Rating Report
VCL Master Netherlands B.V.

DBRS Morningstar
November 2021

Contents

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Ratings, Issuer's Assets, and Liabilities

Debt	Par Amount (EUR)[1]	Initial Subordination (%)[2]	Coupon (%)[3]	Rating	Rating Action[3]	Rating Action Date
Series 2016-2, Class A XS1419661035	150,000,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2016-3, Class A XS1419662272	100,000,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2016-4, Class A XS1419662603	104,200,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2016-5, Class A XS1419662942	180,000,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2016-6, Class A XS1452378745	100,000,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2021-1, Class A XS2328054981	50,000,000	30.0%	One-month Euribor + 0.52%	AAA (sf)	New Rating	25 November 2021
Series 2016-1, Class B XS1417318588	56,600,000	22.2%	One-month Euribor +1.10%	Not Rated	N/A	N/A
Series 2016-2, Class B XS1419666851	20,000,000	22.2%	One-month Euribor +1.10%	Not Rated	N/A	N/A
Subordinated Loan	124,572,386	9.4%	One-month Euribor + 2.31%	N/A	N/A	N/A

Notes:
1. As at the 2021 renewal date. The aggregate maximum programme commitment amount is equal to EUR 1,500,000,000.
2. Subordination is expressed in terms of portfolio overcollateralisation (OC) and does not include the cash collateral account.
3. The ratings assigned to the various series of Class A Notes address the timely payment of scheduled interest and the ultimate repayment of principal by the legal final maturity date.

	Initial Amount (EUR)	Size (% of Portfolio)
Aggregate Discounted Balance	977,508,826	100.0%
Cash Collateral Account	9,129,600	1.2% of the Notes

DBRS Ratings GmbH (DBRS Morningstar) assigned AAA (sf) ratings, as shown in the table above, to various series of notes (the Rated Notes and, together with the Class B notes, the Notes), issued by VCL Master Netherlands B.V. (the Issuer) in the context of the securitisation programme established on 26 May 2016. The Issuer is a private company with limited liability (besloten vennootschap met beperkte aansprakelijkheid) incorporated under the laws of the Netherlands as a special-purpose entity, specifically for the purpose of the programme.

The Notes are ultimately backed by receivables related to lease instalments and residual values (RVs) related to auto lease agreements granted by Volkswagen Pon Financial Services B.V. (the Originator, the Seller, or VWPFS), a subsidiary of Volkswagen AG (VW), to commercial or private lessees in the Netherlands.

The Issuer issued the Notes and made available to the Seller an initial issuer advance equal to the present value of the aggregate purchase price of the purchased vehicles. Subsequently, the Issuer and Seller entered into hire purchase agreements whereby the Issuer purchased vehicles and the associated lease receivables from VWPFS as the Seller. The Issuer repays the hire purchase agreements in monthly instalments using all proceeds from the underlying lease agreements with the final instalment aligned with the expected RV of the vehicle. On each payment date during the revolving period, the Seller may sell additional vehicles and lease receivables under the hire purchase agreements through the settlement of the issuer advance and the issuance of additional issuer advances.

VWPFS as the subordinated lender has granted the Issuer a subordinated loan equal to EUR 124,572,386 at the time of renewal. Under the terms of the subordinated loan agreement, VWPFS may grant additional advances up to a total of EUR 235,818,165, provided that the amount of the subordinated loan will be increased by the required amount. VWPFS also services the portfolio.

Asset Class	Auto Leases
Governing Jurisdiction	Kingdom of the Netherlands
Sovereign Rating	AAA, Stable trend

Portfolio Summary

Aggregate Discounted Receivables Balance (EUR)	977,508,826
- of which Lease Instalments	407,978,363
- of which RV Proceeds	569,530,464
Number of Contracts	55,214
Weighted-Average Original Term (Months)	49.1
Weighted-Average Remaining Term (Months)	28.1
Discount Rate (%)	4.4207

Source: VWPFS

Transaction Parties

Roles	Counterparty	Rating[1]
Issuer, Purchaser, Call Option Provider,	VCL Master Netherlands B.V.	N/A
Seller, Servicer, Maintenance Coordinator, Call Option Buyer, Issuer Facility Borrower, Reserve Funding Provider, Subordinated Loan Provider	Volkswagen Pon Financial Services B.V.	Private Rating
Swap Counterparty	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main	AA (low)
Account Bank, Principal Paying Agent, Interest Determination Agent, Calculation Agent, Registrar	Elavon Financial Services DAC	Private Rating
Security Trustee	Stichting Security Trustee VCL Master Netherlands	N/A
Cash Administrator	US Bank Global Corporate Trust Limited	N/A
Issuer Director, Foundation Director	Intertrust Management B.V.	N/A
Trustee Director, Data Protection Trustee	Amsterdamsch Trustee's Kantoor B.V.	N/A
Arranger, Lead Manager	ING Bank N.V.	AA (low)

1. Ratings refer to Long-Term Issuer Ratings or Long-Term Senior Unsecured Debt Ratings unless otherwise specified.

Relevant Dates

Term	Description
Closing Date	31 May 2016
Renewal Date	25 November 2021
Provisional Cut-off Date	31 October 2021
First Payment Date	27 December 2021
Payment Date	The 25th day of each month
Monthly Period	Each calendar month immediately prior to the relevant payment date
Interest Period	From and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date
Servicer Report Performance Date	Fifth business day prior to each Payment Date
Revolving Period Expiry Date	25 November 2022
Legal Maturity Date	25 March 2029

Rating Considerations

Notable Features

- The Issuer and the Seller have entered into a master hire purchase agreement where the Issuer hire purchases the purchased vehicles and the associated lease vehicles along with the related security.
- The purchase price payable by the Issuer is payable in instalments and the legal ownership of each vehicle remains with the Seller until the associated instalments owed by the Issuer have been fully paid. Following payment of the final purchase instalment, legal title to the purchased vehicle will pass to the Issuer automatically.
- The underlying agreements represent operational lease contracts that expose the Issuer to various types of risk. These include credit risk, market risk associated with estimated RVs, and risks associated with the provision of maintenance services, amongst others.
- All underlying contracts are fixed rate while floating-rate notes have been issued. The interest rate risk is mitigated through interest rate swaps provided by Deutsche Zentral-Genossenschaftsbank (DZ Bank).
- The discount rate applied to the gross receivables balance, which includes all future interest, to calculate the purchase price is fixed at 4.4%. This considers the transaction's liability costs plus a buffer of 2.8%. Prior to the occurrence of an insolvency event, the buffer release amount is payable directly to VWPFS.
- The transaction incorporates a 12-month revolving period during which the Seller may offer additional vehicles and the associated lease receivables that the Issuer will purchase subject to eligibility criteria, concentration limits, performance triggers, and other conditions set out in the transaction documents.
- The transaction has a mixed sequential/pro rata amortisation structure. Initially, all collections arising from the lease receivables will pay down the Class A notes (in accordance with the relevant priority of payments). Once the Class A overcollateralisation (OC) percentage reaches its target of 41.0% after the revolving period, the Class B notes begin to amortise. Once the Class B OC percentage reaches its target of 33.0% after the revolving period, the available distribution amounts are allocated on a pro rata basis to the Notes unless specified triggers are breached, as outlined in the transaction documents.

- The Issuer is entitled to the sale and transfer of purchased vehicles to other securitisation vehicles nominated by the Seller (term takeout). The term takeout vehicles are selected on a random basis, and the proceeds from any takeout are not applied in accordance with the transaction's priority of payments. Instead, the relevant proceeds will be paid directly to the subordinated lender, and all the excess will be distributed to the Seller by way of the final success fee.
- The programme allows for tap-up issuance as well as the issuance of additional series of notes, subject to collateralisation levels and performance requirements being met in accordance with the transaction documents, up to the programme maximum of EUR 1,500 million.
- Approximately 19.4% of the outstanding discounted balance consists of electric vehicles, and approximately 8.2% is made up of hybrid vehicles.
- Approximately 80.6% of the receivables relate to vehicles manufactured by companies of the Volkswagen group. Volkswagen-branded vehicles, including Volkswagen-branded light commercial vehicles account for 39.8% the outstanding discounted balance. The second-largest brand concentration relates to Audi-branded vehicles (16.9%).

Strengths

- DBRS Morningstar considers VWPFS to be a specialised and experienced automotive leasing company that holds a strong position within the Dutch market. VWPFS is a 60%-owned subsidiary of Volkswagen Financial Services AG (VWFS), which itself is wholly owned by the Volkswagen Group (VG), and a 40%-owned subsidiary of Pon Holdings B.V.
- The cash collateral account is available to the priority of payments to cover the payment of senior expenses, swap payments, and interest on the Notes prior to being restored to a target amount initially set at 1.2% of the nominal amount of the Notes, floored at the lower of: (1) 0.6% of the maximum aggregated discounted receivables balance and (2) the aggregate outstanding principal balance of the Notes at the end of the monthly period. The reserve amortises in line with the target, but the Issuer will top up the reserve upon the issuance of the additional notes.
- DBRS Morningstar was provided with detailed monthly vintage information covering the past 13 years of cumulative gross and net loss performance. Based on this information, it was possible for DBRS Morningstar to derive its expected probability of default (PD) and loss given default (LGD) assumptions.
- In comparison with other auto lease transactions that DBRS Morningstar assessed in the Netherlands, the portfolio is deemed more granular with the top one, 10, and 20 largest lessees accounting for 0.2%,1.1%, and 2.1%, respectively. The pool is also diversified in terms of industry concentration, with the highest concentration observed in the private sector (35.1%).

Challenges and Mitigating Factors

- The pool consists of operational lease agreements where the Issuer may ultimately be exposed to RV risk related to the leased vehicle upon the Seller's insolvency. DBRS Morningstar was not provided with lease level RV performance by VWPFS.
  Mitigants: VWPFS is able to recalculate the RV associated with lease agreements if usage thresholds are met or contract terms are amended. Following a reduction in the purchase price and lease agreement recalculation by the Servicer, VWPFS shall pay to the Issuer an amount equal to the purchase instalment decrease amount on the following payment date. Prior to its insolvency, VWPFS, as the call option buyer, has the right but not the obligation, to exercise a repurchase option to settle the RVs. Furthermore, within its cash flow analysis DBRS Morningstar has (1)

considered the length of the revolving period and an increase in RV exposure compared to that observed at renewal; (2) derived its RV loss assumptions through a review of aggregated vehicle realisation data provided by VWPFS alongside benchmarked Dutch auto lease transactions; and (3) applied both frequency- and severity rating-related stresses to RV performance.

- There is a reliance on VWPFS to coordinate servicing and maintenance activities.
  Mitigant: The transaction benefits from the existence of a maintenance reserve funded by the VWPFS after the breach of certain triggers to cover potential maintenance costs relating to any lease agreement. If VWPFS, in its role of the maintenance coordinator, does not cover these maintenance activities, the amounts held in the maintenance reserve will form a part of the available distribution amounts to cover such costs.
- The servicer collects payments on its own accounts and, thus, collections may be commingled within the servicer’s estate in case of insolvency
  Mitigant: Following specified rating trigger downgrades related to VWPFS and VW, VWPFS is obliged to post monthly collateral for the respective monthly period, or transfer the collections on the following business day to the Issuer's account. DBRS Morningstar has evaluated the risk of commingling loss commensurate with the ratings assigned to the Class A notes, the triggers linked to the monthly remittance condition, the expected distribution of monthly collections, and the amortisation profile of the portfolio.
- Title to the leased vehicles is retained by VWPFS until all purchased instalments due under the associated hire purchase contract are paid in full.
  Mitigants: Should an insolvency of the Seller occur, the master hire purchase agreement between the Seller and the Issuer allows for legal title to be transferred to the Issuer through an accelerated payment of the final purchase instalment, which can be achieved through set-off of the Issuer advance as outlined in the Issuer facility agreement.
- Despite the lease receivables being transferred at a discount rate of 4.4%, any excess is returned to Seller through the buffer release amount as described in the transaction waterfall (subject to VWPFS not being insolvent).
  Mitigant: The buffer release rate mechanism has been considered by DBRS Morningstar when modelling the transaction and the net discount rate has been considered within the cash flow analysis.
- Because of the mixed sequential/pro rata structure of the transaction, there may be circumstances when the Class B Notes amortise while the Class A notes are still outstanding.
  Mitigant: DBRS Morningstar has modelled back-loaded scenarios to factor in this scenario within its cash flow analysis. The Class A notes also benefit from the elevated target OC levels after the revolving period has ended.
- Since the Issuer is expected to purchase additional receivables during the revolving period, the pool composition at the end of the revolving period may differ in comparison with the closing date.
  Mitigant: Additional receivables added to the portfolio during the revolving period must adhere to specific eligibility criteria and concentration limits outlined in the transaction documents. DBRS Morningstar has adjusted its cash flow analysis to accommodate a potential deterioration in the pool.

- The credit performance of the portfolio may be negatively affected by the Coronavirus Disease (COVID-19) pandemic.
  Mitigant: DBRS Morningstar evaluated the recent recovery performance of auto ABS transactions and concluded that any negative impacts associated with the coronavirus have been largely offset by the strength of used vehicle markets. Further information is available in the DBRS Morningstar commentary *European Auto ABS: Recovery Performance Update* published on 2 November 2021. Moreover, DBRS Morningstar has considered an increase in exposure to commercial lessees within its cash flow and asset analysis.

Transaction Summary

<table>
<tr><th>Term</th><th colspan="2">Description</th></tr>
<tr><td>Currency</td><td colspan="2">The Issuer’s assets and liabilities are denominated in euros (EUR).</td></tr>
<tr><td>Relevant Jurisdictions</td><td colspan="2">The underlying lease agreements are governed by Dutch law.
The swap agreement and deed of charge are governed by English law. The rest of the transaction documents are governed by Dutch and German law. The issuer’s insolvency is assumed to be treated in accordance with Dutch law.</td></tr>
<tr><td>Interest Rate Hedging</td><td colspan="2">Two interest rate swaps are in place at closing.

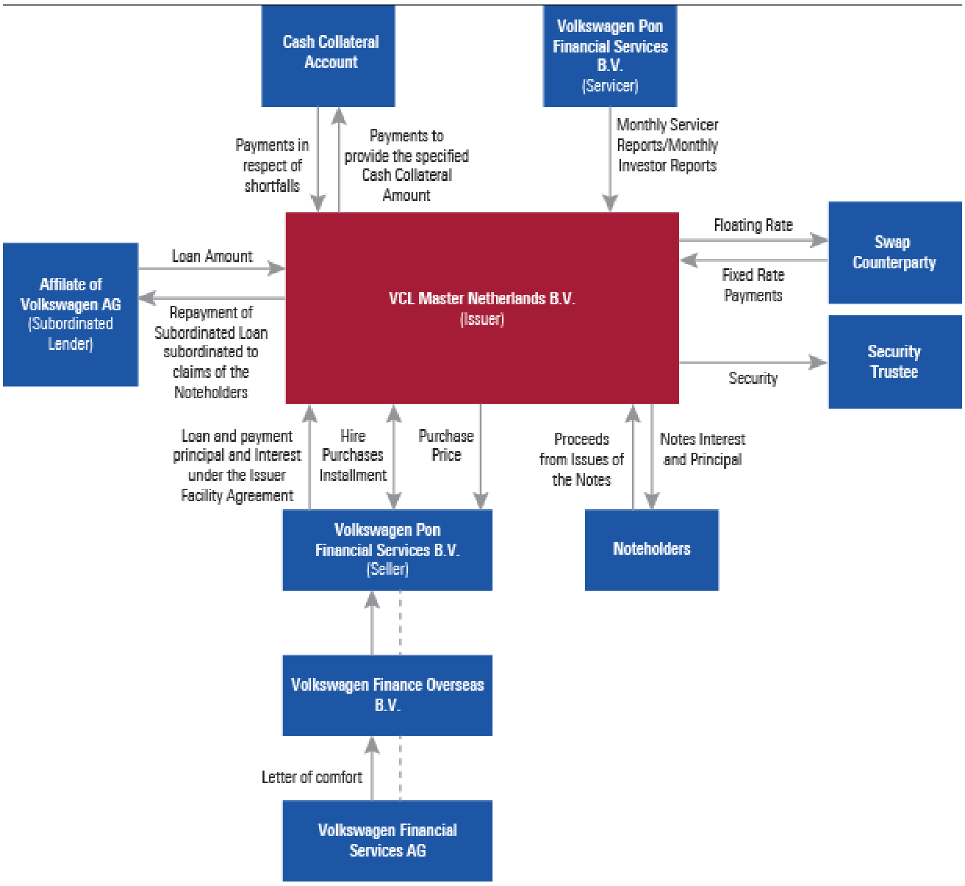
Class A Swap
Issuer pays: fixed rate of 0.3570%
Issuer receives: one-month Euribor + 0.52%
Notional: with respect to the first calculation period EUR 684,200,000. For any following calculation period, if no servicer replacement event occurred, the outstanding balance of the Class A notes, but to a maximum of EUR 830,000,000.

If a servicer replacement event occurred subject to a maximum of EUR 830,000,000, but the lower of (1) the outstanding balance of the Class A notes and (2) the 0% CPR notional amount. 0% CPR notional amount represents the sum of (A) deemed outstanding principal of the Class A notes as per the 0% CPR and default schedule less (B) (i) the excess of the nominal amount of the Class A notes over the aggregate discounted receivables balance multiplied by (ii) nominal amount of the Notes divided by the aggregate nominal amount of all Class A notes.

Class B Swap
Issuer pays: fixed rate of 0.8965%
Issuer receives: one-month Euribor + 1.10%
Notional: with respect to the first calculation period EUR 76,600,000.
For any following calculation period, outstanding balance of the Class B notes, but to a maximum amount of EUR 120,000,000.</td></tr>
<tr><td>Basis Risk Hedging</td><td colspan="2">N/A</td></tr>
<tr><td>General Reserve</td><td colspan="2">The cash collateral account provides liquidity support to the Class A notes and Class B notes and can be used to cover senior expenses, swap payments, and interest shortfalls.</td></tr>
<tr><td></td><td>Initial Amount:</td><td>EUR 9,129,600</td></tr>
<tr><td></td><td>Target Amount:</td><td>1.2% of the outstanding amount of the Notes</td></tr>
<tr><td></td><td>Floor:</td><td>The lesser of:
(1) 0.6% of the maximum aggregated discounted receivables balance
(2) the aggregate outstanding principal balance of the Notes at the end of the monthly period.</td></tr>
<tr><td>Maintenance Reserve</td><td>Initial Amount:</td><td>Zero</td></tr>
<tr><td></td><td>Funder Upon:</td><td>Funded upon a maintenance reserve trigger event. The event means that any of the following occurs:
(1) Volkswagen AG ceases to hold directly or indirectly 50% of the shares in the Seller; or</td></tr>
</table>

Term	Description
	(2) VWFPS is downgraded below a certain rating threshold (with respect to DBRS Morningstar below its long-term unsecured rating of BBB (low)
Required Amount:	The quotient of (1) the product of: (A) the sum of the actual maintenance costs for the preceding six collection periods, multiplied by (B) the aggregate discounted pool balance as of the servicer report performance date divided by (2) the aggregate discounted pool balance at the previous servicer report performance date
Floor:	EUR 3,000,000

The transaction structure is summarised below:



Source: Transaction Documents / DBRS Morningstar.

Counterparty Assessment

Account Bank

Elavon Financial Services DAC (Elavon) has been appointed as the Issuer's account bank for the transaction. DBRS Morningstar privately rates Elavon and has concluded that Elavon meets DBRS Morningstar's minimum criteria to act in such capacity. The transaction documents contain downgrade provisions relating to the account bank consistent with DBRS Morningstar's criteria. The account bank holds the cash collateral account, the distribution account, the accumulation account, the monthly collateral account, and the counterparty downgrade collateral account.

Cash Collateral Account

The balance of the cash collateral account amortises in line with the Notes, equal to 1.2% of their outstanding balance. Upon the issuance of further classes or series of notes, the Issuer will top up the cash collateral account by an amount necessary to restore it to the required level.

As well as providing liquidity support, the cash collateral account also provides credit enhancement, as on the final maturity date the cash collateral account will be available to repay the principal on the Notes. Also, provided that no credit enhancement condition occurred, any amount in excess of the cash collateral account target will be released to allow for repayment of the subordinated loan and the final success fee to the Seller.

The cash collateral account also contains the maintenance reserve ledger, which will be funded upon the breach of certain rating events relating to the Seller, and when funded up to its required amount will form part of the available distribution amount to cover maintenance costs.

Hedging Counterparty

DZ Bank is the swap counterparty. DBRS Morningstar has a Long-Term Senior Debt Rating of AA (low) and a Long Term Critical Obligations Rating of AA on DZ Bank. DBRS Morningstar has concluded that DZ Bank meets the minimum criteria to act in such capacity. The transaction contains downgrade provisions relating to the hedging counterparties that are consistent with DBRS Morningstar's criteria.

Set-Off Risk

Under the Dutch Civil Code, in the event the Seller was declared bankrupt or granted moratorium of payments, lessees may invoke the right to set off the amount they owe to the Seller. VWPFS does not take customer deposits, and the transaction's eligibility criteria prevents the transfer of the lease receivables that may give a rise to set-off.

However, VWPFS offers a range of maintenance and other services, which include the costs to be paid to third-party garages and service providers and these services must be maintained to ensure the continuation of the lease agreements. To ensure that the Issuer can continue to pay these costs if and to the extent when the maintenance coordinator (or VWPFS) will not be able to cover those, the maintenance reserve ledger, held within the cash collateral account, is funded upon a maintenance reserve trigger event

VWPFS will fund the maintenance reserve ledger upon an insolvency event of the maintenance coordinator or if any of the following events occur: (1) VW ceases to hold directly or indirectly at least 50% of the shares in the Seller or (2) VWPFS is downgraded below certain rating thresholds (below BBB (low) by DBRS Morningstar).

Commingling Risk

VWPFS has been appointed to collect all lease receivables, vehicle realisation proceeds and other related lease collections (the collections) on behalf of the Issuer, and in accordance with the servicing agreement. DBRS Morningstar privately rates VWPFS and there is no minimum rating requirement defined in the transaction documents for VWPFS in its role as servicer.

The servicer is permitted to commingle collections with its own funds and is required to transfer these monies to the Issuer's account on each payment date, subject to the monthly remittance condition being satisfied. The monthly remittance condition is no longer satisfied if VW ceases to hold directly or indirectly at least 50% of the shares in the Seller or VWPFS's rating falls below certain rating thresholds (below BBB (low) by DBRS Morningstar).

Upon breach of the trigger, VWPFS will be required to either:

- Deposit the monthly collateral to the Issuer's distribution account, comprising the expected following monthly collections, including prepayments estimated to be 5%, and estimated RVs.
- If the monthly collateral is not paid to the Issuer, actual collections must be transferred to the Issuer within one business day from receipt thereof.

DBRS Morningstar has analysed this structure in line with its *Legal Criteria for European Structured Finance Transactions* methodology and concluded that the current ratings are commensurate with the resulting commingling risk exposure, taking into account that VWPFS, as the servicer, is allowed to commingle up to nearly two months of collections, and considering the credit strength of VWPFS.

Pre-Enforcement Priority of Payments

Amounts available for the priority of payments include:

- Lease collections;
- Vehicle realisation proceeds;
- Lease incidental shortfall payments received from the Seller;
- Interest accrued on the distribution and accumulation accounts;
- Payments from the cash collateral account;
- Amounts from the accumulation account;
- Amounts from the maintenance reserve ledger (only following a maintenance reserve trigger event);
- Net swap receipts; less
- The buffer release amount.

During the revolving period, amounts held in the accumulation account may be used by the Issuer for additional issuer advances. In case of the occurrence of an early amortisation event or after the end of the revolving period, transfers from the accumulation account to the distribution account will also form a part of the available distribution amount. Prior to the occurrence of an insolvency event related to VWPFS, the buffer release amount is deducted from the available distribution amount and is paid directly to VWPFS.

The buffer release amount is calculated as a function of the product of the buffer release rate and the discounted receivables balance. The buffer release rate considers the defined discount rate (4.4207%) less:

1. The weighted-average interest rate swap rate (including the hypothetical rate applicable to the subordinated loan);
2. The servicer fee (1.0%); and
3. 0.03%, representing administrative costs and expenses.

During the revolving period, and prior to the occurrence of the early amortisation event, only series of notes classified as amortising series can be repaid.

Prior to the occurrence of an enforcement event affecting the Issuer, all the available funds are applied through a single waterfall, as summarised below:

1. Taxes and expenses;
2. Senior maintenance coordinator fee;
3. Other senior costs (including servicer fee);
4. Net swap payments to the hedging counterparties (except termination payments to a defaulting swap counterparty);
5. Interest on the Class A notes;
6. Interest on the Class B notes;
7. Replenishment of the reserve up to the specified cash collateral account balance;
8. To pay pari passu and pro rata (A) the amortisation amount to each amortising series of Class A notes and (B) the accumulation amount into the accumulation account with respect to each revolving series of Class A notes to align the outstanding amount of the notes to maintain the Class A OC at its target;
9. To pay pari passu and pro rata (A) the amortisation amount to each amortising series of Class B notes and (B) the accumulation amount into the accumulation account with respect to each revolving series of Class B notes to align the outstanding amount of the notes to maintain the Class B OC at its target;
10. Payments to the swap counterparty under the swap agreement (to the extent not paid under item 4 above);
11. Accrued and unpaid interest on the subordinated loan;
12. Principal payments on the subordinated loan (until reduced to zero); and
13. Remaining excess to VWPFS.

Principal Redemption Amounts and Excess Spread

The Class A principal amortisation amount is calculated as the amount required to reduce the outstanding principal amount of the respective amortising series of Notes to the Class A targeted note balance, provided that Class A notes OC remains at its target, and a credit enhancement increase condition has not occurred. Otherwise, this is equal to the outstanding amount of the Class A notes.

The Class B principal amortisation amount is calculated as the amount required to reduce the outstanding principal amount of the respective amortising series of Notes to the Class B targeted note balance, provided that Class B notes OC remains at its target, and a credit enhancement increase condition has not occurred. Otherwise, this is equal to the outstanding amount of the Class B notes.

Target OC	During Revolving Period	After Revolving Period, but Prior to Credit Enhancement Increase Condition	Credit Enhancement Increase Condition is in Effect
Class A	30.0%	41.0%	100%
Class B	22.0%	33.0%	100%

A credit enhancement increase condition occurs if:

- The dynamic gross loss ratio for three consecutive payment date exceeds:
  - 1.0% if WA seasoning is less than 12 months
  - 2.0% if WA seasoning is equal to or more than 12 months;
- The 12-month average dynamic gross loss ratio exceeds 0.5%;
- The late delinquency ratio exceeds 2.0%;
- There is a servicer replacement event;
- There is a Seller insolvency event; or
- The cash collateral account is not at its target level for three consecutive payment dates or is below 0.8% of the Notes.

Early Amortisation Event

The occurrence of any of the following triggers the end of the revolving period and constitutes an early amortisation event:

- A foreclosure event occurs;
- The accumulation account exceeds 10% of the outstanding receivables for two consecutive payment dates;
- A credit enhancement condition occurs;
- The termination of the swap counterparty or its inability to post collateral;
- After the sixth consecutive payment date the Class A OC percentage is lower than 29.25% or the Class B OC percentage is lower than 21.25%; or
- VWPFS ceases to be an affiliate of VW.

Enforcement Event

An enforcement event occurs due to a foreclosure event that relates to:

- An insolvency event in respect to the Issuer;
- The Issuer defaults in the payment of any interest on the most senior class of notes when the same becomes due and payable, and such default continues for a period of five business days; or
- The Issuer defaults in the payment of principal of any note on the legal maturity date.

Following the foreclosure event, the available distribution amount will be allocated as follows:

1. Taxes and expenses;
2. Senior maintenance coordinator fee;
3. Other senior costs (including servicer fee);
4. Net swap payments to the hedging counterparties (except termination payments to a defaulting swap counterparty);
5. Interest on the Class A notes;
6. Principal on the Class A notes, until redeemed in full;
7. Interest on the Class B notes;
8. Principal on the Class B notes, until redeemed in full;
9. Payments to the swap counterparty under the swap agreement (to the extent not paid under item 4 above);
10. Accrued and unpaid interest on the subordinated loan;
11. Principal payments on the subordinated loan, until redeemed in full; and
12. Remaining excess to VWPFS.

Cleanup Call

Following the expiry of the revolving period and under the master hire purchase agreement, the Seller has the option to terminate all hire purchase contracts and repay all Issuer advances on any payment date when the aggregate discounted receivables balance is less than 10% of the maximum aggregate discounted receivables balance.

Origination and Servicing

DBRS Morningstar conducted an operational review of VWPFS's auto lease finance operations in October 2021 via teleconference. VWPFS is a 60%-owned subsidiary of Volkswagen Finance Overseas B.V., the sole shareholder of Volkswagen Financial Services AG (VWFS), which itself is wholly owned by VG, and a 40%-owned subsidiary of Pon Holdings B.V. DBRS Morningstar considers VWPFS' origination and servicing practices to be consistent with those observed among other auto finance companies.

The company was formerly known as Pon Financial Services B.V. and changed its name to Volkswagen Pon Financial Services B.V. in October 2003. The company was created in 1960 and is based in Amersfoort, the Netherlands. As of October 2003, Volkswagen Pon Financial Services B.V. began operating as a subsidiary of VWFS. VWFS provides banking, leasing, insurance, and other services to its retail, wholesale, and fleet customers.

VWPFS looks to provide its customers with everything they need to achieve financial and mobile flexibility. The product offerings enable customers to lease vehicles from either the Volkswagen Group and its brands, or multi brands directly from entities within the VWPFS group. VWPFS cooperates closely with the dealerships of the Volkswagen Group in the Netherlands. A dealer can thus offer the customer complete service from a single source, including the financing. In addition, dealers receive valuable support from VWPFS in the form of diverse training measures and extensive marketing support. The total portfolio under management for VWPFS is EUR 5.3 billion covering 185,000 finance and leasing contracts. In addition, VWPFS has a 15% market share in the private lease market and 16.5% in the operational lease market.

DBRS Morningstar has assigned private ratings to VWPFS and publicly rates VW with a Long-Term Issuer Rating of A (low) with a Stable trend. Please see www.dbrsmorningstar.com for more details. Further information on origination and servicing is available in the Appendix.

Collateral Summary

The underlying lease instalments and RVs are related to operational lease agreements granted by VWPFS to private and commercial clients in the Netherlands for the purpose of leasing passenger and light commercial vehicles. The operational leases require the leased vehicles to be returned to the lessor upon contract maturity. The lease contracts are fixed-interest rate and governed by Dutch law.

The pool contains three types of operational lease product: (1) full operational lease, (2) net operational lease, and (3) private lease. While net operational lease forms less than 0.6% of the pool, the full operational lease product is the most commonly used form of business leasing in the Netherlands and accounts for approximately 64.3% of the aggregate discounted pool balance. Under full operational lease contracts, VWPFS is fully responsible for the financing, maintenance, insurance, and depreciation risk of the vehicle at the pre-determined fixed monthly rate, including unexpected costs. The maintenance services coordinated by VWPFS include the administration of any fines, road taxes, fuel card services, management of accident claims, arrangement of replacement vehicles, and coordination of maintenance and repair, as well as tyre replacement, as per the relevant lease agreement.

The private lease product accounts for 35.1% of the securitised pool. Similar to operational leases, the private lease product is extended to the private customers and covers all costs, including depreciation, insurance, and maintenance costs. However, unlike under the operational lease product, a lessee is responsible for the fuel costs and any fines incurred.

Some of the lease agreements give an option to the lessee to terminate their contracts early. An early termination may incur additional prepayment fees or charges to the lessee, however, in circumstances when such fees are constructed as penalties they may not be enforceable, and reduced by court. Furthermore, under the private lease agreement, the lessee can terminate the contract free of charge in the event of divorce, involuntary unemployment, or incapacity for work.

Eligibility Criteria

According to the master hire purchase agreement a leased asset must meet certain criteria specified in the transaction documents. Some of the criteria are summarised below:

- The leased vehicle qualifies as a passenger vehicle, a van, or a commercial vehicle;
- The leased vehicles are registered in the Netherlands and are freely disposable;
- The lease agreements have been originated by VWPFS;
- The leased vehicle together with the relevant identification papers has been delivered to the relevant lessee;
- The leased vehicle purchase price (and corresponding VAT) has been paid in full to the relevant supplier;
- The lessee is a legal entity or private individual conducting business in the Netherlands;
- The lessee is not an affiliate or employee of VWPFS;
- The lessee is not insolvent and has not been a subject to the insolvency proceedings during the term of lease agreements;
- Leases are governed by Dutch law;
- The lease receivables are denominated in euros and have a fixed interest rate;
- The lessee has not been granted an option to purchase the leased vehicle upon the lease maturity date for a purchase price less than its estimated RV;
- The leased vehicle transfer will not violate any agreement binding to the Seller;
- The details of the lease agreement and associated lease receivables in the relevant data base are sufficiently distinguishable;
- The lease agreement has been entered into in the forms and upon the terms and conditions common in the Dutch auto lease market applied by a prudent lessor of vehicles in The Netherlands
- Each lease agreement is a legally binding and valid agreement;
- The lease agreements do not qualify as a financial lease, hire purchase, or a sale in instalment credit terms;
- The lease agreements do not prohibit or restrict the Seller's capabilities to delegate associated services to third parties;
- The lease agreements do not permit the lessee to terminate the lease agreement following an insolvency event of VWPFS;
- The lease agreements are in the standard form as outlined in the master hire purchase agreement;
- At least two lease instalments have been paid in respect of the corporate lease agreement and at least three in respect of the private lease agreement; no lease receivable was overdue at the last months prior to the closing date;
- The present value of the RV on the relevant lease agreement is not more than 80% of the sum of (i) the present value of all future scheduled lease instalments (including interest) and (ii) the present value of the estimated RV of the relevant purchased vehicle at the applicable cut-off date;
- The estimated RV on the relevant lease agreement is not more than EUR 80,000;
- The additional lease agreements will not mature later than 18 months prior to latest final maturity date as applicable to the Notes;
- The lease receivables are assignable and lease agreement require monthly payments in equal instalments;

- The lease receivables are freely disposable and free from rights of third parties and encumbrances; and the lessees have no set-off claim;
- The lease receivable do not represent a separately conducted business or business segment of the Seller;
- No lease receivables that are at least 90 days past due or relate to a credit-impaired lessee or guarantor will be included.

The eligibility criteria also include the following concentration limits in respect of the aggregate discounted balance:

Description	Maximum Limit
Used vehicles	6.5%
Volkswagen Nutzfahrzeuge vehicles	10%
Audi, SEAT, Skoda, or Volkswagen Nutzfahrzeuge vehicles	25%
Top 1 lessee	0.5%
Leases with WA remaining term of less than12 months	30%
Leases with WA remaining term of less than 36 months	80%
Leases with WA remaining term of more than 36 months	70%

Pool Characteristics

DBRS Morningstar analysed the pool of receivables, which was selected as of 31 October 2021 by VWPFS. The main characteristics of the portfolio are detailed below:

Exhibit 1 Distribution by Aggregate Discounted Balance (EUR)

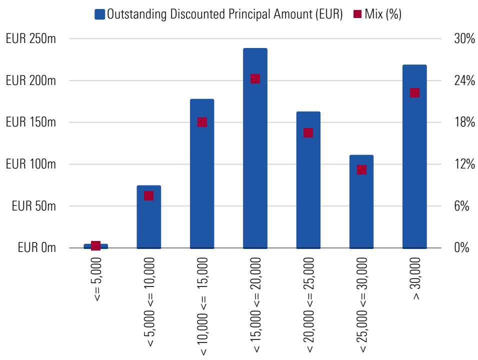
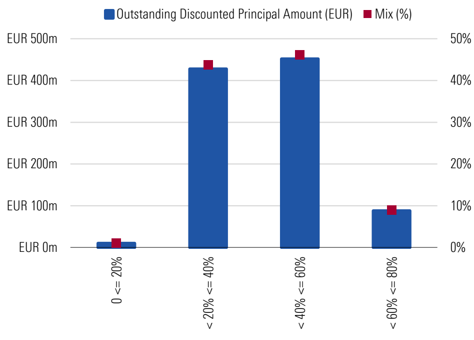


Exhibit 2 Discounted RV as % of Outstanding Discounted Balance



Source: VWPFS and DBRS Morningstar.

Exhibit 3 Distribution by Car Brand

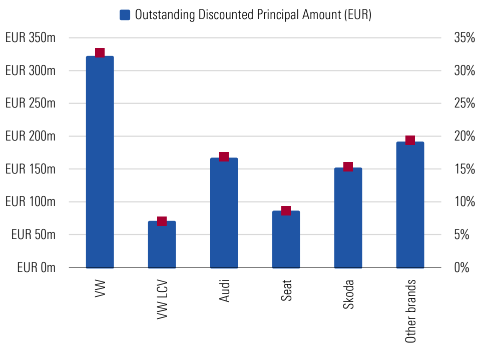
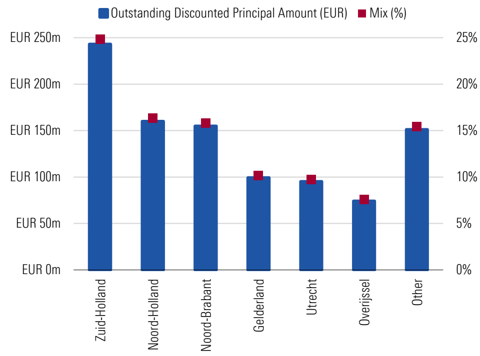


Exhibit 4 Distribution by Geographic Area



Source: VWPFS and DBRS Morningstar.

Exhibit 5 Distribution by Original Term (Months)

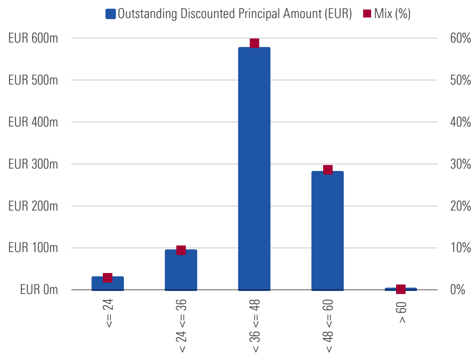
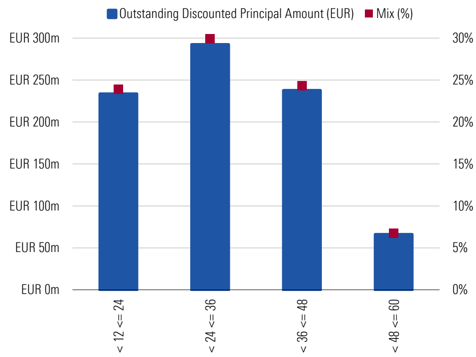


Exhibit 6 Distribution by Remaining Term (Months)



Source: VWPFS and DBRS Morningstar.

Exhibit 7 Distribution by Seasoning (Months)

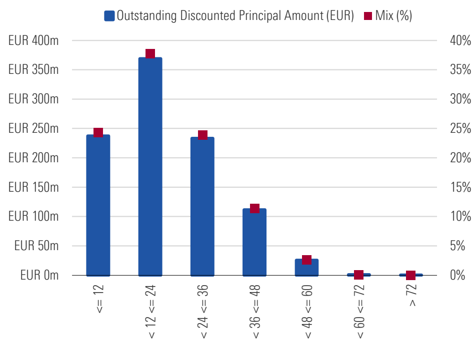
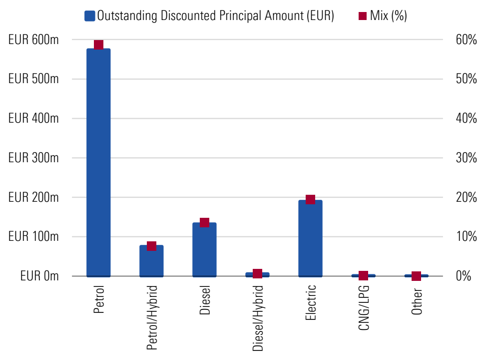


Exhibit 8 Distribution by Engine Type



Source: VWPFS and DBRS Morningstar.

Exhibit 9 Distribution by Customer Type

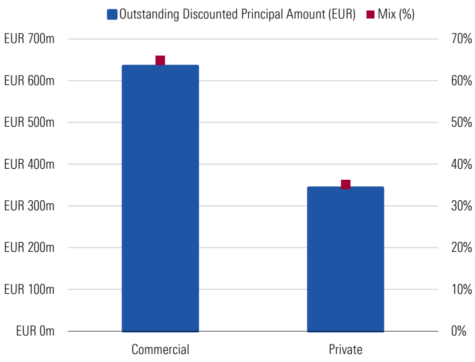
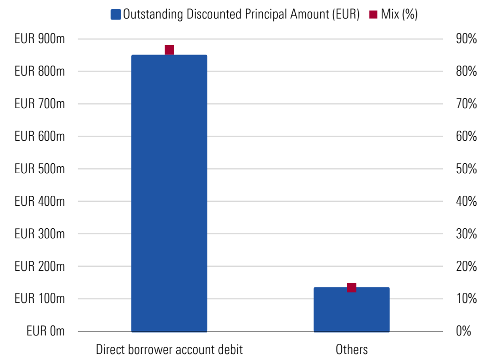


Exhibit 10 Distribution by Payment Type



Source: VWPFS and DBRS Morningstar.

In comparison with other auto lease portfolios that DBRS Morningstar assessed in the Netherlands, the following is noted:

- The majority of the portfolio comprises new vehicles (93.6%), which is in line with what is typically observed in other lease portfolios rated by DBRS Morningstar.
- The average outstanding discounted balance is approximately EUR 17,704, with 22.2% of the pool representing leases with the outstanding balance higher than EUR 30,000.
- The majority of the vehicles relate to Volkswagen group brands (80.6%), with other brands accounting for less than 20% of the aggregate discounted balance. Approximately 59% of the pool consists of vehicles with a petrol engine and a further 14% comprise diesel vehicles. Around 19% of the pool are classified as electric vehicles. The mix of electric vehicles is lower than that observed in recent portfolio originated in the Netherlands.
- The pool is broadly diversified in terms of industry concentration, with the highest observed in the private sector (35.1%).
- Due to the master programme structure, the portfolio is considerably seasoned at approximately 22.7 months. Around 75.7% of the portfolio has more than 12 months of account history and approximately 38.0% of the portfolio is more than two years seasoned.
- The maximum original term of the lease agreements is no greater than 84 months for all vehicles; approximately 59% of receivables represent tenors of 37 to 48 months.
- The pool is more diversified in terms of customer concentration, with the top 20 lessees representing around 2.1% of the aggregate discounted balance. The majority of the lessees are commercial customers (64.9%).

Rating Analysis

DBRS Morningstar based its ratings on a review of the following analytical considerations:

- The transaction's capital structure, including form and sufficiency of available credit enhancement;
- Relevant credit enhancement in the form of subordination, a reserve fund, and OC;
- Credit enhancement levels are sufficient to support DBRS Morningstar's projected expected cumulative net losses and RV losses under various stress scenarios;

- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. For this transaction, the ratings assigned address the timely payment of scheduled interest and the ultimate repayment of principal by the final maturity date;
- VWPFS' capabilities with regard to originations, underwriting, servicing, and its financial strength;
- The transaction parties' financial strength with regard to their respective roles;
- The credit quality of the collateral and historical and projected performance of the Seller's portfolio;
- The sovereign rating of the Kingdom of The Netherlands, currently at AAA with a Stable trend; and
- The consistency of the transaction's legal structure with DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions that are expected to address the true sale of the assets to the Issuer.

Portfolio Performance Data

DBRS Morningstar received the following historical data from VWPFS:

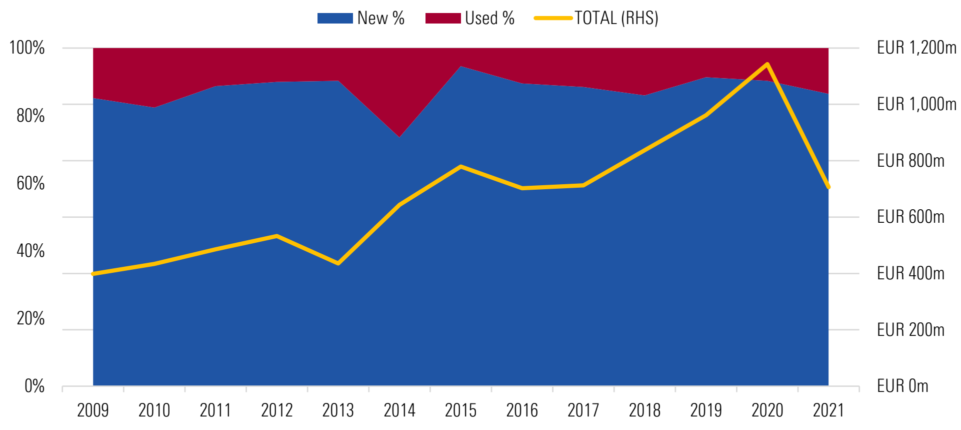
- Static monthly cumulative gross loss data from 1 January 2009 to 1 July 2021;
- Static monthly cumulative net loss data from 1 January 2009 to 1 July 2021;
- Delinquency data from 31 January 2014 to 31 August 2021;
- Portfolio stratification tables as at 31 October 2021;
- Data on vehicle realisation proceed 31 January 2016 to 31 August 2021; and
- A theoretical amortisation of the selected pool (0% prepayments/0% defaults)

For cumulative gross loss and net loss data, DBRS Morningstar received portfolio subset breakdowns that distinguished between new/used vehicles, and private retail/commercial customers.

The data of the vehicle realisation proceeds was split by the passenger/light commercial vehicle type. This information was used in conjunction with data previously provided by Volkswagen Leasing B.V. to allow for an extended data history.

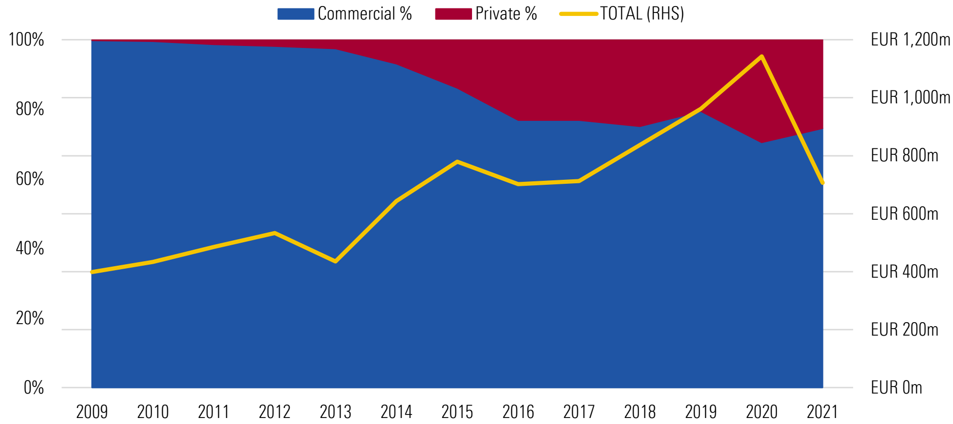
Originations

Exhibit 11 Origination Volumes – Vehicle Type



Source: VWPFS and DBRS Morningstar.

Exhibit 12 Origination Volumes – Consumer Type



Source: VWPFS and DBRS Morningstar.

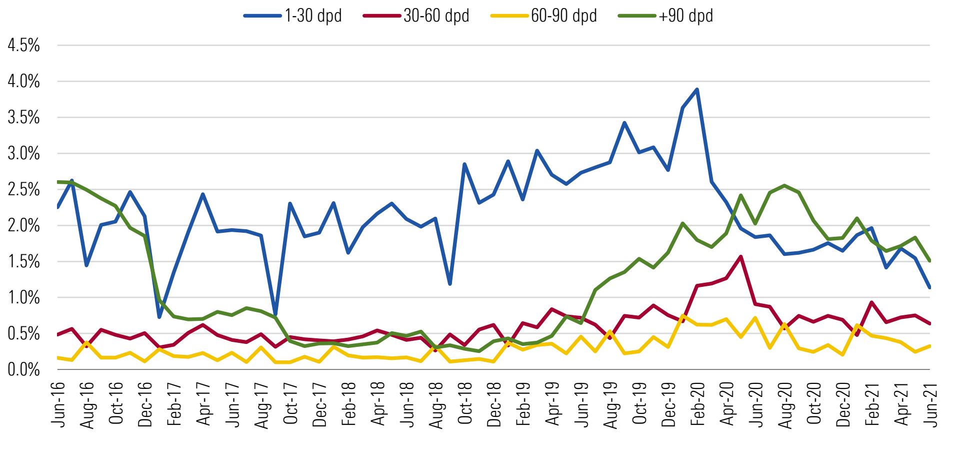
Total origination volumes have evolved over time, with double-digit year-on-year growth recorded in 2014 and 2015 followed by a subsequent contraction in 2016. The financing volumes picked up in 2018 only to experience a downturn in the second quarter of 2021, driven by the lockdown measures and the wider impact on demand of the coronavirus pandemic.

While the mix of private customers remained low until 2014, it has steadily increased thereafter, and currently accounts for around one third of all originations. The distribution of origination volumes by car type remained largely consistent with new vehicle financing dominating. This contrasts with the wider trend of increasing used vehicle financing throughout Europe, although this is more symptomatic of auto loans.

Delinquencies

DBRS Morningstar received monthly dynamic delinquency data on leases originated by VWPFS between January 2014 and August 2021.

Exhibit 13 Portfolio Delinquencies



Source: VWPFS and DBRS Morningstar.

Despite the pandemic, delinquency performance has remained stable over the reporting period. In Q1 2020, delinquencies started to increase but early arrears levels have started to normalise. DBRS Morningstar notes that arrears higher than 90 days started to increase prior to the pandemic, and remained higher than the historical norm throughout 2021. DBRS Morningstar understands that only 0.8% of the securitised contracts are subject to an ongoing payment holiday.

Default and Recoveries

DBRS Morningstar understands that the default definition applied is the same definition used in the transaction documents that refers to termination of the lease agreement.

Lessees are considered to be in default when their agreement is 90 days past due or when VWPFS considers that the obligor is unlikely to pay its credit obligations.

Exhibit 14 Gross Loss – Commercial

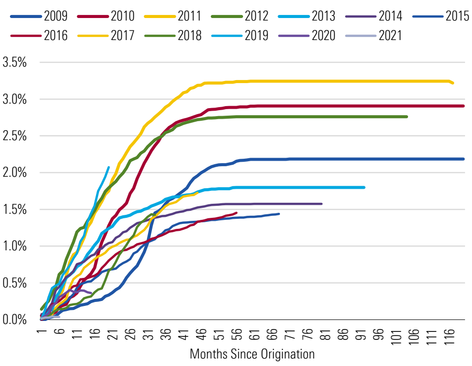
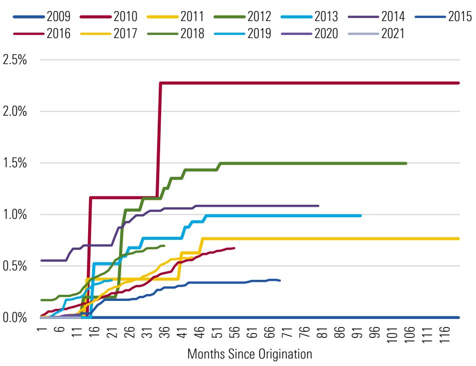


Exhibit 15 Gross Loss – Private



Source: VWPFS and DBRS Morningstar.

Exhibit 16 Gross Loss – New

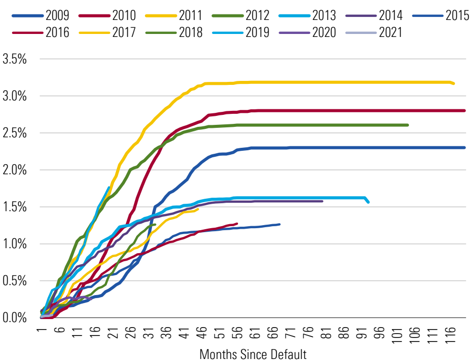
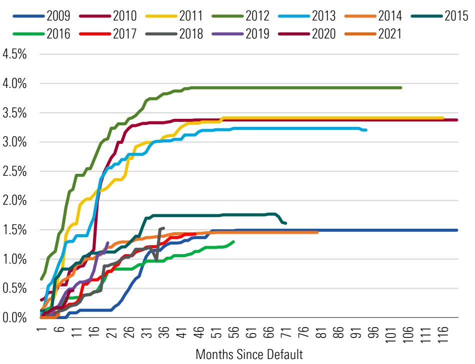
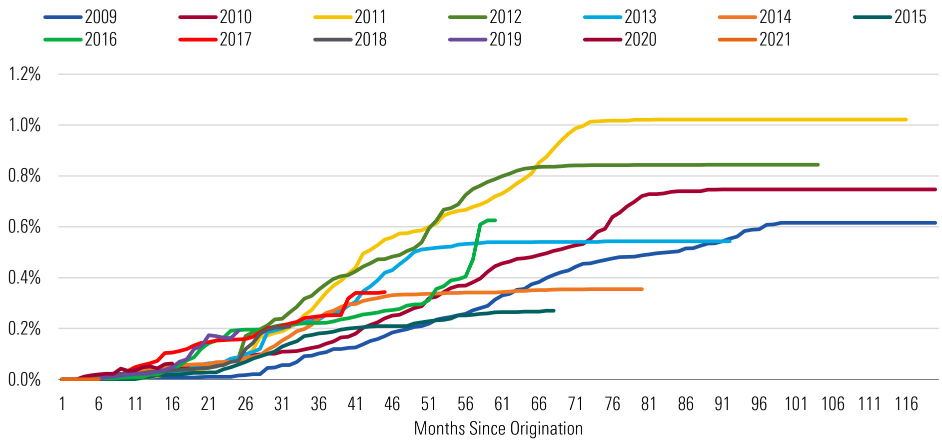


Exhibit 17 Gross Loss – Used



Source: VWPFS and DBRS Morningstar.

Exhibit 18 Cumulative Net Loss – Total



Source: VWPFS and DBRS Morningstar.

The following can be noted from the cumulative gross and net losses:

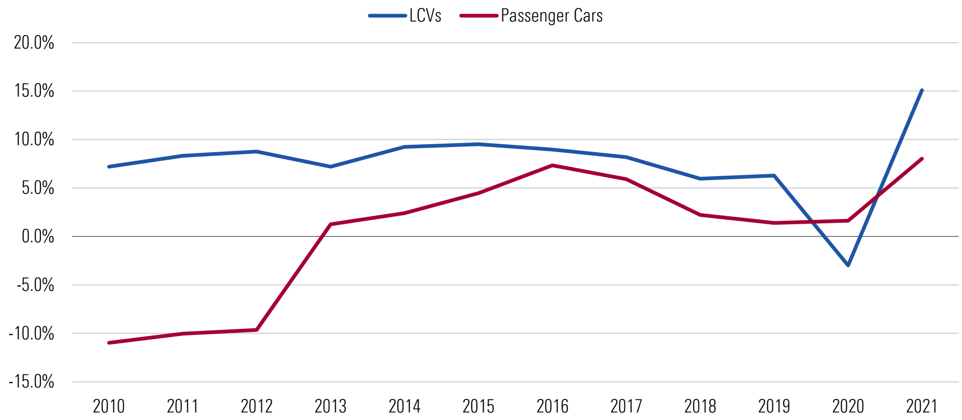
- Aside from 2019 vintages, default performance has generally improved since 2013.
- Default timings for new and used vehicle subsets have been broadly consistent, while performance levels vary among consumer type. Commercial customers have demonstrated higher default rates when compared with leases granted to private customers, however, this trend is consistent with other comparable transactions.
- Cumulative net losses are typically first observed within the first 15 months from origination and are distributed in a similar manner to defaults indicating a consistent recovery process.
- DBRS Morningstar was not provided with information on recovery rates. Recovery assumptions were derived comparing the level of gross and net loss data.

Residual Value Realisation Data

Vehicle realisation data over the period between January 2010 and August 2021 has demonstrated the following:

- Light commercial vehicles consistently and on average achieved a gain upon realising vehicle sales proceeds at lease maturity. While passenger cars experienced considerable losses up to 2015, there has been a positive trend in realisation performance over time.
- Although DBRS Morningstar considers the RV performance of VWPFS to be more volatile when compared with other European portfolios, both passenger car sales and light commercial vehicle sales achieved record highs in 2021, primarily driven by new vehicle supply challenges and improving consumer demand since the onset of the pandemic.

Exhibit 19 Sales Proceeds



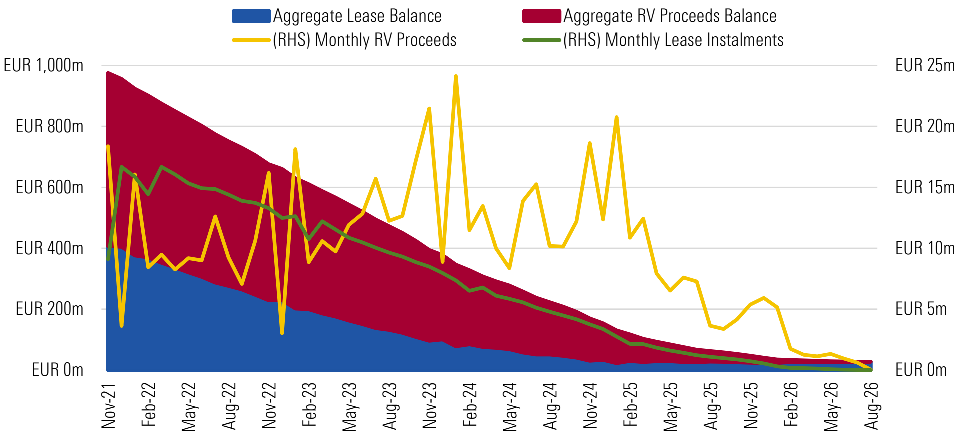
Source: VWPFS / DBRS Morningstar.

Portfolio Amortisation and Interest Rate

The portfolio purchase price is calculated on a net present value basis. Each assigned lease instalment is discounted by a fixed rate of 4.4%. Thus, the entire portfolio generates the same fixed interest rate.

Exhibit 20 below outlines the theoretical amortisation of the portfolio as at the cut-off date provided by VWPFS. Due to the master structure of the programme and the levels of seasoning observed, the portfolio benefits from a broad distribution of RV maturities.

Exhibit 20 Theoretical Amortisation Schedule



Source: DBRS Morningstar.

Summary of Cash Flow Scenarios

DBRS Morningstar's cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, interest rates, and RV loss. Several different prepayment scenarios were evaluated when assessing the sufficiency of credit enhancement. A total of 18 cash flow scenarios were assessed to evaluate the performance of the Class A Notes that also incorporated front-, mid-, and back-loaded default timings and interest rates stresses.

Interest Rate Risk and Basis Risk

Interest rate risk in the transaction arises from the fixed interest rate on the auto lease receivables and the one-month Euribor floating rate applied to the Class A notes. To mitigate this risk, the Issuer is expected to enter into a swap agreement with DZ BANK AG. Under the Class A swap agreement, the Issuer pays a fixed rate of 0.36% and receives one-month Euribor + 0.52%.

Since the floating rate payable under the Class A notes is equal to the floating rate payable to the Issuer under the swap, there is substantially no basis risk. DBRS Morningstar applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology.

Default and Recovery Assumptions

For vintages that were not fully seasoned, cumulative defaults and net losses were projected to maturity using historical data relating to loss timing. DBRS Morningstar was not provided with separate recovery information; however, recovery performance was derived from the cumulative default and cumulative net loss historical performance and benchmarked to comparable Dutch transactions.

	Assumption
Expected Gross Loss Rate	2.1%
Expected Recovery Rate	62.1%
AAA (sf) Recovery Rate	37.6%

DBRS Morningstar applied a high-range core default multiple for the transaction at the ratings assigned to the Class A notes.

Residual Value Loss

DBRS Morningstar analysed VWPFS' vehicle realisation data with consideration given to costs associated with vehicle disposal. DBRS Morningstar also benchmarked VWPFS' performance against Dutch market performance data to assess the vehicle price volatility and to derive the RV market loss.

A turn-in rate at lease maturity of 100.0% was assumed that contributed to an expected RV loss of 40.0% under a AAA (sf) scenario.

Prepayment Stress

Under a AAA (sf) scenario, DBRS Morningstar assessed annualised prepayment rates of between 0% and 10%, with the former presenting the constraining scenarios within DBRS Morningstar's cash flow analysis due to the increased RV exposure.

Timing of Defaults and Recoveries

DBRS Morningstar estimated the default timing patterns and created base-, front-, mid-, and back stress-loaded default curves. The weighted-average life of the collateral portfolio under DBRS Morningstar's stressed cash flows is expected to be about three years and the front-loaded, base- and back-loaded default distributions are listed below.

Year	Front	Mid	Back
1	50%	20%	20%
2	30%	50%	30%
3	20%	30%	50%

DBRS Morningstar considered a six-month recovery lag within its analysis.

Risk Sensitivity

DBRS Morningstar determines RV losses and expected probability of default (PD) and loss given default (LGD) based on a review of historical data and pool composition. Adverse changes to asset performance may cause stresses to base-case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the ratings to various changes in the RV loss, default rates, and loss severity assumptions relative to the assumptions used by DBRS Morningstar in assigning the ratings.

Class A Notes

		Increase in PD and LGD Rate (%)		
		0	**25**	**50**
Increase in RV Loss (%)	**0**	AAA (sf)	AA (sf)	AA (sf)
	25	AA (sf)	AA (low) (sf)	A (high) (sf)
	50	A (high) (sf)	A (sf)	A (low) (sf)

Appendix

Origination & Underwriting

VWPFS issues private leasing contracts under the DutchLease B.V. (DL) brand, Dealer Leasing and Fleet Services. VWPFS provide a modern and cost-effective alternative to the purchase of vehicles in the Netherlands for many and for the financing of investments, the latter in particular for the business partners of the Volkswagen Group.

In addition to providing leasing for the brands noted above, VWPFS also offers service-leasing to commercial and non-commercial customers and leasing options for used vehicles of all makes.

The co-operation between the manufacturer or importer and the dealer-partner, respectively, is established by a dealer agreement. Under this agreement the dealer-partner is given the responsibility for marketing the products and services of the Group and servicing its trademarked products. Each dealer-partner is trained in leasing business. The dealer-partner is the local contact person and available to the lessee during the whole life of the leasing contract.

Underwriting Process

All underwriting activities are appropriately segregated from marketing and sales. VWPFS adheres to standard identity and income verification practices, including collection of income statements, while identity cards, proof of address, and utility bills are reviewed. External credit data is retrieved from nationally recognised sources and incorporated into the automated credit scoring models.

Prior to acceptance of an application, the originators check the credit standing of the customer in the form of a credit report that may include information from credit agencies, banks, financial statements, and other relevant sources. For private and commercial retail customer contracts, applications are automatically approved by a scoring system if the information on the application demonstrates that the applicant meets the criteria for an automatic approval.

Applications are analysed through VWPFS' internal credit scoring system, which assigns a band to the lease denoting the risk associated with the lessee and lease. Both retail and commercial retail customers are evaluated under one of 16 risk bands, with 01 representing the best score, and 15 and 16 representing the worst scores. For large customers where there is a master framework agreement with the originators, the application is evaluated by at least two credit officers. Ongoing checks are then made to ensure that credit limits are respected for any newly leased vehicles. Applications that are not automatically accepted by the scoring system are assessed by an employee of the credit department. The employees of each credit department typically have several years of industry experience and degrees in business administration. Employees are personally assigned a credit ceiling up to which they may underwrite a given lease.

Summary Strengths

- Active early arrears management practices which benefit from automated workflows.
- Global brands with good reputation and strong position within Dutch market.
- Rising penetration rate over last few years.
- Use of multiple rules-based credit scoring models incorporating credit bureau data and monthly analysis of rules and performance metrics.
- Centralised and independent credit and risk management functions with underwriting teams split between retail (individuals and business) and corporates.

Servicing

Servicing begins during the final stages of initial financing, with the customer services department reviewing all lessee documents and credit terms including interest rates, lease maturity, insurance, and prepayment terms. The majority of payments are made via direct debit and have monthly payment frequencies. In the rare circumstance where customers do not agree to this requirement, payment comes from standing orders for payment transfers from their bank account, regular bank transfers, or cheque.

Since February 2019 the general arrears management process has been outsourced to a third-party specialist in credit management. All collection activities are automated and is driven by the collection tool OnGuard. The tool enables VWPFS to set different profiles and specific processes to follow to collect the outstanding debt.

Initial collections activity starts when letters are sent out immediately following a missed payment. If the lessee does not pay, a second reminder letter is generally sent after another two weeks, in which interest on arrears and other costs are also mentioned. The third reminder after 35 days includes charges for the reminder, the threat of a summary court order to pay, and the threat of termination of the contract. In addition, the dealer who intermediated the contract is brought into the proceeding and requested to investigate the situation and to help with the collection of the debts.

VWPFS complies with all regulatory guidelines. The company’s behavioural scoring model, which assigns a PD and LGD to each lease, is used to segregate arrears cases based on the risk profile.

Special arrears management after 90 days past due is returned in house and the servicing is centralised in Amersfoort. The default process is initiated by the team referred to as 'Doubtful Debtors' by sending a notification to different departments within VWPFS (including management) when a client or legal entity has been declared bankrupt or granted a moratorium of payments.

If the client continues to fail settlement of the outstanding balance, VWPFS will decide to terminate the contracts and repossess the leased vehicle, as applicable. The costs related to the early termination of the contracts will be invoiced to the lessee.

Summary Strengths

- Majority of payments made via direct debit.
- Low default rate and stabilised recovery rates.
- Active early arrears management practices, which benefit from automated workflows, and
- behavioural scoring that segregates arrears cases based on risk and lease size.

Opinion on Backup Servicer: No backup servicer will be appointed at closing. Upon the occurrence of an appointment trigger event, the Issuer shall appoint a backup servicer. Intertrust Administrative Services B.V. has been appointed as the backup servicer facilitator. DBRS Morningstar believes that VWPFS's current financial condition and that of the wider group mitigates concerns about a possible disruption in servicing following a servicer event of default, particularly insolvency.

Methodologies Applied

The principal methodology applicable to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (29 October 2021), https://www.dbrsmorningstar.com/research/387042/rating-european-consumer-and-commercial-asset-backed-securitisations.

Other methodologies referenced in this transaction are listed below:

- *Legal Criteria for European Structured Finance Transactions* (29 July 2021), https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions.
- *Rating European Structured Finance Transactions Methodology* (30 July 2021), https://www.dbrsmorningstar.com/research/382486/rating-european-structured-finance-transactions-methodology.
- *Operational Risk Assessment for European Structured Finance Servicers* (16 September 2021), https://www.dbrsmorningstar.com/research/384513/operational-risk-assessment-for-european-structured-finance-servicers.
- *Operational* Risk *Assessment for European Structured Finance Originators* (30 September 2020), https://www.dbrsmorningstar.com/research/384512/operational-risk-assessment-for-european-structured-finance-originators.
- *Interest Rate Stresses for European Structured Finance Transactions* (24 September 2021), https://www.dbrsmorningstar.com/research/384920/interest-rate-stresses-for-european-structured-finance-transactions.
- *Derivative Criteria for European Structured Finance Transactions* (20 September 2021), https://www.dbrsmorningstar.com/research/384624/derivative-criteria-for-european-structured-finance-transactions.
- *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* (3 February 2021), https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

The rating methodologies and criteria used in the analysis of this transaction can be found at: https://www.dbrsmorningstar.com/about/methodologies. Alternatively, please contact info@dbrsmorningstar.com.

Surveillance Methodology

DBRS Morningstar monitors this transaction in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at www.dbrsmorningstar.com under Methodologies. Alternatively, please contact info@dbrsmorningstar.com.

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