

**VCL Master Netherlands B.V.**

**Annual Report 2024**

**Amsterdam, the Netherlands**

VCL Master Netherlands B.V.

Basisweg 10

1043 AP Amsterdam

The Netherlands

Chamber of Commerce Amsterdam 65490916

# ***VCL Master Netherlands B.V.***

## ***Annual Report 2024***

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# ***VCL Master Netherlands B.V. Annual Report 2024***

## ***List of counterparties***

Director	CSC Management (Netherlands) B.V.
Issuer	VCL Master Netherlands B.V.
Arranger	ING Bank N.V.
Seller (Originator)	Volkswagen Pon Financial Services B.V.
Issuer Administrator	CSC Administrative Services (Netherlands) B.V.
Paying, calculation agent	U.S. Bank Europe DAC
Servicer	Volkswagen Pon Financial Services B.V.
Swap Counterparty	DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Rating Agencies	DBRS Ratings GmbH ("DBRS") Moody's Deutschland GmbH ("Moody's")
Stock Exchange	Luxembourg Stock Exchange
Independent auditor	EY Accountants B.V.
Registered office	Basisweg 10, 1043 AP Amsterdam

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**1. Director's report**

# **VCL Master Netherlands B.V.**

## **Annual Report 2024**

### **1.1 Activities and results**

The Director herewith presents the Annual Report of VCL Master Netherlands B.V. (the "Company") for the year 2024.

#### **General**

##### *Structure of operations*

The Company is a private company with limited liability incorporated under the laws of the Netherlands on March 3, 2016. The statutory address of the Company is Basisweg 10, Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 65490916. All issued shares are held by Stichting VCL Master Netherlands, which also is established in Amsterdam, the Netherlands.

On May 31, 2016 (the "Closing Date"), the Company purchased a portfolio of leased vehicle contracts and the accompanying lease receivables ("Lease Receivables") and entered into a Master Hire Purchase Agreement and a number of related agreements, amounting to EUR 254.5 million. The contract and Lease Receivables were acquired from Volkswagen Leasing B.V. and DutchLease B.V. (collectively, the "Originator"). In order to finance the transaction, under the EUR 1,500,000,000 Programme, the Company issued Asset Backed Floating Rate Class A Notes and Asset Backed Floating Rate Class B Notes (the "Notes"), which are quoted on the Luxembourg Stock Exchange, for an initial amount of EUR 190.7 million. The Company also entered into a Subordinated Loan agreement with Volkswagen International Luxembourg S.A., whereby the Subordinated Lender provided the Subordinated Loan to fund the remainder of the initial purchase price and entered into a Maintenance Reserve Funding Agreement with the Originator. During the Revolving Period, the Company is allowed to substitute the proceeds from Lease Receivables for the purchase of additional Leased Vehicles and accompanying Lease Receivables.

On February 22, 2018, Volkswagen International Luxembourg S.A. was replaced as subordinated lender by Volkswagen Pon Financial Services B.V. (the "Subordinated Lender"). On October 31, 2019, Dutchlease B.V. merged into Volkswagen Leasing B.V., whereby Volkswagen Leasing B.V. assumed all obligations of and took over all rights from DutchLease B.V. On November 4, 2019 Volkswagen Pon Financial Services B.V. merged into Volkswagen Leasing B.V. and Volkswagen Leasing B.V. changed its legal name to Volkswagen Pon Financial Services B.V.

During the years 2020 until 2023, the Company issued new Series of Class A Notes and increased the existing Series of Class A Notes for a total amount of EUR 280.5 million and the existing Series of Class B Notes for a total amount of EUR 34.2 million. Furthermore, the Company requested and received additional advances from the Subordinated Lender for a total amount of EUR 76.5 million. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

On May 28, 2024, the Company increased the existing Series of Class A Notes for a total amount of EUR 57.4 million and the Series of Class B Notes for a total amount of EUR 6.4 million. Furthermore, the Company requested and received an additional advance for a total amount of EUR 14.9 million from the Subordinated Lender under the Subordinated Loan Agreement. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

The Notes are rated by Moody's Deutschland GMBH and DBRS Ratings GmbH (see note 5 for applicable ratings).

If a transferor retains substantially all the risks and rewards associated with transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Director has concluded that the Originator has retained substantially all the risks and rewards of the Lease Receivables under the most likely future circumstances. As a consequence, the Company does not recognise the Lease Receivables on its Balance Sheet but rather a Deemed loan to the Originator.

##### *Arranger*

The transaction is arranged by ING Bank N.V. ("ING Bank" or "Arranger").

##### *Personnel*

As all operational activities are performed by external parties (see "List of counterparties"), the Company does not have any personnel.

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### *Limited recourse*

The Notes are limited recourse obligations of the Company alone and will not be the obligations of, or guaranteed by, or be the responsibility of, any other entity. The Company will have limited sources of funds available.

The ability of the Company to meet its obligations to pay principal and interest on the Notes is dependent on the receipt of the funds from the Deemed loan to the Originator, being receipts from the Lease Receivables, the proceeds of the sale of any Lease Receivables, payments under the swap agreement and the availability of the Cash Collateral Account.

Due to the limited recourse nature of the Notes, the Company is almost not exposed to any risks as all the risks are fully mitigated by derivative contracts or transferred to the Noteholders as described in the legal documentation as far as not transferred to the Swap Counterparty.

### *Financial reporting*

The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The Director is also responsible for the preparation and fair presentation of the financial statements. The Company's internal control over financial reporting is included in the ISAE 3402 framework of the Director.

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

### **Comparison with prior year**

The principles of valuation and determination of result remain unchanged compared to the prior year.

## **RISK MANAGEMENT**

### **General**

The Company's principal financial instruments during the year comprised the Deemed loan to the Originator, the Notes payable, the Subordinated Loan and Derivative instruments. The main purpose of these financial instruments is to finance the Company's operations and to manage the interest rate risk arising from its issued Notes.

Repayment of principal and interest payment on the Notes is subject to financial risks. If and when these risks materialize into losses, these losses will be borne by holders of the Notes issued, as well as other creditors that are party to the transaction, connected with the Lease Receivables as collateral to the Deemed loan to the Originator.

The key financial instrument risks are classified as credit and concentration risk, market risk (interest rate risk), liquidity risk, Swap Counterparty credit risk as well as, specifically applicable in relation to the Lease Receivables, residual value risk. These risks mainly relate to the Lease Receivables as collateral to the Deemed loan to the Originator.

### **Credit risk**

The Lease Receivables bear credit risk. As a company that invests in carlease loans in the Netherlands the Company has significant exposure to credit risk associated with the carlease market in the Netherlands.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each Lease Receivable is collateralised by the related car/vehicle, and the portfolio is well spread over a large number of individual Lease Receivables, a variety of car/vehicle types, geographical areas and a variety in industry sectors in which the applicable lessees operate. If a borrower defaults and the Company forecloses on the Lease Receivable, the Company is entitled to all proceeds of the sale of the related car/vehicle. If the proceeds from the sale of the car are insufficient to repay the outstanding principal amount of the Lease Receivable, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's creditors that are also a party to the transaction.

The Director is aware of the potential volatility in macro-economic developments and the car market in particular, and of the dangers it can bring with it. Consequently, not only the creditworthiness of the borrower/lessee can be recognised as a risk but also the general economic conditions and the car(lease) market in particular have an impact on the probability of a loss. Although the Company is exposed to a certain degree of credit risk, the Director believes the credit risk is low due to the limited recourse nature of the issued Notes.

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The maximum credit risk per the year ending is EUR 1,090,777,998 (previous year: EUR 1,080,510,002) which represents the total amount of the assets.

### **Concentration risk**

Concentration risk reflects the risk that the inability of a single or relatively small number of contractual partners to meet their current or future obligations may lead to substantial losses to the Company.

The Company's borrowers are generally well spread in terms of their share of the total obligation under the Lease Receivables, as well as other diversifications such as spread between private and business lessees, geographical spread within the country and the sectors in which the lessees operate. However, the Company is exposed to a single leasing company (Volkswagen Pon Financial Services B.V.).

### **Interest rate risk**

The Notes bear interest (floating, subject to a floor of zero). Possible risks regarding the interest on the Notes, as a result of fluctuations in the prevailing levels of market interest rates are mitigated by swap contracts. The interest rate risk on the Subordinated Loan is not hedged by means of swap contracts.

### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations towards the Noteholders, and other creditors, as they become due. Liquidity risk on interest payments to be made by the Company to its Noteholders arises from mismatches on both the interest frequency on the Notes versus the Lease Receivables, as well as from the outstanding value of the Notes compared to the Lease Receivables. Liquidity risk on principal payments arises from mismatches in the maturity of the Notes compared to the maturity of the Lease Receivables.

Matching maturities of assets and liabilities and related cash flows is fundamental to the Director of the Company. This risk is addressed and mitigated by credit enhancements, such as the Subordination of the Notes and the availability of the Cash Collateral Account.

### **Swap Counterparty credit risk**

The Company has entered into a swap agreement with the Swap Counterparty. Pursuant to this agreement, the Swap Counterparty agreed to make payments to the Company under certain circumstances as described therein.

The Swap Counterparty credit risk is the risk that the Company will be exposed to the credit risk of the relevant Swap Counterparty with respect to any such payments. To mitigate the Swap Counterparty credit risk of the financial derivatives, the Company only enters into contracts with carefully selected major financial institutions based upon their credit ratings.

With regards to Swap Counterparty exposure the Company uses International Swaps and Derivatives Association ("ISDA") agreements to govern derivative contracts to mitigate Swap Counterparty credit risk. The credit rating of DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main per year-end 2024 is AA- by Fitch and Aa2 by Moody's. Based on these ratings the Director believes the risk of the Swap Counterparty defaulting is low. Please note that the Swap Agreement provides for certain "Events of Default" (as defined in the Swap Agreement) relating to the Issuer and the Swap Counterparty, the occurrence of which may lead to a termination of the Swap Agreement.

Should the Swap Counterparty's rating fall below the contractually required rating, the posting of collateral is required, a third-party guarantee should be put in place or the Swap Counterparty should be replaced.

### **Residual value risk**

The residual value risk for the Company is the risk that, after it has acquired legal title to a Purchased Vehicle, any Vehicle Realisation Proceeds of such Purchased Vehicle are insufficient to cover:

- in case of a Matured Lease, the Estimated Residual Value; or
- in case of a Lease Agreement Early Termination, the Present Value of the Estimated Residual Value of such Purchased Vehicle.

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This risk is addressed and mitigated by the Master Hire Purchase Agreement under which the Originator, in case a Lease Termination Date occurs, has the option to repurchase the purchased vehicles together with the associated Lease Receivables at an Option Exercise Price equal to the sum of:

- the present value of all scheduled Lease Interest Components and Lease Principal Components; and
- the present value of the Estimated Residual Value of such Purchased Vehicles in the circumstances set out in the Master Hire Purchase Agreement.

If the Originator does not exercise the option to repurchase the purchased vehicles together with the associated Lease Receivables, the Company may exercise its Put Option to sell the purchased vehicles together with the associated Lease Receivables against the Option Exercise Price to the Originator.

### **Operational risk**

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Lease Receivables, and the entity administration and investor reporting is performed by regulated, well-known companies. The operating risk is mitigated as the Company has contractual agreements with these companies and these companies either provide annual audited portfolio statements on the Lease Receivables and/or an ISAE 3402 report with respect to the services provided by the (sub) Servicer. Furthermore, the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. The Director believes that the operational risks are low and no further measures are deemed necessary.

### **Risk appetite**

The Company by its nature exposes itself to financial risks. The investors in the Notes issued by the Company are made aware of these risks and understand the adverse effects on repayment of principal and interest payments on issued Notes in the event these risks materialize into losses.

Based on the above, the Company is of the opinion that all significant risks are adequately addressed and that no ongoing risk assessment is deemed necessary. The credit enhancements granted are all part of the risk control measures. As a result, the Company's risk appetite is low.

### **Fraud**

In view of fraud, bribery and anti-corruption, the Director implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the Director implemented, amongst others, a code of conduct, whistle-blower policies and internal policies around reporting non-compliance. The Director applies a zero-tolerance policy in relation to fraud, bribery and corruption. No instances of (internal or external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

### **Audit committee**

The Company is an entity for securitization purposes according to Article 1 ministerial decree prudence rules Financial Supervision Act (Article 1, Decree on Prudential Rules for Financial Undertakings). As such the Company makes use of the exemption for securitization vehicles, concerning the obligation to establish an audit committee as defined in article 3d of the implementing regulation enforcing Article 41 of the European Directive no. 2006/43/EG. The implementing regulation came into effect in the Netherlands on August 8, 2008. The duties of the audit committee rest with the Director.

### **Results**

Apart from a pre-determined level of net income, the Company's financial results are for the account of the Originator through a Final Success Fee mechanism. Reference is made to the general notes to the financial statements for further details.

The net asset value of the Company as at December 31, 2024 amounts to EUR 18,073 (previous year: EUR 16,048). The result for the year 2024 amounts to EUR 2,025 (previous year: EUR 2,025). The operating result amounts to EUR 16,023,187 (previous year: EUR 15,288,912). The carrying amount of the Deemed loan to the Originator amounts to EUR 1,027,149,955 (previous year: EUR 1,021,750,617).

In the reporting period the average interest rate on the Deemed loan to the Originator amounted to 5.45% (previous year: 5.04%) and the average funding rate amounted to 4.65% (previous year: 4.10%). The average interest rates approximate the effective rates.

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Based on the set-up and structure of the Company, a special purpose vehicle with a fixed/predetermined amount of profit each year, no information or analyses are presented on the solvency, liquidity or any other performance ratios.

Realised losses on the underlying Lease Receivables (net of recoveries) during the year amounted to EUR 5 thousand (previous year: EUR 15 thousand). At year-end, the cumulative net loss ratio is 0.18% (previous year: 0.14%). Based on a specific review of this loss ratio and taking into consideration the underlying collateral, the Director has decided not to make a provision for credit losses for doubtful underlying Lease Receivables.

### **Research and development**

Based on the set-up and structure of the Company, a special purpose vehicle, no information or analyses is presented on the subject matter of research and development.

### **Environmental, Social & Governance (ESG)**

Under the current Corporate Sustainability Reporting Directive (CSRD), the Company has to report under the European Sustainability Reporting Standards (ESRS) from book year 2025 and onwards. In February 2025, however, the European Commission has released a package of proposals (Omnibus proposals) to reduce the sustainability reporting and due diligence requirements. As part of this Omnibus package only the largest companies would report under European Sustainability Reporting Standards, and if these proposals are to be adopted, this means that the Company will not be subject to the CSRD reporting requirements. To allow for time to agree these changes, the European Council formally approved in April 2025 the 'Stop-the-clock' directive presented by the European Commission in 2025. 'Stop-the-clock' concerns the postponement of mandatory sustainability reporting (CSRD) by two years. The Company will continue to closely monitor the developments and their potential impact.

### **Subsequent events**

On May 27, 2025, the Company increased the existing Series of Class A Notes for a total amount of EUR 74.4 million and the Series of Class B Notes for a total amount of EUR 8.4 million. Furthermore, the Company requested and received an additional advance for a total amount of EUR 14.8 million from the Subordinated Lender under the Subordinated Loan Agreement. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

## **1.2 Future outlook**

This macro-economic analysis in this section is largely based on data and expectations presented by De Nederlandsche Bank ("DNB") and the Dutch branch organisation (BOVAG) for the car industry.

The prediction of future trends and the quantification of developments is inherently a difficult task, full of uncertainties. The calculation of economic indicators and predictions will inevitably lag behind events and some of the information available may not be completely up-to-date with developments.

DNB has concluded that the Dutch economy was in the process of recovery during the second half of 2024 principally as the result of increased domestic consumption. Increasing wage levels outstripped other inflation factors and has led to higher levels of disposable income. At the same time unemployment levels remained relatively stable and these factors ensured a growth in GDP of 0.9% for the year. The contribution of exports was negligible as the competitive position of Dutch producers declined in a tight world market. As a country that is heavily reliant on exports, The Netherlands continued to be impacted by the pressures in global markets and will likely remain vulnerable in this area. Inflation reduced though to levels that were appreciably higher than the Eurozone targets and averages. The impact of energy prices on inflation levels reduced appreciably. The ECB lowered interest rates steadily through most of 2024 reflecting a careful expectation that inflation levels in the Euro zone were slowly returning to long-term targets. By the end of the year, there were clear signals that the peak in interest rates had been reached. The trends being experienced during the second half of 2024 are expected to continue into 2025 and 2026 and the DNB predicts a period of modest growth of around 1.5% for each of those years.

Alongside its most likely scenario, the DNB has also sketched an alternative scenario for the coming years which is largely based on escalation in the conflicts in the Ukraine and the Middle East, and increased trade barriers in the world economy. The risks associated with increased trade barriers intensified following the election results in the USA in November of 2024. These adverse developments would very likely impact the global economy, and the Dutch economy in particular, given its dependence on global markets and exports.

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Despite stagnating during the first half of the year, GDP in the Netherlands grew by 0.9% in 2024 as a whole, as compared to 2023. The current expectations are that GDP will continue the trends of the second half of 2024 show a rise of around 1.5% in both 2025 and 2026. In a 'worst case scenario' of escalating world conflicts and trade barriers, the predicted GDP level shows a more modest increase for 2025 of 1.0% and just 0.4% for 2026. The growth is expected to come primarily from domestic consumption and improved investment levels by companies.

All scenarios are impacted by government spending, particularly in the form of investments in social security, medical care, and defence though they are expected to have less of an impact than in previous years. The level of government budget deficit decreased from 0.9% in 2023 to around 0.7% in 2024. This deficit is significantly lower than previously predicted as the impact of the growing economy was felt during the second half of 2024. For 2025 and 2026 and budget deficit levels of 2.1% and 3.1% respectively are expected. The 2025 level is close to the current EU norm of 3.0% and the expected 2026 level exceeds it. Investments in social security, medical care, and defence continue to dominate spending levels though a significant element of the defence costs are of a one-off nature. The higher levels of interest expense will also impact spending significantly due to the relatively long duration of government bonds issued in recent years when interest rates were relatively high.

In determining the projections for 2024 and beyond, DNB has pointed to a number of strengths and weaknesses of the commercial sector within the Dutch economy that underly the projected developments. The economy has generally been robust to the higher inflation and interest rate levels of recent years. Levels of investments and credit have stagnated somewhat but without significant effects on unemployment and corporate bankruptcy levels. The vulnerability lies primarily in the export and global markets sectors of the economy. Businesses are having to cope with hesitance in international activity, whilst having to cope with higher inflation and interest rate levels than some of the global competitors. The business investment level is expected to increase moderately in 2025, on the back of the increased domestic economic activity and the low investment levels for 2024. The year 2025 is also expected to see a corresponding increase in both activity and requests for credit from the banks and capital markets as confidence is restored somewhat. This is likely to be tempered by increasing costs and pressure on profit levels. The DNB expects that the Dutch exports will increase by 2.0% in both 2025 and 2026.

Unemployment levels remained relatively stable during 2024 at 3.7% and are expected to increase slightly during 2025 to 3.9%, finishing at 4.0% in 2026. Labour markets are expected to remain very tight in the coming years. A reduction in labour positions is expected but this will be closely matched by reductions in the labour force as immigration reduces and participants leave the labour markets on grounds of age. An increase in labour efficiency is required. In the light of these factors, labour markets are expected to remain relatively tight.

Headline inflation decreased from an average of 4.1% in 2023 to some 3.2% in 2024 as inflationary pressures from higher consumer and energy prices eased. This was partly offset by continued pressure from rising wage settlements but also rising house rental prices and the consequences of fiscal measures taken by the government. The inflation levels were still higher than the Euro-zone norm and averages. The expectation is that the inflation levels for the years 2025 and 2026 will be at 3.2% and 2.8%, respectively and still above the Euro zone targets. This expectation is based on the exit rate for 2024, and the expectation that the levels will continue to be negatively influenced by lagging wage inflation and a hesitant economy.

The level of new car registrations in 2024 was 381,227. That was up 3.1% from the 369,791 recorded in the previous year. New car registrations in 2024 exceeded expectations and this was particularly the result of the high number of registrations in December of 2024. It appears that this was partly the result of the withdrawal of subsidies for electric vehicles ('EVs') and hybrids. These categories continued to grow significantly to 76.6% of all new registrations in 2024, though they still only represent around 16.5% of all vehicles currently on the road. With the loss of government incentives for EVs and hybrids, there is concern that it may not be possible to maintain the trend of high EV and hybrid registrations in 2025 and beyond, and that emission targets for the future may be missed.

The Dutch branch organisation (BOVAG) has declined to issue an estimate for the level of new registrations in 2025. The impact of the withdrawal of government incentives for the EV and hybrid market, for both the consumer and business markets, as well as the overall developments in the Dutch economy and individual sectors are difficult to predict.

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It is important to reiterate that the Company was incorporated specifically for its role in a structured finance transaction and is governed by the terms and conditions of the Prospectus and other Transaction Documents. These are drawn up, inter alia, to foresee all possible future economic conditions, including those caused by, for instance, political conflicts and pandemics. At this stage, it is quite possible that the consequences of adverse economic conditions will result in an increased level of losses of both interest and principal on the Company's assets. The limited recourse principle embedded in the Prospectus and Transaction Documents dictates that any such losses from the Company's assets are to be borne by the Company's creditors, in accordance with a pre-determined priority of payments waterfall.

Consequently, any such losses are unlikely to be borne by the Company itself but rather by the Company's creditors, including the beneficiary of the Final Success Fee, the Noteholders, other creditors and only ultimately the Company's shareholder. The Company intends to continue to act within the terms and conditions set out for it by the Transaction Documents, and to otherwise comply with all its other obligations. The Company has no employees and is dependent on third-party service providers. However, the level or quality of the service provided has remained unaffected.

For the coming year, the Company's expected income before taxation is EUR 2,500, which is predetermined based on the set-up of the Company. Accordingly, the shareholder's equity is expected to increase slightly year-over-year. The Company will continue to use its funding sources to purchase additional Lease Receivables from the Originator. These increasing positions in the balance sheet are expected to have a small increase of the total interest income and interest expenses in the Statement of income for next year.

In conclusion, the Company expects to remain a going concern. The Director believes that the Company's risks are adequately mitigated by the various credit enhancements, as described in the financial statements. Also, as the Company's obligations to the Noteholders are of limited recourse, consequently no significant changes in the current position of the Company are expected for the next 12 months.

### **Director's representation statement**

The Director declares that, to the best of its knowledge, the financial statements prepared in accordance with the applicable set of accounting standards (Dutch GAAP for the Company) give a true and fair view of the assets, liabilities, financial position and result of the Company and that the Director's report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties it faces.

### **Director**

During 2024 the Company was represented by CSC Management (Netherlands) B.V. (formerly known as Intertrust Management B.V.) in the role as Director of the Company.

Amsterdam, July 25, 2025

Director  
CSC Management (Netherlands) B.V.

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**2. Financial statements**

# VCL Master Netherlands B.V.

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### 2.1 Balance sheet as at December 31, 2024

(before result appropriation)

	Note	December 31, 2024		December 31, 2023	
ASSETS		EUR	EUR	EUR	EUR
<b>Fixed assets</b>					
<i>Financial fixed assets</i>	[1]				
Deemed loan to the Originator		<u>1,027,149,955</u>	1,027,149,955	<u>1,021,750,617</u>	1,021,750,617
<b>Current assets</b>					
<i>Receivables</i>	[2]				
Servicer receivables		50,106,180		45,927,667	
Interest receivables		42,811		11,364	
Other receivables		-		325,785	
Derivative instruments		<u>101,524</u>		<u>83,612</u>	
			50,250,515		46,348,428
Cash	[3]		13,377,528		12,410,957
<b>Total assets</b>			<u><u>1,090,777,998</u></u>		<u><u>1,080,510,002</u></u>
<b>SHAREHOLDER'S EQUITY AND LIABILITIES</b>					
<b>Shareholder's equity</b>	[4]				
Share capital		1		1	
Other reserves		16,047		14,022	
Net result		<u>2,025</u>		<u>2,025</u>	
			18,073		16,048
<b>Non-current liabilities</b>	[5]				
Notes payable		953,000,000		889,200,000	
Subordinated Loan		36,467,868		95,344,094	
Final Success Fee		<u>63,087,093</u>		<u>60,717,330</u>	
			1,052,554,961		1,045,261,424
<b>Current liabilities</b>	[6]				
Interest payable		485,995		659,622	
Cash Collateral Amount		12,865,500		12,004,200	
Taxes payable		5,767		6,111	
Accrued expenses and other liabilities		<u>24,847,702</u>		<u>22,562,597</u>	
			38,204,964		35,232,530
<b>Total shareholder's equity and liabilities</b>			<u><u>1,090,777,998</u></u>		<u><u>1,080,510,002</u></u>

The accompanying notes form an integral part of these financial statements.

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### **2.2 Statement of income for the year ended December 31, 2024**

	Note	2024 EUR	2023 EUR
Interest income	[7]	56,307,219	50,763,876
Interest expenses	[8]	-40,284,032	-35,474,964
<b>Operating result</b>		<b>16,023,187</b>	<b>15,288,912</b>
Other operating expenses	[9]	-9,645,423	-7,320,870
Final Success Fee	[10]	-6,375,264	-7,965,542
<b>Income before taxation</b>		<b>2,500</b>	<b>2,500</b>
Corporate income tax	[11]	-475	-475
<b>Net result</b>		<b>2,025</b>	<b>2,025</b>

The accompanying notes form an integral part of these financial statements.

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### 2.3 Statement of cash flows for the year ended December 31, 2024

The Statement of cash flows has been prepared according to the indirect method.

	Note	2024		2023	
		EUR	EUR	EUR	EUR
Net result			2,025		2,025
<i>Adjustments on Statement of income:</i>					
Interest income	[7]	-56,307,219		-50,763,876	
Interest expenses	[8]	40,284,032		35,474,964	
Corporate income tax	[11]	475		475	
Losses on Lease Receivables	[1]	5,119		15,038	
Final Success Fee		2,369,763		11,275,914	
Discount Deemed loan to the Originator		48,430,480		21,650,313	
			34,782,650		17,652,828
<b>Movements in working capital</b>					
Change in receivables	[2]	-3,852,728		-4,748,854	
Change in derivative instruments	[6]	-17,912		-157,568	
Change in accrued expenses and other liabilities	[6]	2,285,105		2,087,193	
Corporate income tax paid	[11]	-475		-475	
VAT payable	[6]	-344		308	
Cash Collateral Amount received	[6]	861,300		862,650	
			-725,054		-1,956,746
Cash flow from operating activities			34,059,621		15,698,107
<b>Cash flow from investing activities</b>					
Additional Lease Receivables purchased	[1]	-508,537,082		-483,467,434	
Repayments from Lease Receivables	[1]	228,520,297		194,813,954	
Repurchased Lease Receivables by the Originator	[1]	226,181,848		208,231,103	
Interest received	[7]	56,275,772		50,752,512	
Cash flow from investing activities			2,440,835		-29,669,865
<b>Cash flow from financing activities</b>					
Notes issued	[5]	63,800,000		63,900,000	
Drawdown of Subordinated Loan	[5]	14,856,089		14,849,968	
Repayment of Subordinated Loan	[5]	-73,732,315		-28,608,275	
Interest paid		-40,457,659		-35,373,956	
Cash flow from financing activities			-35,533,885		14,767,737
<b>Movements in cash</b>			966,571		795,979
<b>Notes to the cash resources</b>					
Balance at January, 1			12,410,957		11,614,978
Movements in cash			966,571		795,979
Balance at December, 31			13,377,528		12,410,957

The accompanying notes form an integral part of these financial statements.

# **VCL Master Netherlands B.V.**

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### **2.4 General notes to the financial statements**

#### **General**

##### *Structure of operations*

VCL Master Netherlands B.V. (the "Company") is a private company with limited liability incorporated under the laws of the Netherlands on March 3, 2016. The statutory address of the Company is Basisweg 10, Amsterdam, the Netherlands. The Company's Dutch Chamber of Commerce registration number is 65490916. All issued shares are held by Stichting VCL Master Netherlands, which also is established in Amsterdam, the Netherlands.

The objectives of the Company are (a) to hire-purchase, acquire, purchase, manage, alienate and encumber vehicles and receivables and to exercise any rights connected to such vehicles and receivables; (b) to take up loans, by issuing debentures, by granting participating interests or by entering into loan agreements, for the acquisition of vehicles and receivables mentioned under (a) and to enter into agreements in connection herewith; (c) to invest, including the providing of loans, any funds held by the Company; (d) to hedge interest rate - and other financial risks - amongst others by entering into derivatives agreements, including swap agreements and option agreements; (e) if incidental to the foregoing: i. to take up loans, amongst others to repay the obligations under any debentures, participating interests and loan agreements mentioned under (b); and ii. to grant property and personal security rights (goederenrechtelijke en persoonlijke zekerheidsrechten), or to release security rights granted to it by third parties, and to do all that is connected therewith or may be conducive thereto, all to be interpreted in the broadest sense.

On May 31, 2016 (the "Closing Date"), the Company purchased a portfolio of leased vehicle contracts and the accompanying lease receivables ("Lease Receivables") and entered into a Master Hire Purchase Agreement and a number of related agreements, amounting to EUR 254.5 million. The contract and Lease Receivables were acquired from Volkswagen Leasing B.V. and DutchLease B.V. (collectively, the "Originator"). In order to finance the transaction, under the EUR 1,500,000,000 Programme, the Company issued Asset Backed Floating Rate Class A Notes and Asset Backed Floating Rate Class B Notes (the "Notes"), which are quoted on the Luxembourg Stock Exchange, for an initial amount of EUR 190.7 million. The Company also entered into a Subordinated Loan agreement with Volkswagen International Luxembourg S.A., whereby the Subordinated Lender provided the Subordinated Loan to fund the remainder of the initial purchase price and entered into a Maintenance Reserve Funding Agreement with the Originator. During the Revolving Period, the Company is allowed to substitute the proceeds from Lease Receivables for the purchase of additional Leased Vehicles and accompanying Lease Receivables.

If a Lease Receivable no longer meets the Lease Receivable eligibility criteria, the Originator has the obligation to repurchase the Lease Receivable and the option to substitute the Lease Receivable with a Lease Receivable that does meet the relevant criteria.

On February 22, 2018, Volkswagen International Luxembourg S.A. was replaced as subordinated lender by Volkswagen Pon Financial Services B.V. (the "Subordinated Lender"). On October 31, 2019, Dutchlease B.V. merged into Volkswagen Leasing B.V., whereby Volkswagen Leasing B.V. assumed all obligations of and took over all rights from DutchLease B.V. On November 4, 2019 Volkswagen Pon Financial Services B.V. merged into Volkswagen Leasing B.V. and Volkswagen Leasing B.V. changed its legal name to Volkswagen Pon Financial Services B.V.

During the years 2020 until 2023, the Company issued new Series of Class A Notes and increased the existing Series of Class A Notes for a total amount of EUR 280.5 million and the existing Series of Class B Notes for a total amount of EUR 34.2 million. Furthermore, the Company requested and received additional advances from the Subordinated Lender for a total amount of EUR 76.5 million. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

On May 28, 2024, the Company increased the existing Series of Class A Notes for a total amount of EUR 57.4 million and the Series of Class B Notes for a total amount of EUR 6.4 million. Furthermore, the Company requested and received an additional advance for a total amount of EUR 14.9 million from the Subordinated Lender under the Subordinated Loan Agreement. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

If a transferor retains substantially all the risks and rewards associated with transferred assets, the transaction is accounted for as a financing transaction, notwithstanding that it is a sale transaction from a legal perspective. The Director has concluded that the Originator has retained substantially all the risks and rewards of the Lease Receivables under the most likely future circumstances. As a consequence, the Company does not recognise the Lease Receivables on its Balance Sheet but rather a Deemed loan to the Originator.

# **VCL Master Netherlands B.V.**

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At initial recognition the Deemed loan to the Originator and Notes payable are measured at the purchase price (fair value) and subsequently accounted for at amortised cost.

### *The Director and related parties*

CSC Management (Netherlands) B.V. (formerly known as Intertrust Management B.V.) manages the Company. The Originator services the Lease Pool. CSC Administrative Services (Netherlands) B.V. (formerly known as Intertrust Administrative Services B.V.) handles cash management and statutory accounting.

Stichting VCL Master Netherlands (the "Foundation") holds the shares of the Company. The objectives of the Foundation are to incorporate, to acquire and to hold shares in the capital of the Company, and to administer the shares in the capital of the Company, to exercise all rights attached to such shares and to alienate and encumber such shares. The sole Director of the Foundation is CSC Management (Netherlands) B.V.

CSC Management (Netherlands) B.V. and CSC Administrative Services (Netherlands) B.V. belong to the same group of companies but are not related to the Originator. The CSC companies and the Originator, as well as any entities belonging to those groups, are considered related parties to the Company.

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties, if any, are disclosed in the notes. All transactions are executed at normal market conditions and considered to be at conducted at arm's length.

### *Credit ratings*

The Notes are rated by Moody's Deutschland GMBH and DBRS Ratings GmbH (see note 5 for applicable ratings).

### *Arranger*

The transaction is arranged by ING Bank N.V. ("ING Bank" or "Arranger").

### *Personnel*

As all operational activities are performed by external parties (see "List of counterparties"), the Company does not have any personnel.

## **Financial reporting**

The Director is responsible for establishing and maintaining adequate internal control over financial reporting. The Director is also responsible for the preparation and fair presentation of the financial statements. The Company's internal control over financial reporting is included in the ISAE 3402 framework of the Director.

These financial statements have been prepared for a reporting period of one year, from January 1, 2024 to December 31, 2024.

## **PRINCIPAL ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **Basis of preparation**

The financial statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code.

In some parts of the financial statements terms maybe used for financial statement line items that deviate from the decree on models of annual accounts (the Dutch "Besluit Modellen Jaarrekening"), for the purpose of better reflecting the content of the item.

The applied accounting policies for all assets and liabilities are based on the historic cost convention, which effectively comprises the cost of the transaction. The Balance sheet, Statement of income and the Statement of cash flows include references to the notes.

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An asset is recognised in the Balance Sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the Balance Sheet are considered as off-Balance Sheet assets.

A liability is recognised in the Balance Sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Liabilities that are not recognised in the Balance Sheet are considered as off-Balance Sheet liabilities.

An asset or liability that is recognised in the Balance Sheet, remains recognised on the Balance Sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken into account in this assessment.

An asset or liability is no longer recognised in the Balance Sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. In such cases, the results of the transaction are directly recognised in Statement of income.

If assets are recognised of which the Company does not have the legal ownership, this fact is being disclosed taking into account any allowances related to the transaction.

The Director has prepared the financial statements on July 25, 2025.

### **Comparison with prior year**

The principles of valuation and determination of result remain unchanged compared to the prior year.

### **Estimates**

The preparation of the financial statements requires the Director to form opinions and to make estimates and assumptions that influence the application of principles and the reported values of assets and liabilities and of income and expenditure. It also requires the Director to exercise its judgment in the process of applying the Company's accounting policies.

The actual results may differ from these estimates. The estimates and the underlying assumptions are constantly assessed. Revisions of estimates are recognised in the period in which the estimate is revised and in future periods for which the revision has consequences.

If necessary, for the purposes of providing the view required under article 2.362.1 Dutch Civil Code (DCC), the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the applicable financial statement items.

### **Going concern**

The Director has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, the Director is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. The Director believes that the Company's risks are adequately mitigated by the various credit enhancements, as described in the financial statements. Also, as the Company's obligations to the Noteholders are of limited recourse, consequently no significant changes in the current position of the Company are expected for the next 12 months. Therefore, the financial statements continue to be prepared on the going concern basis.

### **Agent**

The Company does not have the primary responsibility for the delivery or execution of services rendered to the lessee, nor does the Company have inventory risk or the freedom of action when determining the price of the services rendered. In addition, the Company faces no credit risk on the amount owed by the lessee with respect to the services rendered in the transaction as a result of the senior maintenance coordinator fee in the waterfall mechanism. Therefore, the Company is an agent for the aforementioned services in the transaction and the corresponding amounts are no income for the Company and are therefore not gross presented in the Statement of income.

# **VCL Master Netherlands B.V.**

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### **Offsetting**

Financial assets and liabilities are offset at the net amount reported in the Balance Sheet when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### **Foreign currencies**

The financial statements are presented in EUR, which is the functional and presentation currency of the Company.

### **Assets and liabilities**

#### **Financial fixed assets**

##### **Deemed loan to the Originator**

The Deemed loan to the Originator is initially measured at the purchase price (fair value) and subsequently the Lease Receivables underlying the Deemed loan to the Originator are measured at amortized cost minus a provision for impairment, using the effective interest method. Newly acquired contracts in the underlying portfolio are recognized at fair value. The carrying amount of the Deemed loan to the Originator approximates fair value.

The Company assesses at each Balance Sheet date whether a financial asset is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognized in the Statement of income for all categories of financial assets measured at amortized cost.

The amount of impairment losses on financial assets carried at amortised cost is calculated as the difference between the carrying amount of the asset and the best possible estimate of the future discounted cash flows. If an event occurs that impacts the underlying Lease Receivables, after the impairment was recognized, a previously recognised impairment loss is reversed to a maximum of the amount required to carry the asset at amortised cost at the time of the reversal if no impairment had taken place. The impairment loss reversal is taken to the Statement of income.

For the determination of the impairment losses on the Deemed loan to the Originator, the Company reviews the underlying Lease Receivables to determine if a provision for impairment is deemed necessary. The assessment takes into account the data from the Lease Receivables (such as credit quality, levels of arrears, historical loss patterns, etc.).

#### **Current assets**

##### **Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost. All receivables included under current assets are due in less than one year. The fair value of the current assets approximates the book value due to its short-term character. If a receivable is uncollectable, it is written off against the Statement of income.

##### **Cash**

Cash are measured at nominal value and, insofar as not stated otherwise, are at the free disposal of the Company. Cash relate to immediately due and payable withdrawal claims against credit institutions and cash resources. The fair value of cash approximates the book value due to its short-term character.

#### **Non-current liabilities**

##### **Notes payable**

Notes payable are initially recognised at fair value, normally being the amount received taking into account premium or discount and transaction costs. The Notes are subsequently stated at amortised cost, based on the effective interest method, being the amount received taking into account of any premium or discount, less any redemptions. The carrying amount of the Notes payable approximates fair value.

Contractual obligations of the Company towards the Noteholders are laid out in the Transaction documentation. The limited recourse nature of the transaction may result in the non-payment of both principal and interest to the Noteholders. The holders of the most subordinated Notes will be the first affected Noteholders by the impairment, in line with the inverse order of the priority of payments as defined in the waterfall as described in the Transaction documentation under priority of payments upon enforcement.

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### **Subordinated Loan**

The Subordinated Loan is initially recognised at the fair value, normally being the amount received taking into account premium or discount and transaction costs. The Subordinated Loan is subsequently stated at amortised cost, based on the effective interest method, being the amount received taking into account of any premium or discount, less any redemptions. The carrying amount of the Subordinated Loan approximates fair value.

### **Final Success Fee**

The Final Success Fee is recognised initially at fair value and subsequently measured at amortised cost. The Final Success Fee due to the Originator is the excess of interest collections on the Lease Receivables over the fees and expenses of the Company, including interest payments on the Notes and Subordinated Loan. The price paid for the Lease Receivables by the Company to the Originator is calculated on a discounted cash flow basis to provide the Company interest income in excess of interest payments. The carrying amount of the Final Success Fee approximates fair value.

### **Current liabilities**

After initial measurement at fair value, current liabilities are carried at amortised cost using the effective interest method, where applicable. All liabilities included under current liabilities are due in less than one year. Gains or losses are recognised in the Statement of income when the liabilities are derecognised, as well as through the amortisation process. The fair value of the current liabilities approximates the book value due to its short-term character.

### **Derivatives**

The recognition and measurement of derivatives are discussed in a separate section, 'Derivatives and hedge accounting'. Due to the application of hedge accounting, all derivatives are carried at their accrued value at Balance Sheet date. The accrued value is calculated as being the net balance in the accrued interest receivable and payable positions at Balance Sheet date. Derivative contracts are used for hedging purposes.

### **Recognition of income and expenses**

Income is recognised in the Statement of income account when an increase in future economic benefits related to an increase in an asset or a decrease of a liability arises, of which the amount can be measured reliably. Expenses are recognised when a decrease in the economic benefits related to a decrease in an asset or an increase of a liability arises, of which the amount can be measured with sufficient reliability.

Income and expenses, including taxation, are allocated to the period to which they relate.

### **Interest income and expenses**

The interest income on Lease Receivables and the interest expense on the Notes and Subordinated Loan are recognised in the Statement of income using the effective interest rate method.

### **Losses on Deemed loan to the Originator**

Losses on the Deemed loan to the Originator are defined as any remaining unpaid amounts of principal and accrued interest on a Lease Receivable after the sale proceeds (net of repossession costs), plus any other amounts set off against the Borrower, have been deducted. The set-off is realized at the moment the recoveries are actualized.

### **Other operating expenses**

The other operating expenses are accounted for in the period in which these are incurred.

### **Corporate income tax**

Based on the set-up of the Notes structured debt transaction, the Company agreed to distribute the operating result, after the other operating expenses and taking the predetermined result after tax into account, to the Originator. On the other hand, possible remaining losses are deducted from certain classes of creditors and/or Noteholders. The Company realizes a pre-determined net income, which is in line with common practice for these kinds of securitizations. As a result, the financial statements of the Company include a tax charge.

Taxation is calculated on the reported pre-tax result, at the prevailing tax rates.

### **Results**

Apart from a pre-determined level of net income, the Company's financial results are for the account of the Originator through a Final Success Fee mechanism.

# **VCL Master Netherlands B.V.**

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### **Contingent liabilities and commitments**

The Company has granted a first ranking right of pledge over the Lease Receivables and beneficiary rights to Stichting Trustee VCL Master Netherlands (the "Security Trustee"), established under the laws of the Netherlands as a foundation. The sole managing director of the Security Trustee is Amsterdamsch Trustee's Kantoor B.V. and it belongs to the same group of companies as CSC Management (Netherlands) B.V. and CSC Administrative Services (Netherlands) B.V. Furthermore, the Company has granted a first ranking pledge to the Security Trustee over the Company's rights under or in connection with certain transaction agreements.

The exercise of the pledge is subject to certain terms and conditions. In case the Company does not meet its obligations towards certain secured parties, including the Noteholders, this could lead to exercising the right of pledge by the Security Trustee.

Under the Master Hire Purchase Agreement, the Originator has the option to repurchase the purchased vehicles together with the associated Lease Receivables at an Option Exercise Price equal to the sum of:

- the present value of all scheduled Lease Interest Components and Lease Principal Components; and
- the present value of the Estimated Residual Value of such Purchased Vehicles in the circumstances set out in the Master Hire Purchase Agreement.

If the Originator elects to exercise the Repurchase Option, the Company shall retransfer the purchased vehicles together with the associated Lease Receivables to the Originator.

If the Originator does not exercise the option to repurchase the purchased vehicles together with the associated Lease Receivables, the Company may exercise its Put Option to sell the purchased vehicles together with the associated Lease Receivables against the Option Exercise Price to the Originator.

### **Statement of cash flows**

The Statement of cash flows has been prepared using the indirect method. Income taxes are taken up under cash flow from operational activities. Interest paid is recognised as a financing activity and interest received is included under investing activities. Investing activities are those activities relating to the acquisition, holding and disposal of financial fixed assets and of investments. Investments can include securities not falling within the definition of cash.

### **Derivatives and hedge accounting**

As part of its asset and liability risk management the Company uses derivatives to hedge the floating interest rate risk on the issued Notes. This is achieved by hedging specific transactions using financial derivatives, mostly interest rate swaps, when applicable. Under Dutch Accounting Standards ("RJ") 290. Derivatives are initially recognised at fair value and subsequently measured at cost. The Company applies cost price hedge accounting in order to avoid an accounting mismatch between the hedging instrument (derivative) and the hedged item (the issued Notes).

Resulting from the application of cost price hedge accounting, derivatives are recognised at cost and no revaluation of the derivative instrument takes place, as long as the derivative hedges the specific risk of a future transaction that is expected to take place. As soon as the expected future transaction leads to recognition in the Statement of income then the profit or loss that is associated with the derivative is recognised in the Statement of income.

The profits or losses associated with the derivative contracts are recognised in the Statement of income in the same period as in which the asset or liability affects the Statement of income.

### **Cost price hedge accounting**

The hedges are recognised on the basis of cost price hedge accounting if the following conditions are met:

- the general hedging strategy and the way in which the hedging relationships are in line with risk management objectives and the expected effectiveness of these hedging relationships must be documented;
- the nature of the hedging instruments involved and hedged positions must be documented; and
- the ineffectiveness must be recognised in the Statement of income.

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Cost hedge accounting is no longer applied if:

- the hedging instrument expires, is sold, terminated or exercised. The realised cumulative gains or losses on the hedging instrument not yet recognised in the Statement of income at the time the hedge was effective, are then recognised in the Balance Sheet separately under accruals until the hedged transaction occurs; and
- the hedging relationship no longer meets the criteria for hedge accounting.

### ***Hedge effectiveness***

At each Balance Sheet date, the Company assesses the degree of ineffectiveness of the hedging relationship. The degree of ineffectiveness is determined by comparing the critical terms of the hedging instrument against the hedged position. For this comparison, the Company uses the following critical terms, respectively amount, term, hedged risk, method of settlement of the hedging instrument and the hedged position.

If the critical terms are matched, there is nil risk on ineffectiveness. If the critical terms are not matched, there is ineffectiveness. In that case, the degree of ineffectiveness is determined by comparing the fair value change of the hedging instrument with the fair value change of the hedged position. If there is accumulative loss on the hedging relationship over the period between initial recognition of the hedging instrument and the Balance Sheet date, the ineffectiveness is immediately recognised in the Statement of income.

During the year under review, no hedge ineffectiveness noted.

## **RISK MANAGEMENT**

### **General**

The Company's principal financial instruments during the year comprised the Deemed loan to the Originator, the Notes payable, the Subordinated Loan and Derivative instruments. The main purpose of these financial instruments is to finance the Company's operations and to manage the interest rate risk arising from its issued Notes.

Repayment of principal and interest payment on the Notes is subject to financial risks. If and when these risks materialize into losses, these losses will be borne by holders of the Notes issued, as well as other creditors that are party to the transaction, connected with the Lease Receivables as collateral to the Deemed loan to the Originator.

The key financial instrument risks are classified as credit and concentration risk, market risk (interest rate risk), liquidity risk, Swap Counterparty credit risk as well as, specifically applicable in relation to the Lease Receivables, residual value risk. These risks mainly relate to the Lease Receivables as collateral to the Deemed loan to the Originator.

### **Credit risk**

The Lease Receivables bear credit risk. As a company that invests in carlease loans in the Netherlands the Company has significant exposure to credit risk associated with the carlease market in the Netherlands.

Credit risk is mainly related to the economic conditions and the risk that individual borrowers might be unable to fulfil their payment obligations. However, these risks are mitigated because each Lease Receivable is collateralised by the related car/vehicle, and the portfolio is well spread over a large number of individual Lease Receivables, a variety of car/vehicle types, geographical areas and a variety in industry sectors in which the applicable lessees operate. If a borrower defaults and the Company forecloses on the Lease Receivable, the Company is entitled to all proceeds of the sale of the related car/vehicle. If the proceeds from the sale of the car are insufficient to repay the outstanding principal amount of the Lease Receivable, the Company could record a loss in this respect though, ultimately, such losses will very likely be borne by the Company's creditors that are also a party to the transaction.

The Director is aware of the potential volatility in macro-economic developments and the car market in particular, and of the dangers it can bring with it. Consequently, not only the creditworthiness of the borrower/lessee can be recognised as a risk but also the general economic conditions and the car(lease) market in particular have an impact on the probability of a loss. Although the Company is exposed to a certain degree of credit risk, the Director believes the credit risk is low due to the limited recourse nature of the issued Notes.

The maximum credit risk per the year ending is EUR 1,090,777,998 (previous year: EUR 1,080,510,002) which represents the total amount of the assets.

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### **Concentration risk**

Concentration risk reflects the risk that the inability of a single or relatively small number of contractual partners to meet their current or future obligations may lead to substantial losses to the Company.

The Company's borrowers are generally well spread in terms of their share of the total obligation under the Lease Receivables, as well as other diversifications such as spread between private and business lessees, geographical spread within the country and the sectors in which the lessees operate. However, the Company is exposed to a single leasing company (Volkswagen Pon Financial Services B.V.).

### **Interest rate risk**

The Notes bear interest (floating, subject to a floor of zero). Possible risks regarding the interest on the Notes, as a result of fluctuations in the prevailing levels of market interest rates are mitigated by swap contracts. The interest rate risk on the Subordinated Loan is not hedged by means of swap contracts.

### **Liquidity risk**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations towards the Noteholders, and other creditors, as they become due. Liquidity risk on interest payments to be made by the Company to its Noteholders arises from mismatches on both the interest frequency on the Notes versus the Lease Receivables, as well as from the outstanding value of the Notes compared to the Lease Receivables. Liquidity risk on principal payments arises from mismatches in the maturity of the Notes compared to the maturity of the Lease Receivables.

Matching maturities of assets and liabilities and related cash flows is fundamental to the Director of the Company. This risk is addressed and mitigated by credit enhancements, such as the Subordination of the Notes and the availability of the Cash Collateral Account.

### **Swap Counterparty credit risk**

The Company has entered into a swap agreement with the Swap Counterparty. Pursuant to this agreement, the Swap Counterparty agreed to make payments to the Company under certain circumstances as described therein.

The Swap Counterparty credit risk is the risk that the Company will be exposed to the credit risk of the relevant Swap Counterparty with respect to any such payments. To mitigate the Swap Counterparty credit risk of the financial derivatives, the Company only enters into contracts with carefully selected major financial institutions based upon their credit ratings.

With regards to Swap Counterparty exposure the Company uses International Swaps and Derivatives Association ("ISDA") agreements to govern derivative contracts to mitigate Swap Counterparty credit risk. The credit rating of DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main per year-end 2024 is AA- by Fitch and Aa2 by Moody's. Based on these ratings the Director believes the risk of the Swap Counterparty defaulting is low. Please note that the Swap Agreement provides for certain "Events of Default" (as defined in the Swap Agreement) relating to the Issuer and the Swap Counterparty, the occurrence of which may lead to a termination of the Swap Agreement.

Should the Swap Counterparty's rating fall below the contractually required rating, the posting of collateral is required, a third-party guarantee should be put in place or the Swap Counterparty should be replaced.

### **Residual value risk**

The residual value risk for the Company is the risk that, after it has acquired legal title to a Purchased Vehicle, any Vehicle Realisation Proceeds of such Purchased Vehicle are insufficient to cover:

- in case of a Matured Lease, the Estimated Residual Value; or
- in case of a Lease Agreement Early Termination, the Present Value of the Estimated Residual Value of such Purchased Vehicle.

This risk is addressed and mitigated by the Master Hire Purchase Agreement under which the Originator, in case a Lease Termination Date occurs, has the option to repurchase the purchased vehicles together with the associated Lease Receivables at an Option Exercise Price equal to the sum of:

- the present value of all scheduled Lease Interest Components and Lease Principal Components; and
- the present value of the Estimated Residual Value of such Purchased Vehicles in the circumstances set out in the Master Hire Purchase Agreement.

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If the Originator does not exercise the option to repurchase the purchased vehicles together with the associated Lease Receivables, the Company may exercise its Put Option to sell the purchased vehicles together with the associated Lease Receivables against the Option Exercise Price to the Originator.

### **Operational risk**

In addition to financial risks, the Company also faces operational risks. The servicing of the underlying Lease Receivables, and the entity administration and investor reporting is performed by regulated, well-known companies. The operating risk is mitigated as the Company has contractual agreements with these companies and these companies either provide annual audited portfolio statements on the Lease Receivables and/or an ISAE 3402 report with respect to the services provided by the (sub) Servicer. Furthermore, the transaction includes measures to be taken once certain parties fail to maintain a specific credit rating. The Director believes that the operational risks are low and no further measures are deemed necessary.

### **Risk appetite**

The Company by its nature exposes itself to financial risks. The investors in the Notes issued by the Company are made aware of these risks and understand the adverse effects on repayment of principal and interest payments on issued Notes in the event these risks materialize into losses.

Based on the above, the Company is of the opinion that all significant risks are adequately addressed and that no ongoing risk assessment is deemed necessary. The credit enhancements granted are all part of the risk control measures. As a result, the Company's risk appetite is low.

### **Fraud**

In view of fraud, bribery and anti-corruption, the Director implemented manual and automated internal controls such as segregation of duties and provides training to help employees to identify fraudulent behaviour. In addition, the Director implemented, amongst others, a code of conduct, whistle-blower policies and internal policies around reporting non-compliance. The Director applies a zero-tolerance policy in relation to fraud, bribery and corruption. No instances of (internal or external) fraud or any other matters are identified in this respect that had a material effect on the financial statements.

### **Critical accounting estimates and judgments**

Application of the accounting policies in the preparation of the financial statements requires the Director of the Company to exercise judgment involving assumptions and estimates concerning future results or other developments, including the likelihood, timing or amount of future transactions or events. There can be no assurance that actual results will not differ materially from those estimates. Accounting policies that are critical to the financial statement presentation and that require complex estimates or significant judgment are described below.

### **Fair value estimation of financial instruments**

The fair value of the financial instruments is disclosed in the table on the next page.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If no fair value can be readily and reliably established, fair value is approximated by deriving it from the fair value of components or of a comparable financial instrument, or by approximating fair value using valuation models and valuation techniques. Valuation techniques include using recent at arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making allowance for Company specific inputs.

The fair values of the mentioned financial assets and liabilities are estimated using discounted cashflow models. The portfolio of Lease Receivables is recalculated each month using a discounted cash flow model, taking into consideration any movements like repayments, arrears, changes in contract etc, as well as changes in underlying interest rates.

See below for the financial instruments where the fair value is stated, including a comparison of the fair value to the book amount.

# VCL Master Netherlands B.V.

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	December 31, 2024		December 31, 2023	
	EUR Book value	EUR Fair value	EUR Book value	EUR Fair value
<b>Financial assets</b>				
Deemed loan to the Originator	1,027,149,955	1,027,149,955	1,021,750,617	1,021,750,617
Derivative instruments	101,524	111,234	83,612	-276,358
<b>Financial liabilities</b>				
Notes payable	953,000,000	953,000,000	889,200,000	889,200,000
Subordinated Loan	36,467,868	36,467,868	95,344,094	95,344,094

### *Deemed loan to the Originator*

The Deemed loan to the Originator is net of specific impairment taken on doubtful Lease Receivables. The estimated fair value of the Deemed loan to the Originator represents the discounted amount of estimated future cash flows of the underlying collateralised Lease Receivables expected to be received (taking into account repayments, arrears, etc). The Lease Portfolio is recalculated each month using a discounted cash flow model, taking into consideration any movements like repayments, arrears, changes in contract etc, as well as changes in underlying interest rates. As such, the amounts reported on the Balance sheet are considered to closely approximate fair values.

### *Notes payable*

The estimated fair value of the Notes closely approximate the Balance Sheet amount as interest rates are reset every year due to the renewal of the Programme.

### *Subordinated Loan*

The estimated fair value of the Subordinated Loan closely approximate the Balance Sheet amount as interest rates are reset every year due to the renewal of the Programme.

### *Derivative instruments*

An internal discounted cash flow valuation model is used because no reliable market prices are available for the interest rate swap. The cash flows are based on the expected cash flows calculated up to the Optional Early Redemption Date. The expected cash flows are discounted at the 1-months effective Euribor interest curve.

# VCL Master Netherlands B.V.

## Annual Report 2024

### 2.5 Notes to the Balance sheet

#### ASSETS

#### FIXED ASSETS

##### [1] Financial fixed assets

##### Deemed loan to the Originator

The movement in the Deemed loan to the Originator, based on the movements in the underlying Lease Receivables can be detailed as follows:

	2024 EUR	2023 EUR
Opening balance	1,123,194,070	1,042,786,731
Repayments Lease Receivables	-228,520,297	-194,813,954
Additional purchased Lease Receivables	508,537,082	483,467,434
Repurchased Lease Receivables	-226,181,848	-208,231,103
Losses on Lease Receivables	-5,119	-15,038
	<u>1,177,023,888</u>	<u>1,123,194,070</u>
Discount	-149,873,933	-101,443,453
Closing balance	<u>1,027,149,955</u>	<u>1,021,750,617</u>
Discount movement		
Opening balance	-101,443,453	-79,793,140
Additional discount current year	-48,430,480	-21,650,313
Closing balance	<u>-149,873,933</u>	<u>-101,443,453</u>

The current part of the Deemed loan to the Originator is EUR 439.8 million (previous year: EUR 400.1 million).

On May 31, 2016 the Company entered into a Purchase Agreement with the Originator, which stipulated that the Company purchased and accepted from the Originator the legal ownership of Lease Receivables. The balance of the Deemed loan to the Originator is based on the movement of the related collateralised Leased Vehicles and the accompanying Lease Receivables which were acquired by the Company from the Originator.

The parties agreed that the purchase price for the Lease Receivables is paid in regular instalments and that legal ownership of the Lease Receivables does not transfer at the time of delivery of the asset to the Company, but only upon fulfilment of the condition precedent that the purchase price is paid in full (i.e. upon payment of the final instalment). The Company is entitled to all revenues generated by the Leased Vehicles subject to the Master Hire Purchase Agreement.

During the Revolving Period, the Company uses the proceeds from the lease collections to purchase additional Lease Receivables. The purchase price of the additional Lease Receivables is calculated on a discounted basis using an interest rate of 2.85% (previous period: 2.85%). □

During 2024 the Company requested and received additional advances for a total amount of EUR 14,856,089 from the Subordinated Lender under the Subordinated Loan Agreement. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

The original purchase price for the initial Lease Receivables was calculated on a discounted cash flow basis. The cashflows were discounted using the interest rate as used to calculate the lease instalments in respect of the individual lease agreement. The purpose of the discount was to create additional interest income to cover the Company's expenses and provide additional credit enhancements to absorb impairment or losses in the transaction.

The average annualized interest rate on the Deemed loan to the Originator was 5.45% (previous year: 5.04%). The average interest rates in 2023 and 2024 approximate the effective interest rates.

# VCL Master Netherlands B.V.

## Annual Report 2024

The maturity date of the Deemed loan to the Originator matches the maturity date of the underlying Lease Receivables and is August 12, 2028.

Notwithstanding that the above represents a sale transaction from a legal perspective, the Originator has concluded that it has retained substantially all the risks and rewards associated with the Lease Receivables. The Director is of the view that this, coupled with the fact that the Lease Receivables will be sold back to the Originator at such time, requires that the Company recognises a Deemed loan to the Originator rather than the Lease Receivables itself.

Realised losses on the underlying Lease Receivables (net of recoveries) during the year amounted to EUR 5 thousand (previous year: EUR 15 thousand). At year-end, the cumulative net loss ratio is 0.18% (previous year: 0.14%). Based on a specific review of this loss ratio and taking into consideration the underlying collateral, the Director has decided not to make a provision for credit losses for doubtful underlying Lease Receivables.

### CURRENT ASSETS

All current assets have a maturity of less than one year.

#### [2] Receivables

##### Servicer receivables

	December 31, 2024	December 31, 2023
	EUR	EUR
Servicer receivables	50,106,180	45,927,667
	<u>50,106,180</u>	<u>45,927,667</u>

The Servicer receivables relate to the lease collections that have been transferred to the Originator by the lessees and were received in January 2025.

##### Interest receivables

	December 31, 2024	December 31, 2023
	EUR	EUR
Interest receivable bank accounts	42,811	11,364
	<u>42,811</u>	<u>11,364</u>

##### Other receivables

	December 31, 2024	December 31, 2023
	EUR	EUR
Buffer Release Amount receivable	-	325,785
	<u>-</u>	<u>325,785</u>

##### Derivative instruments

On November 19, 2024, the Company entered into a Swap Agreement with DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main to hedge the basis risk between the rate of interest to be received by the Company on the underlying Lease Receivables and the rate of interest payable on the Notes. Under the Swap Agreement the Company will undertake to pay to the Swap Counterparty on each Payment Date an amount equal to the amount of interest on the nominal amount of the Notes outstanding on each Payment Date, calculated on the basis of a fixed rate of interest of 2.75% (previous year: 3.87%) per annum in relation to the Class A Notes and 3.42% (previous year: 4.54%) per annum in relation to the Class B Notes. The Swap Counterparty will undertake to pay to the Company on each Payment Date an amount equal to the floating rate of interest on the nominal amount of the Notes outstanding calculated on the basis of 1-month Euribor plus 0.67% (before: 0.67%) per annum in relation to the Class A Notes and 1.35% (before: 1.35%) per annum in relation to the Class B Notes.

Pursuant to the Swap Agreement, certain conditions apply to the Swap Counterparty, mainly relating to minimum rating requirements by DBRS Ratings Limited and/or Moody's Investors Service Ltd.

The Swap Agreement qualifies as a 100% effective cash flow hedge under RJ 290 and this status is monitored throughout the year and at the Balance Sheet date through the application of a critical terms analysis.

# VCL Master Netherlands B.V.

## Annual Report 2024

	December 31, 2024	December 31, 2023
	EUR	EUR
Swap amounts receivable	101,524	83,612
	<u>101,524</u>	<u>83,612</u>

### [3] Cash

	December 31, 2024	December 31, 2023
	EUR	EUR
Distribution Account	403,495	406,757
Accumulation Account	3,264	-
Cash Collateral Account	12,970,769	12,004,200
	<u>13,377,528</u>	<u>12,410,957</u>

The cash balances as disclosed are freely available to the Company, except as stated.

All bank accounts are held with U.S. Bank Europe DAC (formerly known as Elavon Financial Services DAC). U.S. Bank Europe DAC has a current short-term rating of P-1 by Moody's Investors Service Ltd and F1 by Fitch and a long-term rating of A1 by Moody's and A+ by Fitch Ratings Limited.

#### *Distribution Account*

The Distribution Account is the main account in relation to the transaction, all regular receipts and payments are settled through the Distribution Account.

#### *Cash Collateral Account*

The Cash Collateral Account is set up to serve as a security to enable the Company to meet the obligation of operating expenses and or payments due to the Noteholders in accordance with the Order of Priority.

On the Initial Issue date, the Company has deposited EUR 2,288,400 in the Cash Collateral Account. This amount serves as the initial Cash Collateral Amount. Upon the issuance of further Notes during the Revolving Period, the Company will make sure that there is always a deposit of 1.35% of the nominal amount of the then outstanding Notes in the Cash Collateral Account. After the Revolving Period, the Cash Collateral Account should have a balance of the lesser of:

- the Specified General Cash Collateral Account balance as of the last payment date of the Revolving Period;
- the aggregate outstanding principal amount of the Notes as of the end of the preceding payment date.

Drawings from the Cash Collateral Account will be made in accordance with the Order of Priority.

# VCL Master Netherlands B.V.

## Annual Report 2024

### 2.5 Notes to the Balance sheet

#### SHAREHOLDER'S EQUITY AND LIABILITIES

##### [4] Shareholder's equity

###### Share capital

The authorised capital amounts to EUR 1, consisting of 1 ordinary share of EUR 1, which is issued and paid-in.

###### Other reserves

	2024 EUR	2023 EUR
Opening balance	14,022	11,897
Result prior year	2,025	2,125
Closing balance	16,047	14,022

###### Net result

The net result for the year amounts to EUR 2,025 (previous year: EUR 2,025). The Director proposes to add the result to the Other reserves.

##### [5] NON-CURRENT LIABILITIES

###### Notes payable

On the Closing Date, the Company issued Asset Backed Floating Rate Class A Notes for a total of EUR 171.7 million and Asset Backed Floating Rate Class B Notes for a total of EUR 19 million. The Asset Backed Floating Rate Class B Notes are subordinated to the Asset Backed Floating Rate Class A Notes. The Company may issue effective on a Payment Date further Series of Class A Notes or Series of Class B Notes or increase existing Series of Class A Notes or existing Series of Class B Notes.

On May 28, 2024, the Company increased the existing Series of Class A Notes for a total amount of EUR 57.4 million and the Series of Class B Notes for a total amount of EUR 6.4 million.

The movements in the Notes payable can be specified as follows:

	2024 EUR	2023 EUR
Opening balance	889,200,000	825,300,000
Increase existing Series	63,800,000	63,900,000
Closing balance	953,000,000	889,200,000

The interest rate due on the Asset Backed Floating Rate Class A Notes is one-month Euribor plus a margin of 0.67% (previous period: one-month Euribor plus a margin of 0.70% at the beginning of 2023 and 0.67% as per November 27, 2023), subject to a floor of zero. The interest due on the Asset Backed Floating Rate Class B Notes is one-month Euribor plus a margin of 1.35% (previous period: one-month Euribor plus a margin of 1.35%), subject to a floor of zero.

The Asset Backed Floating Rate Class B Notes are subordinated to the Asset Backed Floating Rate Class A Notes.

The Final Maturity Date of the Asset Backed Floating Rate Class A Notes and the Asset Backed Floating Rate Class B Notes is March 25, 2032.

Based on the fact that during the Revolving Period no principal will be repaid on the Asset Backed Rate Class A Notes and Asset Backed Rate Class B Notes and the assumption no event triggering earlier redemption of the Asset Backed Rate Class A Notes and Asset Backed Rate Class B Notes occurs the expectation is that EUR 0 will be repaid in one year, EUR 953,000,000 after one year but before five years and EUR 0 will be repaid after five years.

The Asset Backed Floating Rate Class A Notes and the Asset Backed Floating Rate Class B Notes are listed on the official list of the Luxembourg Stock Exchange.

# VCL Master Netherlands B.V.

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All Notes and coupons are governed by, and were construed in accordance with, the laws of the Netherlands.

The rating of the Notes is as follows (the Asset Backed Floating Rate Class B Notes are not rated):

	December 31, 2024	
Notes	Moody's	DBRS
Class A	Aaa(sf)	AAA(sf)

  

	December 31, 2023	
Notes	Moody's	DBRS
Class A	Aaa(sf)	AAA(sf)

### Subordinated Loan

On the Closing Date, the Subordinated Lender provided a Subordinated Loan to the Company as set out in the Subordinated Loan Agreement. The total initial amount was EUR 58.8 million. Subject to the terms of the Subordinated Loan Agreement, the Subordinated Lender may agree from time to time to grant additional advances up to an total amount of the Subordinated Loan of EUR 225 million provided that the Subordinated Lender shall be required to grant additional advances to the extent required to increase the loan amount by the Subordinated Loan Increase Amount. The Subordinated Loan serves as credit enhancement and ranks below the Notes with respect to payment of interest and principal.

On May 28, 2024 the Company received as requested additional advances for a total amount of EUR 14,856,089 from the Subordinated Lender under the Subordinated Loan Agreement. As mentioned before, the proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator. During the year, the Subordinated Loan was redeemed for an amount of EUR 73,732,315.

The movements in the Subordinated Loan can be detailed as follows:

	2024 EUR	2023 EUR
Opening balance	95,344,094	109,102,401
Further advances	14,856,089	14,849,968
Repayments	-73,732,315	-28,608,275
Closing balance	36,467,868	95,344,094

The Subordinated Loan is set up to fund a part of the discounted value of all eligible and non-eligible Lease Receivables, as well as the required maintenance provision advance. The interest payable on the Subordinated Loan amounts to the equivalent of one-month Euribor plus a margin of 2.89% at the beginning of 2024 and 3% as per November 25, 2024 (previous year: one-month Euribor plus a margin of 2.9% at the beginning of 2023 and 2.89% as per November 27, 2023). Payment of interest and repayment of principal is subordinated to payments of interest and principal on the Notes and all other payments.

The Subordinated Loan is scheduled to mature on the Final Maturity Date of the Notes but is subject to optional partial redemption in certain circumstances. Basically, the Company will use its available funds, being the proceeds of the lease collections minus all payments that rank higher in priority than payments to the Subordinated Lender such as payments to the Director, the Trustee, the Seller and Servicer, the Maintenance Coordinator, the Swap Counterparty and the Noteholders, to redeem the Subordinated Loan. Any repayments on the Subordinated Loan up to the Final Maturity Date are contingent on available funds which cannot be estimated with an acceptable degree of accuracy.

### Final Success Fee

	December 31, 2024 EUR	December 31, 2023 EUR
Final Success Fee	63,087,093	60,717,330
	63,087,093	60,717,330

The Final Success Fee is payable to the Originator.

# VCL Master Netherlands B.V.

## Annual Report 2024

### [6] CURRENT LIABILITIES

All current liabilities have a maturity of less than one year.

#### Interest payable

	December 31, 2024	December 31, 2023
	EUR	EUR
Interest on Notes payable	474,581	570,025
Interest on Subordinated Loan	11,414	89,597
	<u>485,995</u>	<u>659,622</u>

#### Cash Collateral Amount

The movements in the Cash Collateral Amount can be detailed as follows:

	2024	2023
	EUR	EUR
Opening balance	12,004,200	11,141,550
Increases	861,300	862,650
Closing balance	<u>12,865,500</u>	<u>12,004,200</u>

On the Closing Date, the Company deposited an amount of EUR 2,288,400 in the Cash Collateral Account. This amount serves as the initial Cash Collateral Amount. On each Further Issue Date, such amount will be increased by an amount to increase it to 1.35% of the nominal amount of the Notes outstanding as of such Further Issue Date. On each Payment Date the Cash Collateral Amount shall be used to cover any shortfall in the amounts payable under the first to sixth item of the Order of Priority.

#### Taxes payable

	December 31, 2024	December 31, 2023
	EUR	EUR
VAT payable	5,767	6,111
	<u>5,767</u>	<u>6,111</u>

#### Accrued expenses and other liabilities

	December 31, 2024	December 31, 2023
	EUR	EUR
Senior Maintenance fee payable	23,162,689	21,533,799
Servicer fee payable	997,273	950,165
Buffer Release Amount payable	485,088	-
Audit fees payable	96,785	75,032
Other costs payable	105,867	3,601
	<u>24,847,702</u>	<u>22,562,597</u>

The Senior Maintenance fee, Servicer fee and Buffer Release Amount are payable to the Originator.

# VCL Master Netherlands B.V.

## Annual Report 2024

### 2.6 Notes to the Statement of income

#### [7] Interest income

	2024 EUR	2023 EUR
Interest income on Deemed loan to the Originator	55,801,493	50,018,724
Interest income from bank accounts	505,726	745,152
	<u>56,307,219</u>	<u>50,763,876</u>

Interest income on Deemed loan to the Originator relates to the interest income on the underlying collateralized Leased Vehicles and the accompanying Lease Receivables registered in the Netherlands.

In line with what has been set out in the significant accounting judgments and estimates. The servicing collections are netted with their associated expenses streams and therefore not shown as revenue.

#### [8] Interest expense

	2024 EUR	2023 EUR
Interest expense Series 2016-2 Class A Notes	6,514,108	5,855,783
Interest expense Series 2016-3 Class A Notes	4,342,739	3,903,856
Interest expense Series 2016-4 Class A Notes	6,155,253	4,492,898
Interest expense Series 2016-5 Class A Notes	7,816,930	7,026,940
Interest expense Series 2016-6 Class A Notes	4,342,739	3,903,856
Interest expense Series 2021-1 Class A Notes	6,917,436	4,225,098
Interest expense Series 2016-1 Class B Notes	3,759,482	3,012,377
Interest expense Series 2016-2 Class B Notes	1,006,814	913,160
Interest expense Subordinated Loan	4,994,383	5,973,773
Interest expenses swap (paying leg)	35,289,650	24,677,675
Interest income swap (receiving leg)	-40,855,502	-28,510,452
	<u>40,284,032</u>	<u>35,474,964</u>

#### [9] Other operating expenses

	2024 EUR	2023 EUR
Servicing fees	11,858,902	10,791,433
Audit fees	92,538	95,554
Rating agency fees	25,244	25,530
Company administrator fees	22,681	21,905
Management fees	17,952	17,072
Buffer Release amounts	-2,424,309	-3,700,095
Other general costs	47,296	54,433
Losses on Lease Receivables	5,119	15,038
	<u>9,645,423</u>	<u>7,320,870</u>

The Buffer Release mechanism is in place to make sure that the current discount rate provides for enough income to cover increasing transaction costs which can occur in the future. It is a safety buffer set for the future, but can be paid out to the Servicer as long as the Servicer is not insolvent.

The Servicing fees, Company Administrator fees, Management fees and Buffer Release amounts were payable to related parties.

# VCL Master Netherlands B.V.

## Annual Report 2024

With reference to Section 2:382a of the DCC, the following fees for the financial year have been charged by EY Accountants B.V. to the Company, see below for more details.

	EY Accountants B.V.	Other EY Accountants B.V. firms / affiliates	Totals
	EUR	EUR	EUR
Audit of the financial statements	70,785	-	70,785
Other audit engagements	21,753	-	21,753
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>92,538</u>	<u>-</u>	<u>92,538</u>

  

	EY Accountants B.V.	Other EY Accountants B.V. firms / affiliates	Totals
	EUR	EUR	EUR
Audit of the financial statements	75,032	-	75,032
Other audit engagements	20,522	-	20,522
Tax advisory services	-	-	-
Other non-audit services	-	-	-
	<u>95,554</u>	<u>-</u>	<u>95,554</u>

The fees listed above relate to the procedures applied to the Company by accounting firms and external independent auditors as referred to in Section 1, subsection 1 of the Audit Firms Supervision Act ("Wet toezicht accountantsorganisaties-Wta") as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. These fees relate to the audit of the financial statements, regardless of whether the work was performed during the financial year.

### [10] Final Success Fee

The Final Success Fee due to the Originator is the excess of interest collections on the Lease Receivables over the fees and expenses of the Company, including interest payments on the Notes and Subordinated Loan. The price paid for the Lease Receivables by the Company to the Originator is calculated on a discounted cash flow basis to provide the Company interest income in excess of interest payments. The Final Success Fee due to the Originator during the period under review amounted to EUR 6,375,264 (previous year: EUR 7,965,542).

### [11] Corporate income tax

	2024 EUR	2023 EUR
Corporate income tax	475	475
	<u>475</u>	<u>475</u>

As mentioned in the notes on income tax, a minimum profit amount is applicable for tax purposes, which is equal to the minimum of 10% of the management fee and EUR 2,500, resulting in taxable income for corporate income tax purposes in the Netherlands.

The applicable tax rate for the year under review is 19% (previous year: 19%). The effective tax rate is equal to the applicable tax rate for the year mentioned.

### Staff numbers and employment costs

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous period.

The Company has one Director, who receives EUR 7,432 (previous year: EUR 7,828) remuneration. The Company has no supervisory directors.

# ***VCL Master Netherlands B.V.***

## ***Annual Report 2024***

### **Subsequent events**

On May 27, 2025, the Company increased the existing Series of Class A Notes for a total amount of EUR 74.4 million and the Series of Class B Notes for a total amount of EUR 8.4 million. Furthermore, the Company requested and received an additional advance for a total amount of EUR 14.8 million from the Subordinated Lender under the Subordinated Loan Agreement. The proceeds were used to finance the purchase of Additional Lease Vehicles and Additional Lease Receivables from the Originator.

Amsterdam, July 25, 2025

Director  
CSC Management (Netherlands) B.V.

# ***VCL Master Netherlands B.V.***

## ***Annual Report 2024***

### **3. Other information**

#### **3.1 Statutory provisions**

In accordance with article 23 of the Articles of Association and applicable law, the General Meeting is authorised to distribute or retain the profit determined by adopting the annual accounts. In addition, the Director is authorised to resolve on any other (interim) distributions, which includes distributions from the reserves.

The Company may make distributions to the shareholder only to the extent that the Company's shareholder's equity exceeds the sum of the reserves which it is legally required to maintain.

The Company may only follow a resolution of the General Meeting to distribute after the Director has given its approval to do this. The Director withholds approval only if it knows or reasonably should be able to foresee that the Company cannot continue to pay its due debts after the distribution.

#### **3.2 Independent auditor's report**

See next page.

## **Independent auditor's report**

To: the shareholder of VCL Master Netherlands B.V.

### **Report on the audit of the financial statements 2024 included in the annual report**

#### **Our opinion**

We have audited the accompanying financial statements 2024 of VCL Master Netherlands B.V. based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of VCL Master Netherlands B.V. as at 31 December 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at December 31, 2024
- The statement of income for 2024
- The notes comprising a summary of the accounting policies and other explanatory information

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of VCL Master Netherlands B.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics for professional accountants).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Information in support of our opinion**

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

### Our understanding of the business

The principal activity of VCL Master Netherlands B.V. is the financing of and providing liquidity to Volkswagen Pon Financial Services B.V. using the net proceeds of issued notes and loans to finance the purchase by the company of leased vehicles and the associated lease receivables from Volkswagen Pon Financial Services B.V. (the Originator) pursuant to the Master Hire Purchase Agreement (Deemed loan to the Originator). These activities are conducted primarily in the Netherlands. CSC Management (Netherlands) B.V. (the director) manages the company and the Originator services the lease agreements underlying the Deemed loan to the Originator. We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

### Materiality

Materiality	€9,800,000 (2023: €9,700,000)
Benchmark applied	0.9% of total assets as at 31 December 2024 (2023: 0.9%)
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the loans and notes issued by the company. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the director that misstatements in excess of €490,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Teaming

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed securitization special purpose entity.

### Our focus on fraud and non-compliance with laws and regulations

#### Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

#### **Our audit response related to fraud risks**

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and director's process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes. We refer to 'Risk Management' of the director's report for the director's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the director's code of conduct and the policies around reporting non-compliance. We evaluated the design and the implementation, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all organizations. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 'Principal Accounting Policies' of section 2.4 of the financial statements. We have also used data analyses to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. We did not identify a risk of fraud in revenue recognition, other than the forementioned risks related to management override of controls.

We considered available information and made enquiries of director and employees (including legal) of the director and the Originator.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

#### **Our audit response related to risks of non-compliance with laws and regulations**

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the director, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the director that there was no correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

#### Our audit response related to going concern

As disclosed in note 'Going concern' in section 2.4 of the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the director made a specific assessment of the company's ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the director exercising professional judgment and maintaining professional skepticism. We considered whether director's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations relating to the decision to extend the revolving period expiration date or any early amortisation event. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the director. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

### Existence and valuation of the deemed loan to the originator

Risk	<p>The outstanding deemed loan to the originator is significant to the company as this represent 94% of the total assets of the company, which is based on the lease agreements with third parties. The deemed loan to the originator is initially valued at the purchase price (fair value), as disclosed in note 'Deemed loan to the Originator' in section 2.4 of the financial statements. After initial recognition the deemed loan to the originator is measured at amortized cost minus a provision for impairment.</p> <p>We consider the existence and the valuation of the deemed loan to the originator a key audit matter. As the main objective of the entity is securitization of the lease agreements underlying the deemed loan originator, we consider this the main focus area for the users of financial statements, especially taking into consideration that existence and valuation of the underlying lease agreements given its importance for the financial position and results of the company.</p>
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## Existence and valuation of the deemed loan to the originator

Our audit approach	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policies related to recognition of expected credit losses in accordance with Part 9 of Book 2 of the Dutch Civil Code. We also evaluated the design of internal controls of the processes underlying the valuation process, as relevant to our audit of the financial statements.</p> <p>Furthermore, we have performed the following substantive audit procedures:</p> <ul style="list-style-type: none"> <li>▪ Reconciliation of the deemed loan to the originator to the Servicer Report prepared by the Originator listing all the underlying lease receivables.</li> <li>▪ Agreeing the underlying lease receivables to the lease agreements on a sample basis.</li> <li>▪ Verification that additional lease receivables are aligned with the terms and conditions as included in the prospectus and the master hire purchase agreement.</li> <li>▪ Recalculation and verification of the amortised cost calculation performed by the Originator and its alignment with the underlying lease agreements relating to the minimum lease payments and an evaluation of the estimation of residual values.</li> <li>▪ Evaluation of the company's assessment of any objective evidence of impairment.</li> <li>▪ Evaluation of the accuracy and completeness of related disclosures.</li> </ul>
Key observations	<p>Based on our procedures performed, we have no material findings related to the existence and valuation of the deemed loan to the originator or the related disclosures in accordance with Part 9 of the book 2 of the Dutch Civil Code.</p>

## Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The director is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

## **Report on other legal and regulatory requirements**

### **Engagement**

We were engaged by the director as auditor of VCL Master Netherlands B.V. on 8 September 2021, as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

### **No prohibited non-audit services**

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

## **Description of responsibilities regarding the financial statements**

### **Responsibilities of the director for the financial statements**

The director is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the director is responsible for such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the director is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the director should prepare the financial statements using the going concern basis of accounting unless the director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The director should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

#### Communication

We communicate with the director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the director in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the director with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the director, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 25 July 2025

EY Accountants B.V.

signed by M.L. Milet de St-Aubin