

Final Verification Report

In respect of the Transaction „Polish Lease Prime 1“ (PKO Leasing S.A.)



25 September 2019

Authorization of SVI as third party

STS Verification International GmbH (“SVI”) has been authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht “BaFin”, as the competent authority pursuant to Art 29 of the Securitisation Regulation and § 44 German Banking Act) to act in all EU countries as third party pursuant to Art 28 of the Securitisation Regulation to verify compliance with the STS Criteria pursuant to Art 27 (2) of the Securitisation Regulation.

Mandating of SVI and verification steps

On 26 July 2019, SVI has been mandated by the Originator PKO Leasing S.A. (“PKOL”) to verify compliance with the STS criteria pursuant to Article 28 of the Securitisation Regulation for the securitisation transaction “Polish Lease Prime 1 DAC” (the “Transaction”).

As part of our verification work, we have met with representatives of PKOL to conduct an onsite due diligence meeting (the “Due Diligence”) in Warsaw, Poland on 24 July 2019. In addition, we have discussed selected aspects of the Transaction with PKOL and legal counsel and obtained additional information on the transaction structure, the underwriting and servicing procedures of PKOL and the underlying transaction documentation.

For the purposes of our analysis, we have reviewed the following documents and other information related to the Transaction:

- Transaction Summary
- Polish Legal Opinion (“LO”)
- Master Definitions and Framework Deed (“MDFD”)
- Receivables Purchase Agreement (“RPA”)
- Servicing Agreement
- Trust Deed
- Terms and Conditions of the Notes

- Final Term Sheet
- Due Diligence Presentation by PKOL (“Due Diligence Presentation”) dated July 2019
- Final Agreed-upon Procedures („AuP”) Report
- Polish Lease Prime 1 – Cash flow Model (“CF-Model”)
- Additional information received by e-mail, such as confirmations, comments, etc.

Verification Methodology

The fulfilment of each verification point in this Final Verification Report provided to the Originator is evaluated based on the of three fulfilment values (traffic light status):

Criterion is fully met	
Criterion is mostly met, but with comments or requests for missing information	
Criterion not (yet) met on the basis of available information	

The verification process is based on the SVI verification manual (“Verification Manual”), defined terms of the Verification Manual shall also apply to this report. It describes the verification process and the individual inspections in detail. The Verification Manual is applicable to all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified. Based on the Verification Manual, SVI has derived the Transaction Verification Catalogue for this Transaction as described under Verification Method in this report. For a full description of the methodology used by SVI for the Verification can be found in the Verification Manual on our website: www.svi-gmbh.com.

Disclaimer of SVI

SVI grants a registered verification label “verified – STS VERIFICATION INTERNATIONAL” if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation (“STS Requirements”). The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the SVI verification does not affect the liability of an originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of verification services from SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation. Notwithstanding confirmation by SVI which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as set out in this Final Verification Report and disclaims any responsibility for monitoring the issuer’s continuing compliance with these standards or any other aspect of the issuer’s activities or operations. Furthermore, SVI has not provided any form of advisory, audit or equivalent service to the Originator, Issuer or Sponsor.

Investors should therefore not evaluate their investment in notes on the basis of this Final Verification Report.

SVI assumes due performance of the contractual obligation thereunder by each of the parties and the representations made and warranties given in each case by any persons to SVI or in any of the documents are true, not misleading and complete.

LIST OF ABBREVIATIONS/DEFINITIONS

Note: For any other term used in this Final Verification Report in capital spelling, please refer to the defined terms in the “Master Definitions and Framework Deed”.

Arranger	Citibank Global Markets Limited
AuP	Agreed-upon Procedures
BaFin	Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority)
CF-Model	Cash Flow-Model
Closing Date	Closing is scheduled for 26 September 2019
EBA Guidelines	Final Report on Guidelines on the STS criteria for non-ABCP securitisation, as published by EBA on 12 December 2018
Final Verification Report	Final verification report prepared by SVI in respect of the Transaction
Issuer	Polish Lease Prime 1 DAC or “Polish Lease Prime 1”
MDFD	Master Definitions and Framework Deed
Originator	PKO Leasing Spółka Akcyjna
PKOL	PKO Leasing Spółka Akcyjna
RLP	Raiffeisen-Leasing Polska
RPA	Receivables Purchase Agreement
RTS	Regulatory Technical Standards
RTS on Homogeneity	Commission Delegated Regulation dated 28 th May 2019 supplementing the Securitisation Regulation with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation
Securitisation Regulation	Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012
Seller	PKO Leasing Spółka Akcyjna
Servicer	PKO Leasing Spółka Akcyjna
SPV	Special Purpose Vehicle or Issuer
Transaction	The securitisation of leasing receivables involving Polish Lease Prime 1 DAC as Issuer

#	Criterion Article 20 (1)	Verification Report
1	Assignment or transfer of ownership of the risk positions takes place by means of a true sale and is legally enforceable.	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence (Prospectus)</p> <p>The Legal Opinion confirms the transfer of title to the underlying exposure to the SPV through a true sale both with respect to the assignment and transfer of the Purchased Receivables, the transfer of security interests and ancillary rights attached to the Receivables and with respect to the security transfer of the Security Assets under the Security Assignment Agreement.</p> <p>The Legal Opinion confirms the legal enforceability of the true sale, assignment or transfer against the seller and third parties with respect to (i) the valid, legally binding and enforceable rights and obligations of the Originator, Issuer and Trustee under the Opinion Documents, (ii) the transfer from the Originator to the Issuer of the Originator's rights and claims in and to the Portfolio, (iii) the no-contest of such transfer in case of the Originator's insolvency and (iv) the valid assignment to the Trustee under the Security Assignment Agreement (all subject to customary qualifications and, in respect to the assignment under (iv) the delivery, notarisation and filing in Dublin of a Notice of Acquisition and Assignment).</p> <p>The Legal Opinion confirms that there are no increased risks with regard to claw-back and re-characterisation.</p> <p>The Legal Opinion covers the review of the Standard Forms (i.e. the standard agreements used by the Originator and to be attached to the Legal Opinion and the RPA) in respect of (i) no restriction on assignment, (ii) compliance with Polish law and (iii) non-violation of current public policy.</p> <p>The RPA contains in Section 6.1 in connection with Schedule 5 (Originator's Representations and Warranties) of the MDFD representations and warranties by the Seller as of the Closing Date and any Reporting Date confirming that the Receivables offered for purchase comply with the Eligibility Criteria (see Schedule 2 of the RPA) which provide under No.1 inter alia, that the Receivables Agreements (a) constitute legal, valid and enforceable rights and obligations of the respective Lessee and the Originator, (b) do not violate any applicable rules, laws and regulations and (c) are substantially in the Standard Form.</p>
2	Requirements for the external legal opinion	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>The LO is provided by DLA Piper, a well-known internationally operating law firm with good expertise in the securitisation field.</p> <p>The Legal Opinion is made available to SVI as third-party verification agent and to competent supervisory authorities.</p>

#	Criterion Article 20 (2)	Verification Report
3	Specification of increased claw-back risks : Are there any provisions in the respective national insolvency law, which could render the transfer voidable?	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>The Legal Opinion confirms that there are no such increased claw-back risks.</p> <p>Other than as provided under Polish insolvency laws in case of fraudulent, unfair prejudicial, improperly favourable or off-market transfers, there are no such increased risks. Such laws are considered non-increased claw-back risks as per Art. 20 (3) of the Securitisation Regulation.</p> <p>In respect of a transfer within certain time periods prior to and after the filing of insolvency proceedings, the SPV must demonstrate that it had no knowledge of the seller's insolvency.</p> <p>However, the RPA as condition precedent in relation to the first purchase provides in Section 2.3 (in connection with Schedule 10) and, in relation to any further purchase in Section 2.4 (in connection with Schedule 11) for the delivery of a Solvency Certificate by the Originator and, additionally, representations and warranties by the Originator (see MDFD, Schedule 5, item 5) as to the non-occurrence of an Insolvency Event. The receipt of the solvency certificates and the repetition of such representation and warranty as of the Closing Date and each Purchase Date may be used by the SPV to demonstrate its non-knowledge of the Originator's insolvency.</p>
#	Criterion Article 20 (3)	Verification Report
4	Specification of non-increased claw-back risks: National insolvency laws are harmless, as they provide for the possibility of reassignment in other unfair ways in the event of fraud, damage to creditors or favouring other creditors.	<p><u>Verification Method</u>: Legal (Legal opinion)</p> <p>Applicable Polish insolvency laws are considered not to represent any severe claw-back risks (see above under #3).</p>
#	Criterion Article 20 (4)	Verification Report
5	If the sale and transfer is not taking place directly between the seller and the SPV but intermediate sales take place, is the true sale still fulfilled?	<p><u>Verification Method</u>: Legal (Receivables Purchase Agreement)</p> <p>Under the transaction structure used by Polish Lease Prime 1, the sale and transfer take place directly between the Seller and the SPV acting as Issuer, i.e. without any intermediate sale taking place.</p>

#	Criterion Article 20 (5)	Verification Report
6	If the transfer of receivables takes place at a later stage , are the trigger events in relation to the seller's credit quality standing sufficiently defined?	<p><u>Verification Method:</u> Legal (Receivables Purchase Agreement)</p> <p>The transfer and assignment of the Initial Receivables will occur on the Closing Date of the Transaction (scheduled for 26 September 2019) and during the Replenishment Period (please also refer to the criteria ## 8, 17, 32) the transfer of the Additional Receivables will occur on each Purchase Date. There will be no other transfer of receivables at a later stage.</p>

#	Criterion Article 20 (6)	Verification Report
7	Representations and warranties of the seller with regard to the legal condition of the goods	<p><u>Verification Method:</u> Legal (Master Definitions and Framework Deed, Receivables Purchase Agreement)</p> <p>The Seller (who is the original lender) represents and warrants that the underlying lease receivables are legally valid, binding and enforceable contractual obligations of the relevant lessee, see Schedule 5 (ORIGINATOR'S REPRESENTATIONS AND WARRANTIES), items 8 and 13 of the MDFD in combination with Schedule 2, item 1 (d) of the RPA (ELIGIBILITY CRITERIA).</p>

#	Criterion Article 20 (7)	Verification Report
8	Clear selection criteria (' eligibility criteria ') and no active portfolio management (I / III)	<p><u>Verification Method:</u> Legal (Master Definitions and Framework Deed, Receivables Purchase Agreement)</p> <p>The underlying exposures transferred from the Seller to the SPV are selected according to predetermined, clear and documented eligibility criteria, see Schedule 2 of the RPA (ELIGIBILITY CRITERIA).</p> <p>In addition, Portfolio Concentration Limits in respect of the overall portfolio (including Additional Receivables) in respect of single lessee concentration limits and the remaining weighted average life of the Purchased Receivables exist, see Schedule 3 of the RPA (PORTFOLIO CONCENTRATION COVENANTS).</p> <p>A Replenishment Period of 24 months after the Closing Date is provided in the transaction structure, during which PKOL may offer to sell Additional Receivables to the Issuer on each Purchase Date by applying the same Eligibility Criteria, see Schedule 2 of the RPA. Under Schedule 5, items 8 and 13 of the MDFD, the Originator represents and warrants that, with respect to the Purchased Receivables, the Eligibility Criteria are met on each Purchase Date both for the Initial Receivables and the Additional Receivables. As a consequence, consistent Eligibility Criteria apply to both the Initial Receivables and the Additional Receivables.</p> <p>As a result of the above, the criterion "no active portfolio management" is fulfilled.</p>

#	Criterion Article 20 (7)	Verification Report
9	Clear selection criteria ('eligibility criteria') and no active portfolio management (II / III)	<p><u>Verification Method:</u> Due Diligence</p> <p>The underlying exposures in the pool are selected based on a well-established, random selection process. In this context it should be noted that Polish Lease Prime 1 will mirror the ROOF transactions with a track record reaching back into 2006 from Raiffeisen Leasing (acquired by PKOL in 2016) in important aspects, based on systems, tools, processes and people that have originated and serviced the Raiffeisen Leasing transactions.</p> <p>In case an underlying exposure should turn out to be not eligible and the interests of the Issuer or noteholders are materially and adversely affected and the Seller become aware of such situation, the Originator has the obligation to either remedy the matter or repurchase the underlying exposure, see clause 7 of the RPA. These processes are well established as evidenced during the due diligence meeting.</p>
#	Criterion Article 20 (7)	Verification Report
10	Clear selection criteria ('eligibility criteria') and no active portfolio management (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample, covers the key selection criteria specified for the Transaction. Please also refer to #39 for a summary of the scope of the asset audit.</p>
#	Criterion Article 20 (8)	Verification Report
11	Securitisation of a homogeneous portfolio in terms of asset classes (I / III)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The underlying exposures fall into the asset type according to Art. 1 (a) (iv) of the RTS on Homogeneity (i.e. credit facilities, including loans and leases, provided to any type of enterprise or corporation).</p> <p>The Seller has chosen the homogeneity factor according to Art. 2 (3) (b) (ii) of the RTS on Homogeneity, i.e. jurisdiction, whereby the pool shall consist of underlying exposures relating to obligors with residence in one jurisdiction (Poland) only, see Schedule 2 of the RPA (ELIGIBILITY CRITERIA).</p>

#	Criterion Article 20 (8)	Verification Report
12	Securitisation of a homogeneous portfolio in terms of asset classes (II / III)	<p><u>Verification Method:</u> Due Diligence (Underwriting and Servicing Policy)</p> <p>The underlying exposures have been originated in accordance with consistent underwriting standards in the ordinary course of business, see the "Eligibility Criteria" in Schedule 2, item 1 (e) of the RPA and the "Credit and Collection Procedures" in Schedule 3 of the Servicing Agreement, represented and warranted by the originator, see Schedule 5, item 25 (Originators Representations and Warranties) of the MDFD and as presented in the Due Diligence and further described in # 17. No distinction is made between securitised and non-securitised receivables.</p> <p>The processes assure that only leasing contracts with lessees resident in Poland are originated according to the underwriting policy.</p>
13	Securitisation of a homogeneous portfolio in terms of asset classes (III / III)	<p><u>Verification Method:</u> Data (AuP Report)</p> <p>Additionally, the testing of the homogeneity factor "residence in Poland" was part of the agreed-upon procedures for the selected sample and is confirmed in the AuP Report.</p>
14	The underlying exposures contain obligations that are contractually binding and enforceable	<p><u>Verification Method:</u> Legal (Legal opinion) / Due Diligence</p> <p>Schedule 5 Part 8 of the MDFD (Originator's Representation and Warranties: Eligibility of Purchased Receivables) in combination with Schedule 2 Part 1 (d) of the RPA (Eligibility Criteria) contains warranties by the Seller as to the legally valid, binding and enforceable nature of the underlying exposures. Please also refer to #1.</p>
15	The underlying exposures have defined periodic payment streams and do not include transferable securities other than unlisted corporate bonds	<p><u>Verification Method:</u> Legal (Legal opinion, Transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The underlying exposures for the transaction (Purchased Receivables) represent receivables arising from operating leasing contracts in compliance with all applicable Polish tax laws, see Terms of Receivables Agreement, Schedule 2, item 1 (b) of the RPA.</p> <p>The Purchased Receivables require the monthly payment of lease instalments (Schedule 2, item 1 (h) of the RPA). This leads to defined periodic payment streams without concentrations of maturities in single months.</p>

The eligibility criteria restrict the underlying exposures to operating leasing contracts, thereby eliminating any transferable security from the portfolio. The compliance of the provisional pool with the eligibility criteria has been verified through the Eligibility Criteria Verification (see #39).

#	Criterion Article 20 (9)	Verification Report
16	Are there any securitisation positions in the portfolio?	<p><u>Verification Method:</u> Legal (transaction documents) / Due Diligence / Data (AuP Report)</p> <p>The underlying exposures are restricted to operating leasing contracts in compliance with all applicable Polish tax laws according to Schedule 2 Part 1 (b) of the RPA, thereby assuring that no securitisation position may become part of the portfolio. The compliance of the provisional pool with the eligibility criteria has been verified through the Eligibility Criteria Verification (see #39). In addition, the Originator represents and warrants that no securitisation positions are included in the Transaction, see Schedule 5 item 28 (Originators Representations and Warranties) of the MDFD.</p> <p>As demonstrated during the Due Diligence, the origination and/or resale of securitisation positions is not part of the business model of the Originator and not permitted under the Originator's underwriting policy. In addition, the back-office system for the exposures to be securitised is strictly limited to the management of leases receivables, and as such, it is not possible to re-securitise securitisation exposures.</p>

#	Criterion Article 20 (10)	Verification Report
17	Origination of underlying exposures in the ordinary course of business and in accordance with underwriting standards that are no less stringent than those applied to non-securitised risk positions	<p><u>Verification Method:</u> Legal (Underwriting and Servicing Policy) / Due Diligence</p> <p>PKOL is a fully owned subsidiary of PKO Bank Polski S.A. ("PKO"), which is market leader in the Polish market and a fully licensed banking institution supervised by Polish Financial Supervision Authority. With the acquisition of Raiffeisen-Leasing Polska ("RLP") in 2016, PKOL has strengthened its leading market position in the Polish leasing market, and after a diligent review decided to adapt and continue operations mainly with the IT systems and business procedures and processes from the former RLP. At the same time, risk strategies from PKO have been integrated into the risk management system and leasing activities of the merged PKOL.</p> <p>Both pre-merger entities (PKOL and RLP) and as consequence of the continued business activities also the merged entity PKOL has been originating exposures of a similar nature as the Purchased Receivables for significantly longer than five years.</p> <p>As presented and discussed in the Due Diligence, the well developed, highly professional and reasonably automated organisation of its business procedures is in line with the volume and quantity of business transactions.</p> <p>Accordingly, PKOL's business procedures assure that securitised exposures have been originated in the ordinary course of business and in accordance with uniform standards as provided for in the eligibility criteria, see Schedule 2, item 1 (e) (Eligibility</p>

		<p>Criteria) of the RPA. Deviations from the Credit and Collection Procedures (Schedule 3 of the Servicing Agreement) are only permissible in well defined and documented instances, and material changes to the underwriting standards cannot be made without prior written consent of affected transaction parties.</p> <p>The underlying exposures are selected for securitisation using a non-adverse selection process, applying to all Purchased Receivables.</p>
#	Criterion Article 20 (10)	Verification Report
18	<p>Underwriting standards for securitised exposures are no less stringent than those applied to non-securitised exposures</p>	<p><u>Verification Method:</u> Due Diligence</p> <p>As presented and discussed in the due diligence presentation, no distinction is made between securitised and non-securitised exposures in any respect, be it applicable regulatory standards, competence grid and involvement of decision-makers, distribution channels, product types and product characteristics, annual agreements on (sales) objectives, sales management measures and bonus systems, lending standards, approval processes and incentive measures, credit processing, dunning procedures, debt collection, realisation of collateral, customer service, outsourcing of sales, underwriting and servicing activities or areas of risk controlling, accounting and reporting (except for the required reporting of ABS transactions).</p> <p>Employees of the Originator involved in the underwriting do not know whether a risk position currently being processed for application will be securitised at a later stage or not.</p>
#	Criterion Article 20 (10)	Verification Report
19	<p>Assessment of the borrower's creditworthiness performed in accordance with Article 8 of Directive 2008/48/EC, or paragraphs 1 to 4, point (a) of paragraph 5 and paragraph 6 of Article 18 of Directive 2014/17/EU or, if applicable, the analogous provisions of a third country</p>	<p><u>Verification Method:</u> regulatory / legal / due diligence / data</p> <p>The Lessees under each Receivables Agreement are not "consumers" under Polish Civil Code, see Schedule 2, item 8 of the RPA (Eligibility Criteria) and therefore Article 8 of Directive 2008/48/EC and Article 18 of Directive 2014/17/EU relating to the creditworthiness of consumers are not applicable.</p> <p>PKOL does have well developed credit processes and systems which are organised in a professional manner typical for banking institutions. This does include, among other things, a thorough analysis of the creditworthiness of the obligor as demonstrated in the Due Diligence.</p>

#	Criterion Article 20 (10)	Verification Report
20	Originator's experience (management and senior staff) in origination of risk positions	<p><u>Verification Method:</u> Regulatory (suitable proof incl. Imprint Website) / Due Diligence</p> <p>The Originator does have significantly more than 5 years of experience in origination and underwriting of exposures similar to those securitised, as demonstrated in the Due Diligence presentation, see also #17 above.</p>
#	Criterion Article 20 (11)	Verification Report
21	The underlying exposures are transferred without undue delay after selection	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The underlying exposures (both the Initial Receivables and the Additional Receivables) are transferred from the Seller to Polish Lease Prime 1 without undue delay after selection because after an offer is made on a Reporting Date and accepted by the SPV, such underlying exposures are transferred to the SPV on the immediately following Purchase Date, see clauses 2.1, 2.2 and 2.5 of the RPA. This is based on well established and proven processes, please also refer to #17 and #19 above.</p>
#	Criterion Article 20 (11)	Verification Report
22	The underlying exposures do not include any defaulted exposures or to debtors/guarantors with impaired creditworthiness	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>Even though the Originator is not an institution subject to Regulation (EU) 575/2013, it does apply in its risk management system Art. 178 (1) as one of reasons for internally classifying an exposure as default, and such exposures are excluded from the Transaction, see Schedule 2, item 26 of the RPA.</p> <p>The Originator warrants that the underlying exposures will not include lease receivables relating to exposures in default (see Schedule 2, item 12 of the RPA).</p> <p>Furthermore, the underlying exposures will not include lease receivables relating to credit-impaired lessees or guarantors who (1) have been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within 3 years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within 3 years prior to the transfer date of the underlying exposures to the Issuer; (2) were, at the time of origination, on a public credit registry of persons with adverse credit history; or (3) have a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised (see Schedule 2, item 26 of the RPA).</p> <p>As presented in the Due Diligence and provided for under Schedule 2, item 13 of the RPA (Eligibility Criteria), each lessee shall have a minimum rating of 8A or F1 (in case of a corporate rating), 4.0 (in case of micro-rating) or 8A (in case of a Small/Medium Business ("SMB") rating).</p>

		<p>Debtors and guarantors (i) declared insolvent and/or undergone a debt-restructuring process, or (ii) found on a public or other credit registry of persons with adverse credit history are generally not eligible according to the underwriting policy, as discussed in the Due Diligence.</p> <p>The Originator has IT systems in place to ensure that defaulted exposures or exposures to debtors/guarantors with impaired creditworthiness are excluded from the securitised portfolio. In particular, when verifying compliance of lease agreements with the Eligibility Criteria, PKOL's securitisation engine connects to various data bases across the company to check for various flags. For the purposes of compliance with Article 20 (11), PKOL look into several bases of its risk management department, including one storing CRR defaults, one with cases of forbearance, one connected to external sources of information on court proceedings, one fed by external credit bureaus. Lease agreements included in any of those are excluded from random selection for the purposes of the Transaction.</p>
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#	Criterion Article 20 (11)	Verification Report
23	The risk positions do not have a credit assessment or a credit score that allows a significantly higher default risk to be expected than for non-securitised risk positions	<p><u>Verification Method</u>: Due Diligence</p> <p>The most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio are the customer profile, the type of leased vehicle or object, the characteristics of the lease contract, information from external databases (e.g. Coface, D&B, Lex), past payment behaviour and financial information. All of these factors have an impact on the credit score in use for lessees, respectively.</p> <p>These factors are the same for securitised and non-securitised exposures due to the strictly non-adverse selection process.</p> <p>On this basis, and considering the minimum rating requirements under the eligibility criteria (see #22 above), it can be reasonably assumed that no worse performance should occur for securitised exposures for the term of the Transaction.</p> <p>The requirement that the underlying exposures do not have a "credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable receivables held by the Originator which are not securitised" is considered to be met as (i) the underlying exposures do not include exposures that are classified as doubtful, impaired, non-performing or similar, and (ii) exposures whose credit quality (based on credit ratings or other credit quality thresholds) significantly differs from the quality of other exposures ordinarily originated by the Originator.</p>

#	Criterion Article 20 (12)	Verification Report
24	At the time of the transfer, the debtor has paid at least 1 instalment	<p><u>Verification Method:</u> Legal (Transaction documents) / Data (AuP Report)</p> <p>The Originator warrants that on the cut-off date at least 1 instalment has been paid in respect of each lease contract, see Schedule 2, item 11 of the RPA.</p> <p>The asset audit, whereby the audit company performs certain Agreed-upon Procedures with respect to the compliance of the underlying exposures in a randomly selected sample (please also refer to #39, Article 22 (3)), covers the above mentioned eligibility criteria.</p>
#	Criterion Article 20 (13)	Verification Report
25	The repayment of the securitisation position should not be predominantly dependent on the sale of assets collateralising the underlying exposures	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence / Data</p> <p>The underlying exposures of the transaction consist of lease receivables due by the lessees, and any payments related to residual values are explicitly excluded from the Transaction, see ""Scheduled Payment" as defined in the MDFD.</p> <p>The repayment comes from a granular portfolio of lessees with a steady cash flow of monthly instalments with no reliance on sale of assets, since only in case of lessee defaults there will be recovery proceeds from the remarketing of the financed leased object, leading to only very minor and limited dependence on the sale of assets.</p> <p>As a result, it is ensured that the repayment of the securitisation position does not predominantly depend on the sale of assets (i.e. leased objects) securing the underlying exposures.</p>
#	Criterion Article 21 (1)	Verification Report
26	Risk retention (Art. 6.1 of the Securitisation Regulation), usually by the Originator	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>Holder of risk retention: PKOL as originator and seller, see clause 6.3 (h) (i) of the RPA (section 6 REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS).</p> <p>Type of risk retention: The Originator will retain on an on-going basis a material net economic interest of not less than 5 per cent. in the nominal value of the securitised exposures in accordance with option (c) of Article 6(3) of the Securitisation Regulation (the "Minimum Required Interest") by the retention of randomly selected exposures equivalent to not less than 5 per cent of the nominal value of the Aggregate Principal Balance of the Purchased Receivables.</p> <p>The Investor Reports will also set out quarterly confirmation regarding the continued holding of the risk retention by the Originator, as confirmed by the Originator.</p>

		The legal obligation of the seller to hold the risk retention during the lifetime of the transaction is entered into according to clause 6.3 (h) (i) of the RPA.
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#	Criterion Article 21 (2)	Verification Report
27	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (I / II)	<p><u>Verification Method:</u> Due Diligence</p> <p>Both the Purchased Receivables and the Class A and Class B Notes are floating rate but with a different base rate (1-M WIBOR for the receivables vs. 3-M WIBOR for the notes).</p> <p>Both assets and liabilities of the Issuer are PLN denominated hence no currency risk occurs.</p> <p>Interest rate risks in relation to the Class A and Class B Notes will not be hedged through interest rate swaps or a similar hedge agreement, but the potential risk arising from the divergence between underlying exposures based on 1-M-Wibor and the Notes based on 3-M-Wibor is mitigated by an Early Amortisation Event which would be triggered if the Excess Spread is less than 1.10 per cent, see Part 2 (Early Amortisation Events) of Schedule 9 (Relevant Events) of the MDFD. According to the Arranger the mismatch has been taken into account by the rating agencies when sizing the credit enhancement.</p> <p>No further risks in addition to interest rates arise.</p>

#	Criterion Article 21 (2)	Verification Report
28	Appropriate hedging of interest rate and currency risks, no derivatives as underlying risk positions (II / II)	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>Rather than using separate legal instruments to hedge interest rate risks in respect of the Class A and Class B Notes (e.g. standalone swap agreements), the Transaction foresees the coverage of any interest rate risks through the deal structure, see above under #27.</p>

#	Criterion Article 21 (3)	Verification Report
29	Generally used reference rates for interest payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Purchased Receivables will bear interest at floating rates based on 1-M-WIBOR plus Margin, see clause 6 of schedule 2 "ELIGIBILITY CRITERIA" of the RPA.</p> <p>The Class A and Class B Notes will bear interest at floating rates based on 3-M-WIBOR plus Margin, see section 2.2 "Capital Structure" of the Final Term Sheet.</p> <p>The Issuer Accounts will be based on a rate equal to WIBOR for overnight deposits, constituting a market standard reference rate.</p>

		Currency hedges are not provided as both the Purchased Receivables and the Class A and Class B Notes are in PLN.
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#	Criterion Article 21 (4)	Verification Report
30	Requirements in the event of an enforcement or delivery of an acceleration notice	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>After the occurrence of an Enforcement Event:</p> <ul style="list-style-type: none"> - no cash will be retained with the Issuer, see Part 5 (Post-Enforcement Priority of Payments) of Schedule 8 of the MDFD. - the principal receipts from the underlying exposures will be used for the fully sequential amortisation of the securitisation positions as determined by the seniority of the securitisation position, see Part 5 (Post-Enforcement Priority of Payments) of Schedule 8 of the MDFD. - all creditors of a class of notes of the same rank will be served equally. - interest and principal payments are first made for the Class A Notes and then interest and principal payments are made for the Class B Notes, hence repayments are not reversed with regard to their seniority. - no automatic liquidation or sale of risk positions or assets is provided for.

#	Criterion Article 21 (5)	Verification Report
31	Sequential repayment as fall-back in the event of a deterioration in portfolio quality for Transactions that feature a non-sequential priority of payments	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Transaction provides for a pro-rata amortisation of the Class A Notes and Class B Notes as long as no Sequential Amortisation Event has occurred, see Schedule 8, Part 4 (Amortisation Period Principal Priority of Payments) of the MDFD. Upon occurrence of such Sequential Amortisation Event, the amortisation will switch to a fully sequential amortisation of the notes. The triggers defined for the Sequential Amortisation Event comprise amongst others ratios based on the performance of underlying exposures such as delinquencies and cumulative gross defaults, see Part 3 (Sequential Amortisation Events) of Schedule 9 (Relevant Events) of the MDFD.</p>

#	Criterion Article 21 (6)	Verification Report
32	Early amortisation provisions or triggers for termination of the revolving phase to include at least the following:	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>General: The Issuer will only be allowed to purchase Additional Receivables until an Amortisation Event (see respective definitions in the MDFD) has occurred. Thus, the replenishment period will end upon the occurrence of an early amortisation event. The following events trigger an early amortisation event:</p>

a) deterioration in the credit quality of the underlying exposures below a predefined threshold	A deterioration in the credit quality of the Purchased Receivables to or below a predetermined threshold, measured by the Cumulative Gross Default Ratio (as set out in item (h) of the definition of Early Amortisation Event).
b) insolvency-related events in relation to the Originator or the Servicer	The occurrence of an insolvency-related event with regard to the Servicer or the Seller (as set out in item (d) of the definition of an Early Amortisation Event).
c) decline in value of the underlying exposures below a predefined threshold	As defined in item (i) of Early Amortisation Events, a debit balance to the Principal Deficiency Ledger of more the 0.25% of the outstanding Aggregate Principal Balance of the Portfolio.
d) failure to generate sufficient new underlying exposures for replenishments under revolving Transactions	As defined in item (e) of Early Amortisation Events, the Purchase Shortfall Ledger exceeds 10% of the outstanding Aggregate Principal Balance of the Portfolio.

#	Criterion Article 21 (7)	Verification Report
33	Clear rules in the Transaction documentation regarding obligations, tasks and responsibilities of the Servicer, trustees and other ancillary service providers	<p><u>Verification Method:</u> Legal (Transaction documents)</p> <p>The Servicing Agreement provides for a clear specification of the contractual obligations, duties and responsibilities of the servicer, especially with regard to the servicing, monitoring, reporting and monthly advances to mitigate for commingling risk, as well as the provisions for a potential replacement in case of a Servicer Termination Event, see section 18 "Termination" of the Servicing Agreement and the definition of Servicer Termination Event in the MDFD.</p> <p>Similar provisions for the obligations, duties and responsibilities are provided for the following parties, see the respective descriptions in the Transaction documentation:</p> <ul style="list-style-type: none"> • Trustee (see Trust Deed) • Registrar (see Agency Agreement) • Account Bank and Cash Administrator (see Account Bank and Cash Administration Agreement)

#	Criterion Article 21 (8)	Verification Report
34	Experience of the Servicer (management and senior staff) in the servicing of exposures of	<p><u>Verification Method:</u> Regulatory (suitable proof) / Legal (Transaction documents) / Due Diligence</p> <p>The Originator does have significantly more than 5 years of experience in servicing of exposures similar to those securitised, as demonstrated in the Due Diligence presentation, see also #17 above.</p>

	a similar nature to those securitised	<p>According to clause 9(a)(xxiii) of the Servicing Agreement it is confirmed, that the Servicer has been servicing receivables of a similar nature to the Receivables for not less than five years.</p> <p>As a result, PKOL as servicer is deemed to have the relevant expertise as an entity being active as servicer of lease receivables for decades and as servicer of lease receivables securitisations for over 10 years as well, and no contrary findings were observed in the Due Diligence.</p>
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#	Criterion Article 21 (8)	Verification Report
35	Appropriate and well documented risk management and service policies, procedures and controls	<p><u>Verification Method:</u> Regulatory (suitable proof) / Due Diligence</p> <p>As evidenced during the presentation and discussion of the due diligence meeting, PKOL has well established procedures with regard to risk management, servicing and internal control systems in place.</p>

#	Criterion Article 21 (9)	Verification Report
36	Clear and coherent definitions, regulations and possible measures with regard to the servicing of non-performing exposures	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>The Transaction documentation contains clear and consistent terms for Delinquent Receivables (more than 60 days and less than 121 days overdue) and Defaulted Receivables (more than 120 days overdue or declaration of insolvency).</p> <p>The performance of the underlying exposures in terms of Delinquent and Defaulted Receivables, respectively, is measured through Performance Portfolio Triggers defined as Dynamic Delinquency Ratio and Cumulative Gross Loss Ratio, respectively, which – in case certain pre-defined thresholds are exceeded - result in the occurrence an Early Amortisation Event (see below).</p> <p>The Transaction documentation clearly specifies the priorities of payment, see Schedule 8; item 25 (Originators Representations and Warranties) of the MDFD. Separate priority of payments apply for interest and principal payments, for the replenishment and the amortisation period.</p> <p>In addition, the procedures presented and discussed in the Due Diligence in relation to non-performing exposures are consistent and in line with the terms used in the Transaction documentation for non-performing exposures.</p>

#	Criterion Article 21 (10)	Verification Report
37	Clear rules in the event of conflicts between the different classes of noteholders	<p><u>Verification Method:</u> Regulatory / Legal (Transaction documents)</p> <p>The Transaction documentation provides for clear rules regarding the timely resolutions of conflicts, see the provisions for noteholder meetings in Schedule 3 of the Trust Deed and Condition 16 of the Terms and Conditions of the Notes.</p>

As a result, the Transaction documentation provides clear rules when the Issuer shall consult the Class A or Class B Noteholders and in the event of conflicts between the different classes of noteholders.

#	Criterion Article 22 (1)	Verification Report
38	Provision of historical performance data before pricing	<p><u>Verification Method:</u> Legal (Transaction document) / Due Diligence</p> <p>The historical performance data provided by the Originator include the following areas:</p> <ul style="list-style-type: none"> a) Gross Losses (i.e. losses before recoveries) in static format with cumulative monthly losses for each quarter of business originated (covering the period from Q1 2011 until Q1 2019) b) Recoveries in static format on a quarterly basis (covering the period from Q2 2012 until Q4 2018) c) Delinquencies on a monthly basis (covering the period from January 2011 until December 2018) <p>The data history, which is provided prior to pricing, covers a period of at least 5 years required under Article 22 (1) of the Securitisation Regulation.</p> <p>Given that the most relevant factors determining the expected performance of the underlying exposures in the securitised portfolio, namely the factors described in #23, are the same to the overall portfolio for which the above mentioned historical performance data have been procured, comparability between the securitised portfolio and the Originators' overall portfolio ("substantially similar exposures") is ensured.</p>

#	Criterion Article 22 (2)	Verification Report
39	Performance of an asset audit on the basis of a sample and defined audit steps (Agreed upon Procedures, AuP) by an external independent party	<p><u>Verification Method:</u> Legal (AuP Report)</p> <p>The Originator has mandated a qualified and experienced audit firm to perform certain Agreed upon Procedures in relation to the Transaction. In particular, the AuP have included a verification of the compliance of the underlying exposures in the portfolio in respect of the key eligibility criteria with the supporting lease documentation or with the information contained in the accounting system of the Originator (the "Eligibility Criteria Verification").</p> <p>Please note that a separate verification of any data disclosed to investors in any formal offering document was not performed given that there is no such formal offering document due to the private nature of the Transaction, resulting in a transaction summary being provided according to Art. 7 (1) (c) instead of a prospectus (see below under #42). Additional comfort that the data disclosed to investors in respect of the underlying exposures is accurate is provided by the fact that the accuracy is confirmed by the audit firm in the AuP Report.</p> <p>The sample drawn for the Eligibility Criteria Verification is representative of the securitised portfolio, based on a pool cut as of 18 July 2019. This is ensured by a sufficiently large sample (457 leases) and random selection, applying a 99% confidence level</p>

and an error margin of 1%. The report prepared by the audit firm with regards to the Eligibility Criteria Verification has been made available to SVI on 13 September 2019. The report confirms that the Eligibility Criteria Verification has occurred and that no significant adverse findings have been found.

#	Criterion Article 22 (3)	Verification Report
40	Provision of a precise liability cash flow model to the investors prior to pricing by the Originator; "precise" refers to the possibility for the investor to calculate the amortisation rate and, based on this, the pricing of the securitisation position	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence (Cash flow model)</p> <p>A CF-Model has been prepared by the arranger bank on behalf of the Originator, and is provided as Excel-based tool. SVI has received an electronic file of the cash flow model for the Transaction prior to pricing in order to perform the steps necessary to verify the compliance under Article 22 (3) of the Securitisation Regulation. It should be noted that the statements below reflect the result of SVI's review of the functionality of the cash flow model and can be considered as a check of plausibility, however no assurance can be given that the CF-Model calculates correctly in each and every scenario.</p> <p>SVI has verified the model provided by the third-party, which accurately reflects the contractual relationships and cash flows from and to the securitised portfolio, the various series of Classes A and Class B Notes, the Originator/Servicer as well as other parties involved (summarised as senior expenses).</p> <p>A range of different scenarios can be modelled, including but not limited to prepayments, delinquencies, defaults (gross losses), recoveries, interest rate assumptions, coupon on the notes and senior expenses. As a result, both base case scenarios for pricing as well as stress scenarios for credit analysis purposes can be modelled. The CF-Model does consider both the replenishment phase as well as the amortisation phase and related amortisation and sequential payment triggers.</p> <p>The CF-Model has been made available to SVI on 12 September 2019 and hence has been provided before the pricing which occurred on 24 September 2019.</p> <p>The Originator undertakes to provide potential investors with the CF-Model upon request.</p>

#	Criterion Article 22 (4)	Verification Report
41	For residential mortgage loan, auto loan or auto leasing portfolios: publication of information on the environmental performance of the assets financed by such underlying exposures (energy performance certificates)	<p><u>Verification Method:</u> Legal (Transaction documents, Due Diligence)</p> <p>Given that the majority of the underlying exposures in the preliminary portfolio consists of auto lease contracts, the requirement to provide information on the environmental performance of the assets financed by such underlying exposures is relevant for the Transaction.</p> <p>PKOL shows in the Investor Report the information with regard to the environmental performance based on the applicable EU emission standard of the leased vehicles. Additional information on the environmental performance (e.g. efficiency classes) is currently not captured in the internal database or IT systems of PKOL and hence not available for reporting in this Transaction.</p>

#	Criterion Article 22 (5)	Verification Report
42	Compliance with the provisions of Art. 7 of the Securitisation Regulation (regarding Transparency) is the responsibility of the Originator or Sponsor	<p><u>Verification Method:</u> Legal (Transaction documents) / Due Diligence</p> <p>The Originator confirms that it will fulfil the provisions of Art. 7 of the Securitisation Regulation as follows:</p> <ul style="list-style-type: none"> - Art. 7 (1) (a): Loan level data are included in the Investor Report dated 4 September 2019 and will be made available in the future on a quarterly basis in the following Investor Reports. - Art. 7 (1) (b): The underlying Transaction documentation will be made available prior to closing. Please note that no prospectus has been drawn up for the Transaction as the Transaction does not fall under Directive 2003/71/EC. - Art. 7 (1) (c): Instead of a prospectus (see previous point), a transaction summary has been provided that includes the information listed in Art. 7(1) (c) (i) – (iv) and other relevant details of the main features of the Transaction. - Art. 7 (1) (d): In accordance with the RTS for notification, the notification will be provided to investors in final form at the latest 15 days after closing of the Transaction. - Art. 7 (1) (e): The Investor Report was provided with date 4 September 2019 and will be further provided on a quarterly basis. - Art. 7 (1) (f): Ad hoc announcements will be published as soon as they need to be published under the MAR. - Art. 7 (1) (g): If a "Significant Event" occurs, investors will be informed immediately. <p>Until the RTS on Art. 7 has entered into force, the information according to Art. 7(1) (a) and Art. 7(1) (e) according to Art. 43(7) will be provided on the basis of the CRA3 templates.</p>

As a result of the verifications documented above, we confirm to PKOL that the STS criteria pursuant to Article 19 to 22 of the European Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 for the transaction "**Polish Lease Prime 1**" have been fulfilled.

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