

VCL Master S.A.
Société Anonyme

AUDITED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2017

Address:
22-24, Boulevard Royal
L-2449 Luxembourg

RCS Luxembourg : B 149.052

VCL Master S.A.

Table of contents	Page
1. Directors' report	2
2. Audit report	5
3. Combined balance sheet as at 31 December 2017	9
4. Profit and loss account for the year from 1 January 2017 to 31 December 2017	14
5. Notes to the annual accounts	16

VCL Master S.A.

1. DIRECTORS' REPORT

The Board of Directors of VCL Master S.A. (the "Company") herewith submits its report for the year ending 31 December 2017.

General

The Company is a securitisation Company within the meaning of the Luxembourg Law of 22 March 2004 on securitisation (the "Securitisation Law") and has as its corporate purpose the securitisation of car lease receivables.

The Company may, in accordance with the terms of the Securitisation Law, and in particular its article 5, create one or more compartments. Each compartment shall, unless otherwise provided for in the resolution of the Board of Directors creating such compartment, correspond to a distinct part of the assets and liabilities in respect of the corresponding funding.

Summary of activities

During 2010 the Company has created two compartments named Compartment 1 ("C1") and Compartment 2 ("C2"). Compartment 1 has purchased a pool of monthly paid car lease receivables (the "Lease Receivables"), and Compartment 2 has acquired the expectancy rights ("Expectancy Rights"), ("together the "Permitted Assets") to the leased vehicles related to the lease contracts purchased by Compartment 1. Compartment 2 will automatically acquire full legal title to the related leased vehicles of a purchased expectancy right upon expiration of the related lease contract.

The Lease Receivables and the Expectancy Rights have been purchased as follows:

Portfolio	Compartment	Value at initial purchase (in EUR)	Purchase price (in EUR)
Lease Receivables	C1	398.861.797	388.375.720
Expectancy Rights	C2	431.057.042	404.862.403

The underlying car lease contracts are mainly for the leasing of vehicles originated by Volkswagen Leasing GmbH (the "Originator" and "Servicer") via the Volkswagen group dealership network (which, inter alia, comprises of Volkswagen, Audi, SEAT, Skoda and Volkswagen Nutzfahrzeuge) throughout Germany and are entered into with both private and business customers.

Compartment 2 may request Volkswagen Leasing GmbH to buy the Leased Vehicles relating to purchased Lease Receivables acquired by the Issuer under the Vehicles and Receivables Purchase Agreements (the "Put Option") in the amount of the Initial Residual Value or Additional Residual Value.

The purchase of the Lease Receivables and of the Expectancy Rights has been financed by the issue of Floating Rate Notes (the "Notes") and Subordinated Loans as follows:

Portfolio	Compartment	Notes (in EUR)	Initial maturity	Subordinated Loan (in EUR)
Lease Receivables	C1	345.000.000	2016	49.458.863
Expectancy Rights	C2	250.000.000	2016	168.112.247

The Notes are backed by substantially all of the assets of the Company consisting primarily of the Company's right, title and interest in the Lease Receivables and in the title ownership of the leased vehicles which have been transferred to the Company. In 2012, Volkswagen International Payment Services N.V. has been replaced as Subordinated Lender by Volkswagen International Luxemburg S.A. for Compartment 1 and by Volkswagen Bank GmbH for Compartment 2. The Subordinated Loans have been granted for the purpose of credit enhancement and they rank junior to the Notes.

The Company has entered into swap agreements for each class of Notes to hedge the interest rate risk deriving from the scheduled periodic payments payable by the Lessees of the vehicles to the Company and the floating rate interest payments owed by the company under the Notes.

Both the Notes and the Subordinated Loan are limited recourse obligations of the Company, whereby the Company pays only those amounts which are actually available to it, being essentially the amounts received from the Lease Receivables and the amounts received or paid under the interest rate swap agreements less costs.

On 25 September 2014, Compartment 2 exercised its Put Option and sold all its outstanding Expectancy Rights against payment of EUR 1,177,680,024 plus added tax and less any outstanding amount deferred in relation to value added tax.

VCL Master S.A.

1. DIRECTORS' REPORT

Portfolio of Permitted Assets

During the year 2017, the Lease Receivables principal held by Compartment 1 was increased by EUR 792,403,639 (EUR 556,594,720 in 2016) by way of reinvestment of funds collected (Top-Up) and by EUR 2,154,317,844 (EUR 2,354,355,443 in 2016) by way of additional issuances (Tap-Up). The Lease Receivables principal was also decreased by EUR 777,756,850 (EUR 491,735,433 in 2016) by way of payments collected from Volkswagen Leasing GmbH.

On 27 November 2017, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 25, a part of its portfolio with a discounted nominal value of EUR 1,595,750,127 for a price of EUR 1,566,928,127 (Term Take-Out).

Subordinated loan

During the year 2017, Compartment 1 has been granted an additional amount of EUR 174,898,482 (EUR 178,463,205 in 2016) and has redeemed an amount of EUR 170,413,738 (EUR 217,985,489 in 2016) on the Subordinated Loan principal.

Floating Rate Notes

During the year 2017, Compartment 1 has issued additional Notes for a total amount of EUR 2,319,500,000 (EUR 1,913,500,000 in 2016) and redeemed the amount of EUR 1,751,700,000 (EUR 2,247,000,000 in 2016) on the principal of the Notes. The Notes are listed in Luxembourg Stock Exchange.

Corporate Governance

The Board duly notes that, based on Article 52 of the law of 23 July 2016 concerning the audit profession (the "Audit Law"), the Company is classified as a public-interest entity and is required to establish an audit committee.

However, the Company's sole business is to act as issuer of asset-backed securities as defined in point (5) of Article 2 of Commission regulation (EC) N° 809/2004. Therefore, it is exempted from the audit committee obligation based on Article 52 (5) c). The Company has concluded that the establishment of a dedicated audit committee or an administrative or supervisory body entrusted to carry out the function of an audit committee is not appropriate for the nature and extent of the Company's business which consists merely of an interest in assets to which the limited recourse Notes issued are linked. Furthermore, the Company operates in a strictly defined regulatory environment (e.g. Securitisation Law, CSSF supervision, listing on EU-regulated market) and is subject to respective governance mechanisms.

Voting rights

Each issued share holds one vote in a meeting of shareholders. No special voting rights exist, nor does the sole Shareholder has any special right of control.

Acquisition of own shares

The Company may, to the extent and under the terms permitted by law, purchase its own shares. During the year ended 31 December 2017 the Company has not purchased any of its own shares.

Research and development activities

The Company was neither involved nor participated in any kind of research or development activities in the year ended 31 December 2017.

Branches and participations of the Company

The Company does not have any branches or participations.

Board of Directors

The Company is managed by a Board of Directors comprising at least three members. The Directors, whether shareholders or not, are appointed for a period not exceeding six years by the sole Shareholder, who may at any time remove them.

The Board of Directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of the Company. The Company will be bound in any circumstances by the joint signatures of two members of the Board of Directors unless special decisions have been reached concerning the authorised signature in case of delegation of powers or proxies.

At incorporation date Mrs Z.H. Cammans, Mrs P.J.S. Dunselman and Mr B.H. Hoftijzer were appointed as Directors of the Company. Effective as of 3 June 2013, Mr B. H. Hoftijzer has resigned from his position as Director of the Company and has been replaced by Mrs. P. Kotwani - Khitri.

On 29 December 2014, Mrs. P. Kotwani - Khitri has resigned from her position as Director of the Company with effective date on 1 January 2015 and has been replaced by Mrs Catherine Pirie. On 27 April 2017, Mrs P.J.S. Dunselman has resigned from her position as Director of the Company. On 15 June 2017, Mr A. Nelke has been appointed as Director of the Company in replacement of Mrs P.J.S. Dunselman.

1. DIRECTORS' REPORT

Internal control and risk management procedures

The Board of Directors is responsible for managing the Company and carefully managing the Company's system of internal control and risk management. Its members are jointly accountable for the management of the Company and ensuring that the statutory and legal requirements and obligations of the Company are met and complied with.

The Board has the overall responsibility for the Company's system of internal control and for achieving its effectiveness. This system of internal control is designed to manage, rather than eliminate, risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company operates a management structure with clear delegated authority levels and clear functional reporting lines and accountability. All relevant decisions are subject to appropriate authorisation procedures. The Board of Directors monitors financial and operational performance and compliance controls on a continuing basis and identifies and responds to business risks as they arise.

Related business risks

Credit risk

The Company may be exposed to a credit risk with third parties with whom it trades and may also bear the risk of settlement default.

Counterparty risk

Some of the assets and derivatives will expose the Company to the risk of Counterparty default.

Interest rate risk

The Receivables bear interest at fixed rates while the Notes and the Subordinated loan will bear interest at floating rates based on 1-month EURIBOR. The Company will hedge afore-described interest rate risk related to the Notes and will use payments made by the swap counterparties to make payments on the Notes on each Payment date. The Subordinated Loan is not covered by such swap transactions. The Board of Directors considers however that the excess spread of the structure would cover any movements in the 1-month EURIBOR.

The liquidity risk, market risk, currency risk and the price risk are not defined as the Directors of the Company believe that these risks are not applicable for the Company or are not deemed as principal risks to the Company as a whole.

Subsequent events

As from 19 March 2018, the address of the registered office of the Company has been transferred from 52-54 Avenue du X Septembre, L-2550 Luxembourg to 22-24 Boulevard Royal, L-2449 Luxembourg.

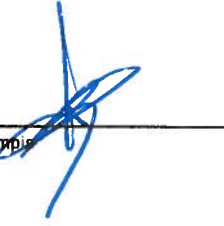
On 7 June 2018, Mr A. Nelke has resigned from the position as Director of the Company and has been replaced by Mrs C. Lampis with effective date 12th of June 2018.

No other event has occurred subsequent to the year-end which would have a material impact on the annual accounts as at 31 December 2017.

Luxembourg, 19 June 2018



Mrs J.H. Carpentier
Director



Mrs C. Lampis
Director



Mrs C. Fume
Director



Audit report

To the Board of Directors of
VCL Master S.A.

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of VCL Master S.A. (the "Company") as at 31 December 2017, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2017;
- the profit and loss account for the year then ended; and
- the notes to the annual accounts, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under those Regulation, Law and standards are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

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

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period, and include the most significant assessed risks of material misstatement (whether or not due to fraud). These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
-------------------------	---

<i>Valuation of lease receivables</i>	
--	--

The purpose of the Company is to purchase a portfolio of car lease receivables of German customers from Volkswagen Financial Services AG (the originator). The acquisition of the lease receivables is financed by the issuances of granted notes. The leasing portfolio is purchased from the originator at a discounted value to cover potential losses of these receivables.

The lease receivables purchased by the Company are part of the full lease portfolio of VWFS AG. As the audit of the valuation of each individual lease receivables is not appropriate, we have reviewed and tested the internal control system of VWFS AG with regards to the valuation of the lease receivables in which no issues were noted.

There is a risk of non-payment if the customers fail to meet payment instalments. Refer to Note 2.2.2 for the accounting policy. Taking into account that the total financial fixed assets as at 31 December 2017 amounted to EUR 1,772,884,120 (See Note 3) and the loss provisioning ratio is derived on historical default ratios which is are considered complex, we have identified this as a key audit matter.

In order to test the Company's assessment on provisions for bad debts, we recomputed the loss provisioning and we concluded that as at 31 December 2017 the Company's leasing receivables valuation disclosed in the annual accounts are in line with the accounting policies.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the Directors' report and the Corporate Governance Statement but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors;
- conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The Directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Directors' report. The information required by Article 68ter Paragraph (1) Letters c) and d) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the Board of Directors on 1 April 2010 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 7 years.

Other matter

The Corporate Governance Statement includes the information required by Article 68ter Paragraph (1) Letters a), b), e), f) and g) of the Law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 15 June 2018

A handwritten signature in blue ink, appearing to read 'F. Ballmann', is written over a light blue horizontal line.

Frank Ballmann

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
 Email : centralebilans@statec.etat.lu

RCSL Nr.: B149052

Matricule : 2009 2222 447

eCDF entry date :

BALANCE SHEET

Financial year from ⁰¹ 01/01/2017 to ⁰² 31/12/2017 (in ⁰³ EUR)

VCL Master S.A.

22-24, Boulevard Royal
 L-2449 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101	101	102
I. Subscribed capital not called	1103	103	104
II. Subscribed capital called but unpaid	1105	105	106
B. Formation expenses	1107	107	108
C. Fixed assets	1109	109	110
I. Intangible assets	1111	111	112
1. Costs of development	1113	113	114
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115	115	116
a) acquired for valuable consideration and need not be shown under C.I.3	1117	117	118
b) created by the undertaking itself	1119	119	120
3. Goodwill, to the extent that it was acquired for valuable consideration	1121	121	122
4. Payments on account and intangible assets under development	1123	123	124
II. Tangible assets	1125	125	126
1. Land and buildings	1127	127	128
2. Plant and machinery	1129	129	130
		1.772.884.120,00	1.199.669.615,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B149052

Matricule: 2009 2222 447

	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131	131	132
4. Payments on account and tangible assets in the course of construction	1133	133	134
III. Financial assets	1135	1.772.884.120,00	1.199.669.615,00
1. Shares in affiliated undertakings	1137	137	138
2. Loans to affiliated undertakings	1139	139	140
3. Participating interests	1141	141	142
4. Loans to undertakings with which the undertaking is linked by virtue of participating interests	1143	143	144
5. Investments held as fixed assets	1145	1.772.884.120,00	1.199.669.615,00
6. Other loans	1147	147	148
D. Current assets	1151	79.725.773,00	52.964.303,00
I. Stocks	1153	153	154
1. Raw materials and consumables	1155	155	156
2. Work in progress	1157	157	158
3. Finished goods and goods for resale	1159	159	160
4. Payments on account	1161	161	162
II. Debtors	1163	61.974.104,00	36.510.642,00
1. Trade debtors	1165	165	166
a) becoming due and payable within one year	1167	167	168
b) becoming due and payable after more than one year	1169	169	170
2. Amounts owed by affiliated undertakings	1171	171	172
a) becoming due and payable within one year	1173	173	174
b) becoming due and payable after more than one year	1175	175	176
3. Amounts owed by undertakings with which the undertaking is linked by virtue of participating interests	1177	177	178
a) becoming due and payable within one year	1179	179	180
b) becoming due and payable after more than one year	1181	181	182
4. Other debtors	1183	61.974.104,00	36.510.642,00
a) becoming due and payable within one year	1185	61.974.104,00	36.510.642,00
b) becoming due and payable after more than one year	1187	187	188

RCSL Nr. : B149052

Matricule : 2009 2222 447

	Reference(s)	Current year	Previous year
III. Investments	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings	1191 _____	191 _____	192 _____
2. Own shares	1209 _____	209 _____	210 _____
3. Other investments	1195 _____	195 _____	196 _____
IV. Cash at bank and in hand	1197 _____ 5	197 _____ 17.751.669,00	198 _____ 16.453.661,00
E. Prepayments	1199 _____	199 _____	200 _____
	TOTAL (ASSETS)	201 _____ 1.852.609.893,00	202 _____ 1.252.633.918,00

RCSL Nr. : B149052

Matricule : 2009 2222 447

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301	301 <u>31.000,00</u>	302 <u>31.000,00</u>
I. Subscribed capital	1303 <u>6</u>	303 <u>31.000,00</u>	304 <u>31.000,00</u>
II. Share premium account	1305	305	306
III. Revaluation reserve	1307	307	308
IV. Reserves	1309	309	310
1. Legal reserve	1311	311	312
2. Reserve for own shares	1313	313	314
3. Reserves provided for by the articles of association	1315	315	316
4. Other reserves, including the fair value reserve	1429	429	430
a) other available reserves	1431	431	432
b) other non available reserves	1433	433	434
V. Profit or loss brought forward	1319	319	320
VI. Profit or loss for the financial year	1321	321	322
VII. Interim dividends	1323	323	324
VIII. Capital investment subsidies	1325	325	326
B. Provisions	1331	331 <u>104.958,00</u>	332 <u>48.319,00</u>
1. Provisions for pensions and similar obligations	1333	333	334
2. Provisions for taxation	1335	335	336
3. Other provisions	1337 <u>8</u>	337 <u>104.958,00</u>	338 <u>48.319,00</u>
C. Creditors	1435	435 <u>1.852.473.935,00</u>	436 <u>1.252.554.599,00</u>
1. Debenture loans	1437	437 <u>1.415.000.000,00</u>	438 <u>847.200.000,00</u>
a) Convertible loans	1439	439	440
i) becoming due and payable within one year	1441	441	442
ii) becoming due and payable after more than one year	1443	443	444
b) Non convertible loans	1445 <u>9</u>	445 <u>1.415.000.000,00</u>	446 <u>847.200.000,00</u>
i) becoming due and payable within one year	1447	447 <u>223.696.337,00</u>	448 <u>0,00</u>
ii) becoming due and payable after more than one year	1449	449 <u>1.191.303.663,00</u>	450 <u>847.200.000,00</u>
2. Amounts owed to credit institutions	1355	355	356
a) becoming due and payable within one year	1357	357	358
b) becoming due and payable after more than one year	1359	359	360

The notes in the annex form an integral part of the annual accounts

RCSL Nr.: B149052

Matricule : 2009 2222 447

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are shown separately as deductions from stocks	1361	361	362
a) becoming due and payable within one year	1363	363	364
b) becoming due and payable after more than one year	1365	365	366
4. Trade creditors	1367	367	368
a) becoming due and payable within one year	1369	369	370
b) becoming due and payable after more than one year	1371	371	372
5. Bills of exchange payable	1373	373	374
a) becoming due and payable within one year	1375	375	376
b) becoming due and payable after more than one year	1377	377	378
6. Amounts owed to affiliated undertakings	1379	379	380
a) becoming due and payable within one year	1381	381	382
b) becoming due and payable after more than one year	1383	383	384
7. Amounts owed to undertakings with which the undertaking is linked by virtue of participating interests	1385	385	386
a) becoming due and payable within one year	1387	387	388
b) becoming due and payable after more than one year	1389	389	390
8. Other creditors	1451	451	452
a) Tax authorities	1393	393	394
b) Social security authorities	1395	395	396
c) Other creditors	1397	397	398
i) becoming due and payable within one year	1399	399	400
ii) becoming due and payable after more than one year	1401	401	402
D. Deferred income	1403	403	404
TOTAL (CAPITAL, RESERVES AND LIABILITIES)	405	406	

The notes in the annex form an integral part of the annual accounts

Annual Accounts Helpdesk :

Tel. : (+352) 247 88 494
Email : centralebilans@statec.etat.lu

RCSL Nr.: B149052

Matricule : 2009 2222 447

eCDF entry date :

PROFIT AND LOSS ACCOUNT

Financial year from 01 01/01/2017 **to** 02 31/12/2017 (In 03 EUR)

VCL Master S.A.
 22-24, Boulevard Royal
 L-2449 Luxembourg

PROFIT AND LOSS ACCOUNT

	Reference(s)	Current year	Previous year
1. Net turnover	1701 _____	701 _____	702 _____
2. Variation in stocks of finished goods and in work in progress	1703 _____	703 _____	704 _____
3. Work performed by the undertaking for its own purposes and capitalised	1705 _____	705 _____	706 _____
4. Other operating income	1713 _____ 12	713 _____ 3.182,00	714 _____ 114,00
5. Raw materials and consumables and other external expenses	1671 _____	671 _____ -19.420.477,00	672 _____ -12.359.191,00
a) Raw materials and consumables	1601 _____	601 _____	602 _____
b) Other external expenses	1603 _____ 13	603 _____ -19.420.477,00	604 _____ -12.359.191,00
6. Staff costs	1605 _____	605 _____	606 _____
a) Wages and salaries	1607 _____	607 _____	608 _____
b) Social security costs	1609 _____	609 _____	610 _____
i) relating to pensions	1653 _____	613 _____	614 _____
ii) other social security costs	1655 _____	615 _____	616 _____
c) Other staff costs	1613 _____	613 _____	614 _____
7. Value adjustments	1657 _____	657 _____	658 _____
a) in respect of formation expenses and of tangible and intangible fixed assets	1659 _____	659 _____	660 _____
b) in respect of current assets	1661 _____	661 _____	662 _____
8. Other operating expenses	1621 _____ 14	621 _____ -78.278.070,00	622 _____ -57.743.102,00

The notes in the annex form an integral part of the annual accounts

RCSL Nr. : B149052

Matricule : 2009 2222 447

	Reference(s)	Current year	Previous year
9. Income from participating interests	1715	715	716
a) derived from affiliated undertakings	1717	717	718
b) other income from participating interests	1719	719	720
10. Income from other investments and loans forming part of the fixed assets	1721	721	722
a) derived from affiliated undertakings	1723	723	724
b) other income not included under a)	1725	725	726
11. Other interest receivable and similar income	1727	727	728
a) derived from affiliated undertakings	1729	729	730
b) other interest and similar income	1731	731	732
12. Share of profit or loss of undertakings accounted for under the equity method	1663	663	664
13. Value adjustments in respect of financial assets and of investments held as current assets	1665	665	666
14. Interest payable and similar expenses	1627	627	628
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	632
15. Tax on profit or loss	1635	635	636
16. Profit or loss after taxation	1667	667	668
17. Other taxes not shown under items 1 to 16	1637	637	638
18. Profit or loss for the financial year	1669	669	670

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

The Company is a Luxembourg public limited liability company incorporated in Luxembourg on 27 October 2009 for an unlimited period of time under the legal form of "Société Anonyme" and having its registered office at 22-24 Boulevard Royal, L-2449 Luxembourg, Grand Duchy of Luxembourg. The Company is registered at the Registre du Commerce et Sociétés of Luxembourg City under number B 149.052.

The accounting period of the Company begins on the 1st of January and terminates on the 31st of December each year.

The purpose of the Company is the securitisation, within the meaning of the Luxembourg Law of 22 March 2004 on securitisations (hereinafter the "Securitisation Law"), of Lease Receivables (the "Permitted Assets"). The Company may enter into any agreement and perform any action necessary or useful for the purposes of securitising Permitted Assets, including, without limitation, disposing of its assets in accordance with the relevant agreements.

The Company may only carry out the above activities if and to the extent that they are compatible with the Securitisation Law.

The Company may, in accordance with the terms of the Securitisation Law, and in particular its article 5, create one or more compartments. Each compartment shall, unless otherwise provided for in the resolution of the Board of Directors creating such compartment, correspond to a distinct part of the assets and liabilities in respect of the corresponding funding.

The Company is included in the consolidated accounts of Volkswagen AG, forming the largest body of undertakings of which the Company forms a part as a subsidiary undertaking. The registered office of Volkswagen AG is located at Berliner Ring 2, 38440 Wolfsburg, (HRB Nr. 100484) and the consolidated accounts are available at the same address.

In addition, the Company is included in the consolidated accounts of Volkswagen Financial Services AG, forming the smallest body of undertakings included in the body of undertakings referred to in the above-mentioned paragraph of which the Company forms a part as a subsidiary undertaking. The registered office of Volkswagen Financial Services AG is located at Gifhomer Str. 57, 38112 Braunschweig, (HRB Nr. 1858) and the consolidated accounts are available at the same address.

Capitalised terms not defined within these audited annual accounts are defined in the respective transaction documents of each compartment of the Company.

Note 2 - Summary of significant accounting principles

2.1 Basis of preparation

The annual accounts have been prepared in accordance with Luxembourg legal and regulatory requirements under the historical cost convention. Accounting policies and valuation rules are, besides the ones laid down by the law of 19 December 2002 (as amended), determined and applied by the Board of Directors.

The preparation of annual accounts required the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumptions changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities in the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

2.2 Significant accounting policies

The main valuation rules applied by the Company are the following:

2.2.1 Formation expenses

The formation expenses of the Company are directly charged to the profit and loss account of the year in which they are incurred.

2.2.2 Financial assets

Permitted Assets included in financial fixed assets are recorded at their discounted nominal value. In case of a durable depreciation in value according to the opinion of the Board of Directors, value adjustments are made in respect of financial fixed assets, so that they are valued at the lower figure to be attributed to them at the balance sheet date. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 2 - Summary of significant accounting principles (continued)

2.2.3 Debtors

Debtors are recorded at their nominal value. They are subject to value adjustments where their recovery is either uncertain or compromised. These value adjustments are not continued if the reasons for which the value adjustments were made have ceased to apply.

2.2.4 Derivative financial instruments

The Company may enter into derivative financial instruments such as swaps in order to reduce its exposure coming from the floating rate of the Notes against the fixed rate of the Permitted Assets. The interests linked to derivatives instruments are recorded on an accrual basis at the closing date. Commitments relating to swap transactions are recorded in the off-balance sheet accounts (see note 22).

2.2.5 Foreign currency translation

The Company maintains its books and records in EUR. Transactions expressed in currencies other than EUR are translated into EUR at the exchange rate effective at the time of the transaction. Cash, Short-term debtors and creditors are translated on the basis of the exchange rates effective at balance sheet date. The exchange gains and losses are recorded in the profit and loss account. Other assets and liabilities are translated separately at the lower or the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. Exchange gains and losses are recorded in the profit and loss account at the moment of realisation.

Where there is an economic link between an asset and liability, these are valued in total according to the method described above and the net unrealised losses are recorded in the profit and loss account whereas the net unrealised exchange gains are not recognised.

2.2.6 Accruals and deferred income

This liability item includes income received during the financial year but relating to a subsequent financial year.

2.2.7 Notes issued

Notes issued are stated at par value less any repayments made to their principal.

2.2.8 Creditors

Where the amount repayable on account is greater than the amount received, the difference may be accounted for in the profit and loss account when the debt is issued.

2.2.9 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

2.2.10 Provisions

Provisions are intended to cover charges which at the balance sheet date are either likely to incur or certain to be incurred but uncertain as to their amount or the date on which they will arise.

2.2.11 Equalisation Provision

Losses during the year as a result from sales, default, lower market values or cost may cause a partial reduction on the assets. Such shortfalls will first be borne by the Subordinated Lender in inverse order of the priority of payments.

Consequently, a provision for decrease in value will be made and deducted from the amount repayable of the Subordinated Loan and booked in the profit and loss account as "Other operating income".

Similarly, in case of profit made during the year, the Equalisation provision booked in the profit and loss as "Other operating expenses" would result into an additional liability towards the Originator.

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 3 - Financial assets

	31/12/2017	31/12/2016
	EUR	EUR
Opening balance	1.199.669.615	1.280.482.316
Acquisition via reinvestment of funds collected (Top-Up)	792.403.639	556.594.720
Acquisition via additional issuances of Notes (Tap-Up)	2.154.317.844	2.354.355.443
Repayment during the year	(777.756.850)	(491.735.433)
Term Take-Out	(1.595.750.127)	(2.500.027.431)
Closing balance	<u>1.772.884.121</u>	<u>1.199.669.615</u>

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Opening balance	1.199.669.615	1.280.482.316	-	-
Acquisition via reinvestment of funds collected (Top-Up)	792.403.639	556.594.720	-	-
Acquisition via additional issuances of Notes (Tap-Up)	2.154.317.844	2.354.355.443	-	-
Repayment during the year	(777.756.850)	(491.735.433)	-	-
Term Take-Out	(1.595.750.127)	(2.500.027.431)	-	-
Closing balance	<u>1.772.884.121</u>	<u>1.199.669.615</u>	-	-

In 2010, Compartment 1 has purchased a pool of monthly paid car lease receivables (the Lease Receivables), and Compartment 2 has acquired the Expectancy Rights to the leased vehicles related to the lease contracts purchased by Compartment 1. The Expectancy Rights correspond to the property of the residual value of the leased cars.

In addition to that Compartment 2 may exercise a Put Option, which allows Compartment 2 to sell every residual value to Volkswagen Leasing GmbH.

On 19 January 2010, Compartment 1 purchased from Volkswagen Leasing GmbH a portfolio of Permitted Assets valued at EUR 398,861,797 for a price of EUR 388,375,720. The purchase price was calculated as the sum of the Lease Receivables discounted by 5.7016 per cent per annum on the basis of a 360/360 day year, less (i) an amount of EUR 4,402,934 for overcollateralisation purposes, less (ii) an amount of EUR 4,830,000 for the endowment of the cash collateral account and less (iii) a provision for certain costs related to the issue of the Notes.

During the year 2017, the Lease Receivables principal held by Compartment 1 was increased by EUR 792,403,639 (EUR 556,594,720 in 2016) by way of reinvestment of funds collected (Top Up) and by EUR 2,154,317,844 (EUR 2,354,355,443 in 2016) by way of additional issuances of Notes (Tap Up). The Lease Receivables principal was also decreased by EUR 777,756,850 (EUR 491,735,433 in 2016) by way of payments collected from Volkswagen Leasing GmbH.

On 27 November 2017, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 25, a part of its portfolio with a discounted nominal value of EUR 1,595,750,127 for a price of EUR 1,566,928,127 (Term Take-Out).

Interest income for the year ended 31 December 2017 amounted to EUR 103,241,865 (EUR 773,454,483 in 2016) for Compartment 1 (see note 15).

Acquisition of the Permitted Assets was financed by the issue of Permanent Global Floating Rate Notes and through receipt of a Subordinated Loan (see also note 9 and note 10).

As at 31 December 2017, no value adjustment is recorded in the annual accounts in respect of financial fixed assets given the absence of durable depreciation.

Note 4 - Debtors

This amount mainly stands for the receivables due from Volkswagen Leasing GmbH for the December 2017 collection of the Permitted Assets, which is due in January 2018 for Compartment 1.

Note 5 - Cash at bank and in hand

	31/12/2017	31/12/2016
	EUR	EUR
Current account	24.802	25.148
Disbursement account	190.710	190.749
Cash collateral account	17.535.636	16.237.243
Accumulation account	521	521
Total	<u>17.751.669</u>	<u>16.453.661</u>

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 5 - Cash at bank and in hand (continued)

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Cash at bank				
Current account	24.802	25.148	-	-
Disbursement account	151.276	151.262	39.434	39.487
Accumulation account	-	-	521	521
Total	17.711.543	16.413.482	40.126	40.179

Note 6 - Subscribed capital

As at 31 December 2017, the subscribed capital amounts to EUR 31,000 and is divided into 3,100 shares fully paid-up with a par value of EUR 10 each. The authorised capital amounts to EUR 31,000.

Note 7 - Legal reserve

Luxembourg companies are required to allocate to a legal reserve a minimum of 5% of the annual net income, until this reserve equals 10% of the subscribed share capital. This reserve may not be distributed.

Note 8 - Provisions

	31/12/2017	31/12/2016
	EUR	EUR
Other provisions		
Audit fees	17.550	17.550
Tax advisory fees	936	1.006
Other provisions	86.472	29.763
Total	104.958	48.319

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Audit fees	17.550	17.550	-	-
Tax advisory fees	936	1.006	-	-
Other provisions	86.472	29.763	-	-
Total	104.958	48.319	-	-

Note 9 - Non convertible loans

	31/12/2017	31/12/2016
	EUR	EUR
Changes during the year		
Opening balance	847.200.000	1.180.700.000
Additional issuance for the year	2.319.500.000	1.913.500.000
Redemption for the year	(1.751.700.000)	(2.247.000.000)
Closing balance	1.415.000.000	847.200.000
Thereof scheduled for redemption within one year	223.696.337	-
Amount due and payable after more than one year	1.191.303.663	847.200.000

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 9 - Non convertible loans (continued)

<u>Changes during the year</u>	31/12/2017		31/12/2016	
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Opening balance	847.200.000	1.180.700.000	-	-
Additional issuance for the year	2.319.500.000	1.913.500.000	-	-
Redemption for the year	(1.751.700.000)	(2.247.000.000)	-	-
Closing balance	1.415.000.000	847.200.000	-	-
Thereof scheduled for redemption within one year	223.696.337	-	-	-
Amount due and payable after more than one year	1.191.303.663	847.200.000	-	-

The redemption of EUR 1,416,300,000 on 25 November 2017 of Compartment 1 took place following the successful sale of Permitted Assets (Term Take-Out) to VCL Multi-Compartment S.A. acting for and on behalf of its Compartment 25.

On 26 October 2015, Compartment 1 issued the Class A Notes Series 2015-1 for an amount of EUR 85,000,000 bearing a floating rate of one month Euribor plus 0.25%. As from 25 September 2017, Class A Notes are bearing a floating rate of one month Euribor plus 0.25% and Class B Notes are bearing a floating rate of one month Euribor plus 0.60%.

All payments of interest on and principal of each Note will be due and payable at the latest in 2024.

Since 26 September 2017, the floating rate interest on the Notes has been swapped to a fixed rate interest between 0.11% and 0.34% (between 0.20% and 0.94% previously) for Compartment 1 (see also note 23).

The Notes are backed by substantially all of the assets of the Company consisting primarily of the Company's right, title and interest in the Lease Receivables and in the title ownership of the leased vehicles which have been transferred to the Company.

All series of Notes are listed on the Luxembourg Stock Exchange. B series rank junior to A series.

Note 10 - Amounts owed to affiliated undertakings

<u>Becoming due and payable within one year</u>	31/12/2017	31/12/2016
	EUR	EUR
Overcollateralisation payable	126.185.059	98.902.275
Reserve bond issue expenses	126.438	126.440
Servicer fees	1.298.930	800.211
Advanced payments	945.000	945.000
Other amounts payable	269.353.622	269.503.340
Interest payable on subordinated loan	6.744	9.832
Total	397.915.793	370.267.098

	31/12/2017		31/12/2016	
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Overcollateralisation payable	126.185.059	98.902.275	-	-
Reserve bond issue expenses	97.251	97.253	29.187	29.187
Servicer fees	1.298.930	800.211	-	-
Advanced payments	945.000	945.000	-	-
Other amounts payable	269.353.622	269.503.340	-	-
Interest payable on subordinated loan	6.744	9.832	-	-
Total	397.886.606	370.257.911	29.187	29.187

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 10 - Amounts owed to affiliated undertakings (continued)

The advanced payments relate to the amounts paid in advance by Volkswagen Leasing GmbH to cover the future purchase of Permitted Assets.

Overcollateralisation payable represents an excess of the Permitted Assets' nominal value over the nominal value of the Notes and the Subordinated Loan and period-end payable towards Volkswagen Leasing GmbH.

	<u>31/12/2017</u>	<u>31/12/2016</u>
<u>Overcollateralisation payable</u>	EUR	EUR
Opening balance	98.843.146	88.278.446
Addition made for the year	60.952.587	64.807.919
Release made for the year	111.951.053	(111.986.322)
Allocation made for the year	78.278.070	57.743.103
Closing balance	<u>350.024.856</u>	<u>98.843.146</u>

	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
	<u>Compartment 1</u>		<u>Compartment 2</u>	
<u>Overcollateralisation payable</u>	EUR	EUR	EUR	EUR
Opening balance	98.902.275	88.337.461	(59.129)	(59.015)
Addition made for the year	60.955.768	64.808.033	(3.181)	(114)
Release made for the year	111.951.053	(111.986.322)		
Allocation made for the year	78.278.070	57.743.103		
Closing balance	<u>126.185.059</u>	<u>98.902.275</u>	<u>(62.310)</u>	<u>(59.129)</u>

The addition made during the year under review corresponds to the overcollateralisation reserve on additional portfolio purchases including Tap-up and Top-up.

The release made during the year under review relates to Term Take-Outs of the Lease Receivable of the period (EUR 28,822,000 in 2017; EUR 55,000,000 in 2016) to the buffer release (EUR 83,129,053 in 2017; EUR 51,728,816 in 2016) (see also note 3) and to final success fees (nil in 2017 and EUR 5,257,506 in 2016).

The allocation made during the period under review relates to the equalisation provision. Compartment 2 overcollateralisation closing balance has been classified under Other Debtors.

Subordinated Loan

	<u>31/12/2017</u>	<u>31/12/2016</u>
<u>Subordinated Loan changes during the year</u>	EUR	EUR
Opening balance	34.960.364	74.482.648
Increase for the year	174.898.482	178.463.205
Redemption for the year	(170.413.738)	(217.985.489)
Closing balance	<u>39.445.108</u>	<u>34.960.364</u>
Thereof scheduled for redemption/payment within one year	-	-
Due and payable after more than one year	<u>39.445.108</u>	<u>34.960.364</u>

	<u>31/12/2017</u>	<u>31/12/2016</u>	<u>31/12/2017</u>	<u>31/12/2016</u>
	<u>Compartment 1</u>		<u>Compartment 2</u>	
<u>Changes during the year</u>	EUR	EUR	EUR	EUR
Opening balance	34.960.364	74.482.648	-	-
Increase for the year	174.898.482	178.463.205	-	-
Redemption for the year	(170.413.738)	(217.985.489)	-	-
Closing balance	<u>39.445.108</u>	<u>34.960.364</u>	<u>-</u>	<u>-</u>
Thereof scheduled for redemption within one year	-	-	-	-
Due and payable after more than one year	<u>39.445.108</u>	<u>34.960.364</u>	<u>-</u>	<u>-</u>

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 11 - Other creditors

	31/12/2017	31/12/2016
	EUR	EUR
Interest on Floating Rate Notes	1.229	20.052
Interest on Swaps	23.630	3.106
Payable to Compartment 1	66.886	66.886
Total	91.745	90.044

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
<u>Other creditors</u>	EUR	EUR	EUR	EUR
Interest on Floating Rate Notes	1.229	20.052	-	-
Interest on Swaps	23.630	3.106	-	-
Payable to Compartment 1	-	-	66.886	66.886
Total	24.859	23.158	66.886	66.886

Note 12 - Other operating income

	31/12/2017	31/12/2016
	EUR	EUR
Equalisation provision	3.182	114

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Equalisation provision	-	-	3.182	114

Note 13 - Other external expenses

	31/12/2017	31/12/2016
	EUR	EUR
Audit fees	17.964	21.639
Service fees	18.880.284	11.851.174
Tax advisory fees	866	855
Legal fees	-	-
Rating agency fees	194.812	106.367
Trustee services	13.023	18.680
Corporate service fees	5.665	17.665
Other miscellaneous operating charges	28.232	25.330
Bank charges	279.631	317.481
Total	19.420.477	12.359.191

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 13 - Other external expenses (continued)

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Audit fees	17.964	21.639	-	-
Service fees	18.880.284	11.851.174	-	-
Tax advisory fees	866	855	-	-
Legal fees	-	-	-	-
Rating agency fees	194.812	106.367	-	-
Trustee services	13.023	18.680	-	-
Corporate service fees	5.665	17.665	-	-
Other miscellaneous operating charges	25.103	25.330	3.129	-
Bank charges	279.578	317.367	53	114
Total	19.417.295	12.359.077	3.182	114

Note 14 - Other operating expenses

	31/12/2017	31/12/2016
	EUR	EUR
Equalisation provision	78.278.070	57.743.102

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Equalisation provision	78.278.070	57.743.102	-	-

Equalisation provision represents payments obligations towards Volkswagen Leasing GmbH out of any surplus of cash-flows in accordance with the Order of Priority as defined in the Trust agreement.

Note 15 - Income from other investments and loans forming part of fixed assets

	31/12/2017	31/12/2016
	EUR	EUR
Derived from affiliated undertakings		
Interest income from Permitted Assets	103.241.865	73.454.483

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest income from Permitted Assets	103.241.865	73.454.483	-	-

Note 16 - Interest payable and similar expenses

	31/12/2017	31/12/2016
	EUR	EUR
Concerning affiliated undertakings		
Interest payable on Subordinated Loan	2.228.247	869.612

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest payable on Subordinated Loan	2.228.247	869.612	-	-

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 16 - Interest payable and similar expenses (continued)

	31/12/2017	31/12/2016
Other interest and similar expenses	EUR	EUR
Interest charges on Floating Rate Notes	2.473.105	709.941
Net interest payable on Swaps	833.344	1.738.386
Total	3.306.449	2.448.327

	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Compartment 1		Compartment 2	
	EUR	EUR	EUR	EUR
Interest charges on Floating Rate Notes	2.473.105	709.941	-	-
Net interest payable on Swaps	833.344	1.738.386	-	-
Total	3.306.449	2.448.327	-	-

Note 17 - Tax on profit or loss

The Company is subject to all taxes applicable to commercial companies in Luxembourg incorporated under the securitisation Law.

Note 18 - Staff

The Company did not employ any staff during the year under review (2016: nil).

Note 19 - Emoluments granted to the Members of the Board of Directors

No emoluments have been granted to any member of the Board of Directors, nor have any obligations arisen or been entered into by the Company in respect of retirement pensions for former members of the Board of Directors.

Note 20 - Loans or advances granted to the Members of the Board of Directors

No loans or advances have been granted to any member of the Board of Directors.

VCL Master S.A.

6. NOTES TO THE ANNUAL ACCOUNTS

Note 21 - Balance sheet as at 31 December 2017 per compartment

ASSETS	Notes	31/12/2017	31/12/2016	31/12/2017	31/12/2016
		Compartment 1		Compartment 2	
		EUR	EUR	EUR	EUR
A. Fixed assets					
Financial assets					
Investment held as fixed assets	3	1.772.884.120	1.199.669.615	-	-
		<u>1.772.884.120</u>	<u>1.199.669.615</u>	<u>-</u>	<u>-</u>
B. Current assets					
Debtors					
Other debtors	4	61.911.794	36.451.513	62.310	59.129
- becoming due and payable within one year					
Cash at bank and in hand	5	17.711.543	16.413.482	40.126	40.179
		<u>79.623.337</u>	<u>52.864.995</u>	<u>102.436</u>	<u>99.308</u>
Total Assets		<u><u>1.852.507.457</u></u>	<u><u>1.252.534.610</u></u>	<u><u>102.436</u></u>	<u><u>99.308</u></u>
LIABILITIES					
A. Capital and reserves					
Subscribed capital	6	31.000	31.000	-	-
		<u>31.000</u>	<u>31.000</u>	<u>-</u>	<u>-</u>
B. Provisions					
Other provisions	8	104.958	48.319	-	-
		<u>104.958</u>	<u>48.319</u>	<u>-</u>	<u>-</u>
C. Creditors					
Debenture loans					
Non convertibles loans					
- becoming due and payable after more than one year	9	1.191.303.663	847.200.000	-	-
- becoming due and payable within one year		223.696.337	-	-	-
Amounts owed to affiliated undertakings	10	39.445.108	34.960.364	-	-
- becoming due and payable after more than one year		397.886.606	370.257.910	29.187	29.187
- becoming due and payable within one year					
Other creditors					
Tax authorities	16	14.926	13.859	6.363	3.235
Other creditors	11	24.859	23.158	66.886	66.886
- becoming due and payable within one year					
		<u>1.852.371.499</u>	<u>1.252.455.291</u>	<u>102.436</u>	<u>99.308</u>
Total Liabilities		<u><u>1.852.507.457</u></u>	<u><u>1.252.534.610</u></u>	<u><u>102.436</u></u>	<u><u>99.308</u></u>

The accompanying notes form an integral part of these annual accounts.

VCL Master S.A.

6. NOTES TO THE ANNUAL ACCOUNTS

Note 22 - Profit and loss account for the year ended 31 December 2017 per compartment

	Notes	31/12/2017		31/12/2016	
		Compartment 1		Compartment 2	
		EUR	EUR	EUR	EUR
Other operating income	12	-	-	3.182	114
Other external expenses	13	(19.417.295)	(12.359.077)	(3.182)	(114)
Other operating expenses	14	(78.278.070)	(57.743.102)	-	-
Income from other investments and loans forming part of the fixed assets	15				
- derived from affiliated undertakings		103.241.865	73.454.483	-	-
		103.241.865	73.454.483	3.182	114
Interest payable and similar expenses	16				
- concerning affiliated undertakings		(2.228.247)	(869.612)	-	-
- other interest and similar expenses		(3.306.449)	(2.448.327)	-	-
		(5.534.696)	(3.317.939)	-	-
Tax on profit or loss	17	(4.582)	(34.365)	-	-
Other taxes not shown under items 1 to 16	17	(7.222)	-	-	-
Profit or loss for the financial year		-	-	-	-

The accompanying notes form an integral part of these annual accounts.

VCL Master S.A.

5. NOTES TO THE ANNUAL ACCOUNTS

Note 23 - Off balance sheet commitments

The Company has entered into Swap Agreements to hedge the Company's interest rate risk derived from floating interest rate on the Notes issued (see also note 9). Settlement of the Swaps is performed on the 25th day of each month. As from 26 September 2017, all swap contracts have been renewed. The termination dates of the swap contracts are in 2024.

The interest rate swaps can be detailed as follows:

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid
<u>Swaps on Note A series</u>				
Compartment 1 - NOVA SCOTIA	EUR	76.100.000	0,250%	0,110%
Compartment 1 - DZ BANK	EUR	139.000.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	70.500.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	84.600.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	84.600.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	56.400.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	169.200.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	56.400.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	372.000.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	33.500.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	56.400.000	0,250%	0,110%
Compartment 1 - NOVA SCOTIA	EUR	<u>178.000.000</u>	0,250%	0,110%
	EUR	1.376.700.000		
<u>Swaps on Note B series</u>				
Compartment 1 - DZ BANK	EUR	20.500.000	0,600%	0,340%
Compartment 1 - DZ BANK	EUR	9.700.000	0,600%	0,340%
Compartment 1 - DZ BANK	EUR	8.100.000	0,600%	0,340%
	EUR	<u>38.300.000</u>		
Total	EUR	<u><u>1.415.000.000</u></u>		

The interest rate received for each swap consists of 1 month Euribor plus the spread as mentioned above.

As at 31 December 2017, the Swaps have a nominal value of EUR 1,415,000 (EUR 847,200,000 in 2016) for Compartment 1 and EUR nil for Compartment 2.

During 2017, the total Swaps interest amounted to EUR 833,344 (EUR 1,738,386 in 2016) (see note 16).

Note 24 - Subsequent events

As from 19 March 2018, the address of the registered office of the Company has been transferred from 52-54 Avenue du X Septembre, L-2550 Luxembourg to 22-24 Boulevard Royal, L-2449 Luxembourg.

On 07 June 2018, Mr A. Nelke has resigned from the position as Director of the Company and has been replaced by Mrs C. Lampis with effective date 12th of June 2018.

No other event has occurred subsequent to the year-end which would have a material impact on the annual accounts as at 31 December 2017.

Luxembourg, 16 June 2018


Mrs Z.H. Carpians
Director


Mrs C. Lampis
Director

Mrs C. Pimie
Director