

Final CRR Assessment

In respect of the Transaction "VCL MASTER NETHERLANDS B.V."
(Volkswagen Pon Financial Services B.V.)

25 November 2022



Authorization of SVI as third party

STS Verification International GmbH ("SVI") has been authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht "BaFin", as the competent authority pursuant to Art 29 of the Securitisation Regulation and § 44 German Banking Act) to act in all EU countries as third party pursuant to Art 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to Articles 19 to 26e of the Securitisation Regulation ("STS Verification"). Moreover, SVI performs additional services including the verification of compliance of securitisations with (i) Article 243 of the Capital Requirements Regulation (Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms as amended by Regulation (EU) 2021/558 of 31 March 2021) ("CRR Assessment"), (ii) Article 270 (senior positions in STS on-balance sheet securitisations) of the CRR ("Article 270 Assessment"), (iii) Article 13 of the Delegated Regulation (EU) 2018/1620 on liquidity coverage requirement for credit institutions dated 13 July 2018, amending Delegated Regulation (EU) 2015/61 to supplement Regulation (EU) No 575/2013 of the European Parliament and the Council with regard to liquidity coverage requirements for Credit Institutions ("LCR") ("LCR Assessment"), and (iv) the STS Criteria, in respect of existing securitisations and potential deficiencies regarding compliance with the STS Criteria ("Gap-Analysis").

Mandating of SVI and verification steps

On 26 July 2021, SVI has been mandated by the Originator (Volkswagen Pon Financial Services B.V.) to verify compliance with Article 243 (2) of the CRR for the securitisation transaction "VCL Master Netherland" (the "Transaction").

As part of our verification work, we took part in a virtual due diligence which was organised by representatives of Volkswagen Financial Services AG ("VWFS") and Volkswagen Pon Financial Services B.V. ("VWPFS") in September 2022. In addition, we have discussed selected aspects of the Transaction with VWPFS, VWFS and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of VWPFS and the underlying transaction documentation.

For the purposes of this Final CRR Assessment, we have reviewed the following documents and other information related to the Transaction:

- Base Prospectus
- Master Hire Purchase Agreement
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Final CRR Assessment provided to the Originator is evaluated based on the three fulfilment values (traffic light status):

Criterion is fully met	
Criterion is mostly met, but with comments or requests for missing information	
Criterion not (yet) met based on available information	

Disclaimer of SVI

SVI grants a registered verification label “verified – STS VERIFICATION INTERNATIONAL” if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation (“STS Requirements”). The same registered verification label is used by SVI in the context of a CRR Assessment, Article 270 Assessment, LCR Assessment and Gap-Analysis. The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the STS verification performed by SVI does not affect the liability of an originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of verification services from SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation or set out in the CRR, LCR and other relevant regulations, respectively. Notwithstanding confirmation by SVI, which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as set out in this Final CRR Assessment and disclaims any responsibility for monitoring the Issuer’s continuing compliance with these requirements or any other aspect of the issuer’s activities or operations. In particular, SVI has relied on statements made in the offering circular or other legal documentation of the Transaction and based its analysis on information provided directly or indirectly by the Originator or Sponsor of the Transaction. Investors should therefore not evaluate their investment in securitisation positions based on this Final CRR Assessment.

SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

Accordingly, the Final CRR Assessment is only an expression of opinion by SVI after application of its verification methodology and not a statement of fact. It is not a guarantee or warranty that ECB, any of the ESAs or national competent authorities, courts, investors or any other person will accept the STS status of the relevant securitisation or its status under the LCR and/or the CRR. Therefore, no person should rely on the Final CRR Assessment in determining the STS status but must perform its own analysis and reach its own conclusions.



SVI assumes due performance of the contractual obligation thereunder by each of the parties and the representations made and warranties given in each case by any persons to SVI or in any of the documents are true, not misleading and complete. SVI shall have no liability for any loss of any kind suffered by any person as a result of a securitisation where the Final CRR Assessment indicated that it met, in whole or in part, the STS Requirements, certain CRR or SRT requirements being held for any reason as not so meeting the relevant requirements or not being able to have lower capital allocated against it save in the case of deliberate fraud by SVI. SVI shall also not have any liability for any action taken or action from which any person has refrained from taking as a result of the Final CRR Assessment.

LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Final CRR Assessment in capital spelling, please refer to the defined terms in the Annex B “MASTER DEFINITIONS SCHEDULE” in the Base Prospectus.

BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
Base Prospectus	Base Prospectus dated 22 November 2022
CMBS	Commercial Mortgage-Backed Securitisation
CRR	Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms, as amended by Regulation (EU) 2021/558 of 31 March 2021
EBA	European Banking Authority
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
ESMA	European Securities Markets Authority
Final Verification Report	Final Verification Report prepared by SVI in respect of the Transaction
Issuer	VCL Master Netherlands B.V.
LCR	Liquidity Coverage Requirements
MHPA	Master Hire Purchase Agreement
Originator	Volkswagen Pon Financial Services B.V.
Renewal Date	25 November 2022
RMBS	Residential Mortgage-Backed Securitisation
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012, as amended by Regulation (EU) 2021/557 of 31 March 2021

Seller	Volkswagen Pon Financial Services B.V.
Servicer	Volkswagen Pon Financial Services B.V.
SPV	Special Purpose Vehicle or Issuer
Standardised Approach	The regulatory capital requirements according to Part 3, Title II, Chapter 2 of the CRR
STS Criteria	Articles 18-26e of the Securitisation Regulation, setting out criteria for simple, transparent and standardised securitisations
Transaction	The securitisation of auto lease receivables involving VCL Master Netherlands as Issuer
VCL Master Netherlands	VCL Master Netherlands B.V.
VWFS	Volkswagen Financial Services AG
VWPFS	Volkswagen Pon Financial Services B.V.

#	Criterion Article 243 (2)	CRR Assessment
1	Qualification of the securitisation position as STS securitisation	<p><u>Verification Method:</u> Legal (Prospectus) / Regulatory (STS Notification, STS Verification Report)</p> <p>The Transaction and therefore also the securitisation position will be notified according to Article 27 (1) of the Securitisation Regulation by the Seller to ESMA as meeting the requirements of Articles 19 – 22 of the Securitisation Regulation in respect of non-ABCP securitisations, see Section “Securitisation Regulation” in the Base Prospectus. Please also refer to the Final Verification Report prepared by SVI in respect of the Transaction.</p>

#	Criterion Article 243 (2) (a)	CRR Assessment
2	Granularity of the securitised portfolio in terms of single obligor concentrations (measured on the basis of a group of connected clients)	<p><u>Verification Method:</u> Legal (Prospectus, Master Hire Purchase Agreement)</p> <p>At the time of inclusion in the securitisation, the total amount of Lease Receivables assigned hereunder resulting from Lease Agreements with one and the same Lessee will not exceed 0.5% of the Aggregate Discounted Receivables Balance in respect of any single Lessee as at on the relevant Purchase Date, please refer to Schedule 1 “Eligibility Criteria”, Part E “Pool Criteria”, Item 33. of the MHPA.</p> <p>Furthermore, VWPFS confirmed that there is no group of connected clients with an Aggregate Discounted Receivables Balance which exceeds 0.5%.</p> <p>The underlying exposures for the Transaction consist of (i) Lease Receivables (i.e. payment claims in respect of Lease Instalments) payable by the lessees and (ii) Vehicle Realisation Proceeds (i.e. all proceeds from a sale or other disposal of the vehicle, including the repurchase of a Purchased Vehicle by VWPFS in case of exercise of the repurchase option). In relation to the Vehicle Realisation Proceeds, the requirements of Article 243 (2) (a) 2nd Paragraph of the CRR are fulfilled as those values are not exposed to refinancing or resell risk due to a legally enforceable obligation of VWPFS to repurchase the Leased Vehicles under the MHPA between the Seller and the Issuer for every car returned from a lessee, please refer to Clause 9 “Repurchase” of the MHPA.</p> <p>VWFS as majority shareholder of VWPFS is, as “other corporate entity” according to Article 201 (1) (g) of the CRR, a third party eligible under Article 201 (1) of the CRR because VWFS has a credit assessment by two ECAs (Moody’s Investors Service and Standard & Poors), see Article 201 (1) (g) (i) of the CRR.</p>

#	Criterion Article 243 (2) (b)	CRR Assessment
3	Maximum risk weight under the Standardised Approach	<p data-bbox="665 379 2069 416"><u>Verification Method:</u> Legal (Prospectus, Master Hire Purchase Agreement), Due Diligence (explicit confirmation by Originator)</p> <p data-bbox="665 427 2069 491">None of the underlying exposures are secured by residential mortgages or commercial mortgages, therefore Article 243(2) (b) (i) and (ii) are not applicable.</p> <p data-bbox="665 507 2069 627">The underlying Lease Agreement 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 The Netherlands and the Lessees are not credit-impaired, please refer to Schedule 1 "Eligibility Criteria", Part B "Lessees", Item 7. and Part E "Pool Criteria", Item 31. B. of the MHPA.</p> <p data-bbox="665 643 2069 802">The portfolio contains Lease Agreements that have been entered with Lessees that fall into the 'retail exposure' category of Article 243(2) (b) (iii) as (i) the exposure is to a natural person or to an SME, (ii) the exposure is one of a significant number of exposures with similar characteristics, and (iii) the total amount owed by the obligor client or group of connected clients does not exceed EUR 1 million, see Article 123 of the CRR. As a result, these retail exposures would have a risk weight of 75% under the Standardised Approach.</p> <p data-bbox="665 818 2069 1034">The portfolio contains Lease Agreement that have been entered with Lessees that represent 'exposures to corporates' according to Article 122 of the CRR and hence fall into the 'other exposure' category of Article 243(2) (b) (iv). The Seller is not an 'institution' according to Article 4 (1) point 3 of the CRR and is not using a credit assessment by a 'nominated ECAI' according to Article 4 (1) point 99 of the CRR. Hence, the underlying exposures for which such a credit assessment is not available shall be assigned the higher of (i) a 100% risk weight or (ii) the risk weight of the jurisdiction in which the corporate is incorporated (=The Netherlands), see Article 122 (2) of the CRR. The risk weight of the jurisdiction in which the corporates are incorporated (=The Netherlands) is 0% given that The Netherlands is assigned a Credit Quality Step of 1, see Article 114 (2) of the CRR.</p> <p data-bbox="665 1050 2069 1166">Therefore, the underlying exposures meet the conditions for being assigned under the Standardised Approach and taking into account any eligible credit risk mitigation, a risk weight equal to or smaller than 100 % for other (=corporate) exposures in accordance with Article 122 (2) and equal to or smaller than 75% for retail exposures in accordance with Article 123 of the CRR, on an individual exposure basis.</p>

#	Criterion Article 243 (2) (c)	CRR Assessment
4	Inclusion of loans secured by lower ranking security rights for RMBS and CMBS	<p><u>Verification Method:</u> Legal (Prospectus, Master Hire Purchase Agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Lease Receivables under auto Lease Agreement – therefore, residential or commercial mortgage loans do not form part of the portfolio, please refer to Schedule 1 “Eligibility Criteria” of the MHPA.</p>
#	Criterion Article 243 (2) (d)	CRR Assessment
5	Maximum loan-to-value for RMBS	<p><u>Verification Method:</u> Legal (Legal opinion, Master Hire Purchase Agreement)</p> <p>The Eligibility Criteria restrict the underlying exposures to Lease Receivables under auto Lease Agreement – therefore, residential mortgage loans do not form part of the portfolio, please refer to Schedule 1 “Eligibility Criteria” of the MHPA.</p>

As a result of the verifications documented above, we confirm to Volkswagen Pon Financial Services B.V. that the requirement pursuant to Article 243 (2) of Regulation (EU) 2017/2401 dated 12 December 2017, amending Regulation (EU) No 575/2013 on prudential requirements for credit institutions and investment firms for the transaction **“VCL MASTER NETHERLANDS B.V.”** have been fulfilled.

SVI contact details:

Michael Osswald
Managing Director
STS Verification International GmbH
Mainzer Landstrasse 61
60329 Frankfurt am Main
+49 69 8740 344-10
michael.osswald@svi-gmbh.com

Marco Pause
Director
STS Verification International GmbH
Mainzer Landstrasse 61
60329 Frankfurt am Main
+49 69 8740 344-43
marco.pause@svi-gmbh.com

Salah Maklada
Associate Director
STS Verification International GmbH
Mainzer Landstrasse 61
60329 Frankfurt am Main
+49 69 8740 344-45
salah.maklada@svi-gmbh.com

Yves Gafumbegete
Associate
STS Verification International GmbH
Mainzer Landstrasse 61
60329 Frankfurt am Main
+49 69 8740 344-42
yves.gafumbegete@svi-gmbh.com