YES
	PCS Comments See Prospectus, <i>TRUST AGREEMENT, Part E, ACCOUNTS; ORDER OF PRIORITY</i> , clause 22.2 (a) Prior to the occurrence of an Enforcement Event, distributions will be made on each Payment Date from the Available Distribution Amount according to the following Order of Priority: [...] (b) Distribution will be made from the Cash Collateral Account on any Payment Date on which the General Cash Collateral Amount exceeds the Specified Cash Collateral Account Balance provided that no Credit Enhancement Increase Condition is in effect: [...] (c) Following the occurrence of an Enforcement Event, distributions will be made by the Security Trustee from the Available Distribution Amount according to the following Order of Priority [...].	
Article 7.1. The originator, sponsor and SSPE of a securitisation shall, in accordance with paragraph 2 of this Article, make at least the following information available to holders of a securitisation position, to the competent authorities referred to in Article 29 and, upon request, to potential investors:		
(c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable:		
(i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure;		
(ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features;		
(iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors;		
(iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;		
77	STS Criteria 77. (c) where a prospectus has not been drawn up in compliance with Directive 2003/71/EC of the European Parliament and of the Council, a transaction summary or overview of the main features of the securitisation, including, where applicable: (i) details regarding the structure of the deal, including the structure diagrams containing an overview of the transaction, the cash flows and the ownership structure; (ii) details regarding the exposure characteristics, cash flows, loss waterfall, credit enhancement and liquidity support features; (iii) details regarding the voting rights of the holders of a securitisation position and their relationship to other secured creditors; (iv) a list of all triggers and events referred to in the documents provided in accordance with point (b) that could have a material impact on the performance of the securitisation position;	Verified? YES
	PCS Comments <i>Not applicable. The Prospectus is made in compliance with the Prospectus Regulation</i>	

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

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

78	<p>STS Criteria</p> <p>78. (d) in the case of STS securitisations, the STS notification referred to in Article 27;</p>	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</p> <p>(f) Before pricing of the Notes in initial form and on or around the Closing Date in final form, for the purposes of compliance with Article 7(1)(d) of the Securitisation Regulation, the Servicer will make available a STS notification referred to in Article 27 of the Securitisation Regulation via the Securitisation Repository.</p> <p><i>All the criteria from 74 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	

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

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

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

79	<p>STS Criteria</p> <p>79. (e) quarterly investor reports, or, in the case of ABCP, monthly investor reports, containing the following:</p> <ul style="list-style-type: none"> (i) all materially relevant data on the credit quality and performance of underlying exposures; (ii) information on events which trigger changes in the priority of payments or the replacement of any counterparties, (ii)...and, in the case of a securitisation which is not an ABCP transaction, data on the cash flows generated by the underlying exposures and by the liabilities of the securitisation; (iii) information about the risk retained, including information on which of the modalities provided for in Article 6(3) has been applied, in accordance with Article 6. 	<p>Verified? YES</p>
	<p>PCS Comments</p> <p>See Prospectus, <i>GENERAL INFORMATION, Inspection of Documents</i></p> <p>The Servicer will publish monthly investor reports regarding the Notes and the performance of the underlying assets. Monthly investor reports may be published by the Servicer on each respective 16th day of a calendar month, or in the event this is not a Business Day, then on the next succeeding Business Day, on https://www.vwfs.com/investor-relations.html; such monthly investor reports will provide, inter alia, the following information:</p>	

This contains a listing of items (a) to (m) to be found in the Investor Report. For the listing, see Prospectus, GENERAL INFORMATION

All information to be given to the Noteholders pursuant to Condition 6 of the Notes, including monthly information on the development of the Portfolio as set out in Condition 6 of the Notes, will be available and may be obtained (free of charge) at the specified office of the Issuer.

Inspection of documents

The Servicer will publish monthly investor reports regarding the Notes and the performance of the underlying assets. Monthly investor reports may be published by the Servicer on each respective 16th day of a calendar month, or in the event this is not a Business Day, then on the next succeeding Business Day, on <https://www.vwfs.com/investor-relations.html>; such monthly investor reports will provide, inter alia, the following information:

- (a) the aggregate amount to be distributed on each Class A Note, on each Class B Note and on the Subordinated Loan on the Payment Date immediately following (in the form defined in Schedule 1 of the Servicing Agreement);
- (b) the repayment of the nominal amount attributed to each Class A Note, to each Class B Note and the Subordinated Loan as distributed together with the interest payment;
- (c) the nominal amount still outstanding on each Class A Note, on each Class B Note and on the Subordinated Loan as of each respective Payment Date;
- (d) each Note Factor of the Class A Notes and Class B Notes;
- (e) the General Cash Collateral Amount and the VWL Risk Reserve still available on the immediately following Payment Date;
- (f) the sums corresponding to the administration fees and servicing fees;
- (g) the Cumulative Net Loss Ratio and whether a Credit Enhancement Increase Condition is in effect;
- (h) the current Class A Actual Overcollateralisation Percentage and the current Class B Actual Overcollateralisation Percentage;
- (i) the applicable Class A Targeted Overcollateralisation Percentage and the applicable Class B Targeted Overcollateralisation Percentage;
- (j) delinquency information for delinquency periods of up to one month, up to two months, up to three months and more than three months with respect to the number of Delinquent Lease Contracts, the amount of delinquent Purchased Lease Receivables and the total outstanding Discounted Receivables Balance of Delinquent Lease Contracts;
- (k) in the event of the final Payment Date, the fact that such date is the final Payment Date; and
- (l) the confirmation that VWL has complied with its statutory obligation to pay VAT to its tax office on the Purchased Lease Receivables when such VAT became due for payment. Should VWL fail to deliver such confirmation, the Servicer will report the actual VAT deficiency ledger;
- (m) the Buffer Release Rate;

The Servicer will make the information required by the Securitisation Regulation Disclosure Requirements available via the Securitisation Repository.

"Business Day" means any day on which TARGET2 or the successor system to TARGET2 is open for business provided that this day is also a day on which banks are open for business in London and Luxembourg.

For information on risk retained, see also Prospectus, SECURITISATION REGULATION

The Seller will, whilst any of the Notes remain outstanding, retain for the life of the Transaction a material net economic interest of not less than 5 per cent. with respect to the Transaction in accordance with Article 6(3)(c) of Regulation (EU) 2017/2402 (the "Securitisation Regulation") and undertakes that it will not reduce, hedge or otherwise mitigate its credit exposure to the material net economic interest for the purposes of Article 6(1) of the Securitisation Regulation and Article 12 of Commission Delegated Regulation specifying the risk retention

requirements pursuant to the Securitisation Regulation and, pursuant to Article 43(7) of the Securitisation Regulation, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the Securitisation Regulation, provided that the level of retention may reduce over time in compliance with Article 10 (2) of Commission Delegated Regulation (EU) 625/2014 or any successor delegated regulation. As at the Closing Date, such interest will, in accordance with Article 6(3)(c) of the Securitisation Regulation, and, pursuant to Article 43(7) of the Securitisation Regulation, until regulatory technical standards are adopted by the Commission pursuant to Article 6(7) of the Securitisation Regulation, be comprised of an interest in randomly selected exposures equivalent to no less than 5 per cent. of the nominal value of the securitised exposures. The Seller in its capacity as servicer will service all of the retained exposures, the securitised exposures and comparable exposures held on its balance sheet in accordance with its customary practices in effect from time to time.

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

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

80	<p><u>STS Criteria</u></p> <p>80. (f) any inside information relating to the securitisation that the originator, sponsor or SSPE is obliged to make public in accordance with Article 17 of Regulation (EU) No 596/2014 of the European Parliament and of the Council on insider dealing and market manipulation;</p>	<p><u>Verified?</u> YES</p>
	<p><u>PCS Comments</u></p> <p>See Prospectus, <i>ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION</i></p> <p>For the purposes of Article 7(1)(f) of the Securitisation Regulation the Issuer will, without delay, publish any inside information relating to the Transaction. The Servicer is not required to comply with Article 7(1)(f).</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	

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

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

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

81 **STS Criteria**

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

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

Verified?
YES

PCS Comments

See Prospectus, *ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION*

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

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

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

82 **STS Criteria**

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

Verified?
YES

PCS Comments

See Prospectus, ARTICLE 7 AND ARTICLE 22 OF THE SECURITISATION REGULATION

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

See also the definition of "Securitisation Regulation Disclosure Requirements".

"Securitisation Regulation Disclosure Requirements" means the disclosure requirements set out in Article 7 and Commission Delegated Regulation (EU) 2020/1224.

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

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

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

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

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

83 STS Criteria

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

Verified?
YES

PCS Comments

See Points 80 and 81, above.

All the criteria from 74 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.

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

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

Or

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

84 **STS Criteria**

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

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

Or

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

Verified?
YES

PCS Comments

See Prospectus, GENERAL INFORMATION, Inspection of documents, last paragraph

The Servicer will make the information required by the Securitisation Regulation Disclosure Requirements available via the Securitisation Repository.

See also Prospectus, *Risk Retention and Due Diligence Requirements, IV. Risks related to regulatory changes*

After the Issue Date, VWL in its capacity as originator as designated reporting entity under Article 7 of the Securitisation Regulation, will prepare Monthly Reports wherein relevant information with regard to the Purchased Lease Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller for the purposes of which the Seller will provide the Issuer with all information reasonably required in accordance with Article 7 of the Securitisation Regulation.

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

Additionally, VWL in its capacity as originator as designated reporting entity under Article 7 of the Securitisation Regulation undertakes to the Issuer under the Servicing Agreement that it will make the information available to the Noteholders, to competent authorities, as referred to in Article 29 of the Securitisation Regulation and to potential Noteholders all such information as the Issuer is required to make available pursuant to and in compliance with the Securitisation Regulation Disclosure Requirements. The Servicer will make such information available via the Securitisation Repository.

See Servicing Agreement, 9.1 *Reporting Duties*

See also "Investor compliance with due diligence requirements under the UK Securitisation Regulation":

In respect of the due diligence requirements under Article 5 of the UK Securitisation Regulation, potential UK institutional investors (as defined in the UK Securitisation Regulation) should note in particular that:

	<ul style="list-style-type: none"> in respect of the transparency requirements set out in Article 7 of the UK Securitisation Regulation, the Servicer in its capacity as designated reporting entity under Article 7 of the Securitisation Regulation will make use of the standardised templates developed by ESMA in respect of the Securitisation Regulation Disclosure Requirements for the purposes of this Transaction and will not make use of the standardised templates adopted by the FCA. <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	
85	<p><u>STS Criteria</u></p> <p>85. The entity responsible for reporting the information, and the securitisation repository where the information is made available shall be indicated in the documentation regarding the securitisation.</p>	<u>Verified?</u> YES
	<p><u>PCS Comments</u></p> <p>See Prospectus,</p> <p>"Securitisation Repository" means European DataWarehouse GmbH, in its capacity as securitisation repository and registered in accordance with Article 10 of the Securitisation Regulation.</p> <p>See Servicing Agreement, 9.1 Reporting Duties</p> <p>(c) The Issuer and Volkswagen Leasing GmbH in its capacity as originator agree that Volkswagen Leasing GmbH in its capacity as originator shall be the designated reporting entity pursuant to and for the purposes of Article 7 of the Securitisation Regulation.</p> <p><i>All the criteria from 73 onwards are future event criteria, as to which we refer you to PCS' comment under point 73 above.</i></p>	