# Vehis Auto Leasing 2025 DAC

## Pre-Sale Rating report

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**Related methodologies**

General Structured Finance Rating Methodology, February 2025

Consumer and Auto ABS Rating Methodology, March 2025

Counterparty Risk Methodology, July 2024

### Ratings

| Class | Rating | Notional (PLN m) | Notional (% assets[1]) | CE (% assets)[2] | Coupon p.a. | Legal final maturity |
|---|---|---|---|---|---|---|
| **Class A1 notes** | (P) AA+$_{SF}$ | 657.00 | 46.9 | 23.4 | 1m-WIBOR + 1.05% | July 2033 |
| **Class A2 notes** | (P) AA+$_{SF}$ | 438.00 | 31.3 | 23.4 | 1m-WIBOR + 1.05% | July 2033 |
| **Class B notes** | (P) BB$_{SF}$ | 220.50 | 15.8 | 7.6 | 1m-WIBOR + 3.30% | July 2033 |
| **Class Z notes** | NR | 107.00 | 7.6 | 0.0 | 1m-WIBOR + 0.00% | July 2033 |

1. Pool nominal principal balance. The sum of the class A1, A2, B and Z notes' notionals, as a percentage of the pool principal balance is greater than 100%. This is because class Z notes proceeds will be used at closing date to fund the initial cash reserve balance and transaction set-up costs.
2. From subordination and cash reserve

Scope's analysis is based on the portfolio dated 31 May 2025 and information provided by the issuer or its related third parties. Scope's Structured Finance Ratings constitute an opinion about relative credit risks and reflect the expected loss associated with the payments contractually promised by an instrument on a particular payment date or by its legal maturity. See Scope's website for the Scope Ratings Rating Definitions.
The rating on the class B notes reflects the ultimate payment of interest and principal on or before the final maturity date. Scope will not assign a rating to the class Z notes.
The preliminary ratings rely on the information made available to Scope up to 24 June 2025. Scope will assign final ratings conditional to the review of the final version of all transaction documents and legal opinions. The final ratings may deviate from the preliminary ratings.

| **Transaction details** | |
|---|---|
| Purpose | Liquidity / Funding |
| Issuer | Vehis Auto Leasing 2025 DAC |
| Originator, seller, servicer, and class Z noteholder | Vehis Finanse sp. z o.o. ('Vehis') |
| Issuer account bank, paying agent, and cash manager | Citibank, N.A., London Branch ('Citibank') |
| Servicer account bank | mBank S.A. |
| Back-up servicer | Link Financial S.A. ('Link') |
| Issuer corporate services provider and data trustee | TMF Administration Services Limited ('TMF') |
| Expected closing date | 03 July 2025 |
| Payment frequency | Monthly (on 25$^{th}$ of each calendar month) |

The transaction is a true-sale securitisation of a portfolio of vehicle lease receivables. The assets consist of leases primarily granted to Polish small-and-medium size enterprises ('SME') and, to a smaller extent, to private individuals, originated in the normal course of Vehis' business, to finance the purchase of new and used vehicles.

## Rating rationale (summary)

The ratings reflect: i) the legal and financial structure of the transaction; ii) the quality of the underlying collateral in the context of the Polish macroeconomic environment; iii) the ability of Vehis in originating and servicing the leases; and iv) the counterparty credit risk exposure to Vehis as originator and servicer, and Citibank as the issuer account bank.

Rated notes will benefit at closing date from credit enhancement in the form of subordination, a cash reserve and excess spread. Excess spread is available to provision for defaults, residual value ('RV') losses and any principal redirected to cover issuer revenue shortfalls.

We have incorporated the credit performance and servicing track record of the originator with respect to leasing receivables and have considered the stability of the Polish macroeconomic environment. The strictly sequential debt principal amortisation, in combination with a fast-amortising portfolio, reflect positively on the rated notes. We have also considered the issuer's direct residual value ('RV') risk related to the lessees' optional balloon payment at lease maturity.

The ratings reflect the transaction's counterparty risk exposure mostly to the servicer and the issuer account bank. We have assessed the credit quality of the key counterparties considering public information regarding Citibank and our own credit assessment of Vehis. Counterparty risk does not constrain the maximum achievable rating on the rated notes.

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## Rating drivers and mitigants

**Positive rating drivers**

- **Granular portfolio.** The rated notes are secured by a granular portfolio of auto leases provided mostly to SME. There are no material concentrations in terms of lessee group, lessee industry sector and vehicle manufacturer.
- **Originator's conservative RV policy.** Vehis' RV policy is to set leases' balloon payments below the estimated by experts' vehicle value at lease maturity. This is designed to discourage lessees from turning in their vehicle and effectively reduces the transaction's exposure to potential RV losses.
- **Liquidity protection.** A cash reserve to be funded at closing date mitigates the liquidity risk in the event of a servicer disruption. Additionally, the transaction benefits from a principal borrowing mechanism, under which principal collections can be used to pay senior costs and rated notes' interest.

**Negative rating drivers and mitigants**

- **Young originator with limited track record.** Vehis only started its basic operations in Q4 2019 and consequently does not have a mature business with a long performance track record yet. However, it benefits from key board and staff members with high experience in banking and leasing business. (ESG factor)
- **Unrated servicer (Vehis)**. The servicer, nor its parent (Nuwo S.à r.l.) are publicly rated. Scope has performed its own assessment of Vehis' credit quality risk. Servicer risk is mitigated by the back-up servicer (Link Financial S.A.) to be appointed at closing date and the presence of a liquidity reserve.
- **Defaults higher than in European peer transactions.** Vehis' historical data has shown high default rates for several vintages, in comparison with other European auto ABS transactions. This could be explained, among other reasons, by an initial business strategy which supports a higher risk appetite to accelerate sales growth. However, Vehis has managed so far to achieve high levels of recoveries on such defaulted assets.

### Rating-change drivers

A change to the levels or parameters of the transaction's key analytical assumptions based on observed performance or new data sources, significant changes to the transaction's collateral and structural features, and a change in Scope's credit views regarding the transaction's key rating drivers could impact the ratings.

The sensitivity analysis described in section 6 provides an indication of the resilience of the credit ratings against deviations in key analytical assumptions.

## 1. Transaction summary

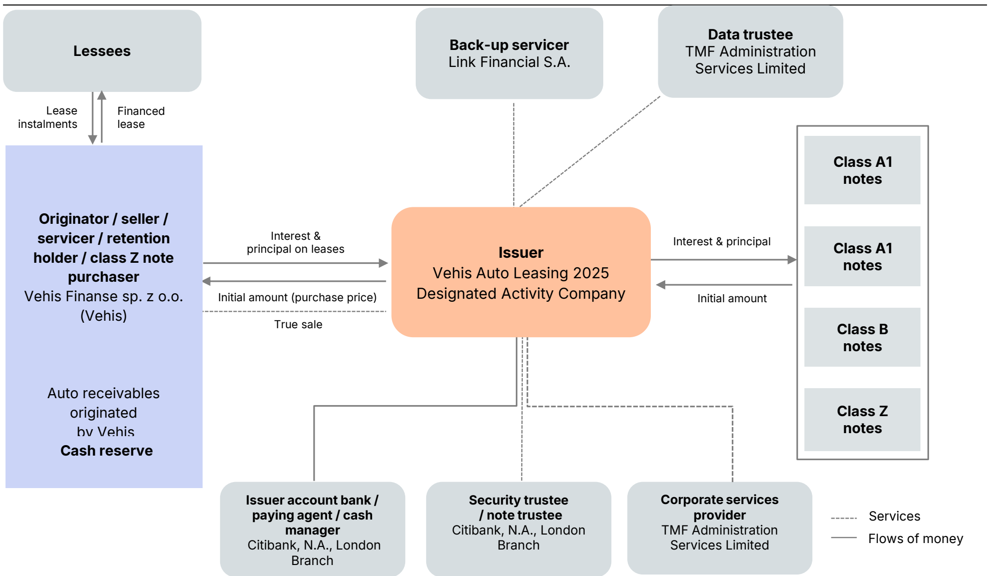
The transaction is a granular securitisation of auto lease receivables originated by Vehis to Polish SME (90.1%) and to private individuals (9.9%) to finance the purchase of new (78.1%) and used

(21.9%) vehicles. As of the cut-off date of 31 May 2025, the underlying portfolio consists of 12,370 monthly-paying floating-rate lease contracts granted to 9,799 lessees. All the lease contracts are closed-end, with an optional balloon payment at maturity. If at lease maturity the lessee decides to pay the last optional balloon payment, it will then become the legal owner of the related vehicle. The issuer will be directly exposed not only to the credit risk related to lessees' defaulting on their scheduled monthly lease instalment payments, but also to the market-value decline risk associated with the to-be-securitised RV payments.

The main structural features are: i) at closing date credit enhancement from subordination and a cash reserve of 23.4% and 7.6% for class A1 and A2 notes and class B notes, respectively; ii) excess spread of 1.4%, measured as the difference between the portfolio's yield and the weighted average cost of the rated notes and assumed senior costs; iii) separate waterfalls during the pre-enforcement period for interest and principal, with a strictly sequential notes' repayment; iv) principal deficiency ledgers for all classes of notes provisioning for defaults, RV losses and any redirected principal; v) principal redirection to cover revenue shortfalls; vi) a cash reserve to be funded at closing date from part of the proceeds from class Z notes and covering 1.75% of the rated notes' principal balance, floored at 0.25% of the rated notes' original principal balance, as long as class B notes are still outstanding.

The noteholders will be exposed to the following key counterparties: i) Vehis as originator, seller and servicer; ii) Link as back-up servicer, iii) Citibank as issuer account bank, paying agent and cash manager; and iv) TMF as corporate services provider of the issuer.

**Figure 1. Simplified transaction diagram**




Source: Transaction documentation

## 2. Macroeconomic environment and sovereign risk

The lessees benefit from a stable macroeconomic environment in Poland. Unemployment, inflation and GDP growth are the main macroeconomic variables, which could affect the collateral performance associated to SME and private individuals.

## 2.1 Macroeconomic indicators

Polish unemployment rate has been decreasing since peaking at 6.5% in 2021, as a consequence of the pandemic crisis. We forecast a mid-term unemployment stabilisation at a level around 2.8% and 2.7% for 2025 and 2026, respectively. Polish GDP growth by 2.9% in 2024, after a robust growth of 6.9% and 5.5% in 2021 and 2022, respectively. We expect a real GDP growth in Poland of 3.1% and 2.8% for 2025 and 2026, respectively.

High inflation can negatively affect SME and private individuals on their ability to pay their vehicles' financing. Like in other euro area countries, Poland saw high inflation peaking at 14.4% in 2022 followed by a decrease to 3.8% in 2024. We expect inflation in Poland to slightly decrease from the level in 2024 and to be at 3.7% and 3.5% in 2025 and 2026, respectively. The reduction in inflation from the high level seen in 2022 has removed some negative pressure on lessees' budgets; however partially off-set by the still high credit costs from high interest rates in Poland expected to be at 4.75% and 3.75% for 2025 and 2026, respectively.

## 2.2 Sovereign risk

No constrain from sovereign risk

Sovereign risk does not limit the instruments' ratings. The risks of an institutional framework meltdown or legal insecurity are immaterial for the ratings.

For more insight into our fundamental analysis of the Republic of Poland's economy, see our latest publication.

# 3. Originator and seller

Young originator with experienced senior management and key staff.

Vehis is the only non-bank car leasing company in Poland, specialised in financing cars up to 3.5 tons (passenger cars) and light commercial vehicles of all brands. Vehis offers financing in the form of financial leasing and allows its customers to select all car brands available in Poland. The company has currently more than 300 full-time employees and over 15k customers in Poland.

Despite only having started its basic operations less than six years ago (Q4 2019), Vehis benefits from very experienced key board members, sales, IT, finance, risk and back-office operations with an average experience of 22 years in banking or leasing business. The originator key management and staff members have a significant experience and know-how in originating and servicing the transaction's assets located in Poland.

## 3.1 Business positioning

Vehis has a comprehensive platform offering vehicles' financing with the clear competitive advantage of being a one-stop business model. Vehis group offers car financing, leasing insurance and services support (GPS, registration, purchase support, maintenance services, etc.) targeting mostly the Polish SME segment. In Poland, leasing is still the most popular way of financing the purchase of a new vehicle, as the related corporate tax incentives makes it very attractive for SME. The Polish leasing market has seen a significant growth since 2016 and it is expected to grow year-on-year another 15.5% in 2025. This suggests that the originator can continue to expand its customer base.

Vehis offers a variety of new car models and brands (over 30 brands in offer). It is not a captive financing company and is well diversified, without focusing on a particular client or business partner.

## 3.2 Origination and underwriting

Vehis has a well-diversified distribution channel consisting of direct network, partner networks and online/call centre channels for rapid expansion and sales growth.

Vehis' credit underwriting and origination process, policies and systems are in line with the Polish auto leasing market, despite being a relatively young company. Like for other players in the market, the main consideration for the underwriting is the input from credit bureaus, other debtor registries and affordability calculations.

All leasing applications are ultimately approved by an analyst and the analyst's final credit decision is supported through relevant credit information made available through internal systems. The system checks automatically external databases, credit bureau, blacklist and marks the results under a traffic light colour code. Additionally, system notifications, tasks and alerts are generated automatically and presented to the analyst. The process is the same for all applications. Each application is approved manually, after all system tasks have been closed and assessed by the related analyst. The current decision model has a significant focus on fraud avoidance.

The average time from submitting an application to final approval is around 3 hours. Currently, no internally developed scorecard model is being used to support the underwriting process.

#### 3.2.1 Residual value policy

Low RV risk promoted by the originator's RV policy

Vehis only offers finance leasing to its customers. The leases are closed-end: the RV instalment is defined upfront by Vehis at the signing of the lease contract.

At lease maturity, the lessee has the option to buy the vehicle from Vehis upon payment of the related RV instalment. If the lessee decides not to buy the car at lease maturity, the lessor will stay with the vehicle and will bear any RV losses (i.e. any positive difference between the RV instalment and the vehicle's realised sale proceeds).

Vehis' RV policy promotes for leases with a duration of 24-month, 36-month, 48-month and 60-month term to have a RV on average of 50%, 40%, 30% and 25%, respectively, below the vehicle's expected market value at lease maturity. Additionally, no matter the duration of the lease, the originator imposes a minimum of 10% buffer to the related vehicle's Eurotax forecasted value, making customers economically incentivised to keep the car at maturity, rather than passing the RV profit to Vehis. Moreover, SME customers benefit from tax incentives and are economically incentivised to keep the car at the end of the lease contract, reducing the issuer's exposure to RV risk.

### 3.3 Servicing and recovery

The portfolio performance monitoring team is entitled to review default and fraud incidents, and to investigate if the related credit decision has been concluded in accordance with Vehis' underwriting policy and general standards.

The originator conducts portfolio risk monitoring daily, with the use of data models and daily reports, which allows it to analyse and early identify any portfolio delinquent patterns. Information concerning the quality of the portfolio is discussed at least once a month, on which the portfolio committee members assess the portfolio quality, potential threats and may take decisions on the risk strategy pursued.

Vehis has 10 full-time employees in the collection department, responsible for vehicle monitoring through the usage of vehicle GPS, payments monitoring, early collection activities, legal collection and on-field collection coordination. The originator has a well-established collection process combining automated tools, on-field visits and co-operation with external debt servicing companies.

## 4. Portfolio characteristics

### 4.1 Securitised portfolio

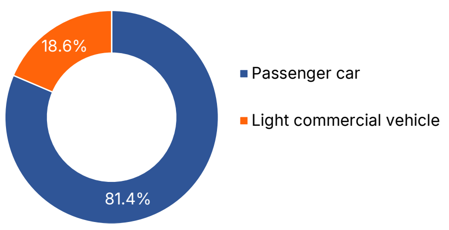
No significant portfolio concentrations

The portfolio is granular, with an aggregated balance of PLN 1,399.5m, related to 12,370 lease contracts, 9,799 lessees and 9,734 lessee groups. The pool is relatively well diversified in terms of lessee residence region (see Figure 11) and lessee industry (see Figure 12).

There is a share of 7.2% of the total pool, which relates to vehicles with an original financed amount above PLN 425k (~EUR 100K), which we do consider as high value and therefore subject to a greater market-value decline. The weighted-average original balance and current lease balance are at around PLN 193k (~EUR 45k) and PLN 171k (~EUR 40k), respectively. This suggests that the pool is composed of vehicles with medium-to-high value. In addition, the pool has a small exposure to electric vehicles (2.1%, see Figure 7).

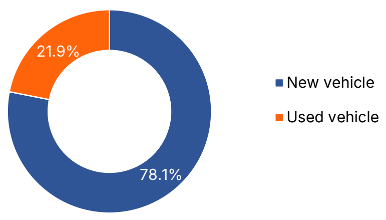
The below figures provide further details on the portfolio. See Appendix 1 for additional information.

**Figure 2. Portfolio distribution by vehicle type**



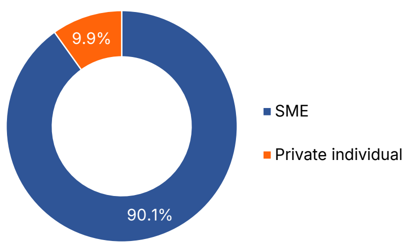

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 3. Pool distribution by vehicle condition**



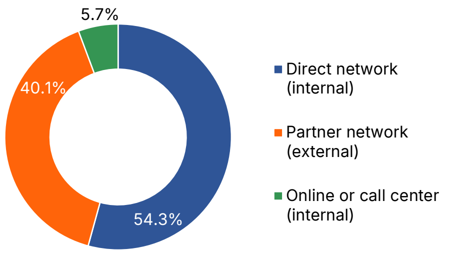

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 4. Portfolio distribution by type of lessee**



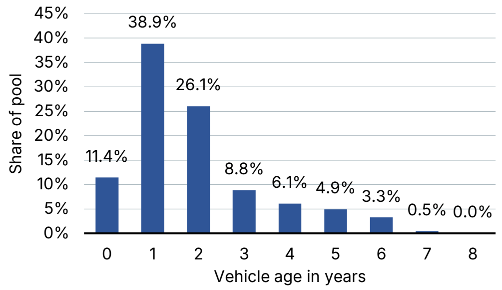

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 5. Pool dist. by lease origination channel**



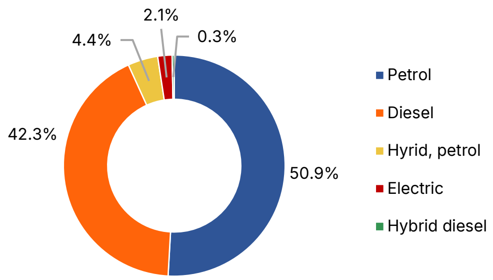

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 6. Portfolio distribution by vehicle age**



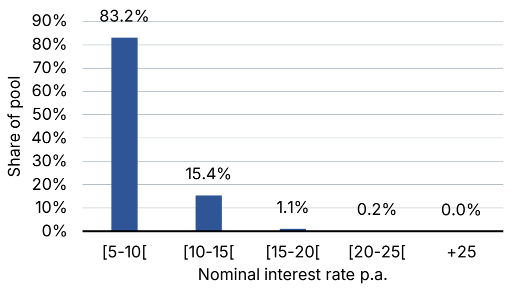

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 7. Pool distribution by vehicle fuel type**



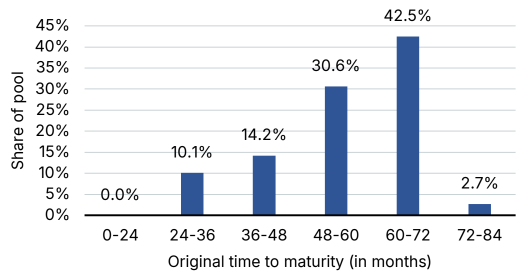

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 8. Portfolio dist. by lease interest rate**



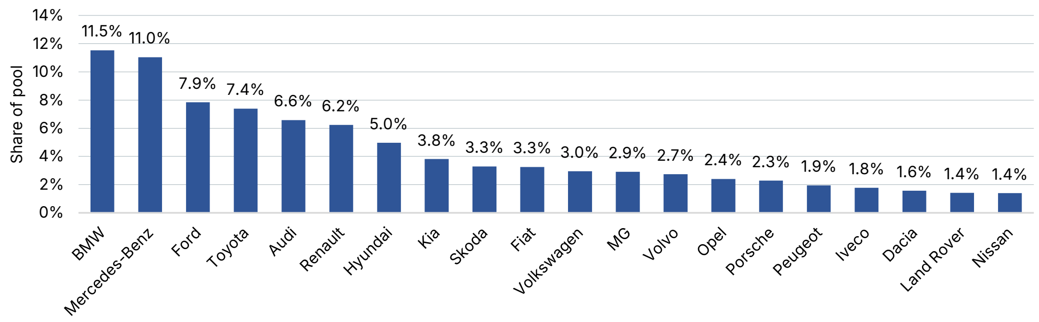

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 9. Pool dist. by original time to maturity**



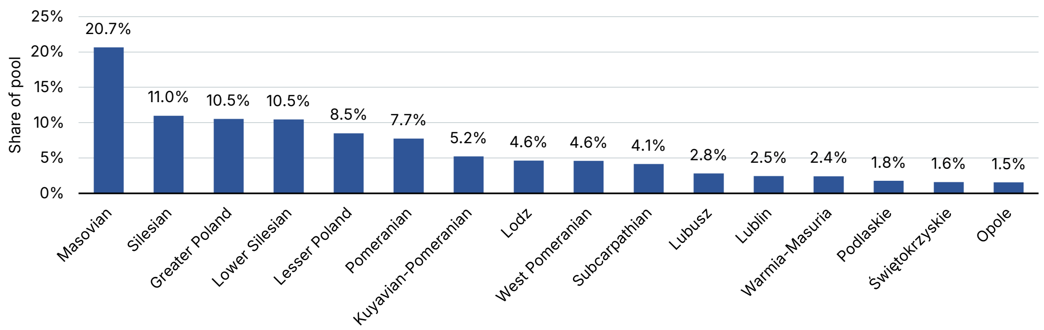

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 10. Portfolio distribution by top 20 vehicle manufacturers**



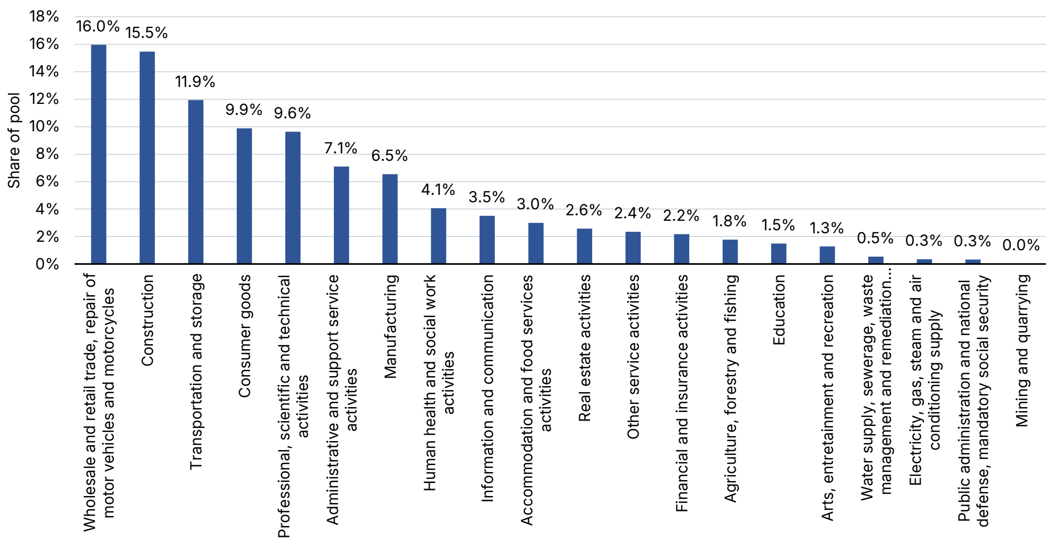

Source: Transaction data tape and Scope Ratings data aggregation

**Figure 11. Portfolio distribution by regions**




Source: Transaction data tape and Scope Ratings data aggregation

**Figure 12. Portfolio distribution by sectors**

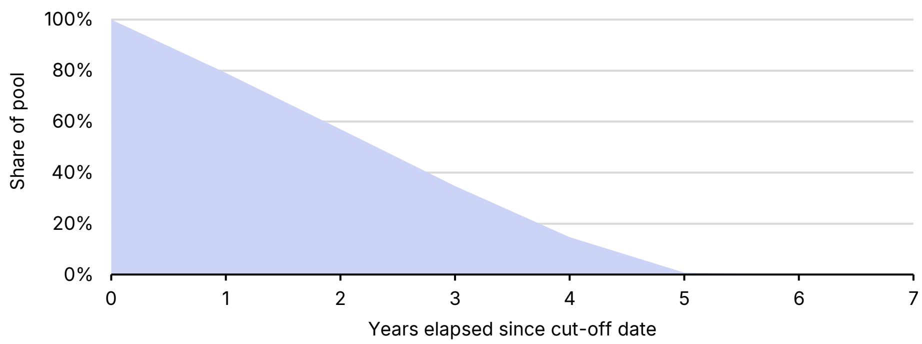



Source: Transaction data tape and Scope Ratings data aggregation

## 4.2 Amortisation profile

We have considered the amortisation profile in line with the portfolio contractual run-out schedule. The considered amortisation profile is reflective of the scheduled equal instalments and RV balloon payments associated with the lease contracts, and of the portfolio's level of granularity.

**Figure 13. Portfolio amortisation profile of the portfolio (zero defaults and zero prepayments)**




Source: Vehis and Scope Ratings data aggregation

### 4.3 Portfolio modelling assumptions

**Table 1: Portfolio modelling inputs**

| | Portfolio |
|---|---|
| **Mean lifetime default rate** | 15.0% |
| **Coefficient of variation** | 40.0% |
| **Base case recovery rate** | 90.0% |
| **AA rating conditional recovery rate for non-RV (equal instalments)** | 57.6% |
| **BB rating conditional recovery rate for non-RV (equal instalments)** | 81.9% |
| **AA rating conditional recovery rate for RV (RV payments)** | 75.9% |
| **BB rating conditional recovery rate for RV (RV payments)** | 89.7% |
| **Recovery timing** | For defaulted assets: after 6, 12 and 24 months 55%, 30% and 15%, respectively Concerning the RV segment: 3 months for a regular car repossession and liquidation |
| **Base case constant prepayment rate** | 2.0% |
| **Portfolio margin (post margin compression and basis risk adjustment)** | 2.1% |
| **Senior fees and expenses** | Minimum between 1.0% of non-defaulted pool principal balance outstanding and PLN 852k p.a. |

Source: Scope Ratings

#### 4.3.1 Assets eligibility criteria

The following tables provide a simplified description of the main eligibility criteria to be applied to the securitised portfolio at closing date.

**Table 2: Auto receivables eligibility criteria**

| Risk factor | Restriction |
|---|---|
| 1. Originator | Originated by Vehis in the ordinary course of its business and in compliance with applicable laws; |
| 2. Maturity | Original time to maturity of no less than 18 months and not greater than 72 months; |
| 3. Interest rate | Attracts a floating rate composed by its reference rate indexed to 3-month WIBOR and related margin; |

Risk horizon limited to six years

Interest rate mismatch risk is mitigated

| | |
|---|---|
| 4. Original LTV (loan-to-value) | Original loan-to-value not greater than 100%; |
| 5. Concentration | It relates to only one vehicle; |
| 6. Overdue status | Not delinquent by more than [30] days in arrears, not defaulted, nor benefiting from payment holiday. |
| 7. Concentration (original balance) | Original loan balance greater than PLN 10k and smaller than PLN 2m; |
| 8. Set-off/asset transfer | Freely assignable by the originator without the need for consent from its related lessee. Legal, valid and binding obligations of the relevant lessee. Lessee has no set-off right in relation to the related receivable; |
| 9. Foreign exchange | Denominated in PLN; |
| 10. Payment frequency | Attracts monthly instalments; and |
| 11. RV exposure | At origination it has a RV of less than 50% of the car value. |

Source: Transaction documentation

RV exposure at origination capped at 50%, reducing transaction exposure to vehicle market-value-decline

**Table 3: Lessee eligibility criteria**

| Risk factor | Restriction |
|---|---|
| Credit profile | At least 20 years old at loan origination; |
| Applicable law | Resident in Poland or has EU citizenship that is resident in Poland; |
| Applicable law | If a commercial customer its business is registered in Poland; |
| Enforceability | No subject to legal immunity or immunity from legal prosecution, nor subject to sanction; |
| Employee set-off | Not an employee or affiliate of the originator; and |
| Overdue status | Not bankrupt, nor insolvent. |

Source: Transaction documentation

**Table 4: Vehicle eligibility criteria**

| Risk factor | Restriction |
|---|---|
| Enforceability | Originator holds the legal title of the vehicle; |
| Condition | Not older than 5 years old at loan origination, nor older than 9 years at loan maturity date; with a maximum of 200k km at loan origination; and |
| Insurance | Registered and insured in Poland. |

Source: Transaction documentation

**Table 5: Portfolio criteria**

| Risk factor | Restriction |
|---|---|
| Lesse concentration | Top lessee or lessee group can't exceed 0.3% of the pool principal balance outstanding; |
| Lesse type | Exposure to non-SME can't exceed 10% of the pool principal balance outstanding; |
| Asset yield | The portfolio weighted average margin can't be lower than 2.7% p.a.; |
| Asset term | The portfolio remaining time to maturity can't exceed 46 months; and |
| Type of vehicle | Exposure to new vehicles can't be less than 75%. |

Source: Transaction documentation

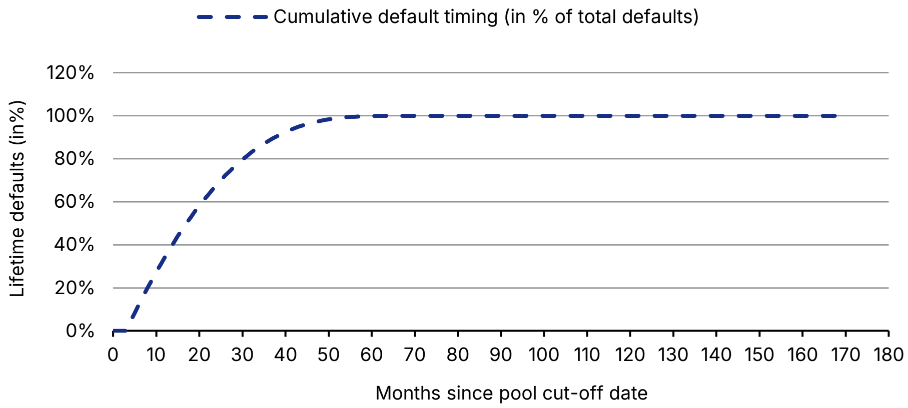
### 4.3.2 Default rate analysis on portfolio

We derived our assumptions by analysing comparable transactions and default vintage data from the originator's eligible book to be securitised over the period from February 2020 (first originated lease) to March 2025. The default vintage data used a default definition of '90 days past due', consistent with the transaction's definition.

We assumed that the portfolio's lifetime '90 days past due' default rate follows an inverse gaussian distribution, with a mean rate of 15.0% and a coefficient of variation of 40.0% (Table 1). Our default rate assumption reflects a risk horizon of six years (see Table 2, item 2) and 10 months of pool seasoning.

We have defined as base case a default timing scenario with a constant marginal default rate applied to the outstanding balance at each period, hence following the portfolio's scheduled amortisation.

**Figure 14. Normalised default timing**




Source: Scope Ratings

### 4.3.3 Recovery rate

Upon insolvency of the originator, the assets purchased by the issuer will not become part of Vehis' bankruptcy estate. The issuer will have a registered pledge over the securitised assets including the vehicles and proceeds present on the servicer collection account. The issuer can exercise its rights under the pledge, seizing all the securitised assets without the involvement of a court, based only on written declaration made by the issuer to Vehis. Hence, the pledge may be enforced by the issuer prior or after Vehis' bankruptcy is declared.

We have analysed the provided recovery vintage data covering the period from December 2022 (first default recorded) to March 2025, and comparable transactions. We derived base case recovery rate assumptions of 90.0% and 94.3%, for the non-RV and RV segments, respectively. We have stressed our recovery assumptions by applying rating-conditional haircuts. The non-RV segment 'AAA' haircut of 45.0% reflects the vintage data's lower granularity and short historical period, which are both a direct result of Vehis' short operating history.

**Table 6: Rating-conditional recovery rates, haircuts and recovery lags**

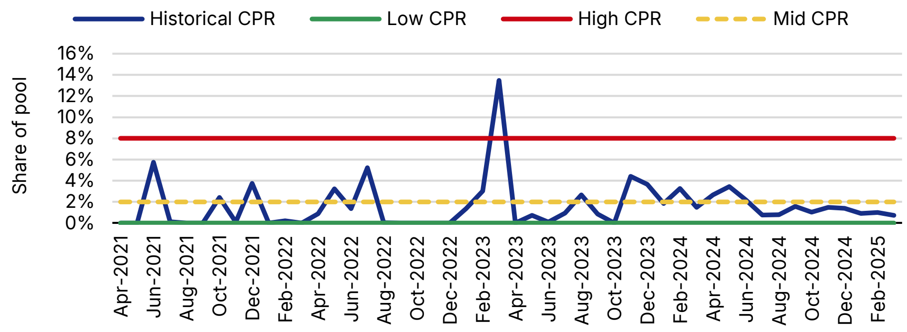
| Rating category | B | BB | BBB | A | AA | AAA | Lag (month) |
|---|---|---|---|---|---|---|---|
| Recovery rate for non-RV (equal instalments) | 90.0% | 81.9% | 73.8% | 65.7% | 57.6% | 49.5% | 55%, 30% and 15% at month 6, 12 and 18, respectively |
| Recovery rate for RV (RV payments) | 94.3% | 89.7% | 85.1% | 80.5% | 75.9% | 70.0% | 3 months for a regular car repossession and liquidation |
| Recovery rate haircuts for non-RV and RV | 0.0% | 9.0% | 18.0% | 27.0% | 36.0% | 45.0% | n/a |

Source: Scope Ratings

### 4.3.4 Constant prepayment rate (CPR)

We determined a base case CPR of 2%, in line with the average CPR observed in the originator's historical performance data during the past 12 months. We also tested the structure under two additional CPR scenarios: 0% for the low prepayment scenario and 8% for the high prepayment scenario. We expect low prepayments, as most of the borrowers are SME (90.1%), who can benefit from available corporate tax incentives through their leases.

**Figure 15. Historical prepayment rates**




Source: Vehis dynamic prepayment data and Scope Ratings data aggregation

#### 4.3.5 Portfolio margin

The margin distribution in the portfolio shows some volatility around the current weighted-average portfolio margin of 2.82% p.a. We have applied a limited margin compression of 22bps to address the risk that lease defaults and prepayments might be concentrated in the lease buckets with higher margins. Additionally, we have applied a 47bps margin compression to address the basis risk in between the auto leases indexed to 3-month WIBOR and the notes which are indexed to 1-month WIBOR. We have allocated the aggregated reduction in portfolio margin of 69bps over an initial period of 24 months.

## 5. Financial structure

### 5.1 Capital structure

The originator will hold the first loss piece of the capital structure

The transaction features class A1 and class A2 notes (together, the class A notes) and the strictly subordinated class B and class Z notes. The originator will subscribe to the full amount of class Z notes.

Proceeds from the class A notes, class B notes and part of the class Z notes' proceeds will be used to purchase the receivables pool at par value. Part of the proceeds from the class Z notes will be used to fund: i) the issuer initial general cash reserve of PLN 23.02m; and ii) other transaction initial set-up costs.

Notes sequential repayment promotes build-up of rated notes' credit support from subordination

The notes will pay interest monthly, referenced to one-month WIBOR plus a margin and will start being repaid after closing date. The notes' principal repayment is strictly sequential: class B notes will receive no principal until class A notes are fully amortised and no principal will be paid to class Z notes until class B notes are fully repaid. Class A1 and A2 notes will be repaid pari passu and pro rata across themselves.

Strong PDL provisioning mechanism capturing default risk, but also market-value-decline risk

During the pre-enforcement phase, all issuer revenue funds that are not needed to pay senior costs, class A interest, class A principal deficiency ledger (PDL), class B interest, class B PDL, top-up the liquidity reserve to its target level, pay class Z PDL or pay class Z interest, will be paid to the originator as deferred consideration.

### 5.2 Liquidity reserve

Liquidity reserve provides liquidity and loss protection

Cash reserve fund is the main protection against a servicer disruption event

The issuer cash reserve fund will be fully funded at closing date by part of the class Z notes' proceeds. Its main purpose is to provide liquidity during the pre-enforcement phase for the timely payment of senior expenses, interest on class A notes, class A PDL, interest on class B notes, and class B PDL. Upon a servicer disruption event, it ensures timely payment for about 2.5 monthly payment periods of assumed senior costs and class A notes' interest, assuming a stressed notes' reference rate.

The cash reserve also provides credit enhancement to the rated notes, as it can pay principal shortfalls when the transaction is liquidated, or at the notes' legal final maturity.

In addition, excess spread can restore the cash reserve to its target level. However, the cash reserve has limited capacity to trap excess spread due to its amortising nature. The cash reserve must be 1.75% of the sum of class A and B notes' outstanding principal balance and amortises to a floor amount equal to 0.25% of the sum of class A and B notes' closing principal balance, which is applicable until the class B notes are fully repaid.

### 5.3 Excess spread

The rated class A and B notes will benefit from excess spread available in the transaction. At closing, we estimate the available excess spread to be around 1.4% p.a., measured as the difference between the portfolio's yield and the weighted average cost of the rated notes, and assumed senior costs.

### 5.4 Priority of payments

The structure features during the pre-enforcement phase a split interest and principal priority of payments with a principal borrowing mechanism, which materially protects rated notes against interest shortfalls. The pre-enforcement revenue priority of payments, through the class Z, B and A principal deficiency ledgers, traps excess spread to cover principal losses due to defaulted assets, RV losses, and any principal which has been previously redirected to cover issuer revenue shortfalls.

Priority of payments allows to use both interest and principal funds to keep current on the most senior items.

**Table 7: Simplified available funds and pre-and post-enforcement issuer priority of payments**

| | Issuer priority of payments |
|---|---|
| Revenue available funds | • Interest collections from the pool;<br>• Any interest earned on the issuer account banks or permitted investments;<br>• Any draws on the issuer general cash reserve fund;<br>• Any principal redirected funds; and<br>• Recoveries on defaulted auto receivables or insurance proceeds related to defaulted auto receivables. |
| Principal available funds | • Principal collections from the pool;<br>• Any amounts credited into the classes A, B and Z principal deficiency ledgers;<br>• Any permitted bought back auto receivables from the issuer by the seller; and<br>• Any balance on the issuer general cash reserve fund available after the full redemption of class B notes. |
| Pre-enforcement interest priority of payments | Monthly payment of all issuer's revenue available funds:<br>1) Taxes, senior fees and expenses (senior costs);<br>2) Class A notes' interest;<br>3) Class A PDL balance to be reduced to target zero;<br>4) Class B notes' interest;<br>5) Class B PDL balance to be reduced to target zero;<br>6) General cash reserve up to the required amount;<br>7) Class Z PDL balance to be reduced to target zero;<br>8) Class Z interest and<br>9) Remaining funds to seller (deferred consideration) |
| Pre-enforcement principal priority of payments | Monthly payment of all issuer's principal available funds:<br>1) Cover any shortfalls related to item 1 (senior costs), 2 (class A notes' interest) and 4 (class B notes' interest), being item 4 covered only if the class B is the most senior class outstanding, otherwise only items 1 and 2;<br>2) Class A notes' principal balance until fully repaid;<br>3) Class B notes' principal balance until fully repaid;<br>4) Class Z notes' principal balance until fully repaid;<br>5) Any remaining funds to the pre-enforcement revenue waterfall; and<br>6) Remaining funds to seller (deferred consideration). |

| | Issuer priority of payments |
|---|---|
| Post-enforcement combined priority of payments | The post-enforcement priority of payments is triggered, among others, by the issuer's non-payment of timely interest and ultimate principal repayment at the notes' legal final maturity date with respect to class A notes or non-payment of ultimate interest and principal both at the notes' legal final maturity date in relation to class B and Z notes.<br>Monthly application of all issuer's revenue and principal available funds:<br>1) Taxes, senior fees and expenses;<br>2) Class A notes interest;<br>3) Class A principal balance until fully repaid;<br>4) Class B notes interest;<br>5) Class B principal balance until fully repaid;<br>6) Class Z notes interest;<br>7) Class Z principal balance until fully repaid; and<br>8) Remaining funds to seller (deferred consideration). |

Source: Transaction documents and Scope Ratings

### 5.5 Principal redirection

During the pre-enforcement phase after firstly exhausting all the issuer available revenue funds, and secondly fully depleting the cash reserve, all available principal funds can be used to cure any outstanding revenue shortfalls related to senior costs, class A notes' interest, and, once class A is fully repaid, class B notes' interest.

The borrowing of principal funds to be part of interest funds occurs under the item 1 of the pre-enforcement principal waterfall (see Table 7). Any borrowed principal amounts will be recorded on class Z to A PDL ledgers, from the most junior PDL ledger (class Z PDL ledger) to the most senior PDL ledger (class A PDL ledger) up to its related class outstanding principal balance.

### 5.6 Default and delinquent definitions

The structure establishes prudent definitions of default and delinquency, which allow to make efficient use of available excess spread. The definitions match the originator's practices and allow the timely management of asset credit events during servicing and monitoring.

Transaction eligibility criteria applicable to the closing pool prevent the inclusion of delinquent assets (see Table 2, item 6). Delinquent assets are non-defaulted assets for which a lease instalment is due for more than thirty days from its due date.

The transaction defines a defaulted assets when the related auto receivable is: i) in arrears for more than 90 days, or ii) the servicer has determined it to be in default, or iii) the related lessee is insolvent, or iv) the servicer has initiated repossession or enforcement proceedings.

### 5.7 Interest rate risk

The to-be-issued notes and underlying pool of leases are both floating-rate. However, the assets are indexed to 3-month WIBOR, while the notes will be linked to 1-month WIBOR. Therefore, there is no fixed-floating interest rate risk, but basis risk remains, which we captured (see 4.3.5).

### 5.8 Issuer accounts

The issuer holds all its accounts with Citibank, while the servicer collection account is held by mBank S.A. The issuer accounts include: i) the transaction account; ii) the general reserve account; and iii) issuer profit account. The issuer accounts are all subject to downgrade and replacement language upon loss of a minimum long-term rating or short-term rating. We deem the account bank's counterparty risk immaterial as result of the replacement provisions alongside the high credit quality of Citibank.

### 5.9 Clean-up call

Vehis has a discretionary call option, which can be exercised once the class A notes are fully repaid or the current portfolio balance outstanding is less than 20% of its original balance. Once exercised, all issuer outstanding liabilities must be fully repaid.

Our analysis disregards this call option.

## 6. Rating sensitivity

We have tested for deviations in the main input parameters: i) the mean default rate; and ii) the base case recovery rate. This analysis has the sole purpose of illustrating the sensitivity of the ratings to input assumptions and is not indicative of expected or likely scenarios.

**Table 8: Sensitivity analysis results**

| Debt instrument | 50% increase of mean lifetime default rate | 50% decrease of recovery rates |
|---|---|---|
| **Class A1 and A2** | Two notches | Six notches |
| **Class B** | Zero notches | Six notches |

Source: Scope Ratings

## 7. Counterparty risk

The transaction's counterparty risk supports the rated instruments' ratings. We do not consider any counterparty exposure to be excessive. The limited-in-time financial exposures, the credit quality of the counterparties, and the issuer account bank downgrade and replacement mechanism support the rated instruments. The counterparty roles performed by the servicer (Vehis) and the issuer account bank (Citibank) are considered material before considering the available mitigants. The transaction's downgrade and replacement language and related remedy period over the issuer account bank are effective at mitigating the transaction's counterparty risk, with the remaining risk being considered immaterial. The servicer is not a rated entity, and we have performed our own assessment of its credit risk. Servicer disruption risk is mitigated by the presence of a back-up servicer (Link Financial S.A.) to be contracted at closing date, together with the available issuer cash reserve.

### 7.1 Commingling risk from servicer

We consider cash-commingling risk to be immaterial, after considering the available mitigants

We consider the transaction's cash-commingling risk immaterial. The transaction benefits from the following cash-commingling risk mitigants, by order of relevance: i) daily cash sweeps from the servicer collection account bank into the issuer account bank; ii) first-ranking pledge over the servicer collection account in favour of the issuer to be registered by closing date; iii) the appointment at closing date of Link Financial S.A., as back-up servicer; and iv) the swift and clear lessee notification process upon servicer termination event and redirection of pool collections into the issuer back-up servicer collection account.

Before a servicer termination event, collections from lessees are paid into the servicer collection bank account held with mBank S.A. Then, all monies sitting on the servicer collection bank account are swept, on a daily basis to the issuer account bank held with Citibank. Once there is a servicer termination event, debtors will be notified to pay directly into the issuer back-up servicer collection account.

The first-ranking pledge in favour of the issuer will give the issuer a priority on the proceeds of the servicer collection account over all other creditors of the servicer, including in an eventual scenario of servicer insolvency. Under the account bank pledge, the issuer will be authorised to directly demand from the servicer collection account bank holder the transfer of all funds credited on it into the issuer account bank, without the need for any court decision related to it.

### 7.2 Set-off risk from originator

No set-off risk

There is no deposit set-off risk in this transaction, as the originator is not a deposit-taking institution.

The originator and the auto lease insurance provider (Vehis sp. z o.o.) are two different legal entities. Therefore, under the Polish law, lessees will not be able to set-off their insurance claims against the monies owed to the originator under the leased agreements to be purchased by the issuer.

There is no maintenance set-off risk on this transaction, as the lessor (Vehis) does not provide maintenance services to the securitised lease agreements and the maintenance of the related vehicles is an obligation of the lessee.

## 8. Legal structure

### 8.1 Legal framework

We considered the issuer as a bankruptcy-remote special purpose vehicle

The transaction represents a true sale of Polish lease receivables to an Irish designated activity company ('DAC'). The shares of the Irish issuer will be held by a services provider (TMF Management (Ireland) Limited) on trust for charitable purposes pursuant to a declaration of charitable trust. This is a standard way of achieving bankruptcy remoteness for orphan special purchase vehicles. As the shares are held on bare trust, any insolvency of the services provider would also not affect the existence of the Irish issuer.

This securitisation is governed by three different legal regimes. The receivables are originated and will be transferred to the issuer under Polish law. The issuer is incorporated in Ireland. The agency agreement, account bank agreement, custody agreement, data trustee agreement, note certificates, deed of charge, note trust deed, subscription agreement, note purchase agreement, settlement agreement and master definitions schedule will be all under English law.

### 8.2 Use of legal and tax opinions

Issuer ongoing tax costs considered immaterial and well covered under our senior costs assumption

We reviewed the Polish, Irish, and English legal opinions, covering also tax matters for the issuer, produced by reputable law firms with significant experience in international securitisation matters. These provide comfort on the issuer's legal and tax structure and support our general legal analytical assumptions.

The issuer is based in Ireland, established as a DAC, and subject to the Irish securitisation laws. The issuer has the authority to enter the transaction documents, exercise and perform its obligations, and issue notes. The issuer's obligations under an Irish court would be recognised as legal, valid and binding in accordance with the transaction documents. Transaction documents governed by Polish and English law would be recognised by the courts in Ireland, where the issuer is located.

Only immaterial tax amounts remain a cost to the transaction, i.e. i) small corporate tax amount (issuer profit amount), and ii) value added tax in the context of the issuer contracted legal and tax advisory services.

## 9. Monitoring

Scope analysts are available to discuss all the details surrounding the rating analysis

We will monitor this transaction based on the transaction's performance reports, as well as other available information. The ratings will be monitored continuously and reviewed at least once a year, or earlier if warranted by events.

Scope analysts are available to discuss all the details surrounding the rating analysis, the risks to which this transaction is exposed and the ongoing monitoring of the transaction.

## 10. Applied methodology and data adequacy

We considered the information and data provided to us complete, sufficient, and satisfactory

We analysed this transaction using our Consumer and Auto ABS Rating Methodology dated March 2025, our General Structured Finance Rating Methodology dated February 2025, and our Counterparty Risk Methodology dated July 2024. All are available on our website, www.scoperatings.com.

Vehis provided us with default and recovery data relating to the originator's eligible pool to be securitised. The default data is segmented by monthly vintage of origination, referring to a '90 days past due' default definition, and covers a period from January 2020 to March 2025. The received recovery vintage data covers a period from December 2022 to March 2025, referring to all recoveries collected during that period. The received net loss vintage data covers the period from January 2020 to March 2025. See Appendix 2 for more details.

We also received the originator's historical monthly prepayment rates data from April 2021 to March 2025, and a detailed line-by-line portfolio data tape and pool stratification table with cut-off date 31 May 2025.

## Appendix 1. Summary of portfolio characteristics

The table below shows the closing portfolio characteristics as of the cut-off date of 31 May 2025.

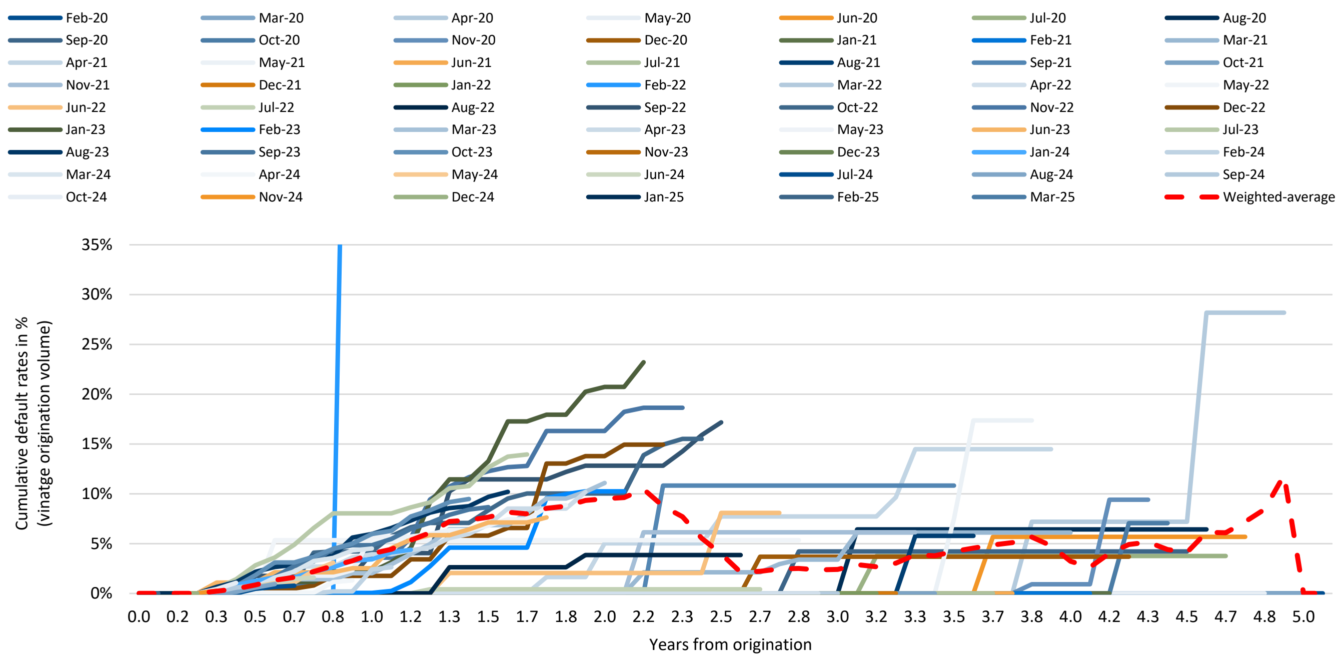
| Key features | Portfolio |
|---|---|
| Portfolio original principal balance (PLN m) | 1,627.7 |
| Portfolio current principal balance (PLN m) | 1,399.5 |
| Number of leases | 12,370 |
| Number of lessees | 9,799 |
| Number of lessee groups | 9,734 |
| Weighted average outstanding principal balance (PLN)** | 170,538 |
| Largest lease* | 0.1% |
| Top 10 leases* | 0.7% |
| Largest lessee* | 0.3% |
| Top 10 lessees* | 2.0% |
| Largest lessee groups* | 0.3% |
| Top 10 lessee groups* | 2.2% |
| Top 3 regional concentrations* | Masovian (20.7%)<br>Silesian (11.0%)<br>Greater Poland (10.5%) |
| Top 3 industry concentrations* | Wholesale and retail trade, repair of motor vehicles and motorcycles (16.0%)<br>Construction (15.5%)<br>Transportation and storage (11.9%) |
| Equal instalments (non-RV instalments)* | 73.3% |
| RV instalments* | 26.7% |
| Weighted average remaining time to maturity (years)** | 3.6 |
| Weighted average seasoning (years)** | 0.8 |
| Weighted average life (0% default rate and 0% CPR) (years)** | 2.4 |
| Weighted average asset margin** | 2.82% |

*As a percentage of the current outstanding principal balance, as of cut-off date 31 May 2025.
**Weighted by the current outstanding principal balance.
Source: Transaction data tape and Scope Ratings data aggregation

## Appendix 2. Vintage data provided by the originator

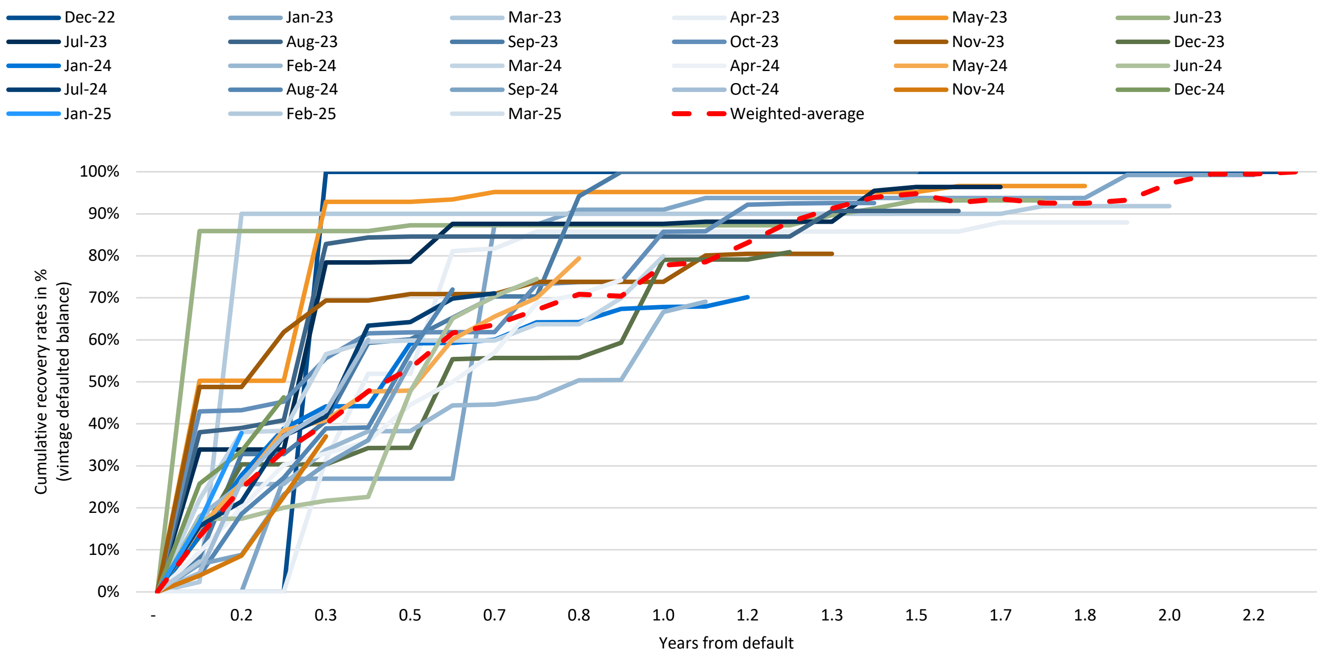
Vehis provided 90 days past due (d.p.d.) default and recovery performance data relating to the originator's eligible pool to be securitised. We considered the information in our analysis as foundation for the calibration of the mean default rate and coefficient of variation, which define the inverse gaussian lifetime default rate distribution, and the base case recovery rate for the non-RV segment. We considered the quality of information available to us to be satisfactory.

**Figure 16. Portfolio – 90 d.p.d. delinquency vintage data presented by Vehis**




Source: Originator's vintage data

**Figure 17. Portfolio – 90 d.p.d. recovery vintage data presented by Vehis**




Source: Originator's vintage data

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## Applied methodologies

Consumer and Auto ABS Rating Methodology, March 2025
General Structured Finance Rating Methodology, February 2025
Counterparty Risk Methodology, July 2024


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