

Press Release: Neuss, 19 February 2020

Creditreform Rating has assigned preliminary ratings to German auto lease securitization VCL 30

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 30 (VCL 30), as follows:

EUR 941,000,000 Class A Asset Backed Floating Rate Notes: AAAsf

EUR 19,000,000 Class B Asset Backed Floating Rate Notes: AA-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 securitization of German auto lease receivables, originated by Volkswagen Leasing GmbH (VWL). VCL 30 is non-revolving and securitizes 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 re-placement 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 1.62% and the base case recovery rate at 65%.

CRA selects default multiples at x5.62 (AAAsf) and x4.29 (AA-sf). Moreover, CRA set recovery haircuts at 48.45% (AAAsf) and 40.48% (AA-sf), taking into account transaction-specific features such as

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observed volatility and established recovery procedures, as well as potential market value risks. This resulted in total expected net losses of 6.04% (AAAsf) and 4.25% (AA-sf). These scenario-specific assumptions were tested in CRA's proprietary cash flow model, which was tailored to reflect the structure of VCL 30 and to assess the issuer's ability to service its debt in a full and timely manner.