

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 ratings to German auto lease securitisation VCL Master S.A., Compartment 1

Neuss, September 25, 2017

Creditreform Rating has assigned ratings to the Class A and Class B notes series of VCL Master S.A., acting for and on behalf of its Compartment 1 (VCL Master), as follows:

EUR Floating Rate Asset Backed Class A notes series (current outstanding amount after the tap issuance):

<u>Series</u>	<u>Amount</u>	<u>Rating</u>
A 2010-2	91,200,000	AAA _{sf}
A 2010-4	312,000,000	AAA _{sf}
A 2011-2	125,000,000	AAA _{sf}
A 2012-1	150,000,000	AAA _{sf}
A 2012-2	150,000,000	AAA _{sf}
A 2012-3	100,000,000	AAA _{sf}
A 2012-4	300,000,000	AAA _{sf}
A 2013-1	100,000,000	AAA _{sf}
A 2015-1	544,000,000	AAA _{sf}
A 2017-1	75,000,000	AAA _{sf}
A 2017-2	61,800,000	AAA _{sf}
A 2017-3	185,400,000	AAA _{sf}

EUR Floating Rate Asset Backed Class B notes series (current outstanding amount after the tap issuance):

<u>Series</u>	<u>Amount</u>	<u>Rating</u>
B 2014-1	52,000,000	A ₊ sf
B 2014-3	18,400,000	A ₊ sf
B 2014-4	18,800,000	A ₊ sf

VCL Master is a platform for VW Leasing GmbH (VWL) to securitise, on a revolving basis, German auto lease receivables. VCL Master has currently issued twelve series of asset backed floating rate Class A Notes und three series of asset backed floating rate Class B Notes. The compartment may from time to time issue further series of Class A and Class B Notes.

Note Series A 2017-2 and A 2017-3 were newly issued on 25 September 2017. At the same time Creditreform Rating has discontinued the ratings on note series A 2010-1, A 2013-2 and B 2014-2 due to the full redemption of the notes.

VCL Master 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 notes series (current total CE 15.24%) and Class B notes (current total CE 11.75%).

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 internal data-bases. 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%.

The CRA Portfolio and Benchmark Analysis revealed an elevated level of portfolio credit risk compared to historical benchmarks. The more current picture of credit quality in the portfolio was taken into account in setting the relatively high scenario-specific stress multiples at x5.59 and x4.30 in an AAAsf and A+sf scenario, respectively.

Moreover, CRA set the recovery haircuts at 43.06% (AAAsf) and 34.49% (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 8.04% (AAAsf) and 5.65% (A+sf). These scenario-specific assumptions were tested in CRA's proprietary cash flow model, which was tailored to reflect the structure of VCL Master and to test the transactions' ability of paying interest and ultimate payment principal by final maturity.