

Anne Blümel
Public Relations

Hellersbergstraße 11, 41460 Neuss
Telefon 0 21 31 / 1 09 - 3523
Telefax 0 21 31 / 1 09 – 83523
Mobil: 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 24

Neuss, October 06, 2016

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 24 (VCL 24), as follows:

EUR Floating Rate Asset Backed Class A notes: AAA_{Sf}

EUR Floating Rate Asset Backed Class B notes: A+_{Sf}

The ratings are preliminary and may change at any time. 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 24 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. Downgrade collateral 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%.

However, the CRA Portfolio and Benchmark Analysis showed an overall lower portfolio credit risk. Accounting for the potentially negative impact of VW AG diesel emission manipulations on future portfolio performance, Creditreform Rating decided to maintain an additional conservative margin in its analyses.

CRA selects default multiples at x4.65 (AAA_{sf}) and x3.68 (A+_{sf}). Moreover, CRA set recovery haircuts at 46.4% (AAA_{sf}) and 37.1% (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 6.92% (AAA_{sf}) and 4.98% (A+_{sf}). These scenario-specific assumptions were tested in CRA's proprietary cash flow model, which was tailored to reflect the structure of VCL 24 and to assess the issuer's ability to service its debt in a full and timely manner.