Rating Report

VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 44

Morningstar DBRS
25 February 2025

Contents

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Credit Ratings, Issuer's Assets, and Liabilities

Debt	Par Amount (EUR)[1]	Initial Subordination (%)[2]	Coupon (%)[3]	Credit Rating[4]	Credit Rating Action	Credit Rating Action Date
Class A Notes XS2972906908	1,192,500,000	4.6%	One-month Euribor + 0.49%	AAA (sf)	Provisional Rating - Finalised	25 February 2025
Class B Notes XS2972908359	22,500,000	2.8%	One-month Euribor + 0.90%	AA (low) (sf)	Provisional Rating - Finalised	25 February 2025
Subordinated Loan	24,501,294	-	-	Not Rated	N/A	N/A
OC	10,500,000	-	-	Not Rated	N/A	N/A

Notes:
1. At the issue date.
2. Subordination is expressed in terms of portfolio overcollateralisation (OC) and does not include the general cash collateral amount.
3. The coupons on the Class A Notes, Class B Notes, and the subordinated loan are floored at zero.
4. The credit ratings on the Class A Notes and Class B Notes address the timely payment of scheduled interest and the ultimate repayment of principal by the final legal maturity date. For additional information on the meaning and scope of the financial obligations identified in these credit ratings, please see Appendix D: Scope and Meaning of Financial Obligations.

Issuer's Assets	Initial Amount (EUR)	Size (% of Portfolio)
Portfolio[1]	1,250,001,294	100%
Specified Cash Collateral Account Balance	15,000,000	1.2% of the aggregate discounted receivables balance

Notes:
1. As at 31 January 2025.

DBRS Ratings GmbH (Morningstar DBRS) finalised its provisional credit ratings on the Class A Notes and Class B Notes (together, the Notes) issued by VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 44 (the Issuer or VCL 44). The Issuer is a public limited company incorporated under the laws of Luxembourg and is governed by Luxembourg securitisation law, acting as a special-purpose entity specifically for the purpose of this transaction.

The transaction represents the issuance of Notes backed by a portfolio of approximately EUR 1.25 billion of receivables related to auto leases granted by Volkswagen Leasing GmbH (VWL or the Seller)—a wholly owned, indirect subsidiary of Volkswagen AG (VW Group)—to lessees resident or incorporated in the Federal Republic of Germany (Germany). The underlying motor vehicles related to the auto leases consist of new and used passenger and light-commercial vehicles. VWL also services the receivables (the Servicer).

Asset Class	Auto Leases excluding residual value
Governing Jurisdiction	Federal Republic of Germany
Sovereign Rating	AAA, Stable trend

Transaction Parties

Roles	Counterparty	Credit Rating[1]
Issuer	VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 44	Not Rated
Originator/Seller/Servicer	Volkswagen Leasing GmbH	Private Credit Rating
Cash Collateral Account Bank/Distribution Account Bank/Counterparty Downgrade Collateral Account Bank	Citibank Europe plc, Germany branch	Private Credit Rating
Cash Administrator/Paying Agent/Calculation Agent/Registrar/Account Agent/Interest Determination Agent	Citibank Europe plc	AA (low), Stable
Custodian	Citibank N.A., London branch	Private Credit Rating
Corporate Services Provider	Circumference FS (Luxembourg) S.A.	Not Rated
Security Trustee/VCL Master Security Trustee	CSC Trustee GmbH	Not Rated
Subordinated Lender	Volkswagen Financial Services AG	Private Credit Rating
Data Protection Trustee	Data Custody Agent Services B.V.	Not Rated
Arranger/Joint Lead Manager/Bookrunner/Swap Counterparty	Skandinaviska Enskilda Banken AB (publ)	AA (low), Stable
Joint Lead Manager/Bookrunner	Crédit Industriel et Commercial S.A.	Private Credit Rating
Joint Lead Manager/Bookrunner	BNP Paribas SA	AA (low), Stable

1. Ratings refer to Long-Term Issuer Ratings or Long-Term Senior Unsecured Debt Ratings by Morningstar DBRS unless otherwise specified.

Relevant Dates

Term	Description
Closing Date	25 February 2025
Portfolio Cut-Off Date	31 January 2025
Payment Date	21st of each month
First Payment Date	21 March 2025
Monthly Period	Each calendar month immediately prior to the relevant payment date
Interest Period	The period from and including a payment date up to but excluding the following payment date
Legal Maturity Date	Payment date falling in December 2030

Credit Rating Considerations

Notable Features

- The transaction represents the securitisation of auto lease receivables originated and serviced by VWL. The leases are granted to both commercial (74.1%) and private (25.9%) lessees. The majority of the leases relates to new vehicles (92.6%). The residual value (RV) component of the lease contracts is not securitised in this transaction.
- The transaction is static, and the Notes will amortise from the initial payment date.
- All underlying lease contracts are fixed-rate based while the Notes are floating-rate. Interest rate risk is mitigated through interest rate swaps.
- The discount rate applied to the gross outstanding balance to calculate the purchase price is fixed at 5.7%. However, there is no excess spread available to support the payment of interest or principal on the Notes prior to the occurrence of a level two credit enhancement increase condition. Once a level two credit enhancement increase condition is in effect, the buffer release amount is retained in the transaction and forms part of the available distribution amount.
- The transaction has a mixed sequential/pro rata amortisation structure. Initially, all collections arising from the lease receivables will pay down the Class A Notes. Once the Class A OC percentage reaches the target OC, the Class B Notes begin to amortise. Once the Class B OC percentage

reaches certain target OC, available funds used to pay principal on the Class A Notes and Class B Notes are allocated on a pro rata basis unless specified performance triggers on cumulative net loss (CNL) ratio are breached.

- The transaction benefits from an amortising cash reserve with an initial amount of 1.2% of the aggregate discounted receivables balance. The cash reserve is available to cover the payment of senior expenses, swap payments, and interests on the Notes. The reserve also provides credit enhancement to the Notes and is available to repay principal on the Notes when the portfolio's aggregate discounted receivables balance reaches zero.
- Approximately 37.5% of the receivables comprise vehicles equipped with diesel engines and 38.3% of the receivables comprise vehicles with petrol engines. The remaining receivables comprise vehicles with electric (17.5%), hybrid (6.6%), and gas (0.03%) powertrains.

Strengths

- VWL is a subsidiary of Volkswagen Bank GmbH (VWB), which is a well-established captive finance originator and servicer in Germany. VWB is a wholly owned subsidiary of Volkswagen Financial Services (Europe) AG (VWFS), owned by VW Group. Morningstar DBRS maintains an Issuer Rating of A (low) with a Stable trend on VW Group and a private credit rating on VWB and VWL.
- VCL 44's portfolio characteristics are comparable to earlier transactions from the same sponsor rated by Morningstar DBRS that, over time, have demonstrated stable performance.
- The lease contracts are governed by German law and secured by security title (Sicherungseigentum) over the leased vehicles. Enforcement of the security title in case of the termination of the underlying contract is a customary practice in Germany and, in normal conditions, is considered to be a comparatively smooth and timely process.
- Morningstar DBRS considers the pool to be granular. The maximum concentration of individual lessees does not exceed 0.1% of the pool. The top 20 debtor exposure of the pool is 1.4%.

Challenges and Mitigating Factors

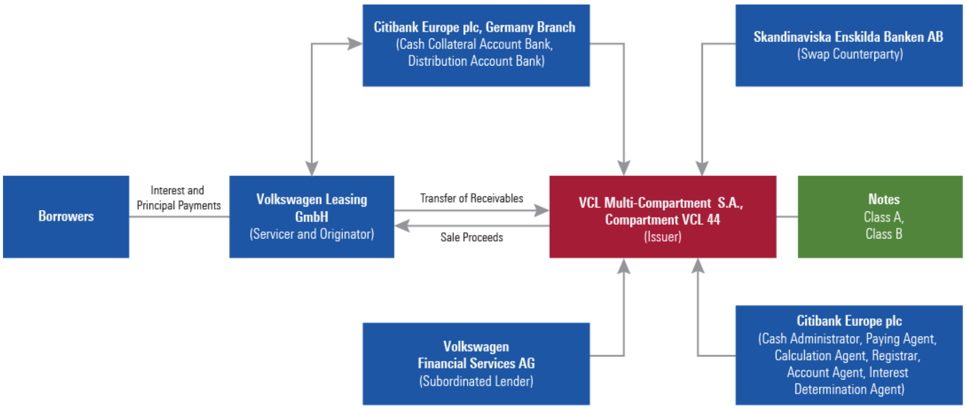
- The Servicer collects payments on its own accounts, thus collections may be commingled within the Servicer's estate in case of insolvency.
  Mitigant: Following the specified rating trigger on VWB, VWL is obliged to post monthly collateral for the respective monthly period or transfer the collections on the following business day to the Issuer's account. Morningstar DBRS considered a commingling loss commensurate with the credit ratings assigned to the Class A Notes and Class B Notes, the trigger events linked to the monthly remittance condition, the expected distribution of monthly collections, and the amortisation profile of the portfolio.
- Because of the mixed sequential/pro rata structure of the transaction, there may be circumstances when the Class B Notes are amortising while the Class A Notes are still outstanding.
  Mitigant: Morningstar DBRS analysed back-loaded scenarios to factor in this effect within its cash flow analysis.

Transaction Structure

Transaction Summary

Term	Description	
Currency	The Issuer's assets and liabilities are denominated in euros (EUR).	
Relevant Jurisdictions	The lease contracts are governed by the laws of the Federal Republic of Germany. The transaction documents and the Notes are governed by the laws of the Federal Republic of Germany. The swap agreements and deed of security assignment are governed by English law. The Issuer is incorporated under the laws of the Grand Duchy of Luxembourg.	
Interest Rate Hedging	Interest rate swaps in place at closing. The Issuer pays: 2.70 % and 3.09% under the Class A Notes and Class B Notes swaps, respectively. The Issuer receives: In relation to the Class A Notes swap, Euribor plus 0.49% per annum (p.a.). In relation to the Class B Notes swap, Euribor plus 0.90% p.a. Notional: the aggregate principal amount of the Class A Notes and the Class B Notes, respectively. Floor: zero	
Basis Risk Hedging	N/A	
General Reserve	The cash reserve component of the cash collateral account provides liquidity support to the Class A Notes and Class B Notes. The reserve can be used to cover senior expenses, swap payments, and interest shortfalls. The reserve is also available to repay principal on the Notes when the portfolio's aggregate discounted receivables balance reaches zero.	
	Initial Amount	EUR 15,000,000 (1.2% of the aggregate discounted receivables balance).
	Target Amount	1.1% of the aggregate discounted receivables balance at closing.
	Floor	The lesser of: • EUR 12,500,000; and • The aggregate outstanding principal balance of the Class A Notes and Class B Notes at the end of the monthly period.
	Amortisation	The excess amount will flow back to VWL after payment of interest and principal on the subordinated loan if no credit enhancement increase condition is in effect.
VWL Risk Reserve	The reserve is designed to exclusively cover potential trade tax risk exposure of the Issuer. The reserve will be funded by VWL within 30 days upon breach of certain triggers; the remaining amounts will be released back to VWL on the earliest of a clean-up call or the legal maturity date.	
	Initial Amount	EUR 0
	Trigger Event	VWB ceases to have a long-term rating of at least BBB (high).
	Target Amount	1.1% of the aggregate outstanding discounted receivables balance.

The transaction structure is summarised below:



Source: Transaction documents and Morningstar DBRS.

Counterparty Assessment

Account Bank

Citibank Europe plc, Germany branch (Citibank) has been appointed to act as the account bank for the transaction. Morningstar DBRS privately rates Citibank and concluded that it meets the Morningstar DBRS criteria to act in such capacity. The transaction documents contain downgrade provisions relating to the account bank consistent with Morningstar DBRS' criteria.

Hedging Counterparty

Skandinaviska Enskilda Banken AB (publ) (SEB) has been appointed as the swap counterparty for the transaction. Morningstar DBRS public Long-Term Critical Obligation Rating on SEB is AA (high) with stable trend, which meets Morningstar DBRS criteria to act in such capacity. The hedging documents contain downgrade provisions consistent with Morningstar DBRS' criteria.

Servicing of the Portfolio and Collections

VWL acts as the Servicer of the transaction. No backup servicer has been appointed at closing. The majority of lessees (approximately 99.1%) pay their instalments through direct debit into an account held by VWL which then transfers the collections on each monthly payment date to the Issuer's bank account maintained with Citibank. VWL receives the instalments paid by direct debit between the 5th and 8th working day of the current month.

Commingling Risk

The Servicer is permitted to commingle collections with its own funds and is required to transfer these monies to the Issuer's account on each payment date, subject to the satisfaction of the monthly remittance condition.

The monthly remittance condition is no longer satisfied if VWB credit rating falls below BBB (high). Upon a breach of the trigger, VWL will be required either to

- Transfer to the Issuer the monthly collateral, comprising the expected following monthly payments, including constant annual prepayment rate estimated to be 5% falling due and payable; or

- If the monthly collateral is not paid to the Issuer, transfer the collections to the Issuer within one business day from receipt thereof.
  Morningstar DBRS considered a commingling loss commensurate with the credit ratings assigned to the Class A Notes and Class B Notes, the trigger events linked to the monthly remittance condition, the expected distribution of monthly collections, and the portfolio's amortisation profile.

Morningstar DBRS considers that the current credit ratings are commensurate with the resulting commingling risk exposure, taking into account that VWL as the Servicer is allowed to commingle up to nearly two months of collections, and considering the credit strength of VW Group and its subsidiaries.

Set-Off Risk

VWL does not take customer deposits and the Seller warrants and guarantees, inter alia, that the lessees have no set-off claims. Affiliates of VW, Familie Porsche Stuttgart, and Familie Piech Salzburg Gruppe are also specifically excluded. The Seller is required to remedy, replace, or repurchase the relevant leases where the representations and warranties have been breached. Although VWL offers a range of maintenance and other services, as well as certain insurance products to lessees, any payments related to such services and value-added tax thereon form part of the excluded collections and are not capitalised in the transaction.

Available Distribution Amount

The available distribution amount of the Issuer broadly consist of the following:

- Collections;
- The Issuer's portion of proceeds from the realisation of leased vehicles;
- Payments from the cash collateral account;
- Net swap receipts;
- Interest accrued on the distribution account;
- The repurchase price received from VWL, if any; and
- The buffer release amount.

Prior to the occurrence of a level two credit enhancement increase condition, the buffer release amount is excluded from the available distribution amount and is paid directly to VWL.

Priority of Payments

Prior to a foreclosure event affecting the Issuer, the Issuer applies all available funds in accordance with the following order of priority:

1. Taxes and expenses;
2. Payments due to the security trustee;
3. Senior Servicer fee;
4. Payments of other senior fees;
5. Net swap payments to the hedging counterparties (except termination payments to a defaulting swap counterparty);
6. Interest on the Class A Notes;
7. Interest on the Class B Notes;
8. Replenishment of the reserve up to its specified cash collateral account balance;

9. On the occurrence of the German trade tax increase event, related payment into the cash collateral account up to the increased German trade tax risk reserve amount;
10. Principal on the outstanding balance of the Class A Notes, to the Class A targeted note balance;
11. Principal on the outstanding balance of the Class B Notes, to the Class B targeted note balance;
12. Payments to the swap counterparty under the swap agreement (to the extent not paid under item 5 above);
13. Accrued and unpaid interest on the subordinated loan;
14. Principal payments on the subordinated loan (until reduced to zero); and
15. Remaining excess amounts to VWL.

Principal Redemption Amounts and Excess Spread

The Class A principal payment amount is calculated as the amount required to reduce the Class A Notes outstanding to the relevant target OC level, provided that a level two credit enhancement increase condition has not occurred. Otherwise, this is equal to the outstanding amount of the Class A Notes.

The Class B principal payment amount is calculated as the amount required to reduce the Class B Notes outstanding to the relevant target OC level, provided that a level two credit enhancement increase condition has not occurred. Otherwise, this is equal to the outstanding amount of the Class B Notes.

The repayment of the Notes is determined by each class’s respective target OC level, as laid out below:

Target OC (%)	Prior to a Level 1 Credit Enhancement Increase Event	Following a Level 1 Credit Enhancement Increase Event	Following a Level 2 Credit Enhancement Increase Event
Class A	12.25	14.0	100.0
Class B	7.5	8.25	100.0

A level one credit enhancement increase condition is in effect if the CNL ratio:

- Exceeds 0.5% on any payment date up to and including May 2026; or
- Exceeds 1.15% on any payment date after (and excluding) May 2026 up to (and including) February 2027.

A level two credit enhancement increase condition is in effect if the CNL ratio exceeds 1.6% on any payment date.

Foreclosure Event

The Issuer will switch to a post-enforcement priority of payments in the case that:

- With respect to the Issuer, an insolvency event occurs; or
- The Issuer defaults in the payment of any interest on the most senior class of Notes when the same becomes due and payable, and such default continues for a period of five business days; or
- The Issuer defaults in the payment of principal of any note on the legal maturity date.

Following the occurrence of a foreclosure event, the available distribution amount will be allocated as per the following order of priority:

1. Senior Issuer fees and expenses and Servicer fees;
2. Net swap payments, including any termination payment payable to the swap counterparty except when the swap counterparty is the defaulting party;
3. Interest on the Class A Notes;
4. Class A Notes principal until repaid in full;
5. Interest on the Class B Notes;
6. Class B Notes principal until repaid in full; and
7. Junior items.

As the post-enforcement priority of payments is applicable in case of the Issuer's insolvency, it is not usually relevant in any rating scenario.

Optional Redemption

The Seller has the option to repurchase all of the outstanding assigned receivables on any payment date when the aggregate discounted principal amount outstanding of all receivables is less than 10% of the initial aggregate discounted principal balance. VWL may, in specific cases, repurchase individual receivables because of a breach of representations and warranties or the creation of a lien on a receivable, among others.

Origination and Servicing

Morningstar DBRS conducted an operational review of VWL auto finance operations in Braunschweig, Germany in May 2024. VWL is a wholly owned subsidiary of VWB, which in turn is a wholly owned subsidiary of VWFS, which itself is wholly owned by VW Group. Morningstar DBRS considers VWL's German origination and servicing practices to be consistent with those observed among other captive auto finance companies.

VWL was founded in 1966 and is headquartered in Braunschweig, Germany. VWL which is responsible for coordinating the European and UK financial services activities of VW Group. VWFS provides banking, leasing, insurance, and other services to its retail, wholesale and fleet customers. VWFS is the holding company for a number of European VWFS subsidiaries including VW Leasing GmbH. VWFS Overseas AG is the holding company for non-European activities.

VWL supports the wider VW Group through financing the sale of the products of VW Group and encouraging customer loyalty. Its product offerings include deposit accounts and traditional vehicle financing through leasing and loans. It is increasing its focus on vehicle on demand propositions with shorter term vehicle subscriptions, renting and instant mobility.

VWL demonstrates good risk management and benefits from the wider risk infrastructure of VWFS and VW Group.

Morningstar DBRS assigned a private rating to VWL. Morningstar DBRS maintains public ratings of its ultimate parent VW Group with its Long-Term Issuer Rating confirmed at A (low) in July 2024; more information regarding its ratings can be found at dbrs.morningstar.com.

Collateral Summary

The lease receivables that the Seller assigned to the Issuer consist of fixed-term, level-payment lease contracts that VWL granted to private and corporate lessees residing or incorporated in Germany for the purpose of leasing new, ex-demonstration, or used passenger or light-commercial vehicles (together, the motor vehicles). The receivables are claims against lessees in respect of principal, interest, and administration fees (including statutory claims that are commercially equivalent to principal and interest); however, the final, optional instalment is excluded. The lease contracts are fixed-interest rate leases governed by German law and secured by security title (Sicherungseigentum) over the financed vehicles.

The portfolio includes only close-end lease contracts. In closed-end lease contracts, the RV is predetermined and fixed by the dealer, subject to vehicle mileage caps outlined in the contractual conditions. If the vehicle mileage is above or under the contracted mileage, the RV will be adjusted accordingly, and the lessee will either be charged or refunded.

Eligibility Criteria

VWL warrants and guarantees that receivables as at the cut-off date meet certain selection criteria. Some of the relevant criteria required for assignment are summarised below:

1. The lease contracts are legally valid and binding agreements;
2. The leased receivables are denominated and payable in Euro, and assignable;
3. The leased vehicles are existing, and the lessee resides or is incorporated in Germany;
4. The lease receivables are free from rights of third parties and the lessees have no set-off claim;
5. No lease receivables are overdue and there is no pending termination of the lease contract;
6. No lessee is an affiliate of VW, Familie Porsche Stuttgart, or the Familie Piech Salzburg Gruppe;
7. The lease contracts are governed by the laws of Germany;
8. At least two instalments have been paid for each lease contract;
9. The lease contract pays substantially equal monthly payments to be made within 12 months to 60 months of the date of origination;
10. The total amount of lease receivables assigned resulting from the contracts with a single lessee will not exceed 0.5% of the aggregate discounted receivables balance;
11. Not more than 5% of the discounted receivable balance should relate to lease contracts for vehicles that are not Volkswagen Group-branded vehicles (i.e., other than Volkswagen, Audi, SEAT, Skoda, or Volkswagen Nutzfahrzeuge);
12. Receivables do not represent a separately conducted business or business segment of VWL;

13. Receivables are not related to lessees that are unlikely to pay, or are past due more than 90 days, or are credit impaired or against which insolvency proceedings have been initiated; and,
14. No lessees have exercised their right of revocation.

Pool Characteristics

Morningstar DBRS analysed the collateral portfolio selected by VWL as of 31 January 2025. The main characteristics of the portfolio and comparable transactions in Germany are summarised below.

Pool Characteristics	VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 44	VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 42	VCL Multi-Compartment S.A., acting for and on behalf of its Compartment VCL 40	Bavarian Sky S.A., acting in respect of its Compartment German Auto Leases 8	SC Germany S.A., acting for and on behalf of its Compartment Leasing 2023-1
Portfolio Cut-off Date	31/01/2025	31/05/2024	30/09/2023	31/10/2023	30/11/2023
Current Outstanding Discounted Balance (EUR)	1,250,0001,294	1,000,004,675	750,001,588	863,899,907	699,999,991
Number of Loans	136,975	99,799	70,860	69,168	63,959
Average Outstanding Discounted Balance (EUR)	9,126	10,020	10,584	12,490	10,945
WA Original Term (months)	39.9	39.6	39.5	39.3	42.7
WA Remaining Term (months)	30,3	31.7	32.8	29.4	34.8
WA Seasoning (months)	9.6	7.9	6.8	9.9	7.7
WA Discount/Interest Rate (%)	5.7	5.7	5.7	7.0	5.0
New Vehicles (%)	92.6	92.7	92.7	99.1	95.7
Used Vehicles (%)	7.4	7.3	7.3	0.9	4.3
Private Borrower (%)	25.9	23.0	21.8	24.7	30.0
Commercial Borrower (%)	74.1	77.0	78.2	75.3	70.0
Top 20 Obligors (%)	1.4	1.6	1.9	0.7	1.3

Exhibit 1 Distribution by Outstanding Discounted Balance (EUR)

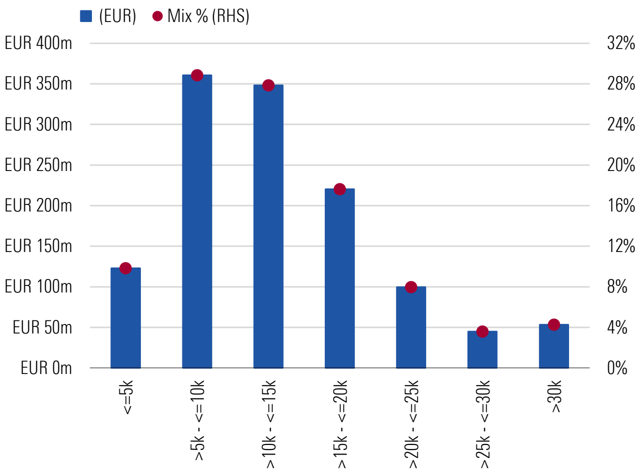
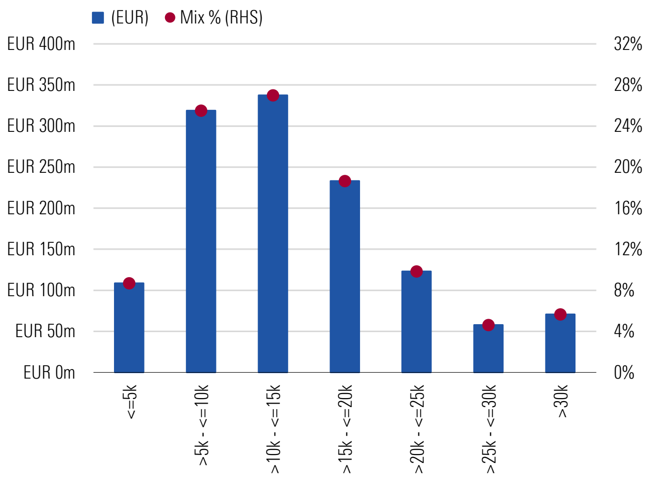


Exhibit 2 Distribution by Outstanding Nominal Balance (EUR)



Source: VWL, Morningstar DBRS.

Exhibit 3 Distribution by Vehicle Brand (EUR)

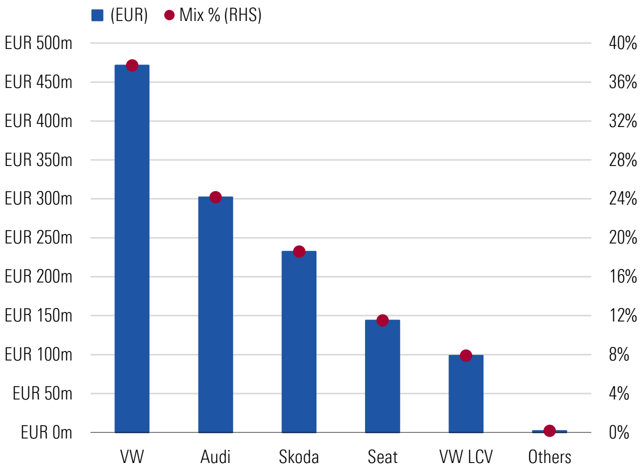
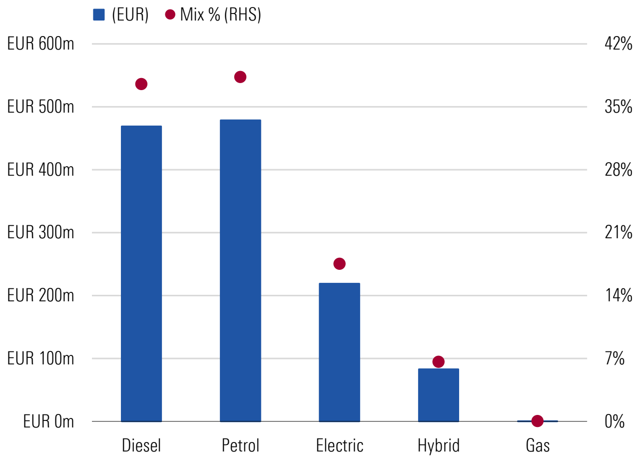


Exhibit 4 Distribution by Engine Type (EUR)



Source: VWL, Morningstar DBRS.

Exhibit 5 Distribution by Original Term (Months)

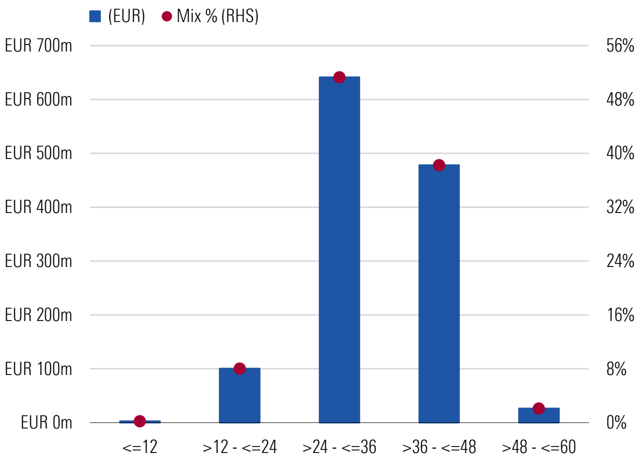
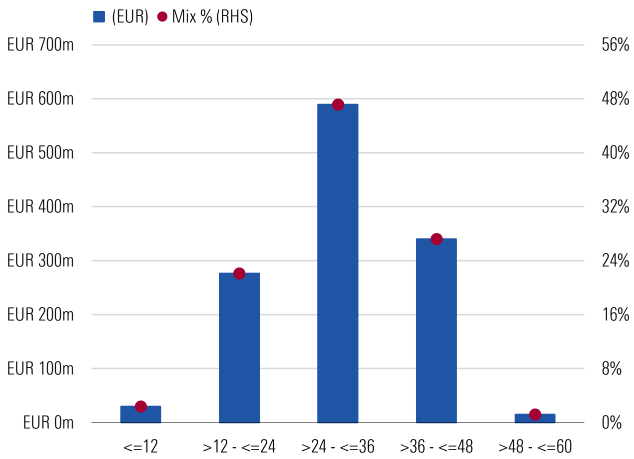


Exhibit 6 Distribution by Remaining Maturity (Months)



Source: VWL, Morningstar DBRS.

In comparison with other auto lease portfolios that Morningstar DBRS assesses in Germany, Morningstar DBRS notes the following:

- The majority of the portfolio comprises new vehicles 92.6%, which is in line with what is typically observed in other German captive lease portfolios rated by Morningstar DBRS;
- The average discounted receivables balance is approximately EUR 9,126. This reflects (1) the inclusion of brands with a comparatively lower list price; (2) the RV component of the leases not securitised in this transaction; (3) the portfolio's weighted-average (WA) original term that is relatively low at 39.9 months.
- Morningstar DBRS considers the vehicle-make concentration to be high. The majority 99.8% of the portfolio consists of VW Group vehicles. Volkswagen passenger vehicles comprise 37.7% of the outstanding discounted balance (or, combined with Volkswagen-branded light-commercial vehicles, 45.6%). The second-largest brand concentration, Audi, comprises 24.2% of the outstanding discounted balance.
- Vehicle model distribution is more granular, with the largest model (the Volkswagen Tiguan) representing approximately 7.1% of the portfolio. The concentration levels that Morningstar DBRS

observed are in line with other VWL-sponsored transactions rated by Morningstar DBRS and reflect the captive nature of the VWL.

- The portfolio has limited seasoning; around 23.6% of the portfolio has more than 12 months of account history. Approximately 1.1% of the portfolio has more than two years of account history; however, Morningstar DBRS considers the WA seasoning of 9.6 months to be consistent with other German auto lease portfolios in transactions it rates.

Credit Rating Analysis

Morningstar DBRS' credit ratings are based on the following analytical considerations:

- The transaction's structure, including the form and sufficiency of available credit enhancement to withstand stressed cash flow assumptions and repay the Issuer's financial obligations according to the terms under which the Notes have been issued;
- The credit quality of VWL's portfolio, the characteristics of the collateral, its historical performance, and Morningstar DBRS-projected behaviour under various stress scenarios;
- VWL's capabilities with respect to originations, underwriting, servicing, and its position in the market and financial strength;
- The operational risk review of VWL, which Morningstar DBRS deems to be an acceptable servicer;
- The transaction parties' financial strength with regard to their respective roles;
- The consistency of the transaction's structure with Morningstar DBRS' *Legal and Derivative Criteria for European Structured Finance Transactions*;
- The sovereign rating on the Federal Republic of Germany, currently at AAA with a Stable trend by Morningstar DBRS.

Portfolio Performance Data

Morningstar DBRS received the following sets of data from VWL:

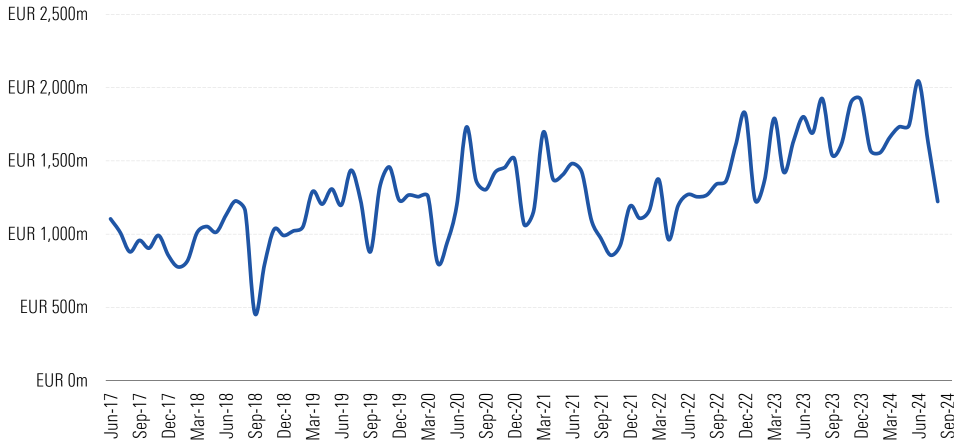
- Static CNL data (adjusted) from January 2019 and up to September 2024 provided on a total portfolio basis and split by Used/New subsets,
- Total portfolio level delinquency data from January 2010 to September 2024, and
- Total dynamic loss ratio data from March 2011 to September 2024.

Morningstar DBRS also received stratification tables in relation to the final portfolio as at 31 January 2025 as well as the related amortisation schedule.

The CNL data provided to Morningstar DBRS was restated following VWL's migration to a new IT system. Adjustments were applied to the extraction process to enhance data accuracy, which caused minor differences in the historical performance data. Morningstar DBRS supplemented the information received with data previously provided by VWL.

Origination and Outstanding Balances

Exhibit 7 Monthly Origination Volumes (EUR)

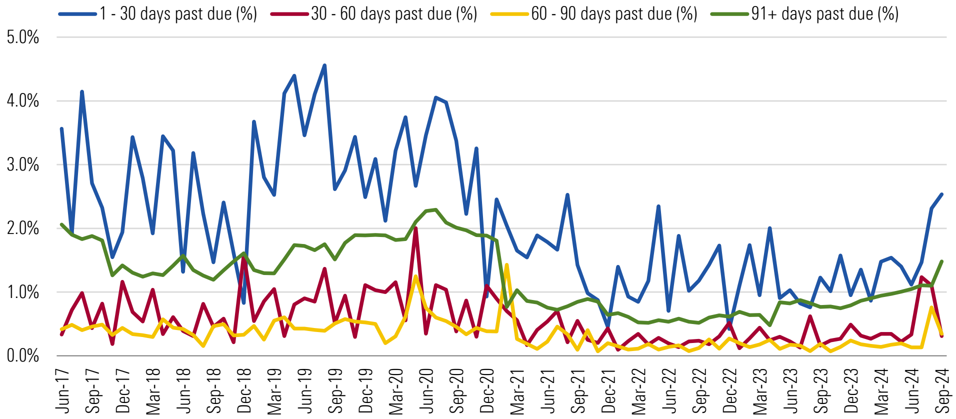


Source: VWL, Morningstar DBRS.

Morningstar DBRS observed broadly consistent origination volumes over the past five years with a slight upward trend in line with the broader growth of new vehicle registration in Germany.

Delinquencies

Exhibit 8 Delinquencies (by arrears bucket)



Source: VWL, Morningstar DBRS.

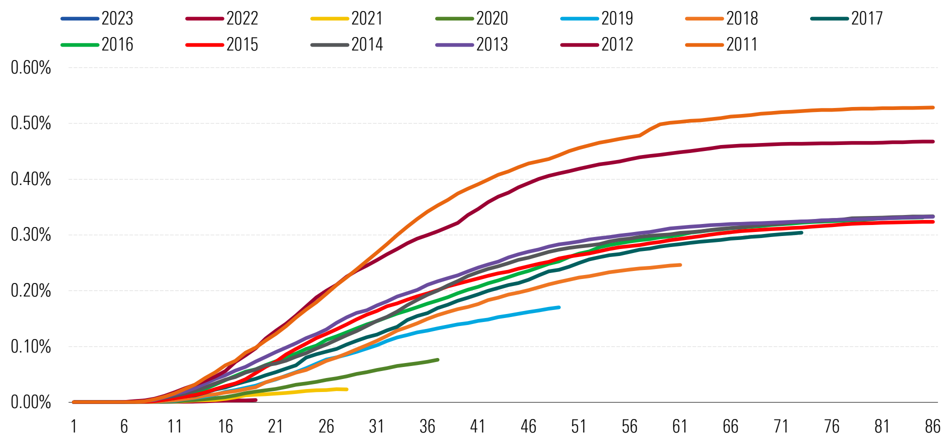
At a total portfolio level, the overall performance measured in instalments overdue has remained stable over the last few years. Despite a recent increase in arrears from the second quarter of 2024, delinquency rates remain at low levels that are comparable with the performance of other German auto ABS transactions.

Default and Recovery Data

Morningstar DBRS understands that the default definition applied relates to the contract termination date in accordance with the Servicer's collections practices. The termination date depends on the borrower type with contracts to individuals typically terminated when two instalments or more representing in the aggregate 5% to 10% of the contracted amount are overdue. Corporate contracts are terminated after the second missed payment.

Net losses have remained consistent and stable with successive vintages following similar loss distributions. More recent vintages have outperformed prior years, and the performance observed for the most current vintages continues this trend.

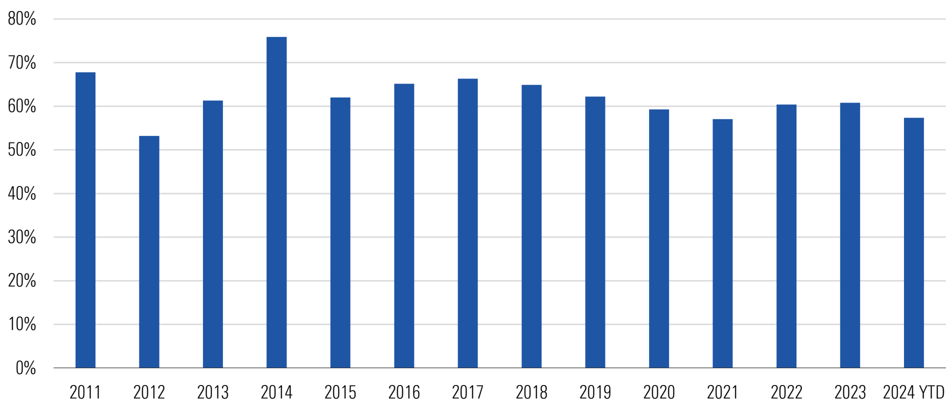
Exhibit 9 Net Loss — Total Portfolio



Source: VWL, Morningstar DBRS.

Morningstar DBRS was not provided with any historical recovery data. In the absence of data, Morningstar DBRS has reviewed the recovery performance of benchmark auto lease ABS transactions, inter alia VCL Master S.A., acting with respect to its Compartment 1 (VCL Master). On an aggregate annual basis, lease-level recoveries reported under VWL's VCL Master have averaged around 60%.

Exhibit 10 Annual Recovery Rate % (VCL Master)



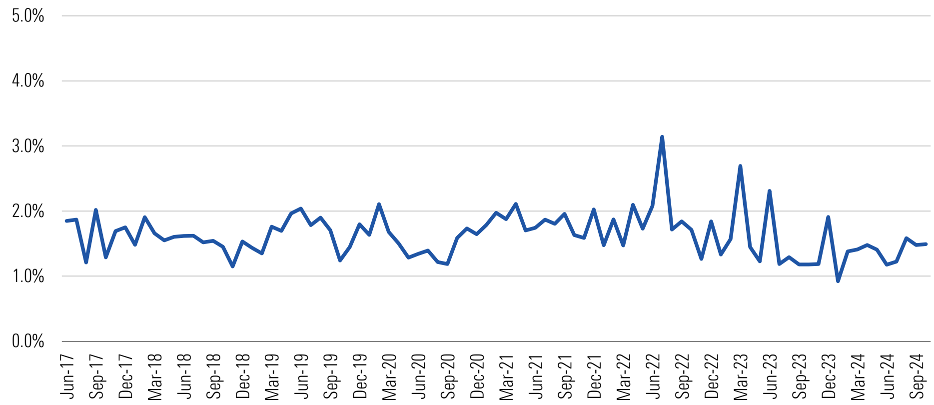
Source: VWL, Morningstar DBRS.

Morningstar DBRS established the portfolio expected default rate at 1.1% and the portfolio expected recovery rate at 60%.

Prepayments

Morningstar DBRS was not provided with any historical prepayment data and so benchmarked against the prepayment rates reported for VCL Master, which have consistently been under 5%.

Exhibit 11 Prepayments

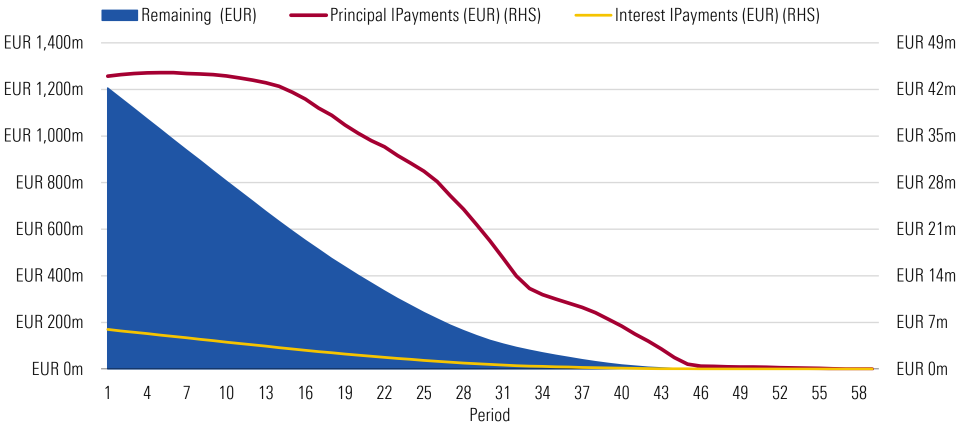


Source: VWL, Morningstar DBRS.

Portfolio Amortisation and Interest Rate

As the portfolio only contains the monthly lease instalment component of the leases and the RV component is not securitised, the amortisation profile is broadly linear and shows little volatility.

Exhibit 12 Theoretical Amortisation Schedule



Source: VWL, Morningstar DBRS.

Summary of the Cash Flow Scenarios

Morningstar DBRS' cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, and interest rates. A total of 18 cash flow scenarios were assessed to evaluate the performance of the Notes that incorporated front-, mid-, and back-loaded default timings and interest rates stresses.

Default and Recovery Assumptions

Morningstar DBRS derived default and recovery assumptions from the portfolio's net loss data and performance data from prior and existing VCL transactions, alongside relevant benchmarks. For vintages that were not fully seasoned, Morningstar DBRS projected CNLs to maturity using historical data related to loss timing. Morningstar DBRS applied rating-level specific default rates and rating-level specific recovery rates in its cashflow analysis as shown in the table below:

	AAA (sf)	AA (low) (sf)
Default Rate (%)	8.1	4.8
Recovery Rate (%)	38.4	42.7

Morningstar DBRS applied high-range core multiples to the expected default rate. These were then increased and adjusted to consider the absolutely low levels of the expected default rate. The derived adjusted multiples are above the higher range multiples typically applied at the AAA (sf) and AA (sf) rating levels.

Timing of Defaults and Recoveries

Morningstar DBRS estimated the default timing patterns by considering the nature of the pool and the weighting of credit defaults. The following front-, base-, and back-loaded default distributions were assessed:

Month	Front (%)	Mid (%)	Back (%)
1 to 8	50	25	20
9 to 16	30	50	30
17 to 24	20	25	50

Because of the pro rata allocation approach, Morningstar DBRS considers that the structure is sensitive to back-loaded default timings as principal may initially be diverted to the repayment of the subordinated loan.

Morningstar DBRS assumed a three-month recovery lag.

Interest Rate Risk and Basis Risk

The interest rate risk in the transaction arises from the fixed interest rate on the lease receivables and the one-month Euribor floating rate on the Notes. The transaction benefits from a hedging structure to protect the Issuer against the interest rate risks arising from such mismatch. Since the floating rate payable under the Notes is equal to the floating rate payable to the Issuer under the swap agreements, there is substantially no basis risk.

Morningstar DBRS applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology.

Prepayment Speeds and Prepayment Stress

Morningstar DBRS assessed annualised prepayment rates between 0% and 15%, with the latter presenting the constraining scenarios within Morningstar DBRS' cash flow analysis.

Risk Sensitivity

Morningstar DBRS determines an expected PD and LGD for each rated pool based on a review of historical data. Adverse changes to asset performance may cause stresses to base-case assumptions and therefore have a negative effect on credit ratings. The tables below illustrate the sensitivity of the credit ratings to various changes in the base-case default rates and loss severity assumptions relative to the base-case assumptions used by Morningstar DBRS in assigning the credit ratings.

Class A Notes

		Increase in PD Rate		
		0%	25%	50%
Increase in LGD Rate	0%	AAA (sf)	AA (high) (sf)	AA (sf)
	25%	AA (high) (sf)	AA (sf)	AA (sf)
	50%	AA (high) (sf)	AA (sf)	A (high) (sf)

Class B Notes

		Increase in PD Rate		
		0%	25%	50%
Increase in LGD Rate	0%	AA (low) (sf)	AA (low) (sf)	A (high) (sf)
	25%	AA (low) (sf)	A (sf)	A (sf)
	50%	A (high) (sf)	A (sf)	BBB (high) (sf)

Appendix A: Origination & Underwriting

Origination and Sourcing

VWL acts under various brand groups: VW, Seat, Skoda, and VW Commercial are the Core Brands while Audi, Bentley, Lamborghini, and Ducati are the Progressive Brands. Porsche forms the Sport Luxury brand group.

The objective of VWL is to finance the leasing of motor vehicles produced by the VW Group. Leases are sold through dealers who earn commission on the sale of a vehicle and look after the end customer. Leased vehicles are acquired from the dealer or manufacturer by VWL. The dealer is the intermediary between the end customer and VWL and receives a commission for its role. It is the first point of contact for customers and supports them during initiation of the contract and is available to them during the contract term. VWL is the owner of the vehicle during the contract period and also offers customer service to the lessee. The customer or lessee pays a fixed rate during the contract period and has no claim to ownership of the vehicle, the vehicle is returned to the dealer at the end of the contract term.

Underwriting Process

All underwriting activities at VWL are appropriately segregated from marketing and sales. Applications are submitted to VWL electronically from dealers including personal information regarding the applicant, vehicle data, product types and credit terms. VWL assesses the application and notifies the dealer of the outcome. The assessment includes regulatory checks, fraud prevention measures, consideration of credit rating information from third parties including SCHUFA, a payment history check. For private leasing there is a capital service check and for commercial leasing the main part of the check is the credit report. Vehicle based checks include a residual value check and for used cars the acquisition cost relative to the new price of the vehicle.

For private and commercial retail customer contracts, applications are scored and if the result is green, indicating there is positive information regarding the customer and they can afford the lease, they can be automatically accepted. Applications that are not automatically accepted by the scoring system are assessed manually.

If the application is successful, the dealer obtains necessary documents and submits them to VWL by post or digital scan. VWL checks the contract and makes final checks on the customer before confirming the contract. The vehicle is delivered to the end customer, and the dealer sends the registration documents and the vehicle invoice to VWL, which undertakes further checks before payment for the vehicle is made.

Summary Strengths

- Strong brand in the German market
- Good use of scoring to assess the risk profile of contracts
- Good risk management and diversified credit risk in the portfolio

- Centralised and independent credit and risk management functions
- Consistent achievement of strategic goals

Servicing

Servicing is generally automated as long as payments are maintained. If a payment is missed the contract is passed to the Debt Management team whose main objective is to minimise losses through early and risk-based collection measures. The Debt Management team try to contact customers by telephone and send payment reminders. They process payment arrangements and deferrals and monitor ongoing contracts to try and prevent arrears accruing further.

If the Debt Collection team is unsuccessful in returning the account to a paying status the contract will be terminated, and the exposure passed to the Collection Centre. The Collection Centre will advise the customer of the potential for the vehicle to be repossessed and if this does not result in payment an external provider will be engaged to recover the vehicle. If the customer refuses to surrender the vehicle or there is fraud, the case is reported to the police.

When vehicles are recovered, they are processed by the Used Car Centre's Internet marketplace where they are offered for sale to the dealer network and sold to the highest bidder. If there is any shortfall following receipt of the sale proceeds judicial activity may be taken to recover the outstanding balance. This can include the utilisation of any active guarantees, establishment of payment arrangements, obtaining court orders for enforcement or processing insolvencies. If this is unsuccessful or uneconomic, the outstanding amount will be written off for accounting purposes and the account passed to Re-Collection for long-term monitoring. Collection orders may be passed to external collection agency.

Summary Strengths

- Majority of payments made via direct debit.
- Low default rate and good recovery rates.
- Active early arrears management using a risk based approach.
- Good use of technology throughout operations.

Opinion on Backup Servicer

There is no backup servicer specified for the Programme, but contractual provisions enable the replacement of the Servicer. Morningstar DBRS believes that the VW Group's current financial condition mitigates the risk of a possible disruption in servicing following a potential servicer event of default, including insolvency.

Appendix B: Methodologies

Methodologies Applied

The principal methodology applicable to assign a rating to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (18 September 2024). *https://dbrs.morningstar.com/research/439583.*

Other methodologies referenced in this transaction are listed below:

- *Rating European Structured Finance Transactions Methodology* (19 November 2024), *https://dbrs.morningstar.com/research/443199*
- *Legal and Derivative Criteria for European Structured Finance Transactions* (19 November 2024), *https://dbrs.morningstar.com/research/443196*
- *Operational Risk Assessment for European Structured Finance Originators and Servicers* (18 September 2024), *https://dbrs.morningstar.com/research/439571*
- *Interest Rate Stresses for European Structured Finance Transactions* (24 September 2024), *https://dbrs.morningstar.com/research/439913*
- *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* (13 August 2024), *https://dbrs.morningstar.com/research/437781*

The credit rating methodologies and criteria used in the analysis of this transaction can be found at: dbrs.morningstar.com/about/methodologies. Alternatively, please contact info-DBRS@morningstar.com.

Surveillance Methodology

Morningstar DBRS monitors this transaction in accordance with its *Master European Structured Finance Surveillance Methodology*, which is available at dbrs.morningstar.com under Methodologies & Criteria. Alternatively, please contact info-DBRS@morningstar.com.

Appendix C: Environmental, Social, and Governance (ESG) Checklist and Considerations

Environmental, Social and Governance (ESG) Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		Overall:	N	N
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions, and related regulations and/or ordinances result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG efficient assets on affordability, financeability, regulatory compliance, or future values (recoveries)?	N	N
		Carbon and GHG Costs	N	N
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries, considering key IPCC climate scenarios?	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		Overall:	N	N
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and/or society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behaviour or secular social trends: Does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services	N	N
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights	N	N
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		Overall:	N	N
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: Does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
		Considering how the transaction structure provides for timely and appropriate performance and asset reporting: Does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Corporate / Transaction Governance	N	N
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	N	N

* A Relevant Effect means that the impact of the applicable ESG Factors has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG Factors has changed the rating or trend on the issuer.

ESG Considerations

Environmental

There were no environmental factors that had a relevant or significant effect on the credit analysis.
For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no social factors that had a relevant or significant effect on the credit analysis.
For more details about which social factors could have an effect on the credit analysis, please refer to the checklist above.

Governance

There were no governance factors that had a relevant or significant effect on the credit analysis.
For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could affect the financial profile and therefore the rating of the issuer. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings* at https://dbrs.morningstar.com/research/437781.

Appendix D: Scope and Meaning of Financial Obligations

Morningstar DBRS' credit ratings on the Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For Information on the associated financial obligations, please refer to the corresponding press release published for this credit rating action.

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

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

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We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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