

**VCL Master S.A.
Société Anonyme**

**AUDITED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2019**

Address:
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L-2449 Luxembourg

RCS Luxembourg : B 149.052

VCL Master S.A.

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VCL Master S.A.

DIRECTORS' REPORT

The Board of Directors of VCL Master S.A. (the "**Company**") herewith submits its report for the year ending 31 December 2019.

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)	Initial 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	Initial Notes (in EUR)	Initial maturity	Initial 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.

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.

DIRECTORS' REPORT (CONTINUED)

Summary of activities (continued)

Portfolio of Permitted Assets

During the year 2019, the Lease Receivables principal held by Compartment 1 was increased by EUR 609,208,460 (EUR 610,241,614 in 2018) by way of reinvestment of funds collected (Top Up) and by EUR 2,465,234,499 (EUR 2,210,229,231 in 2018) by way of additional issuances of Notes (Tap Up). The Lease Receivables principal was also decreased by EUR 689,970,382 (EUR 595,015,005 in 2018) by way of payments collected from Volkswagen Leasing GmbH.

On 18 April 2019, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 28, a part of its portfolio with a discounted nominal value of EUR 1,000,018,756 for a price of EUR 983,277,156 (Term Take-Out).

On 20 November 2019, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 29, a part of its portfolio with a discounted nominal value of EUR 1,000,008,117 for a price of EUR 985,701,167 (Term Take-Out).

Subordinated loan

During the year 2019, Compartment 1 has been granted an additional amount of EUR 174,458,801 (EUR 149,526,257 in 2018) and has redeemed an amount of EUR 147,349,781 (EUR 151,985,911 in 2018) on the subordinated loan principal.

Floating Rate Notes

During the year 2019, Compartment 1 has issued additional Notes for a total amount of EUR 2,459,300,000 (EUR 2,061,700,000 in 2018) and redeemed the amount of EUR 1,836,200,000 (EUR 2,336,700,000 in 2018) 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 2019, 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 2019.

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.

Effective as of 4 February 2019, Mr I. Valikoff has resigned from his position as Director of the Company and has been replaced by Mrs Sheena E. Gill (previously named Schmidt).

VCL Master S.A.

DIRECTORS' REPORT (CONTINUED)

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

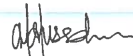
During the first quarter of 2020, COVID-19, an infectious disease caused by the Coronavirus has widespread across the world, resulting in thousands of casualties and economic instability. At the approval date of these annual accounts, the long-term consequences of the pandemic are unknown but it will likely affect the financial markets performance and industries as whole. However, at this date, there is no significant increase in the defaulted receivables balances. The Company is in its full capacity to continue its usual operations and the Board will continue to monitor the situation as well as potential impacts on the Company.

No other event has occurred subsequent to the year-end which would have a material impact on the annual accounts as at 31 December 2019.

Luxembourg, 31 July 2020



Mrs Z.H. Cammans
Director



Mrs M. Mussai-Ramassur
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 2019, 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 2019;
 - 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF 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 the EU Regulation No 537/2014.

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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. 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

Existence and Valuation of lease receivables

The purpose of the Company is to purchase a portfolio of car lease receivables of customers from Volkswagen Leasing GmbH (“the originator” and the “asset servicer”). The acquisition of the lease receivables is financed by the issuances of granted listed notes. The leasing portfolio is purchased from the originator at a discounted value to cover potential losses of these receivables. 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.

The selection and collection process of the lease receivables purchased from the originator is not conducted by the Company itself but by a third party, the asset servicer. Thus, reconciliation processes over lease receivables and accounting records implemented by the asset servicer are critical to ensure lease receivable balances are complete and accurate.

Taking into account that the total financial fixed assets as at 31 December 2019 amounted to 1,829,582,475EUR (See Note 3), we have identified this as a key audit matter of our audit.

The lease receivables purchased by the Company are part of the full lease portfolio of the originator. Our audit procedures to cover the existence of the lease receivables included:

- We performed detailed procedures to gain an understanding of the controls in respect of the existence of the lease receivables adopted by the asset servicer;
- We performed reconciliation of the information of lease receivables in the annual accounts from the source systems;
- In order to check reliance of the asset servicer’s information, we performed a sample testing of lease receivables and obtained supporting lease contracts.

As the audit of the valuation of each individual lease receivables is not appropriate, we have reviewed and tested the internal control system of the originator with regards to the valuation of the lease receivables in which no issues were noted.

In order to test the Company’s assessment on the valuation of the lease receivables, we performed detailed procedures to assess the recoverability of the lease receivables and we concluded that as at 31 December 2019 the Company’s leasing receivables valuation disclosed in the annual accounts is in line with the accounting policies.

As at 31 December 2019, the existence and the valuation of the Company’s lease receivables are properly reviewed with no exceptions noted.



Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the directors' report including 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 and those charged with governance 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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.



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 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 the applicable legal requirements.

We have been appointed as "Réviseur d'Entreprises Agréé" of the Company by the Board of Directors on 31 July 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 9 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 31 July 2020

Electronically signed by:
Frank Ballmann

A handwritten signature in black ink, appearing to read 'FB', followed by a horizontal line.

Frank Ballmann

Annual Accounts Helpdesk :

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RCSL Nr. : B149052

Matricule : 2009 2222 447

eCDF entry date :

BALANCE SHEET
Financial year from ₀₁ 01/01/2019 **to** ₀₂ 31/12/2019 (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	1.829.582.475,00	1.445.136.771,00
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

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	2.2.2, 3	135
		1.829.582.475,00	1.445.136.771,00
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	145	146
		1.829.582.475,00	1.445.136.771,00
6. Other loans	1147	147	148
D. Current assets	1151	120.878.696,00	61.315.776,00
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	2.2.3, 4	163
		72.437.357,00	44.116.010,00
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	183	184
		72.437.357,00	44.116.010,00
a) becoming due and payable within one year	1185	185	186
		72.437.357,00	44.116.010,00
b) becoming due and payable after more than one year	1187	187	188

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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 _____ 48.441.339,00	198 _____ 17.199.766,00
E. Prepayments	1199 _____	199 _____ 28.188,00	200 _____
TOTAL (ASSETS)		201 _____ 1.950.489.359,00	202 _____ 1.506.452.547,00

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

RCSL Nr.: B149052

Matricule : 2009 2222 447

CAPITAL, RESERVES AND LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves			
	1301	301 31.000,00	302 31.000,00
I. Subscribed capital	1303 6	303 31.000,00	304 31.000,00
II. Share premium account	1305	305	306
III. Revaluation reserve	1307	307	308
IV. Reserves	1309	309	310
1. Legal reserve	1311 7	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 2.2.11, 8	331 23.866,00	332 14.025,00
1. Provisions for pensions and similar obligations	1333	333	334
2. Provisions for taxation	1335	335	336
3. Other provisions	1337	337 23.866,00	338 14.025,00
C. Creditors	1435 2.2.9	435 1.950.434.493,00	436 1.506.407.522,00
1. Debenture loans	1437	437 1.763.101.615,00	438 1.140.000.570,00
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 9	445 1.763.101.615,00	446 1.140.000.570,00
i) becoming due and payable within one year	1447	447 346.530.174,00	448 143.190.270,00
ii) becoming due and payable after more than one year	1449	449 1.416.571.441,00	450 996.810.300,00
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

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Matricule : 2009 2222 447

	Reference(s)	Current year	Previous year
3. Payments received on account of orders in so far as they are not 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	10 187.256.632,00	380 366.214.595,00
a) becoming due and payable within one year	1381	381 123.162.158,00	382 329.229.141,00
b) becoming due and payable after more than one year	1383	383 64.094.474,00	384 36.985.454,00
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 76.246,00	452 192.357,00
a) Tax authorities	1393	393 13.684,00	394 21.287,00
b) Social security authorities	1395	395	396
c) Other creditors	1397	397 11 62.562,00	398 171.070,00
i) becoming due and payable within one year	1399	399 62.562,00	400 171.070,00
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 1.950.489.359,00	406 1.506.452.547,00

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

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RCSL Nr. : B149052

Matricule : 2009 2222 447

eCDF entry date :

PROFIT AND LOSS ACCOUNTFinancial year from ₀₁ 01/01/2019 to ₀₂ 31/12/2019 (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	713	714 0,00
5. Raw materials and consumables and other external expenses	1671	671 -17.333.238,00	672 -14.551.556,00
a) Raw materials and consumables	1601	601	602
b) Other external expenses	1603 12	603 -17.333.238,00	604 -14.551.556,00
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	653	654
ii) other social security costs	1655	655	656
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 13	621 -73.414.739,00	622 -64.699.093,00

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

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	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
	14	92.710.570,00	81.311.760,00
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
	15	-1.960.597,00	-2.043.491,00
a) concerning affiliated undertakings	1629	629	630
b) other interest and similar expenses	1631	631	632
		-623.026,00	-519.009,00
		-1.337.571,00	-1.524.482,00
15. Tax on profit or loss	1635	635	636
	18	-6,00	-1.263,00
16. Profit or loss after taxation	1667	667	668
		1.990,00	16.357,00
17. Other taxes not shown under items 1 to 16	1637	637	638
	18	-1.990,00	-16.357,00
18. Profit or loss for the financial year	1669	669	670
		0,00	0,00

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

VCL Master S.A.

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 Register 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 policies

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.

Comparative figures of captions "Other creditors", "Non convertible loans", "Amounts owed to undertakings is linked by virtue of participating interests" and "Other provisions" as at 31 December 2018 have been modified to enable comparability with the figures presented as at 31 December 2019.

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 assets are recorded at their acquisition price. 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 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. In case of repayment above discounted value, these repayments are accounted as a gain.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 2 - Summary of significant accounting policies (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. In case of hedging of an asset or liability which is not recorded at fair value, unrealised gains or losses are deferred until the realised gains or losses on the hedged item are realised. 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 Prepayments

This asset item includes expenditures incurred during the financial year but relating to a subsequent financial year.

2.2.7 Deferred income

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

2.2.8 Notes issued

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

2.2.9 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.

2.2.10 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

2.2.11 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.

2.2.12 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 originator 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.**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)****Note 3 - Financial assets**

Investments held as fixed assets	31-12-2019	31-12-2018
	EUR	EUR
<u>Permitted Assets</u>		
Opening balance	1,445,136,771	1,772,884,121
Acquisition via reinvestment of funds collected (Top-Up)	609,208,460	610,241,614
Acquisition via additional issuances of Notes (Tap-Up)	2,465,234,499	2,210,229,231
Repayment during the year	(689,970,382)	(595,015,005)
Term Take-Out	(2,000,026,873)	(2,553,203,190)
Closing balance	<u>1,829,582,475</u>	<u>1,445,136,771</u>

During the year 2019, the Lease Receivables principal held by Compartment 1 was increased by EUR 609,208,460 (EUR 610,241,614 in 2018) by way of reinvestment of funds collected (Top Up) and by EUR 2,465,234,499 (EUR 2,210,229,231 in 2018) by way of additional issuances of Notes (Tap Up). The Lease Receivables principal was also decreased by EUR 689,970,382 (EUR 595,015,005 in 2018) by way of payments collected from Volkswagen Leasing GmbH.

On 18 April 2019, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 28, a part of its portfolio with a discounted nominal value of EUR 1,000,018,756 for a price of EUR 983,277,156 (Term Take-Out).

On 20 November 2019, Compartment 1 sold to VCL Multi-Compartment S.A., Compartment VCL 29, a part of its portfolio with a discounted nominal value of EUR 1,000,008,117 for a price of EUR 985,701,167 (Term Take-Out).

Interest income for the year ended 31 December 2019 amounted to EUR 92,710,570 (EUR 81,311,760 in 2018) for Compartment 1 (see note 14).

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 2019, no value adjustment is recorded in the annual accounts in respect of financial 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 2019 collection of the Permitted Assets, which is due in January 2020 for Compartment 1.

Note 5 - Cash at bank and in hand	31-12-2019	31-12-2018
	EUR	EUR
Current account	64,797	63,939
Disbursement account	150,939	150,939
Cash collateral account	21,155,700	16,984,888
Accumulation account	27,069,903	-
Total cash at bank and in hand	<u>48,441,339</u>	<u>17,199,766</u>

Note 6 - Subscribed capital

As at 31 December 2019, 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	31-12-2019	31-12-2018
	EUR	EUR
<u>Other provisions</u>		
Audit fees	22,786	13,000
Tax advisory fees	1,080	1,025
Total other provisions	<u>23,866</u>	<u>14,025</u>

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 9 - Non convertible loans

	31-12-2019	31-12-2018
	EUR	EUR
<u>Becoming due and payable within one year</u>		
Interest on Notes B	1,615	570
Notes A - redemption within one year	346,528,559	143,189,700
Total becoming due and payable within one year	<u>346,530,174</u>	<u>143,190,270</u>
<u>Becoming due and payable after more than one year</u>		
Notes A	1,369,871,441	966,210,300
Notes B	46,700,000	30,600,000
Total becoming due and payable after more than one year	<u>1,416,571,441</u>	<u>996,810,300</u>
Total non convertible loans	<u>1,763,101,615</u>	<u>1,140,000,570</u>

Floating Rate Notes Series A

	31-12-2019	31-12-2018
	EUR	EUR
<u>Changes during the year</u>		
Opening balance	1,109,400,000	1,376,700,000
Additional issuance for the year	2,395,800,000	2,008,500,000
Redemption for the year	(1,788,800,000)	(2,275,800,000)
Closing balance	<u>1,716,400,000</u>	<u>1,109,400,000</u>
Thereof scheduled for redemption within one year	<u>346,528,559</u>	<u>143,189,700</u>
Amount due and payable after more than one year	<u>1,369,871,441</u>	<u>966,210,300</u>

Floating Rate Notes Series B

	31-12-2019	31-12-2018
	EUR	EUR
<u>Changes during the year</u>		
Opening balance	30,600,000	38,300,000
Additional issuance for the year	63,500,000	53,200,000
Redemption for the year	(47,400,000)	(60,900,000)
Closing balance	<u>46,700,000</u>	<u>30,600,000</u>
Thereof scheduled for redemption within one year	-	-
Amount due and payable after more than one year	<u>46,700,000</u>	<u>30,600,000</u>

The redemption of EUR 922,400,000 (EUR 898,700,000 Notes A and EUR 23,700,000 Notes B) on 25 April 2019 of Compartment 1 took place following the successful sales of Permitted Assets (Term Take-Out) to VCL Multi-Compartment S.A. acting for and on behalf of its Compartment 28.

The redemption of EUR 913,800,000 (EUR 890,100,000 Notes A and EUR 23,700,000 Notes B) on 25 November 2019 of Compartment 1 took place following the successful sales of Permitted Assets (Term Take-Out) to VCL Multi-Compartment S.A. acting for and on behalf of its Compartment 29.

Since 25 September 2019, the floating rate interest on the Notes has been swapped to a fixed rate interest between 0.17% and 0.22% (between 0.11% and 0.44% previously) for Compartment 1 (see also note 22).

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. Notes series B rank junior to Notes series A.

VCL Master S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 10 - Amounts owed to affiliated undertakings	31-12-2019	31-12-2018
	EUR	EUR
<u>Becoming due and payable within one year</u>		
Overcollateralisation payable	113,265,171	93,992,380
Reserve bond issue expenses	97,253	97,253
Servicer fees	1,577,704	1,043,664
Advanced payments	945,000	945,000
Other amounts payable	7,267,603	233,146,046
Interest payable on subordinated loan	9,427	4,798
Total becoming due and payable within one year	<u>123,162,158</u>	<u>329,229,141</u>
<u>Becoming due and payable after more than one year</u>		
Subordinated loan	64,094,474	36,985,454
Total becoming due and payable after more than one year	<u>64,094,474</u>	<u>36,985,454</u>
Total amounts owed to affiliated undertakings	<u>187,256,632</u>	<u>366,214,595</u>

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

The other amounts payable correspond to the amount to be paid to Volkswagen Leasing GmbH for the next waterfall as tap-up price.

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

Overcollateralisation payable	31-12-2019	31-12-2018
	EUR	EUR
<u>Changes during the year</u>		
Opening balance	93,992,380	126,185,059
Addition made for the year	53,715,140	43,223,124
Release made for the year	(107,857,088)	(140,114,896)
Allocation made for the year	73,414,739	64,699,093
Closing balance	<u>113,265,171</u>	<u>93,992,380</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 31,075,482 (EUR 77,362,325 in 2018) and to the buffer release EUR 76,781,606 (EUR 62,752,571 in 2018) (see also note 3).

The allocation made for the year relates to the equalisation charge for the current year.

Subordinated Loan	31-12-2019	31-12-2018
	EUR	EUR
<u>Changes during the year</u>		
Opening balance	36,985,454	39,445,108
Increase for the year	174,458,801	149,526,257
Redemption for the year	(147,349,781)	(151,985,911)
Closing balance	<u>64,094,474</u>	<u>36,985,454</u>
Thereof scheduled for redemption/payment within one year	-	-
Due and payable after more than one year	<u>64,094,474</u>	<u>36,985,454</u>

The Subordinated Loans have been granted for the purpose of credit enhancement and they rank junior to the Notes.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 11 - Other creditors

	31-12-2019	31-12-2018
	EUR	EUR
Interest on swaps	4,527	19,339
Other creditors	58,035	151,560
Other payable	-	171
Total other creditors	62,562	171,070

Note 12 - Other external expenses

	31-12-2019	31-12-2018
	EUR	EUR
Audit fees	37,369	10,858
Servicer fees	16,911,311	14,009,878
Tax advisory fees	1,845	1,112
Rating agency fees	145,763	247,399
Trustee services	9,435	30,327
Maintenance fees	21,230	34,963
Other miscellaneous operating charges	24,708	20,512
Bank charges	181,577	196,507
Total other external expenses	17,333,238	14,551,556

Note 13 - Other operating expenses

	31-12-2019	31-12-2018
	EUR	EUR
Equalisation provision	73,414,739	64,699,093
Total other operating expenses	73,414,739	64,699,093

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

	31-12-2019	31-12-2018
	EUR	EUR
<u>Derived from affiliated undertakings</u>		
Interest income from Permitted Assets	92,710,570	81,311,760
Total derived from affiliated undertakings	92,710,570	81,311,760

Note 15 - Interest payable and similar expenses

	31-12-2019	31-12-2018
	EUR	EUR
<u>Concerning affiliated undertakings</u>		
Interest payable on subordinated loan	623,026	519,009
Total concerning affiliated undertakings	623,026	519,009
<u>Other interest and similar expenses</u>		
Interest charges on Floating Rate Notes	65,245	71,804
Net interest payable on swaps	1,272,326	1,452,678
Total other interest and similar expenses	1,337,571	1,524,482
Total interest payable and similar expenses	1,960,597	2,043,491

VCL Master S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 16 - Balance sheet as at 31 December 2019 per compartment

ASSETS	Compartment 1		Compartment 2		General compartment		Total*	
	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018	31-12-2019	31-12-2018
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
A. Fixed assets								
Financial assets	1,829,582,475	1,445,136,771	-	-	-	-	1,829,582,475	1,445,136,771
Investment held as fixed assets	1,829,582,475	1,445,136,771	-	-	-	-	1,829,582,475	1,445,136,771
B. Current assets								
Debtors								
Other debtors	72,437,357	44,116,010	-	-	-	-	72,437,357	44,116,010
- becoming due and payable within one year	72,437,357	44,116,010	-	-	-	-	72,437,357	44,116,010
- becoming due and payable within one year from another compartment	33,797	32,939	-	-	-	-	33,797	32,939
Cash at bank and in hand	48,376,542	17,135,656	-	171	64,797	63,939	48,441,339	17,199,766
	120,847,696	61,284,605	-	171	64,797	63,939	120,912,493	61,348,715
C. Prepayments	28,188	-	-	-	-	-	28,188	-
Total Assets	1,950,458,359	1,506,421,376	-	171	64,797	63,939	1,950,523,156	1,506,485,486
CAPITAL, RESERVES AND LIABILITIES								
A. Capital and reserves								
Subscribed capital	-	-	-	-	31,000	31,000	31,000	31,000
B. Provisions	23,866	14,025	-	-	-	-	23,866	14,025
Other provisions	23,866	14,025	-	-	-	-	23,866	14,025
C. Creditors								
Debtenture loans								
Non convertible loans	346,530,174	143,190,270	-	-	-	-	346,530,174	143,190,270
- becoming due and payable within one year	346,530,174	143,190,270	-	-	-	-	346,530,174	143,190,270
- becoming due and payable after more than one year	1,416,571,441	996,810,300	-	-	-	-	1,416,571,441	996,810,300
Amounts owed to affiliated undertakings	123,162,158	329,229,141	-	-	-	-	123,162,158	329,229,141
- becoming due and payable within one year	123,162,158	329,229,141	-	-	-	-	123,162,158	329,229,141
- becoming due and payable after more than one year	64,094,474	36,985,454	-	-	-	-	64,094,474	36,985,454
Other creditors	13,684	21,287	-	-	-	-	13,684	21,287
Tax authorities	13,684	21,287	-	-	-	-	13,684	21,287
Other creditors	62,562	170,899	-	171	-	-	62,562	171,070
- becoming due and payable within one year	62,562	170,899	-	171	-	-	62,562	171,070
- becoming due and payable within one year against another compartment	-	-	-	-	33,797	32,939	33,797	32,939
	1,950,434,493	1,506,407,351	-	171	33,797	32,939	1,950,468,290	1,506,440,461
Total Capital, Reserves and Liabilities	1,950,458,359	1,506,421,376	-	171	64,797	63,939	1,950,523,156	1,506,485,486

* The total presented differs from combined balance sheet (page 10) due to inter-compartment transactions.

VCL Master S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 17 - Profit and loss account for the year ended 31 December 2019 per compartment

	Compartment 1		Compartment 2		General compartment		Total	
	31-12-2019 EUR	31-12-2018 EUR	31-12-2019 EUR	31-12-2018 EUR	31-12-2019 EUR	31-12-2018 EUR	31-12-2019 EUR	31-12-2018 EUR
Other external expenses	(17,333,238)	(14,551,556)	-	-	-	-	(17,333,238)	(14,551,556)
Other operating expenses	(73,414,739)	(64,699,093)	-	-	-	-	(73,414,739)	(64,699,093)
Income from other investments and loans forming part of the fixed assets	92,710,570	81,311,760	-	-	-	-	92,710,570	81,311,760
- derived from affiliated undertakings	92,710,570	81,311,760	-	-	-	-	92,710,570	81,311,760
Interest payable and similar expenses	(623,026)	(519,009)	-	-	-	-	(623,026)	(519,009)
- concerning affiliated undertakings	(1,337,571)	(1,524,482)	-	-	-	-	(1,337,571)	(1,524,482)
- other interest and similar expenses	(1,960,597)	(2,043,491)	-	-	-	-	(1,960,597)	(2,043,491)
Tax on profit or loss	(6)	(1,263)	-	-	-	-	(6)	(1,263)
Other taxes not shown under items 1 to 16	(1,990)	(16,357)	-	-	-	-	(1,990)	(16,357)
Profit or loss for the financial year	-	-	-	-	-	-	-	-

VCL Master S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 18 - Taxes

The Company is subject to the tax regulations applicable to the securitisation companies in Luxembourg.

Note 19 - Staff

The Company did not employ any staff during the year under review (2018: nil).

Note 20 - 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 21 - 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.

Note 22 - 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 19 September 2019, all swap contracts have been renewed.

The termination dates of the swap contracts are in 2026.

The interest rate swaps can be detailed as follows:

	Curr	Nominal amount	Spread interest rate received	Interest rate Paid
Swaps on Note A series - Compartment 1				
Class A 2010-2 swap - Crédit Agricole	EUR	218,400,000	0.000%	0.022%
Class A 2010-4 swap - Crédit Agricole	EUR	4,300,000	0.000%	0.022%
Class A 2011-2 swap - Crédit Agricole	EUR	55,100,000	0.000%	0.022%
Class A 2012-1 swap - Crédit Agricole	EUR	110,300,000	0.000%	0.022%
Class A 2012-2 swap - Crédit Agricole	EUR	110,300,000	0.000%	0.022%
Class A 2012-3 swap - Crédit Agricole	EUR	73,500,000	0.000%	0.022%
Class A 2012-4 swap - Crédit Agricole	EUR	221,400,000	0.000%	0.022%
Class A 2013-1 swap - Crédit Agricole	EUR	73,500,000	0.000%	0.022%
Class A 2015-1 swap - Crédit Agricole	EUR	411,600,000	0.000%	0.022%
Class A 2017-1 swap - Crédit Agricole	EUR	55,100,000	0.000%	0.022%
Class A 2017-2 swap - Crédit Agricole	EUR	73,500,000	0.000%	0.022%
Class A 2017-3 swap - Crédit Agricole	EUR	250,800,000	0.000%	0.022%
Class A 2018-1 swap - Crédit Agricole	EUR	58,600,000	0.000%	0.022%
	EUR	<u>1,716,400,000</u>		
<u>Swaps on Note B series</u>				
Class B 2014-1 swap - Crédit Agricole	EUR	21,200,000	0.249%	0.170%
Class B 2014-3 swap - Crédit Agricole	EUR	20,800,000	0.249%	0.170%
Class B 2014-4 swap - Crédit Agricole	EUR	200,000	0.249%	0.170%
Class B 2018-1 swap - Crédit Agricole	EUR	4,500,000	0.249%	0.170%
	EUR	<u>46,700,000</u>		
Total	EUR	<u><u>1,763,100,000</u></u>		

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

As at 31 December 2019, the Swaps have a nominal value of EUR 1,763,100,000 (EUR 1,140,000,000 in 2018) for Compartment 1.

During 2019, the total Swaps interest amounted to EUR 1,272,326 (EUR 1,452,678 in 2018) (see note 15).

VCL Master S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 23 - Subsequent events

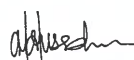
During the first quarter of 2020, COVID-19, an infectious disease caused by the Coronavirus has widespread across the world, resulting in thousands of casualties and economic instability. At the approval date of these annual accounts, the long-term consequences of the pandemic are unknown but it will likely affect the financial markets performance and industries as whole. However, at this date, there is no significant increase at the defaulted receivables balances. The Company is in its full capacity to continue its usual operations and the Board will continue to monitor the situation as well as potential impacts on the Company.

No other event has occurred subsequent to the year-end which would have a material impact on the annual accounts as at 31 December 2019.

Luxembourg, 31 July 2020



Mrs Z.H. Cammans
Director



Mrs M. Mussai-Ramassur
Director