

**VCL Master Residual Value S.A.
Société Anonyme**

**AUDITED ANNUAL ACCOUNTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2021**

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

RCS Luxembourg : B 184 029

VCL Master Residual Value S.A.

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VCL Master Residual Value S.A.

DIRECTORS' REPORT

The Board of Directors (the "**Board**") of VCL Master Residual Value S.A. (the "**Company**") herewith submits its report for the year ending 31 December 2021.

General

The Company is a securitisation company within the meaning of the Luxembourg Law of March 22, 2004 on securitisation ("**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 creating such compartment, correspond to a distinct part of the assets and liabilities in respect of the corresponding funding.

Summary of activities

Compartment 2

On 3 November 2015 the Company created a compartment named Compartment 2 ("**C2**"). The C2 purchased a pool of expectancy rights (the "**Expectancy Rights**" or "**Permitted Assets**") from Volkswagen Leasing GmbH. The underlying vehicles were transferred as security to VCL Master S.A. acting on behalf of the C2.

Portfolio of Permitted Assets

During the year 2021, the Expectancy Rights principal amount held by the C2 increased by EUR 4,216,557,148.97 (2020: EUR 5,535,079,082.86) by way of additional issuances (Tap Up) or reinvestment of funds collected (Top Up). The Expectancy Rights principal amount was also decreased by EUR 3,584,608,072.78 (2020: EUR 3,400,368,625.92) by way of payments collected from Volkswagen Leasing GmbH and by EUR nil (2020: EUR 6,732,580.28) of assets repurchased from Volkswagen Leasing GmbH.

The balance of Expectancy Rights as at 31 December 2021 is EUR 10,731,975,280.77 (2020: EUR 10,100,026,204.58).

The underlying car lease contracts are mainly for the leasing of vehicles originated by Volkswagen Leasing GmbH 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.

The purchase of the Expectancy Rights has been financed by the issuance of Floating Rate Notes (the "**Notes**") and Subordinated Loan as follows:

Notes

During the year 2021, the C2 has issued Notes for a total amount of EUR 405,800,000.00 (2020: EUR 1,339,700,000.00) and had EUR nil redemption of Notes (2020: EUR 218,100,000.00). The Notes are listed on Luxembourg Stock Exchange.

Subordinated Loan

During the year 2021, the C2 has been granted an additional amount of EUR 166,564,435.72 (2020: EUR 475,702,527.15) and EUR 148,216,997.14 (2020: EUR nil) was repaid. Unpaid interest for the amount of EUR 18,627,904.53 (2020: EUR 38,824,823.42) was capitalised to the Subordinated Loan nominal balance and EUR 73,804,977.86 (2020: EUR 80,853,998.15) was repaid.

As at 31 December 2021, the balance of the Notes and Subordinated Loan are as follows:

| Instrument | CCY | Outstanding amount | Initial maturity |
|-------------------|------------|---------------------------|-------------------------|
| Notes | EUR | 6,686,400,000.00 | September 2028 |
| Subordinated Loan | EUR | 2,739,448,796.32 | September 2028 |

The Notes are backed by substantially all of the assets allocated to C2 consisting primarily of the Company's right, title and interest in the Expectancy Rights and in the Final repayment Receivables which have been transferred to the Company.

VCL Master Residual Value S.A.

DIRECTORS' REPORT (CONTINUED)

Summary of activities (continued)

The Subordinated Loan has been initially granted to the Company by Volkswagen Bank GmbH for the purpose of credit enhancement and it ranks 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 Issuer to pay only those amounts which are actually available to it, being essentially the amounts received under the Expectancy Rights.

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.

Corporate Governance - Internal control and risk management procedures

The Board 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 ensure that the statutory and legal requirements and obligations of the Company are met and complied with.

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 2021, 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 2021.

Branches and participations of the Company

The Company does not have any branches or participations.

Board

The Company is managed by a Board 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 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 unless special decisions have been reached concerning the authorised signature in case of delegation of powers or proxies.

On 1st January 2021, Mrs Zamyra H. Cammans, Mrs Sheena E. Gill and Mrs Meenakshi Mussai-Ramassur were Directors of the Company. Effective as of 11 January 2021, Mrs Sheena E. Gill resigned from her position as director of the Company and was replaced by Mrs. Hélène Grine-Siciliano.

VCL Master Residual Value S.A.

DIRECTORS' REPORT (CONTINUED)

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 considers however that the Excess spread of the Structure would cover any movements in 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

On 22 January 2022, pursuant to the Second Amendment Agreement to the Subordinated Loan Agreement, Volkswagen Leasing GmbH assumed by way of assumption of contract all of the rights and obligations of Volkswagen Bank GmbH under the Subordinated Loan Agreement.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals from Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US dollar and the euro. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy.

The Company regards these events as non-adjusting events after the reporting period.

Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board continues to monitor the evolving situation and its impact on the financial position and results of 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 2021.

Future outlook

No material changes in activities are contemplated for the year 2022.

Luxembourg, 5 July 2022



Mrs Z.H. Cammans
Director



Mrs M. Mussai-Ramassur
Director



Mrs H. Grine-Siciliano
Director

Independent auditor's report

To the Shareholders of
VCL Master Residual Value S.A.
22-24, Boulevard Royal
L-2449 Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of VCL Master Residual Value S.A. (the "Company"), which comprise the balance sheet as at 31 December 2021, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, 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 financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (the "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 N° 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 financial statements" section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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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 financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Existence & Valuation of Expectancy Rights

Risk identified

The purpose of the Company is purchasing portfolios of Expectancy Rights (the “Receivables”) of customers from Volkswagen Leasing GmbH (the “Originator” and “Asset Servicer”) against the issuance of listed notes. The selection process of the Receivables is conducted by the Asset Servicer. Hence, controls and processes implemented by the Asset Servicer are critical to ensure that Receivables balances exist and are accurate. The Receivables as at 31 December 2021 amounted to EUR 10,731,975,281 representing 94% of the total balance sheet and related disclosures are included in Notes 2.2.1 and 3 to the financial statements. Considering the materiality of the amount involved and the judgment required in assessing the recoverability, we identified existence and valuation of lease receivables as a key audit matter.

Our audit response

Our audit procedures over the Investments held as fixed assets included, among others:

- Obtaining the legal documentation in order to confirm the existence of a servicer agreement between the Company, the Originator and Asset Servicer;
- Obtaining a confirmation as at 31 December 2021 of the Receivables from the Originator;
- Understanding and evaluating controls and processes implemented at the Asset Servicer, including among others the IT system and controls in relation to receivables management;
- Performing a sample test on Receivables by obtaining supporting lease contracts reconciling them to the Originator source system;
- Obtaining all monthly reports from the Asset Servicer in charge of collecting, monitoring and reporting on the Receivables and we performed on a sample basis reconciliations of such monthly reports to the Asset Servicer IT system, to the accounting records of the Company, and to external bank statements;
- Recalculating, on a sample basis the amortization of lease receivables to verify outstanding principal and calculated interest income
- Reconciling reported write-offs by the Asset Servicer to the accounting records of the Company;
- Assessing the potential Covid-19 pandemic impact on the Receivables by inquiry of the Originator;
- Assessing the adequacy of the Company’s disclosures in respect of the Investments held as fixed assets in Notes 2.1, 2.2.1 and 3 to the financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report but does not include the financial statements and our report of the “réviseur d’entreprises agréé” thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

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

In preparing the financial statements, 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 financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the “réviseur d’entreprises agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with the 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 financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, 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 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 report of the "réviseur d'entreprises agréé" to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of report of the "réviseur d'entreprises agréé". 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 financial statements, including the disclosures, and whether the financial statements 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 communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

Report on other legal and regulatory requirements

We have been appointed as “réviseur d’entreprises agréé” by the Board of Directors on 29 November 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the management report, is the responsibility of the Board of Directors. 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 financial statements and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Oliver Cloess

Luxembourg, 5 July 2022

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| | | | |
|------------|---------|-------------|---------------|
| RCSL Nr. : | B184029 | Matricule : | 2014.2200.873 |
|------------|---------|-------------|---------------|

BALANCE SHEET

Financial year from ⁰¹ 01/01 /2021 **to** ⁰² 31/12/2021 *(in* ⁰³ EUR)

VCL Master Residual Value 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 <u>10,731,975,280.77</u> | 110 <u>10,100,026,204.58</u> |
| 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 _____ |

| | 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 | 135 | 136 |
| | | 10,731,975,280.77 | 10,100,026,204.58 |
| 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 |
| | | 10,731,975,280.77 | 10,100,026,204.58 |
| 6. Other loans | 1147 | 147 | 148 |
| D. Current assets | 1151 | 151 | 152 |
| | | 629,194,455.64 | 572,055,833.08 |
| 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 | 163 | 164 |
| | | 334,154,732.33 | 300,704,963.30 |
| 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 |
| | | 334,142,990.37 | 300,704,963.30 |
| a) becoming due and payable within one year | 1173 | 173 | 174 |
| | | 334,142,990.37 | 300,704,963.30 |
| 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 |
| | | 11,741.96 | |
| a) becoming due and payable within one year | 1185 | 185 | 186 |
| | | 11,741.96 | |
| b) becoming due and payable after more than one year | 1187 | 187 | 188 |

| | | | |
|------------|---------|-------------|---------------|
| RCSL Nr. : | B184029 | Matricule : | 2014.2200.873 |
|------------|---------|-------------|---------------|

| | 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 _____ | 197 <u>295,039,723.31</u> | 198 <u>271,350,869.78</u> |
| E. Prepayments | 1199 _____ | 199 <u>13,899.18</u> | 200 <u>14,662.58</u> |
| TOTAL (ASSETS) | | 201 <u>11,361,183,635.59</u> | 202 <u>10,672,096,700.24</u> |

| |
|--|
| CAPITAL, RESERVES AND LIABILITIES |
|--|

| | Reference(s) | Current year | Previous year |
|---|--------------|------------------------------|------------------------------|
| A. Capital and reserves | | | |
| I. Subscribed capital | 1301 _____ | 301 <u>31,000.00</u> | 302 <u>31,000.00</u> |
| II. Share premium account | 1303 _____ | 303 <u>31,000.00</u> | 304 <u>31,000.00</u> |
| III. Revaluation reserve | 1305 _____ | 305 _____ | 306 _____ |
| IV. Reserves | 1307 _____ | 307 _____ | 308 _____ |
| 1. Legal reserve | 1309 _____ | 309 _____ | 310 _____ |
| 2. Reserve for own shares | 1311 _____ | 311 _____ | 312 _____ |
| 3. Reserves provided for by the articles of association | 1313 _____ | 313 _____ | 314 _____ |
| 4. Other reserves, including the fair value reserve | 1315 _____ | 315 _____ | 316 _____ |
| a) other available reserves | 1429 _____ | 429 _____ | 430 _____ |
| b) other non available reserves | 1431 _____ | 431 _____ | 432 _____ |
| V. Profit or loss brought forward | 1433 _____ | 433 _____ | 434 _____ |
| VI. Profit or loss for the financial year | 1319 _____ | 319 _____ | 320 _____ |
| VII. Interim dividends | 1321 _____ | 321 <u>0.00</u> | 322 <u>0.00</u> |
| VIII. Capital investment subsidies | 1323 _____ | 323 _____ | 324 _____ |
| | 1325 _____ | 325 _____ | 326 _____ |
| B. Provisions | | | |
| 1. Provisions for pensions and similar obligations | 1331 _____ | 331 <u>12,493.55</u> | 332 <u>12,373.94</u> |
| 2. Provisions for taxation | 1333 _____ | 333 _____ | 334 _____ |
| 3. Other provisions | 1335 _____ | 335 _____ | 336 _____ |
| | 1337 _____ | 337 <u>12,493.55</u> | 338 <u>12,373.94</u> |
| C. Creditors | | | |
| 1. Debenture loans | 1435 _____ | 435 <u>11,361,140,142.04</u> | 436 <u>10,672,053,326.30</u> |
| a) Convertible loans | 1437 _____ | 437 <u>6,686,460,340.24</u> | 438 <u>6,280,800,511.36</u> |
| i) becoming due and payable within one year | 1439 _____ | 439 _____ | 440 _____ |
| ii) becoming due and payable after more than one year | 1441 _____ | 441 _____ | 442 _____ |
| b) Non convertible loans | 1443 _____ | 443 _____ | 444 _____ |
| i) becoming due and payable within one year | 1445 _____ | 445 <u>6,686,460,340.24</u> | 446 <u>6,280,800,511.36</u> |
| ii) becoming due and payable after more than one year | 1447 _____ | 447 <u>60,340.24</u> | 448 <u>200,511.36</u> |
| 2. Amounts owed to credit institutions | 1449 _____ | 449 <u>6,686,400,000.00</u> | 450 <u>6,280,600,000.00</u> |
| a) becoming due and payable within one year | 1355 _____ | 355 _____ | 356 _____ |
| b) becoming due and payable after more than one year | 1357 _____ | 357 _____ | 358 _____ |
| | 1359 _____ | 359 _____ | 360 _____ |

| | 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 | 4,674,058,398.46 | 380 4,390,738,740.39 |
| a) becoming due and payable within one year | 1381 | 305,964,209.94 | 382 292,000,132.41 |
| b) becoming due and payable after more than one year | 1383 | 4,368,094,188.52 | 384 4,098,738,607.98 |
| 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 | 621,403.34 | 452 514,074.55 |
| a) Tax authorities | 1393 | 13,167.92 | 394 12,424.45 |
| b) Social security authorities | 1395 | 395 | 396 |
| c) Other creditors | 1397 | 608,235.42 | 398 501,650.10 |
| i) becoming due and payable within one year | 1399 | 608,235.42 | 400 501,650.10 |
| 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 | 11,361,183,635.59 | 406 10,672,096,700.24 |

PROFIT AND LOSS ACCOUNT

Financial year from ⁰¹ 01/01 /2021 to ⁰² 31/12/2021(in ⁰³ EUR)

VCL Master Residual Value S.A.

22-24, Boulevard Royal

L-2449 Luxembourg

| | 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 _____ |
| 5. Raw materials and consumables and other external expenses | 1671 _____ | 671 <u>-104,624,247.65</u> | 672 <u>-93,023,645.41</u> |
| a) Raw materials and consumables | 1601 _____ | 601 _____ | 602 _____ |
| b) Other external expenses | 1603 _____ | 603 <u>-104,624,247.65</u> | 604 <u>-93,023,645.41</u> |
| 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 _____ | 621 <u>-226,680,973.12</u> | 622 <u>-215,604,292.17</u> |
| 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 _____ |

| | | | |
|------------|---------|-------------|---------------|
| RCSL Nr. : | B184029 | Matricule : | 2014.2200.873 |
|------------|---------|-------------|---------------|

| | Reference(s) | Current year | Previous year |
|---|--------------|-----------------|--------------------------|
| 10. Income from other investments and loans forming part of the fixed assets | | | |
| 1721 _____ | 721 _____ | 444,848,405.41 | 722 _____ 396,103,902.65 |
| a) derived from affiliated undertakings | 1723 _____ | | 724 _____ |
| b) other income not included under a) | 1725 _____ | 444,848,405.41 | 726 _____ 396,103,902.65 |
| 11. Other interest receivable and similar income | | | |
| 1727 _____ | 727 _____ | | 728 _____ 1,685,994.78 |
| a) derived from affiliated undertakings | 1729 _____ | | 730 _____ |
| b) other interest and similar income | 1731 _____ | | 732 _____ 1,685,994.78 |
| 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 _____ | -113,539,091.89 | 628 _____ -89,157,457.29 |
| a) concerning affiliated undertakings | 1629 _____ | -86,514,752.34 | 630 _____ -70,959,360.27 |
| b) other interest and similar expenses | 1631 _____ | -27,024,339.55 | 632 _____ -18,198,097.02 |
| 15. Tax on profit or loss | | | |
| 1635 _____ | 635 _____ | | 636 _____ |
| 16. Profit or loss after taxation | | | |
| 1667 _____ | 667 _____ | 4,092.75 | 668 _____ 4,502.56 |
| 17. Other taxes not shown under items 1 to 16 | | | |
| 1637 _____ | 637 _____ | -4,092.75 | 638 _____ -4,502.56 |
| 18. Profit or loss for the financial year | | | |
| 1669 _____ | 669 _____ | 0.00 | 670 _____ 0.00 |

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NOTES TO THE ANNUAL ACCOUNTS

Note 1 - General information

The Company is a Luxembourg public limited liability company incorporated in Luxembourg on 28 January 2014 for an unlimited period of time under the legal form of "Société Anonyme" having its corporate office at 22-24, Boulevard Royal, L-2449 Luxembourg, Grand-Duchy of Luxembourg. The Company is registered at the Registre de Commerce et des Sociétés of Luxembourg City under number B 184.029.

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

The purpose of the Company is the Securitisation, within the meaning of the Securitisation Law, of 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 Gifhorner 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

These 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 December 19, 2002, as amended (the "**Amended Law**") determined and applied by the Board.

The preparation of annual accounts required the use of certain critical accounting estimates. It also requires the Board 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 year in which the assumptions changed. The Board believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Board 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.

The effect of the coronavirus pandemic (COVID-19) has varied significantly from industry to industry. Some industries have experienced material impact on its operations and results whereas some have not been affected or even benefited from it. Since the outbreak of the pandemic and up to the stage of the approval date of these annual accounts, the investments of the Company have not been significantly impacted by COVID-19 nor has the pandemic put at risk the continuity (going concern) of the Company business.

These annual accounts are stated in EUR, the functional and presentation currency of the Company.

2.2 Significant accounting policies

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

2.2.1 Financial assets

Permitted Assets included in financial assets are recorded at their discounted nominal value. In case of a durable depreciation in value according to the opinion of the Board, 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.

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NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 2 - Summary of significant accounting policies (continued)

2.2.2 Debtors

Other debtors are recorded at their nominal value. They are subject to value adjustments where their recoverability is either uncertain or compromised. These value adjustments are not continued if the reason for which the value adjustments were made has ceased to apply.

2.2.3 Prepayments

This asset item includes expense received during the financial year but relating to a subsequent financial year.

2.2.4 Provisions

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

2.2.5 Debenture loans

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

2.2.6 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.

2.2.7 Interest receivable and payable

Interest receivable and payable are recorded on an accrual basis.

2.2.8 Equalisation provision / Overcollateralisation charges

Losses during the year as a result from sales, defaults, lower market values or cost may cause a partial reduction on the assets. Such shortfalls will be borne by the holders of the Subordinated Loan in inverse order of the priority of payments when there is no Overcollateralisation liability.

Consequently, a decrease in value will be made and deducted from the amount repayable on the Subordinated Loan / Overcollateralisation liability and booked in the profit and loss account as "Other operating income".

Similarly, in case of profit made during the period, the Equalisation provision/ Overcollateralisation charges booked in the profit and loss as "Other operating expenses" will accordingly increase the Subordinated Loan / Overcollateralisation liability.

2.2.9 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 interest linked to derivative 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 24).

VCL Master Residual Value S.A.**NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)****Note 3 - Financial assets****Investments held as fixed assets**

| | <u>2021</u> | <u>2020</u> |
|-----------------------------|--------------------------|--------------------------|
| | EUR | EUR |
| <u>Permitted Assets</u> | | |
| Opening balance | 10,100,026,204.58 | 7,972,048,327.92 |
| Additions for the year | 4,216,557,148.97 | 5,535,079,082.86 |
| Reimbursements for the year | (3,584,608,072.78) | (3,407,101,206.20) |
| Closing balance | <u>10,731,975,280.77</u> | <u>10,100,026,204.58</u> |

The Company does not record any default on the Permitted Assets.

During the year 2021, the Expectancy Rights principal amount held by the C2 increased by EUR 4,216,557,148.97 (2020: EUR 5,535,079,082.86) by way of additional issuances (Tap Up) or reinvestment of funds collected (Top Up). The Expectancy Rights principal amount was also decreased by EUR 3,584,608,072.78 (2020: EUR 3,400,368,625.92) by way of payments collected from Volkswagen Leasing GmbH and by EUR nil (2020: EUR 6,732,580.28) of assets repurchased from Volkswagen Leasing GmbH.

Interest income for the year ended 31 December 2021 for C2, amounted to EUR 444,848,405.41 (2020: EUR 396,103,902.65) (see note 14).

As at 31 December 2021, no value adjustment is recorded in the annual accounts in respect of financial fixed assets given the absence of durable depreciation.

Note 4 - Amounts owed by affiliated undertakings

This amount stands for the receivable due from Volkswagen Leasing GmbH for the December 2021 collection of the Permitted Assets, which is due in January 2022.

| | <u>2021</u> | <u>2020</u> |
|--|-----------------------|-----------------------|
| | EUR | EUR |
| <u>Becoming due and payable within one year</u> | | |
| Receivable from Volkswagen Leasing GmbH | 334,142,990.37 | 300,704,963.30 |
| Amounts owed by affiliated undertakings - becoming due and payable within one year | <u>334,142,990.37</u> | <u>300,704,963.30</u> |

Note 5 - Cash at bank and in hand

| | <u>2021</u> | <u>2020</u> |
|--------------------------------|-----------------------|-----------------------|
| | EUR | EUR |
| Cash collateral account | 288,852,480.00 | 271,321,920.00 |
| Accumulation account | 6,159,051.25 | 228.25 |
| Capital account | 27,730.20 | 28,209.97 |
| Distribution account | 461.86 | 511.56 |
| Total cash at bank and in hand | <u>295,039,723.31</u> | <u>271,350,869.78</u> |

Note 6 - Subscribed capital

As at 31 December 2021, 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

| | <u>2021</u> | <u>2020</u> |
|-------------------------|------------------|------------------|
| | EUR | EUR |
| <u>Other provisions</u> | | |
| Audit fees | 11,382.05 | 11,273.94 |
| Tax advisory fees | 1,111.50 | 1,100.00 |
| Total other provisions | <u>12,493.55</u> | <u>12,373.94</u> |

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 9 - Non convertible loans

| | 2021 | 2020 |
|--|--------------------------------|--------------------------------|
| | EUR | EUR |
| <u>Becoming due and payable within one year</u> | | |
| Interest on Class B Notes | 59,408.07 | 88,031.02 |
| Interest on Class A Notes | 932.17 | 112,480.34 |
| Total becoming due and payable within one year | <u>60,340.24</u> | <u>200,511.36</u> |
| <u>Becoming due and payable after more than one year</u> | | |
| Class A Notes | 5,593,000,000.00 | 5,252,000,000.00 |
| Class B Notes | 1,093,400,000.00 | 1,028,600,000.00 |
| Total becoming due and payable after more than one year | <u>6,686,400,000.00</u> | <u>6,280,600,000.00</u> |
| Total non convertible loans | <u>6,686,460,340.24</u> | <u>6,280,800,511.36</u> |

Payments on the Notes are made monthly in arrears on the 25th of each month. The Notes mature in 2028.

The floating rate interest on the Notes is swapped to a fixed rate of 0.1850% for Class A Notes and of 0.8360% for Class B Notes.

The Notes are substantially backed by all of the assets of the Company consisting primarily of the Company's right, title and interest in the Expectancy Rights and in the Final Repayment Receivables which have been transferred to the Company.

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

Note 10 - Amounts owed to affiliated undertakings

| | 2021 | 2020 |
|--|--------------------------------|--------------------------------|
| | EUR | EUR |
| <u>Becoming due and payable within one year</u> | | |
| Amounts due to Volkswagen Leasing GmbH | 279,782,199.58 | 261,911,393.34 |
| Subordinated Loan - redemption within one year | 16,442,954.28 | 20,643,881.26 |
| Servicer fees | 8,957,612.02 | 8,416,679.74 |
| Accrued interest on Subordinated Loan | 541,497.71 | 788,231.72 |
| Advanced payments | 239,946.35 | 239,946.35 |
| Total becoming due and payable within one year | <u>305,964,209.94</u> | <u>292,000,132.41</u> |
| <u>Becoming due and payable after more than one year</u> | | |
| Subordinated Loan | 2,723,005,842.04 | 2,755,634,549.81 |
| Overcollateralisation payable | 1,645,088,346.48 | 1,343,104,058.17 |
| Total becoming due and payable after more than one year | <u>4,368,094,188.52</u> | <u>4,098,738,607.98</u> |
| Total amounts owed to affiliated undertakings | <u>4,674,058,398.46</u> | <u>4,390,738,740.39</u> |

Overcollateralisation payable represents the difference between the Aggregate Discounted Expectancy Rights Balance minus the Outstanding Expectancy Rights Funding Amounts, the Equalisation provision and year-end payable towards Volkswagen Leasing GmbH.

The advanced payments mainly relate to the amounts paid in advance by Volkswagen Leasing GmbH with regards to collections of Expectancy Rights.

Note 11 - Other creditors

| | 2021 | 2020 |
|--|-------------------|-------------------|
| | EUR | EUR |
| <u>Becoming due and payable within one year</u> | | |
| Other creditors | 488,132.38 | 427,511.49 |
| Accrued interest on Swaps | 120,103.04 | 74,138.61 |
| Total other creditors - becoming due and payable within one year | <u>608,235.42</u> | <u>501,650.10</u> |

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 12 - Other external expenses

| | 2021 | 2020 |
|---------------------------------------|-----------------------|----------------------|
| | EUR | EUR |
| Servicer fees | 102,574,210.31 | 91,333,095.28 |
| Bank charges | 1,864,092.66 | 1,498,271.93 |
| Rating agency fees | 116,478.42 | 129,656.79 |
| Maintenance fees | 22,696.25 | 27,550.00 |
| Trustee services | 17,257.26 | 18,204.45 |
| Other miscellaneous operating charges | 12,772.70 | 12,736.15 |
| Audit fees | 11,382.05 | (4,741.06) |
| Legal fees | 4,095.00 | 7,605.00 |
| Tax advisory fees | 1,123.00 | 1,126.87 |
| Chambre de Commerce | 140.00 | 140.00 |
| Total other external expenses | <u>104,624,247.65</u> | <u>93,023,645.41</u> |

Note 13 - Other operating expenses

| | 2021 | 2020 |
|--------------------------------|-----------------------|-----------------------|
| | EUR | EUR |
| Overcollateralisation charges | 226,680,973.12 | 215,604,292.17 |
| Total other operating expenses | <u>226,680,973.12</u> | <u>215,604,292.17</u> |

Overcollateralisation charges represent 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 the fixed assets

| | 2021 | 2020 |
|---|-----------------------|-----------------------|
| | EUR | EUR |
| <u>Other income not included under a)</u> | | |
| Interest income from Permitted Assets | 444,848,405.41 | 396,103,902.65 |
| Total other income not included under a) | <u>444,848,405.41</u> | <u>396,103,902.65</u> |

Note 15 - Other interest receivable and similar income

| | 2021 | 2020 |
|--|-------------|---------------------|
| | EUR | EUR |
| <u>Other interest and similar income</u> | | |
| Interest income on Swaps | - | 1,685,994.78 |
| Total other interest and similar income | <u>-</u> | <u>1,685,994.78</u> |

Note 16 - Interest payable and similar expenses

| | 2021 | 2020 |
|--|------------------------------|-----------------------------|
| | EUR | EUR |
| <u>Concerning affiliated undertakings</u> | | |
| Interest expense on Subordinated Loan | 86,514,752.34 | 70,959,360.27 |
| Total concerning affiliated undertakings | <u>86,514,752.34</u> | <u>70,959,360.27</u> |
| <u>Other interest and similar expenses</u> | | |
| Interest expense on Class A Notes | 11,961,188.26 | 8,318,309.61 |
| Interest expense on Class B Notes | 10,131,514.86 | 8,360,441.25 |
| Interest expense on Swaps | 4,931,636.43 | 1,519,346.16 |
| Total other interest and similar expenses | <u>27,024,339.55</u> | <u>18,198,097.02</u> |
| Total interest payable and similar expenses | <u>113,539,091.89</u> | <u>89,157,457.29</u> |

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 17 - Balance sheet as at 31 December 2021 per compartment

| | Compartment 2 | | General compartment | | Total compartment | |
|--|--------------------------|--------------------------|---------------------|------------------|--------------------------|--------------------------|
| | 2021 EUR | 2020 EUR | 2021 EUR | 2020 EUR | 2021 EUR | 2020 EUR |
| ASSETS | | | | | | |
| A. Fixed assets | 10,731,975,280.77 | 10,100,026,204.58 | - | - | 10,731,975,280.77 | 10,100,026,204.58 |
| Financial assets | | | | | | |
| Investments held as fixed assets | 10,731,975,280.77 | 10,100,026,204.58 | - | - | 10,731,975,280.77 | 10,100,026,204.58 |
| B. Current assets | 629,166,725.44 | 572,027,623.11 | 31,000.00 | 31,000.00 | 629,197,725.44 | 572,058,623.11 |
| Debtors | | | | | | |
| Amounts owed by affiliated undertakings | | | | | | |
| - becoming due and payable within one year | 334,142,990.37 | 300,704,963.30 | - | - | 334,142,990.37 | 300,704,963.30 |
| Other debtors | | | | | | |
| - becoming due and payable within one year | 11,741.96 | - | - | - | 11,741.96 | - |
| - becoming due and payable within one year from another compartment | - | - | 3,269.80 | 2,790.03 | 3,269.80 | 2,790.03 |
| Cash at bank and in hand | 295,011,993.11 | 271,322,659.81 | 27,730.20 | 28,209.97 | 295,039,723.31 | 271,350,869.78 |
| C. Prepayments | 13,899.18 | 14,662.58 | - | - | 13,899.18 | 14,662.58 |
| Total Assets | 11,361,155,905.39 | 10,672,068,490.27 | 31,000.00 | 31,000.00 | 11,361,186,905.39 | 10,672,099,490.27 |
| CAPITAL, RESERVES AND LIABILITIES | | | | | | |
| A. Capital and reserves | - | - | 31,000.00 | 31,000.00 | 31,000.00 | 31,000.00 |
| Subscribed capital | - | - | 31,000.00 | 31,000.00 | 31,000.00 | 31,000.00 |
| B. Provisions | 12,493.55 | 12,373.94 | - | - | 12,493.55 | 12,373.94 |
| Other provisions | 12,493.55 | 12,373.94 | - | - | 12,493.55 | 12,373.94 |
| C. Creditors | 11,361,143,411.84 | 10,672,056,116.33 | - | - | 11,361,143,411.84 | 10,672,056,116.33 |
| Debtenture loans | | | | | | |
| Non convertible loans | | | | | | |
| - becoming due and payable within one year | 60,340.24 | 200,511.36 | - | - | 60,340.24 | 200,511.36 |
| - becoming due and payable after more than one year | 6,686,400,000.00 | 6,280,600,000.00 | - | - | 6,686,400,000.00 | 6,280,600,000.00 |
| Amounts owed to affiliated undertakings | | | | | | |
| - becoming due and payable within one year | 305,964,209.94 | 292,000,132.41 | - | - | 305,964,209.94 | 292,000,132.41 |
| - becoming due and payable after more than one year | 4,368,094,188.52 | 4,098,738,607.98 | - | - | 4,368,094,188.52 | 4,098,738,607.98 |
| Other creditors | | | | | | |
| - Tax authorities | 13,167.92 | 12,424.45 | - | - | 13,167.92 | 12,424.45 |
| - becoming due and payable within one year | 608,235.42 | 501,650.10 | - | - | 608,235.42 | 501,650.10 |
| - becoming due and payable within one year against another compartment | 3,269.80 | 2,790.03 | - | - | 3,269.80 | 2,790.03 |
| Total capital, reserves and Liabilities | 11,361,155,905.39 | 10,672,068,490.27 | 31,000.00 | 31,000.00 | 11,361,186,905.39 | 10,672,099,490.27 |

The captions "Other debtors - becoming due and payable within one year from another compartment" and "Other creditors - becoming due and payable within one year against another compartment" state amounts receivable or payable between compartments of the Company and are eliminated in the eCDF balance sheet previously display.

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 18 - Profit and loss account for the year from 1 January 2021 to 31 December 2021 per compartment

| | Compartment 2 | | General compartment | | Total compartment | |
|--|-------------------------|------------------------|---------------------|-------------|-------------------------|------------------------|
| | 2021 EUR | 2020 EUR | 2021 EUR | 2020 EUR | 2021 EUR | 2020 EUR |
| Other external expenses | (104,624,247.65) | (93,023,645.41) | - | - | (104,624,247.65) | (93,023,645.41) |
| Other operating expenses | (226,680,973.12) | (215,604,292.17) | - | - | (226,680,973.12) | (215,604,292.17) |
| Income from other investments and loans forming part of the fixed assets | 444,848,405.41 | 396,103,902.65 | - | - | 444,848,405.41 | 396,103,902.65 |
| - derived from affiliated companies | - | - | - | - | - | - |
| - other income not included under a) | 444,848,405.41 | 396,103,902.65 | - | - | 444,848,405.41 | 396,103,902.65 |
| Other interest receivable and similar income | - | 1,685,994.78 | - | - | - | 1,685,994.78 |
| - derived from affiliated companies | - | - | - | - | - | - |
| - other interest and similar income | - | 1,685,994.78 | - | - | - | 1,685,994.78 |
| Interest payable and similar expenses | (113,539,091.89) | (89,157,457.29) | - | - | (113,539,091.89) | (89,157,457.29) |
| - concerning affiliated undertakings | (86,514,752.34) | (70,959,360.27) | - | - | (86,514,752.34) | (70,959,360.27) |
| - other interest and similar expenses | (27,024,339.55) | (18,198,097.02) | - | - | (27,024,339.55) | (18,198,097.02) |
| Other taxes | (4,092.75) | (4,502.56) | - | - | (4,092.75) | (4,502.56) |
| Profit or loss for the financial year | - | - | - | - | - | - |

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 19 - Taxes

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

Note 20 - Staff

The Company did not employ any staff during the year under review.

Note 21 - Emoluments granted to the Members of the Board

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

Note 22 - Loans or advances granted to the Members of the Board

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

Note 23 - Audit and non-audit services

Fees that were recognized as other external expenses for services provided during the financial year to the Company by Ernst & Young S.A. as Réviseur d'Entreprises agréé and as authorised Cabinet de révision agréé were as follows:

| Amount excluding VAT | <u>2021</u> | <u>2020</u> |
|--------------------------|-----------------|-------------------|
| | EUR | EUR |
| Audit fees | 9,728.25 | (4,052.19) |
| Other assurance services | - | - |
| Tax advisory services | - | - |
| Non-audit services | - | - |
| Total | <u>9,728.25</u> | <u>(4,052.19)</u> |

Note 24 - Off balance sheet commitments

The Company entered into Swap Agreements to hedge the Company's interest rate risk derived from floating interest rate on the Notes issued (see note 9). Settlement of the Swaps is performed on the 25th day of each month. On 22 September 2021, all swap contracts for C2 have been renewed with ING Bank N.V. ("**ING**") and Skandinaviska Enskilda Banken AB (publ.) ("**SEB**") as counterparties. The termination date of the Swap contracts is September 2028.

The interest rate swaps for C2 can be detailed as follows:

| <u>Swaps on Note A series</u> | <u>Curr</u> | <u>Nominal amount</u> | <u>Fair value</u> |
|---|-------------|-------------------------|---------------------|
| Compartment 2 - Class A 2015-1 swap - SEB | EUR | 464,100,000.00 | 1,217,441.45 |
| Compartment 2 - Class A 2015-2 swap - SEB | EUR | 461,900,000.00 | 1,211,044.57 |
| Compartment 2 - Class A 2015-3 swap - SEB | EUR | 823,400,000.00 | 2,203,954.28 |
| Compartment 2 - Class A 2015-4 swap - SEB | EUR | 700,000,000.00 | 1,836,261.62 |
| Compartment 2 - Class A 2015-5 swap - ING | EUR | 540,000,000.00 | (273,571.97) |
| Compartment 2 - Class A 2015-6 swap - SEB | EUR | 300,000,000.00 | 786,969.27 |
| Compartment 2 - Class A 2016-1 swap - ING | EUR | 441,500,000.00 | (223,670.39) |
| Compartment 2 - Class A 2016-2 swap - ING | EUR | 50,000,000.00 | (25,330.70) |
| Compartment 2 - Class A 2016-4 swap - ING | EUR | 458,600,000.00 | (232,333.49) |
| Compartment 2 - Class A 2018-2 swap - ING | EUR | 319,200,000.00 | (161,711.45) |
| Compartment 2 - Class A 2018-4 swap - ING | EUR | 185,000,000.00 | (93,723.69) |
| Compartment 2 - Class A 2018-5 swap - ING | EUR | 326,500,000.00 | (165,409.74) |
| Compartment 2 - Class A 2019-1 swap - ING | EUR | 265,200,000.00 | (134,354.23) |
| Compartment 2 - Class A 2021-1 swap - ING | EUR | 193,800,000.00 | (98,181.96) |
| Compartment 2 - Class A 2021-2 swap - ING | EUR | 63,800,000.00 | (32,322.00) |
| | EUR | <u>5,593,000,000.00</u> | <u>5,815,061.57</u> |

VCL Master Residual Value S.A.

NOTES TO THE ANNUAL ACCOUNTS (CONTINUED)

Note 24 - Off balance sheet commitments (continued)

Swaps on Note B series

| | | | |
|---|-----|-------------------------|---------------------|
| Compartment 2 - Class B 2015-1 swap - ING | EUR | 110,900,000.00 | (66,251.96) |
| Compartment 2 - Class B 2015-3 swap - ING | EUR | 166,400,000.00 | (99,407.83) |
| Compartment 2 - Class B 2016-1 swap - ING | EUR | 76,100,000.00 | (45,462.32) |
| Compartment 2 - Class B 2016-3 swap - ING | EUR | 325,400,000.00 | (194,394.87) |
| Compartment 2 - Class B 2017-1 swap - ING | EUR | 86,400,000.00 | (51,615.61) |
| Compartment 2 - Class B 2018-1 swap - ING | EUR | 79,400,000.00 | (47,433.76) |
| Compartment 2 - Class B 2018-2 swap - ING | EUR | 48,200,000.00 | (28,794.79) |
| Compartment 2 - Class B 2019-1 swap - ING | EUR | 47,600,000.00 | (28,436.34) |
| Compartment 2 - Class B 2020-1 swap - ING | EUR | 25,700,000.00 | (15,353.23) |
| Compartment 2 - Class B 2020-2 swap - ING | EUR | 76,800,000.00 | (45,880.55) |
| Compartment 2 - Class B 2021-1 swap - ING | EUR | 50,500,000.00 | (30,168.88) |
| | EUR | <u>1,093,400,000.00</u> | <u>(653,200.14)</u> |
| Total | EUR | <u>6,686,400,000.00</u> | <u>5,161,861.43</u> |

The interest rate received for each swap consists of 1 month EURIBOR plus a spread.

As at 31 December 2021, the Swaps have a nominal value of EUR 6,686,400,000 for C2 (2020: EUR 6,280,600,000).

The total interest income on swaps amounted to EUR nil (2020: EUR 1,685,994.78) for C2 (see note 15).

The total interest expense on swaps amounted to EUR 4,931,636.43 (2020: EUR 1,519,346.16) for C2 (see note 16).

Note 25 - Subsequent events

On 22 January 2022, pursuant to the Second Amendment Agreement to the Subordinated Loan Agreement, Volkswagen Leasing GmbH assumed by way of assumption of contract all of the rights and obligations of Volkswagen Bank GmbH under the Subordinated Loan Agreement.

In February 2022, a number of countries (including the US, UK and EU) imposed sanctions against certain entities and individuals from Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of potential additional sanctions have been made following military operations initiated by Russia against the Ukraine on 24 February 2022.

Due to the growing geopolitical tensions, since February 2022, there has been a significant increase in volatility on the securities and currency markets, as well as a significant depreciation of the Ruble against the US dollar and the euro. It is expected that these events may affect the activities of Russian enterprises in various sectors of the economy.

The Company regards these events as non-adjusting events after the reporting period.

Although neither the Company's performance and going concern nor operations, at the date of this report, have been significantly impacted by the above, the Board continues to monitor the evolving situation and its impact on the financial position and results of 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 2021.

Luxembourg, 5 July 2022

Mrs Z.H. Cammans
Director

Mrs M. Mussai-Ramassur
Director

Mrs H. Grine-Siciliano
Director