

Anne Blümel
Public Relations

Hellersbergstraße 11, 41460 Neuss
Phone 0 21 31 / 1 09 - 3523
Telefax 0 21 31 / 1 09 – 83523
Mobile: 0162 / 2722929
E-Mail a.bluemel@creditreform-rating.de
Internet www.creditreform-rating.de

Press Release

Creditreform Rating has assigned preliminary ratings to German auto lease securitisation VCL 25

Neuss, October 10, 2017

Creditreform Rating has assigned preliminary ratings to the Class A and Class B notes of VCL Multi-Compartment S.A., acting for and on behalf of its Compartment 25 (VCL 25), as follows:

EUR 1,175,000,000 Class A Asset Backed Floating Rate Notes: AAAsf

EUR 27,000,000 Class B Asset Backed Floating Rate Notes: A+sf

The ratings are preliminary and may change as a result of new information. Final ratings will be assigned on the Closing Date subject to a satisfactory review of the transaction documents and legal opinions.

The transaction is a securitisation of German auto lease receivables, originated by Volkswagen Leasing GmbH (VWL). VCL 25 is non-revolving and securitises only the finance portion of the leases; residual values are not securitized by the Issuer. A combination of Subordinated Loan, overcollateralization and a cash reserve will provide credit enhancement to the rated Class A and Class B Notes.

VWL will credit to the Cash Collateral Account certain amounts which will be available to mitigate commingling risks, trade tax and VAT tax risks, and cover the Issuer's exposure to VWL. To mitigate commingling risk, the structure obliges the Servicer to advance the aggregate value of all lease payments due in the next monthly period if minimum ratings of VWFS are no longer satisfied. Collateral downgrade and replacement provisions mitigate counterparty risk exposures with respect to the Swap counterparty and Account Bank. Risks related to the Issuer are limited, the compartment structure being ring-fenced and with limited recourse to other creditors of the Issuer.

To size the credit risk of the portfolio and derive base case assumptions about loss rates and expected recovery performance, Creditreform Rating used data provided

by VWL as well as proprietary data. Following the analysis of historical data, CRA set the base case gross loss rate at 2.29% and the base case recovery rate at 65%. Furthermore, the CRA Portfolio and Benchmark Analysis showed a similar level of credit risk.

CRA selects default multiples at x4.80 (AAAsf) and x3.55 (A+sf). Moreover, CRA set recovery haircuts at 44.25% (AAAsf) and 35.45% (A+sf), taking into account transaction-specific features such as observed volatility and established recovery procedures, as well as potential market value risks caused by the manipulation of EA189 diesel emissions. This resulted in total expected net losses of 7.00% (AAAsf) and 4.71% (A+sf). These scenario-specific assumptions were tested in CRA's proprietary cash flow model, which was tailored to reflect the structure of VCL 25 and to assess the issuer's ability to service its debt in a full and timely manner.