

## DBRS Morningstar Confirms Credit Ratings on VCL Master S.A., acting with respect to its Compartment 1

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DBRS Ratings GmbH (DBRS Morningstar) confirmed its credit ratings on the notes issued by VCL Master S.A., acting with respect to its Compartment 1 (the Issuer) as follows:

- Series 2010-2, Class A Notes at AAA (sf)
- Series 2011-2, Class A Notes at AAA (sf)
- Series 2012-2, Class A Notes at AAA (sf)
- Series 2012-3, Class A Notes at AAA (sf)
- Series 2012-4, Class A Notes at AAA (sf)
- Series 2013-1, Class A Notes at AAA (sf)
- Series 2015-1, Class A Notes at AAA (sf)
- Series 2017-1, Class A Notes at AAA (sf)
- Series 2017-3, Class A Notes at AAA (sf)
- Series 2018-1, Class A Notes at AAA (sf)
- Series 2020-1, Class A Notes at AAA (sf)
- Series 2014-1, Class B Notes at AA (high) (sf)
- Series 2014-3, Class B Notes at AA (high) (sf)
- Series 2018-1, Class B Notes at AA (high) (sf)

The credit ratings address the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date of the notes in September 2030.

The confirmations follow a review of the transaction upon the execution of an amendment agreement that includes, with respect to all rated notes except the Series 2012-4, Class A Notes:

- Tap issuances on all series of notes;
- Updated margins on all series of notes;
- New swap counterparty (Credit Agricole Corporate and Investment Bank) and updated swap agreements for all series of notes;
- Inclusion of a Negative Buffer Release Amount mechanism to address the reduced excess spread in the transaction resulting from the increased swap fixed rates payable by the Issuer, as well as provisions for the funding of a Buffer Release Reserve upon a Reserve Trigger Event;
- A 12-month extension of the revolving period for the notes through to September 2024; and
- A 12-month extension of the legal maturity date for all series of notes through to September 2030.

The Series 2012-4, Class A Notes will not be amended as part of this programme amendment, and will enter their amortisation period starting from the next monthly payment date in October 2023. The coupon payable on this series of notes will remain unchanged, as well as the terms of the swap agreement in place with ING Bank N.V., with respect to this series of notes.

The transaction is a master securitisation of lease receivables related to motor vehicle lease contracts originated by Volkswagen Leasing GmbH (VWL) in Germany, with a maximum notes issuance amount of EUR 4.0 billion. The residual values are not securitised in this transaction. As of the September 2023 payment date, the receivables portfolio had an outstanding discounted balance of EUR 2.2 billion.

The credit ratings are based on DBRS Morningstar's review of the following analytical considerations:

- Portfolio performance, in terms of delinquencies and defaults;
- The programme's capital structure, including form and sufficiency of available credit enhancement;
- Relevant credit enhancement in the form of subordination, overcollateralisation, and a fully funded liquidity reserve;
- Credit enhancement levels that are sufficient to support DBRS Morningstar's projected cumulative net losses under various stressed cash flow assumptions for the notes;
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms in which they have invested;
- VWL's capabilities with regard to origination, underwriting, servicing, and its financial strength;
- The transaction parties' financial strength with regard to their respective roles;
- The credit quality of the collateral and historical and projected performance of the seller's portfolio;
- DBRS Morningstar's sovereign credit rating on Germany, currently rated AAA with a Stable trend;
- The consistency of the transaction's legal structure with DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology and the presence of legal opinions addressing the assignment of the assets to the Issuer; and
- The consistency of the transaction's hedging agreements with DBRS Morningstar's "Derivative Criteria for European Structured Finance Transactions" methodology.

DBRS Morningstar's credit ratings on the rated notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents.

DBRS Morningstar's credit ratings do not address non-payment risk associated with contractual payment obligations contemplated in the applicable transaction documents that are not financial obligations.

DBRS Morningstar's long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of defaults to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the term under which a long-term obligation has been issued.

#### ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS

There were no Environmental/Social/Governance factors that had a significant or relevant effect on the credit analysis.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at <https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the credit ratings is "Rating European Consumer and Commercial Asset-Backed

Securitisations” (19 October 2022), <https://www.dbrsmorningstar.com/research/404212/rating-european-consumer-and-commercial-asset-backed-securitisations>.

Other methodologies referenced in this transaction are listed at the end of this press release.

DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

An asset and a cash flow analysis were both conducted. Due to the inclusion of a revolving period in the transaction, the analysis considers potential portfolio migration based on replenishment criteria set forth in the transaction legal documents.

For a more detailed discussion of the sovereign risk impact on Structured Finance credit ratings, please refer to “Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings” of the “Global Methodology for Rating Sovereign Governments” at: <https://www.dbrsmorningstar.com/research/401817/global-methodology-for-rating-sovereign-governments>.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

The sources of data and information used for these credit ratings include historical performance data relating to receivables provided by VWL directly or through its agent, Credit Agricole Corporate and Investment Bank; monthly investor reports provided by VWL; and legal documentation provided by the Issuer’s legal counsel.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purposes of providing these credit ratings to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

The last credit rating action on this transaction took place on 26 September 2022, when DBRS Morningstar confirmed the credit ratings on the outstanding Class A Notes at AAA (sf) and upgraded the credit ratings on the outstanding Class B Notes to AA (high) (sf) from AA (sf).

Information regarding DBRS Morningstar credit ratings, including definitions, policies, and methodologies, is available on [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com).

Sensitivity Analysis: To assess the impact of changing the transaction parameters on the credit ratings, DBRS Morningstar considered the following stress scenarios as compared with the parameters used to determine the credit ratings (the base case):

- Probability of default (PD) rate used: base case PD of 1.40%, 25%, and 50% increase on the base case PD was tested.
- Losses given default (LGD) rates used: LGD of 61.6% at the AAA (sf) stress level and 60.2% at the AA (high) (sf) stress level, a 25% and 50% decrease in the base case LGD was tested.
- The risk sensitivity overview below illustrates the ratings expected if the PD and LGD increase by a certain percentage over the base case assumption. For example, if the LGD increases by 50%, the credit rating of the Class A Notes would be expected to remain

at AAA (sf), ceteris paribus. If the PD increases by 50%, the credit rating of the Class A Notes would be expected to remain at AAA (sf), ceteris paribus. Furthermore, if both the PD and LGD increase by 50%, the credit rating of the Class A notes would be expected to decrease to AA (sf), ceteris paribus.

Class A Notes Risk Sensitivity:

- 25% increase in LGD, expected credit rating of AAA (sf)
- 50% increase in LGD, expected credit rating of AAA (sf)
- 25% increase in PD, expected credit rating of AAA (sf)
- 50% increase in PD, expected credit rating of AAA (sf)
- 25% increase in PD and 25% increase in LGD, expected credit rating of AAA (sf)
- 25% increase in PD and 50% increase in LGD, expected credit rating of AA (high) (sf)
- 50% increase in PD and 25% increase in LGD, expected credit rating of AA (high) (sf)
- 50% increase in PD and 50% increase in LGD, expected credit rating of AA (sf)

Class B Notes Risk Sensitivity:

- 25% increase in LGD, expected credit rating of AA (high) (sf)
- 50% increase in LGD, expected credit rating of AA (high) (sf)
- 25% increase in PD, expected credit rating of AA (high) (sf)
- 50% increase in PD, expected credit rating of AA (high) (sf)
- 25% increase in PD and 25% increase in LGD, expected credit rating of AA (sf)
- 25% increase in PD and 50% increase in LGD, expected credit rating of AA (sf)
- 50% increase in PD and 25% increase in LGD, expected credit rating of AA (sf)
- 50% increase in PD and 50% increase in LGD, expected credit rating of A (high) (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on DBRS Morningstar historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

These credit ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

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Initial Rating Date: 26 September 2016

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The credit rating methodologies used in the analysis of this transaction can be found at:

<https://www.dbrsmorningstar.com/about/methodologies>.

-- Rating European Consumer and Commercial Asset-Backed Securitisations (19 October 2022), <https://www.dbrsmorningstar.com/research/404212/rating-european-consumer-and-commercial-asset-backed-securitisations>.

-- Master European Structured Finance Surveillance Methodology (7 February 2023), <https://www.dbrsmorningstar.com/research/409485/master-european-structured-finance-surveillance-methodology>.

-- Rating European Structured Finance Transactions Methodology (15 July 2022), <https://www.dbrsmorningstar.com/research/399899/rating-european-structured-finance-transactions-methodology>.

-- Legal Criteria for European Structured Finance Transactions (30 June 2023), <https://www.dbrsmorningstar.com/research/416730/legal-criteria-for-european-structured-finance-transactions>.

-- Derivative Criteria for European Structured Finance Transactions (18 September 2023), <https://www.dbrsmorningstar.com/research/420754/derivative-criteria-for-european-structured-finance-transactions>.

-- Operational Risk Assessment for European Structured Finance Servicers (15 September 2023), <https://www.dbrsmorningstar.com/research/420572/operational-risk-assessment-for-european-structured-finance-servicers>.

-- Operational Risk Assessment for European Structured Finance Originators (15 September 2023), <https://www.dbrsmorningstar.com/research/420573/operational-risk-assessment-for-european-structured-finance-originators>.

-- Interest Rate Stresses for European Structured Finance Transactions (15 September 2023), <https://www.dbrsmorningstar.com/research/420602/interest-rate-stresses-for-european-structured-finance-transactions>.

-- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (4 July 2023), <https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: <https://www.dbrsmorningstar.com/research/278375>.

For more information on this credit or on this industry, visit [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com) or contact us at [info@dbrsmorningstar.com](mailto:info@dbrsmorningstar.com).

## Ratings

### VCL Master S.A., acting with respect to its Compartment 1

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
25-Sep-23	Series 2010-2, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2011-2, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2012-2, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2012-3, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2012-4, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2013-1, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2015-1, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2017-1, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2017-3, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2018-1, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2020-1, Class A Notes	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
25-Sep-23	Series 2014-1, Class B Notes	Confirmed	AA (high) (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2014-3, Class B Notes	Confirmed	AA (high) (sf)	--	<b>EU</b> <b>U</b>
25-Sep-23	Series 2018-1, Class B Notes	Confirmed	AA (high) (sf)	--	<b>EU</b> <b>U</b>

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