

VCL Multi-Compartment S.A., Compartment VCL 47



Capital Structure

Class	Final rating	Outlook	Amount (EURm)	CE (%)	Interest rate (%)	Legal final maturity
A	AAAsf	Stable	956.0	5.4	1m Euribor + 0.43	November 2032
B	AAsf	Stable	18.0	3.6	1m Euribor + 0.78	November 2032
Subordinated loan	NRsf	n.a.	17.6	1.84	n.a.	November 2032
Total (excluding subordinated loan)			974.0			

Notes: Credit enhancement (CE) includes overcollateralisation (OC, 4.4% and 2.6% for classes A and B, respectively) and the reserve fund's floor of 1.0% of the initial portfolio balance.

Source: Fitch Ratings

VCL Multi-Compartment S.A., Compartment VCL 47 (VCL 47) is a securitisation of auto lease receivables originated to German companies and individuals by VW Leasing GmbH (VWL, the seller), a subsidiary of Volkswagen Bank GmbH (VWB, A-/Negative/F1), itself a subsidiary of Volkswagen Financial Services AG (VWFS; A-/Negative/F1). The ultimate parent is Volkswagen AG (VW, A-/Negative/F1).

Key Rating Drivers

Robust Performance, Asset Assumptions Maintained: Fitch Ratings sees robust historical performance across the loss vintages in the total book, as well as in previous VCL transactions. Fitch incorporated the performance into its assumptions and kept the loss base case at 0.4%, consistent with the recent Fitch-rated VCL deals.

The remaining asset assumptions also remain unchanged. The recovery base case is 60% with a 45% 'AAA' haircut, supported by the loss vintages' performance combined with five years of book recoveries and a recovery data comparison against peers. Losses and recoveries in combination result in a low default base case of 1.0%, which is at Fitch's floor. The 'AAA' default multiple remains at 6.75x.

Sensitivity to Pro Rata Period: The transaction has a target overcollateralisation (OC) mechanism which allows pro rata amortisation if certain target OC conditions are fulfilled and loss triggers are not breached. The length of the pro rata period and therefore outflow of funds to junior positions in the waterfall is driven by the lifetime loss in combination with loss timing and the amortisation profile together with prepayments.

Fitch applied loss timing in line with the recently rated VCL 45, resulting in more back-loaded losses than earlier VCL transactions and capturing recent changes in VWL's write-off processes.

Liquidity Reduces Servicing Disruption Risk: A cash reserve provides sufficient coverage for three months of senior fees, swap payments, and class A and B notes' interest payments in case of servicing disruptions.

Seller-Related Risks Addressed: A dedicated reserve offers protection against potential seller-related obligations. Commingling risk is reduced by a cash advance mechanism on VWB's rating falling below rating thresholds in line with Fitch's counterparty criteria. This reserve does not fully cover our assumed commingling exposure. We tested an additional loss, in a scenario with fully sequential amortisation of the liabilities as a commingling event would also end the pro rata allocation of principal. No constraints on the ratings resulted from this test.

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Closing occurred on 25 February 2026. The transfer of the portfolio to the issuer occurred on the closing date. The ratings assigned above are based on the portfolio information as of January 2026 and provided by the originator.

Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

Representations & Warranties

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Highlights

Transaction Highlights

Effect	Highlight
-	<p>Limited Excess Spread Availability: The portfolio is sold at a fixed discount rate of 5.7%, providing sufficient yield covering senior expenses and swap rates. Any yield after the payments is returned to the seller unless a performance trigger is breached. Excess spread is only available to the transaction when asset performance deteriorates significantly in high-stress scenarios.</p>
-	<p>Extended Time-to-Write-Off: Fitch continues to incorporate a delayed write-off process in its analysis, consistent with the seller's notification in 2025 that write-offs occur around 12 to 15 months after the termination of contracts.</p> <p>We apply a write-off time of 13 months (in line with VCL 45, the last Fitch-rated VCL transaction) in our cash flow modelling, meaning losses start to accumulate later than in earlier VCL deals where we applied a write-off timing of six months. VWL anticipates the write-off timing to return to shorter periods in the near future as measures have been implemented to enhance the efficiency of the collections process.</p> <p>Owing to the later loss recognition, the loss trigger which causes a switch-back to sequential amortisation is less effective than it used to be in earlier VCL transactions. A later switch to sequential amortisation enables more funds to flow out to junior positions during the pro rata period and the rated notes to remain outstanding for a longer time.</p> <p>The distance from starting OC levels (4.4%/2.6% for classes A/B) to the target OC levels (12.25%/7.5%) are a mitigating factor since such distance leads to a long sequential paydown of classes A and B to reach their respective target OC level. Only once the targets are reached can the available funds be used to pay down the subordinated loan.</p>
Neutral	<p>Standard Pool and Structural Characteristics: The main characteristics of the asset portfolio are largely comparable to previous Fitch-rated VCL transactions, including the split between private and commercial or new car and used car leases, whereas the largest lessees' concentration and the presence of electric vehicles has increased slightly. Other transaction features, such as a reserve fund and target OC levels, are unchanged from VCL 45.</p>
+	<p>No Exposure to Residual Values: The issuer did not purchase the lease receivables' residual value (RV) portion, which is securitised in a master structure. The issuer is therefore only exposed to movements in used car prices that are relevant to vehicle remarketing proceeds for defaulted contracts.</p>
Neutral	<p>Long Performance History, Data Challenges: The originator is an experienced German auto lease provider with robust servicing, underwriting, and securitisation experience across economic cycles. However, historical data is limited to loss vintages: default and recovery vintages were not available for Fitch's rating analysis. In addition, dynamic default reporting and differing loss logic between investor reports and book data (see Portfolio Credit Analysis) reduce the comparability to prior VCL transactions.</p> <p>Given these limitations, Fitch derived expected losses from historical loss vintages and comparative VCL performance, and set the recovery base case using dynamic recovery performance data. Expected defaults were inferred by combining these elements, in line with previous VCL transactions.</p> <p>As the absence of default and recovery vintages complicates base-case calibration, Fitch tested multiple default-recovery mixes that yield the same expected losses and found the ratings insensitive to these variations. Our base-case assumptions are also supported by a recent update from VWL clarifying that the credit quality of the leases is stable despite recent reporting and procedural changes which have led to higher reported defaults.</p>

Source: Fitch Ratings

Euribor Exposure

Assets	Rated notes	Hedges
100% fixed-rate assets.	Floating-rate liabilities with reference to 1m Euribor.	Fixed-for-floating rate swap under which the SPV will pay a fixed-rate and receive 1m Euribor (plus the margin of the respective note), subject to a floor of zero.

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Key Rating Drivers (Negative/Positive/Neutral)

Rating impact	Key rating driver
Positive	Robust performance, asset assumptions maintained
Negative	Sensitivity to pro rata period
Positive	Liquidity reduces servicing disruption risk
Positive	Seller-related risks addressed

Source: Fitch Ratings

Applicable Criteria

[Consumer ABS Rating Criteria \(October 2024\)](#)
[Global Structured Finance Rating Criteria \(December 2025\)](#)
[Structured Finance and Covered Bonds Counterparty Rating Criteria \(November 2023\)](#)
[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(November 2023\)](#)
[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(October 2025\)](#)
[Structured Finance and Covered Bonds Country Risk Rating Criteria \(June 2025\)](#)

Key Transaction Parties

Role	Name	Fitch rating
Issuer	VCL Multi-Compartment S.A., Compartment VCL 47	Not rated
Originator, seller, servicer	Volkswagen Leasing GmbH	Not rated
Reference entity for remedial action on commingling	Volkswagen Bank GmbH	A-/Negative/F1
Security/data protection trustee	Circumference Services S.à r.l.	Not rated
Subordinated lender	Volkswagen Financial Services AG	A-/Negative/F1
Issuer account bank	The Bank of New York Mellon, Frankfurt Branch	AA/Stable/F1+ DR: AA+/F1+
Paying agent, cash administrator	The Bank of New York Mellon, London Branch	AA/Stable/F1+
Swap provider	DZ Bank AG Deutsche Zentral-Genossenschaftsbank AG	AA-/Stable/F1+ DCR: AA(dcr)
Arranger	BofA Securities Europe SA	AA/Stable/F1+

The ratings shown above are Issuer Default Ratings (IDR) unless stated otherwise. DR: deposit rating. DCR: Derivative Counterparty Rating.

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Transaction Comparisons

	VCL Multi-Compartment S.A., Comp. VCL 47 Red Pool	VCL Multi-Compartment S.A., Comp. VCL 45	VCL Multi-Compartment S.A., Comp. VCL 43	Bavarian Sky S.A., Compartment German Auto Leases 9	Silver Arrow S.A. Comp. 18	Red & Black Auto Germany 11 UG
Type	Static	Static	Static	1-year revolving	Static	Static
Closing date	February 2026	June 2025	October 2024	May 2025	October 2024	October 2024
Seller	VWL	VWL	VWL	BMW Bank GmbH	Mercedes-Benz-Bank	Bank Deutsches Kraftfahrzeug-gewerbe GmbH
Issuance volume (EURm)	TBD	974.0	729.0	914.0	744.7	600.0
Class A rating	AAAsf	AAAsf	AAAsf	AAAsf	AAAsf	AAAsf
Class A (EURm)	956.0	956.0	715.5	850.0	700.0	565.8
Class A CE (%)	5.4	5.4	5.6	8.0	6.9	6.2
Class B rating	AAAsf	AAAsf	AAAsf	NRsf	NRsf	AAAsf
Class B (EURm)	18.0	18.0	13.5	64.0	44.7	18.0
Class B CE (%)	3.6	3.6	3.8	1.0	0.9	3.2
Class C rating	-	-	-	-	-	A+sf
Class C (EURm)	-	-	-	-	-	12.0
Class C CE (%)	-	-	-	-	-	1.2
Class D rating	-	-	-	-	-	Asf
Class D (EURm)	-	-	-	-	-	1.2
Class D CE (%)	-	-	-	-	-	1.0
Portfolio summary						
Type of receivables	Auto leases	Auto leases	Auto leases	Auto leases	Auto loans	Auto loans
Total outstanding balance (EURm)	1,000.0	1,000.0	750.0	914.0	744.7	600.0
Number of receivables	105,331	110,093	79,038	66,037	29,486	39,608
Average outstanding balance (EUR)	9,494	9,083	9,489	13,841	25,256	15,148
WA seasoning (months)	8.6	8.9	8.1	9.6	17.6	12.4
WA remaining term (months)	31.5	30.9	31.3	29.2	32.3	44.6
Age of vehicle (%)						
New vehicles	92.0	93.0	92.6	98.2	44.7	9.0
Used/demo vehicles	8.0	7.0	7.4	1.8	55.3	91.0

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Business segment (%)						
Private	21.2	24.3	25.5	29.1	48.0	100.0
Commercial	78.8	75.7	74.5	70.9	52.0	0.0
Type of repayment (%)						
Direct debit payments	92.8	97.0	98.9	99.7	100.0	100.0
Other	7.2	3.0	1.1	0.3	0.0	0.0
Fitch assumptions (%)						
Cumulative default rate assumption	1.0	1.0	1.0	1.0	1.0	1.2
Recovery rate assumption	60.0	60.0	60.0	7.5 ^a	70.0	60.0
Prepayment rate assumption	4.0	4.0	4.0	2.0	9.0	12.0

Note: The comparison table includes the previous Fitch-rated transactions VCL 45/43 as well as another German auto lease transaction and two other German auto loan deals. As no RV is securitised, VCL's portfolio credit risk could be compared to an auto loan portfolio, though it is not identical given the customer and product characteristics.

^a The assumption only reflects unsecured recoveries as the issuer will not benefit from vehicle sale proceeds on defaulted lease receivables.

Source: Fitch Ratings

Sector Risks: Additional Perspective

Key Sector Risks

Sector or asset outlook	The outlook for EMEA Auto ABS is 'neutral' for 2026. Delinquencies and defaults are expected to be largely in line with 2025 levels with some moderate deterioration possible in the event of stressed labour markets. The generally steady unemployment levels and the necessity of vehicle ownership support asset performance. However, there remain risks such as escalating tariffs, trade war and geopolitical tensions which could negatively affect the performance of corporates as well as consumers.
Macroeconomic or sector risks	As discussed in Fitch's <i>Global Economic Outlook – December 2025</i> , Germany's growth outlook for 2026-2027 has been slightly upgraded, primarily due to a reassessment of the forthcoming fiscal stimulus. The revised 2026 budget passed in late November signals higher borrowing than previously planned, with more current spending that may temper the stimulus's impact on growth but reduce execution risk. Fitch cautiously estimates that the stimulus is expected to add at least 0.5pp to 2026 growth. However, the forecast is contingent on the spending materialising; consumption remains subdued and will play a smaller role relative to government spending and investment. The labour market has stalled, with rising unemployment (3.8% in 3Q25) and slight job losses, though hiring is expected to pick up in 2026 as the stimulus takes hold; wage growth remains elevated at 4.7% yoy in 2Q25. RVs are expected to continue to fall in 2026 across all engine types. This continues the trend seen in recent years, but prices will remain above pre-Covid historical averages. This supports recovery expectations across auto ABS portfolios, as vehicles experience smaller peak-to-trough declines from purchase to sale. Battery electric vehicle values are expected to be more volatile than for their internal combustion engine peers, driven mostly by skewed new car incentive policies, but also by their limited range and by the obsolescence of older models.
Relevant research	Global Economic Outlook – December 2025 European Structured Finance Outlook 2026 (December 2025)

Source: Fitch Ratings

Asset Analysis

The key asset eligibility criteria, summarised in the following table, are consistent with the previous Fitch-rated deal, VCL45.

Key Asset Eligibility Criteria

Description
Lease contracts are denominated in euros with monthly payments.
Lease contracts are legally valid, binding agreements and governed by German law.
Not more than 5% of leased vehicles are from brands other than VW, Audi, SEAT, Skoda or VW Nutzfahrzeuge.
No insolvency proceedings have been initiated against the lessee at closing.
Leased vehicles are situated in Germany, which is assumed to be fulfilled if the lessee is resident in Germany.
Receivables are free from the rights of third parties and of defences and set-off claims of lessees.
No terminations or revocations have occurred or are pending.
No lease receivable was overdue as of the cut-off date.
On the cut-off date, at least two lease instalments have been paid in respect of each of the lease contracts.
Lease contracts require substantially equal monthly payments to be made within 72 months from origination.
The total amount of lease receivables attributable to any single lessee does not exceed 0.5% of aggregate discounted receivables balance at the cut-off date.

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Portfolio Summary

The lease contracts finance vehicles manufactured by the Volkswagen Group, including VW, Audi, SEAT, Skoda and VW Nutzfahrzeuge vehicles, as well as a smaller portion of cars produced by other brands. The portfolio's characteristics as of October 2025 are shown in the Transaction Comparison section. Portfolio concentrations are shown in the margin on this page.

The portfolio characteristics are comparable to the final portfolios of Fitch-rated predecessor transactions, with an increased portion of electric vehicles (26% by discounted portfolio balance up from 21.5% in VCL 45 and 15.5% in VCL 43). The increase in leasing for electric vehicles is in line with the general market trend and with peers. The VCL 47 portfolio is well diversified in terms of single obligors, geographical distribution and the industry sectors of the lessees, according to VWL's classifications.

Portfolio Credit Analysis

Loss Rate

As VWL did not provide default or recovery vintage data, Fitch used the available information in reverse order compared to its standard approach.

Firstly, a base-case loss rate was set, based on VWL's total leasing book loss data and performance data from prior VCL transactions. Secondly, a base-case recovery rate was set, based on five years of recent book recoveries and comparison with peer transactions' recovery rates. Thirdly, a lifetime default rate was implicitly derived from the set lifetime loss and recovery rate.

Loss data from VWL reflect write-offs after car sale according to the originator's accounting policy. These data are consistent with the loss definition in the transaction, on which the amortisation type triggers are based. Recovery collections received after the lease has been written off, mainly unsecured recoveries, belong to VWL under the transaction documents.

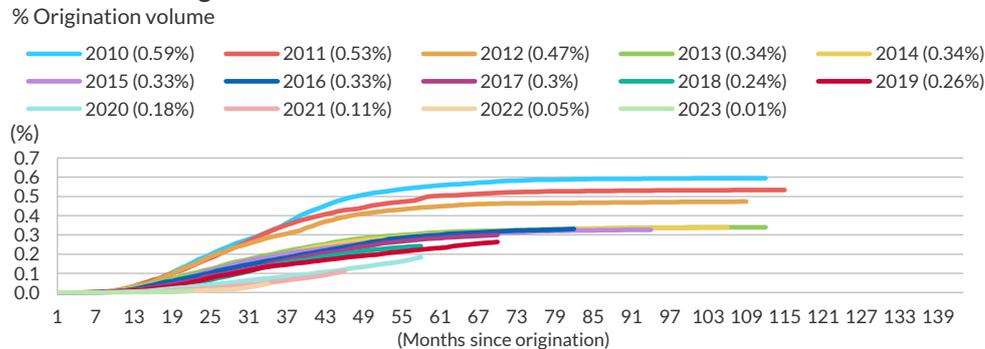
The loss rate data for historical originations of VWL are shown below.

Portfolio Concentrations

	% of total (by balance)
Largest 20 lessees (% of outstanding discounted balance)	1.9
Largest regional concentration (North Rhine-Westphalia, % of outstanding discounted balance)	23.8
Largest industry concentration (manufacturing, % of outstanding discounted balance)	16.9
Closed-end contracts (% of outstanding balance) ^a	100.0
Electric vehicle share (% of outstanding discounted balance)	26.4

^a On return of the car, the residual value risk is borne by the dealer (or VWL).
 Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

VWL Loss Vintages



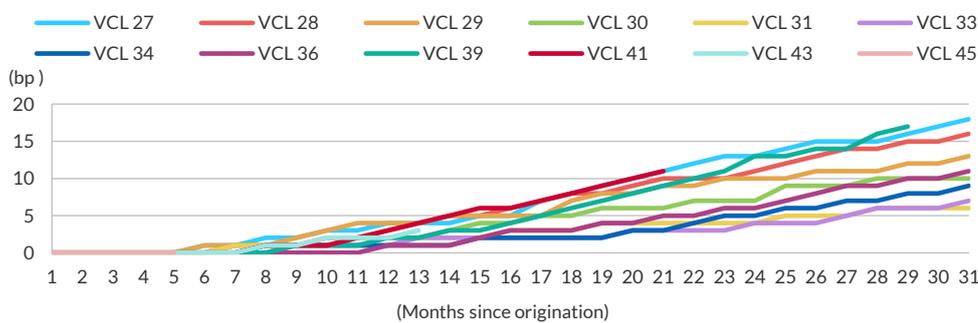
Note: 2024 originations are not in the chart as the number of observations is not yet sufficient to create a meaningful annualised curve.

Source: Fitch Ratings, VW Leasing GmbH

Younger vintages show lower loss rates than older vintages. In Fitch’s view, the better performance of recent vintages reflects improvements in VWL’s origination standards and/or servicing, collection and recoveries practice.

Fitch has maintained the lifetime loss base case at 0.4% applied for the previous Fitch-rated VCL 45. This conclusion is supported in particular by the record of solid asset performance for predecessor VCL transactions which have cumulative losses well below the base-case assumption (graph below showing some recent Fitch-rated VCL transactions’ loss performance).

Fitch-Rated VCL Transactions Cumulative Losses



Source: Fitch Ratings, investor reports

Cumulative loss rates of VWL’s book also reflect total losses, including both principal and RVs in the calculation, but loss rates relevant to the securitisation exclude RVs. Owing to the uneven scaling effect on the numerator and denominator when calculating cumulative loss rates, loss rates are expected to be lower when excluding RVs from the numerator and the denominator (the transactions’ cumulative loss rates) than those including RVs (the total book’s cumulative loss rates).

The base-case loss rate is set slightly above the book’s recent loss vintages and above the previous transactions’ performances. This is to account for the macroeconomic downside risk to the transaction considering the high share of commercial lessees which are more vulnerable to macroeconomic challenges (see *Sector Risks* above).

Defaults and Recovery Rates

Given that the RV is not securitised, in the event of a lessee’s default and before the contract is written off, the issuer will be entitled to the proportion of recovery proceeds equivalent to its funding share in the sum of outstanding lease receivables and the RV.

Fitch has not received static recovery vintages data from VWL. Recoveries are also not included in the transactions’ investor reports. We calculated book recovery rates based on supplementary book default and loss data received for 2019-2024.

We also considered information from several peer transactions in the analysis. Fitch has applied a recovery rate base-case assumption of 60.0%, the same as that applied for VCL 45.

Combining our loss and recovery rate expectations results in a default base-case assumption of 1.0%, consistent with recent VCL transactions. Fitch considers maintaining the default base-case assumption justified despite noticing a recent uptick in defaults for these deals, which VWL has clarified to reflect reporting and procedural changes rather than a deterioration in credit quality (more information is included in Appendix 1). Moreover, we tested higher default and recovery combinations that produce the same loss levels and found the ratings were not sensitive to these scenarios.

Performance Expectations (%)

	Default rate expectation	Recovery rate expectation	Loss rate expectation
Base case	1.0	60.0	0.4

Source: Fitch Ratings

Fitch has stressed its assumptions in higher rating scenarios to account for the impact of an unexpected economic deterioration on the transaction's cash flows.

Fitch has applied a higher-than-average multiple of 6.75x (in line with VCL 45) at 'AAAsf' as default rates in higher rating scenarios are by definition less volatile over the course of a representative portfolio cycle. Fitch has maintained this 'AAA' default level for the last VCL transactions it has rated, as 'AAA' level stresses are usually not subject to cyclical adjustments, and the portfolios are closely comparable.

The default multiple is higher than the typical range (from 4x to 6x at AAAsf) due to the base-case assumption's low absolute level.

To derive the recovery haircut, we considered the secured nature of the assets, collateral characteristics, and VWL's robust recovery processes as key determining factors. Fitch derived a lower-to-median recovery haircut (AAA: 45%; AA: 36%).

Stressed Assumptions (%)

	Rating default rate	Rating recovery rate	Rating loss rate
AAA	6.8	33.0	4.5
AA	5.4	38.4	3.3

Source: Fitch Ratings

Prepayment Risk

Fitch derived its base-case prepayment assumption using data from previous VCL transactions as the originator has not provided us with overall book data on prepayments.

Prepayments in recent paid-in-full VCL transactions rarely exceed an annualised rate of 4%, which is the figure Fitch also assumed as its base-case assumption for VCL 47. This was then stressed to test the impact of high and low prepayments in the respective rating scenarios. For example, the base case was multiplied by 1.5x in the 'AAA' scenario. Owing to the very low historically observed prepayments, Fitch applied a 0% constant prepayment rate in the low prepayment scenario across all rating levels.

The lease contracts do not contain provisions that allow customers to prepay a contract, so prepayments are at the discretion of VWL. If a prepayment is granted, customers are generally obliged to settle the outstanding instalments, comprising both principal and interest, in full. However, VWL may waive part of the repayment amount out of courtesy to the customer. In such cases, VWL would need to indemnify the issuer for any associated reduction in the principal balance. Fitch does not apply prepayment losses or gains in its cash flow modelling.

Cash Flow Analysis

Fitch used its proprietary cash flow model to test whether the available cash flows were sufficient to enable timely payment of interest and ultimate payment of principal of class A and timely when most senior payment of interest and ultimate payment of principal of class B in various stress scenarios.

Portfolio Amortisation

The portfolio amortisation was modelled based on the pool data provided to Fitch. Defaults, recoveries and prepayments were applied in accordance with the stressed assumptions. Interest income was generated on non-delinquent receivables. The available cash was distributed in line with the transaction's waterfall.

Default Timing

Defaults were allocated using the default timings, determined based on the portfolio's weighted average life and Fitch's assumed base-case prepayment rate, as outlined in our *Consumer ABS Rating Criteria* and summarised in the table below.

Default Distribution

Months from closing (%)	0	4	8	12	16	20	24
Front	40	25	20	10	5	0	0
Even	17	17	17	17	17	15	0
Back	10	12.5	12.5	15	22	15	13

Source: Fitch Ratings

Recovery Timing

The recovery timing was derived based on the information provided by VWL, whereby the average time from default to write-off of 12-15 months. We have distributed the recoveries based on this update and in line with the previous transaction.

Prepayments

Fitch assumed a base-case prepayment rate of 4.0% and stressed it up by 50% to 6.0% at 'AAAsf' and up by 40% to 5.6% at 'AAsf' in the high prepayment scenario. Fitch tested 0% prepayment rate in the low prepayment scenario (see Prepayment Risk).

The transaction is particularly sensitive to the length of the pro rata period, which is determined by the amortisation profile and assumed prepayments, the lifetime loss and the loss timing assumptions. A high prepayment scenario leads to target OCs being reached sooner and therefore an earlier pro rata allocation to the class B notes and the unrated sub-loan. In addition, assuming back-loaded losses, a forced sequential note amortisation occurs later even in a stressed scenario.

Portfolio Yield and Discount Rate

Fitch modelled a dynamic portfolio yield available to the issuer, which evolves over time. The receivables will be sold to the issuer applying a fixed discount rate of 5.7%. At the closing date the discount rate consists of the following components.

Discount Rate Calculation (%)

Weighted average swap rate (including subordinated loan)	2.48
Servicing fee	1.0
Senior expenses	0.03
Buffer release rate	2.19
Total	5.7

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Fitch considered the following factors in determining the yield available to the issuer.

- Unless a performance trigger is breached, the buffer release component of the discount rate is paid back to the seller, and so does not provide excess spread to the transaction.
- As the weighted average swap rate tends upwards as the senior notes amortise (given their lower expected swap rates), and the buffer release is calculated as the difference between the fixed discount rate percentage and the sum of the other discount rate components, the buffer release rate decreases over time.

In our modelling, we initially deduct the buffer release rate from the modelled yield. As the instruments amortise, the modelled yield increases gradually until the senior and junior instruments are amortising pro rata with one another. If a performance trigger is breached, the buffer release rate is added to the modelled yield.

Senior Fees

Fitch modelled 1.03% of annual senior fees in each rating scenario. This is based on the documented 1.0% servicing fee and the 0.03% administrative costs. We also assumed an annual fee floor of EUR250,000 in accordance with our *Structured Finance and Covered Bonds Counterparty Rating Criteria*.

Interest Rate Stresses

We tested the ability of the structure to withstand rising, stable and decreasing interest rate scenarios. The applied interest rate stress assumptions were derived in accordance with Fitch's *Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria*.

Interest rate risk is mostly mitigated by the interest rate swap. Decreasing interest rates are marginally more stressful because they imply the issuer is earning a negative interest rate on its accounts.

Rating Sensitivity

Rating Sensitivity to Higher/lower than expected Defaults/Recoveries

	A	B
Original Rating	AAA	AA
Increase RDR by 10%	AAA	AA-
Increase RDR by 25%	AA+	A+
Increase RDR by 50%	AA	A-
Decrease RRR by 10%	AAA	AA-
Decrease RRR by 25%	AAA	A+
Decrease RRR by 50%	AA+	A
Increase/Decrease RDR/RRR by 10%	AAA	A+
Increase/Decrease RDR/RRR by 25%	AA	A-
Increase/Decrease RDR/RRR by 50%	A	BBB

Source: Fitch Ratings

The *Rating Sensitivity* section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

■	No change or positive change
■	Negative change within same category
■	-1 category change
■	-2 category change
■	-3 or larger category change

See report for further details

Rating Sensitivities – Upside

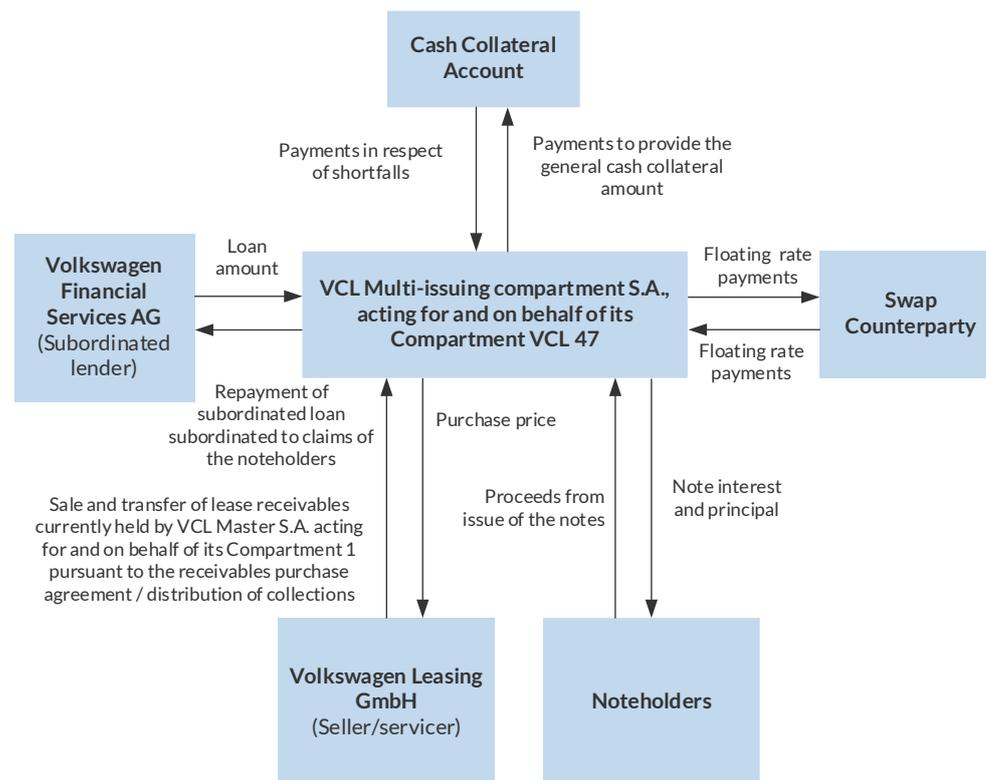
Lower-than-expected frequency of defaults or increases in recovery rates could produce lower losses than the base case and could result in positive rating action on the class B notes. Positive rating actions could also follow in the event of quicker write-off recognition. A simultaneous decrease in the default base case by 25% and an increase in the recovery base case by 25%, everything else being equal, would lead to an upgrade of the class B notes by two notches.

Rating Sensitivities – Downside

Unanticipated increases in the level of defaults or decreases in recovery rates could produce larger losses than in the base case and could result in negative rating action on the notes. For example, a simultaneous increase in the default base case by 25% and decrease in the recovery base case by 25% would lead to a two-notch downgrade of the class A notes and a four-notch downgrade for class B. Similarly, in the event the timeline to loss recognition is extended further, there could be negative rating actions on the notes.

Transaction Structure

Structure Diagram



Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Issuer and True Sale

VCL Multi-Compartment S.A. is a Luxembourg-based securitisation company subject to Luxembourg securitisation law. VCL Master S.A. Compartment 1 (VCL Master) – another Luxembourg-based securitisation company intended to function as a warehousing vehicle – originally acquired certain lease receivables related to selected lease contracts from the seller.

At closing, the issuer purchased certain receivables from VWL (transaction one), selling on the authority granted by VCL Master (transaction two). The receivables are the finance portion, which amortises the purchase price of the vehicle to its agreed RV. The RV component itself is not refinanced via VCL 47. Certain other receivables are excluded, for example payments for contractually agreed maintenance services.

The VAT portion of any payments due from the lessee is excluded from the pool and retained by VWL before being advanced to the tax authorities. To secure the performance of the lease receivables, the security title to the leased vehicles will be forwarded to VCL 47. In the event of a lessee's default, the issuer will be entitled to the proportion of recovery proceeds equivalent to its funding share in the sum of outstanding lease receivables and the RV.

Capital Structure and Credit Enhancement

The issuer's assets and liabilities at closing are summarised in the table below.

Balance Sheet

Assets	Amount (EURm)	% of total pool balance	Liabilities	Amount (EURm)	% of total pool balance
Receivables	1,000.0	100.0	Class A	956.0	95.60
Cash reserve	12.0	1.2	Class B	18.0	1.80
			Subordinated loan	17.6	1.76
			PPD cash reserve	12.0	1.20
			PPD OC	8.4	0.84
Sum	1,012.0	101.2		1,012.0	101.2

PPD: Purchase price discount

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

The issuance consists of the class A and B notes as well as a subordinated loan. Credit enhancement is provided by OC and the amortising cash reserve of 1.2% of the initial discounted pool balance. Amounts in excess of the 1.0% floor may flow back firstly to the subordinated lender and secondly to the seller outside the waterfall depending on portfolio performance, which is why Fitch considers the floor only in its modelling.

All securitised receivables are discounted with a single discount rate of 5.7016%. See the Portfolio Yield and Discount Rate section for the components that are considered when determining the discount rate.

Should the occurrence of a servicer replacement event such as VWL becoming insolvent or the cumulative loss rate exceeding 1.6%, the buffer release amounts would become available to the issuer. Fitch only considers the cumulative loss trigger in its cash flow modelling as the payment of timely interest on the most senior class and ultimate principal on the notes, cannot be dependent on the occurrence of events like an insolvency trigger following a servicer default.

Reserve Fund

An amortising cash reserve, which amounts to 1.2% of the initial discounted receivables' balance, was funded through a purchase price discount. It is available to cover senior expenses, swap payments and notes' interest and is subject to a floor, amounting to 1.0% of the receivables' balance at closing, or the outstanding balance of class A and B notes, if lower.

Available funds will refill the reserve fund each period to its target amount. As long as the cumulative net loss trigger is not breached, excess release amounts from the reserve are paid back to the subordinated lender and the seller outside the waterfall. The reserve fund can be released and used for note redemption on the earlier of the legal final maturity date or the discounted lease balance reaching zero.

There is a further reserve, the VWL risk reserve, to cover VWL's failure to pay any secured obligations. The VWL risk reserve amounts to 0.75% of the discounted receivables' balance at closing. This reserve will be funded on the occurrence of a VWL risk reserve trigger event in accordance with the list below.

- VWB is no longer rated at least 'BBB' or 'F2' by Fitch.
- In the chain of holdings between VWB and VWL: (i) any profit and loss sharing agreement between any two companies in such chain is no longer in place; (ii) any company in the chain is not branded Volkswagen; or (iii) VWB directly or indirectly holds less than 75% of the share of VWL.

Euribor Fall-Back Provisions

Assets

The portfolio is not exposed to Euribor discontinuation because it only consists of fixed-rate leases.

Rated Notes

VCL 47's servicer will use any officially designated substitute rate, industry-wide solution, or generally accepted market practice as substitute for Euribor. If these options are not available, the servicer will use any unsecured or secured overnight money market reference rate calculated by the ECB or the overnight index swap. If this is not available either, the euro short-term rate will be used. The servicer will also adjust the spread over the substitute reference rate. Any designated Euribor substitute applies to both the rated notes' reference rate and floating interest rate received on the swap.

Hedges

The issuer entered into two swaps to hedge against the fixed-floating interest rate mismatch. While it receives fixed instalments, its obligations under the notes are linked to one-month Euribor, the latter being determined in accordance with the provisions in the transaction documents discussed in the Rated Notes section above.

The first swap covers the interest due on the class A notes and the second swap covers interest payments due on the class B notes, both inclusive of the spreads over the reference rate, in exchange for a fixed rate. The floating amounts are subject to a floor of zero. Both swaps are linked to the outstanding balance of the respective notes.

Priority of Payments

The transaction has a combined waterfall for all collections on outstanding receivables. The amount available to be distributed contains the following positions.

Amount Available for Distribution

+	Collections received by the servicer.
+	Share of realisation proceeds from vehicles belonging to the issuer.
+	Amounts from the general cash reserve.
+	Net swap receipts.
+	Interest accrued on the distribution account.
+	Amounts from the VWL risk reserve in case of a failure by VWL to pay any secured obligations.
-	Less the buffer release amount until the earlier of a breach of the cumulative loss trigger of 1.6% or the occurrence of a servicer replacement event.

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Transaction Waterfall

1-5.	Taxes, senior expenses and net swap payments other than in the case of a swap counterparty default.
6.	Interest class A.
7.	Interest class B.
8.	General cash reserve up to its required balance.
9.	Class A principal until class A is at its target size (target OC class A).
10.	Class B principal until class B is at its target size (i.e. target OC class B).
11.	Any subordinated expenses, if not already covered by one of the senior items, such as subordinated swap payments.
12.	Interest on the sub-loan.
13.	Redemption of the sub-loan until reduced to zero.
14.	Remainder to VWL as a final success fee.

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Performance Triggers and Note Amortisation

The notes' targeted balance is set to meet a required OC amount, defined as the excess of the assets (excluding write-offs) over respective liabilities, so the class A and B notes.

Incoming funds will first be used to redeem class A notes until their target OC is reached. At this point, incoming funds will also amortise class B notes, building up their target OC, while the target OC for class A notes is maintained. Once both the class A and B notes are at their target

OC, further excess funds are used to pay the sub-loan. As soon as the asset balance has amortised to 10% of the initial balance or on the occurrence of a servicer replacement event, note amortisation will again be strictly sequential.

Additionally, should a performance trigger (recording losses) be breached, target OCs will rise, meaning amortisation will again be sequential until the increased target OC is reached. Should losses exceed 1.6% of the initial balance, the notes' amortisation would also become sequential.

The required OC levels are as follows and are unchanged from previous transactions.

Credit Enhancement Increase Conditions

Trigger	Class A (%)	Class B (%)
Initial available OC level	4.4	2.6
Target OC, if no trigger breach	12.25	7.5
Target OC, if level 1 trigger breached	14.0	8.25
Target OC, if level 2 trigger breached	100	100

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

A level one trigger is hit if the cumulative losses exceed the following thresholds.

- Prior to (and including) the payment date falling in May 2027: 0.50%.
- After the payment date falling in May 2027 until (and including) the payment date in February 2028: 1.15%.

A level two trigger is hit if cumulative losses exceed 1.6% at any payment date.

Please refer to the *Cash Flow Modelling* section for more details on the increased sensitivity of the structure to certain modelling assumptions.

Clean-Up Call

VWL has the option to repurchase all receivables to redeem the notes at the earlier of the payment date on which the aggregate discounted portfolio balance is less than 10% of the discounted receivables balance at closing.

Fitch has not considered this clean-up call option in its cash flow modelling, instead modelling the transaction for payment of interest and principal according to the notes' terms and conditions by the legal final maturity date.

Disclaimer

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Counterparty Risk

Fitch assesses the counterparty risk under its *Structured Finance and Covered Bonds Counterparty Rating Criteria* to be in line with the ratings assigned based on the provisions in the transaction documents and the analytical adjustments discussed in the following table.

Counterparty Risk Exposures

Counterparty role/risk	Counterparty	Relevant ratings under criteria	Minimum ratings and remedial actions	Adjustment to analysis if minimum ratings and remedial actions not in line with criteria
Issuer account bank	The Bank of New York Mellon, Frankfurt Branch	Long-term deposit rating or if not available, IDR/ short-term deposit rating or if not available, IDR.	Deposit rating or IDR of A or F1; i) replacement; ii) guarantee by an eligible entity within 60 calendar days of downgrade below minimum ratings; or iii) any other measure to restore/maintain rating of the notes.	Minimum ratings and remedial actions i) and ii) in line with criteria. Option (iii) is not in line with Fitch counterparty criteria and could lead to a prolonged process for remedial actions if option (iii) is favoured over options (i) or (ii).
Swap provider	DZ Bank AG Deutsche Zentral-Genossenschaftsbank AG	DCR or if not available, Long-Term IDR or Short-Term IDR.	DCR or Long-Term IDR of A or Short-Term IDR of F1; or minimum DCR or Long-Term IDR of BBB- or Short-Term IDR of F3 assuming a valid flip clause, with collateral posting required within 14 calendar days (collateralisation for liquidity adjustment and volatility cushion within 60 days), and replacement or guarantee within 60 days of downgrade below both minimum ratings.	Minimum ratings and remedial actions in line with criteria.
Servicer	VW Leasing GmbH	Not rated	There is no minimum rating for the servicer. The issuer is entitled to dismiss the servicer and appoint a new servicer.	Servicer continuity risk has been assessed to be reduced in accordance with Fitch's counterparty criteria (see Operational Risk and Appendix 1).

Source: Fitch Ratings, VCL Multi-Compartment S.A., Compartment VCL 47

Operational Risk

VWL acts as servicer for the transaction. Remedial actions regarding the servicer foresee the replacement of the servicer in the event of servicer disruption, which includes a breach of servicer obligations, insolvency of the servicer or non-payment by the servicer. No replacement servicer has been named. However, the transaction documents state that the issuer shall find a replacement servicer no later than three months after the occurrence of a servicer replacement event.

Despite the intrinsic problems Fitch sees with the issuer being tasked to find a replacement servicer, we consider that the reserve fund would cover payment obligations for long enough to enable VCL47 to find a replacement. Other parties in this transaction, especially the security trustee, would have an interest in lending support in the best interests of noteholders.

Fitch expects standard nature of the assets will facilitate finding a new servicer as there are several potential candidates in the German leasing market.

Account Bank

We consider the issuer's exposure to the transaction account bank to be a primary credit risk.

The issuer will hold its account with The Bank of New York Mellon, Frankfurt Branch. Under the transaction documents, should the account bank's deposit rating (or IDR if a deposit rating is not available) fall below the minimum required rating of 'A' or 'F1', it must find a suitably rated replacement within 60 calendar days.

The documented rating thresholds are in line with those outlined in our counterparty criteria for 'AAA' rated bonds, and the remedial actions are also in line with our criteria, except for the "other measures" option outlined above.

Swap Counterparty

The issuer entered into a swap agreement to hedge the mismatch between the fixed payments received from the lease contracts and the floating-rate amounts payable on the rated notes. We classify the exposure to the swap provider as a primary credit risk. The documented rating requirements for the swap provider and remedial actions are in line with those outlined in our counterparty criteria.

Commingling Risk

Commingling risk is considered a secondary risk driver in this transaction in line with Fitch's *Structured Finance and Covered Bonds Counterparty Rating Criteria*.

Funds are transferred on a monthly basis, on the interest payment date. A collateral-posting mechanism comes into effect if the "monthly remittance condition" is deemed not to be satisfied (see condition below). Following a breach of the monthly remittance condition, VWL may continue to commingle collections with their own funds provided they advance expected collections including 5% of prepayments for the current monthly period to the issuer's collection account. On any payment date, VWL may net its obligation to pay the actual collections to the issuer's account with its claim for repayment of the collateral posted.

On any of the following events, the monthly remittance condition is deemed not to be satisfied.

- VWB is no longer rated at least 'BBB' or 'F2' by Fitch.
- In the chain of holdings between VWB and VWL either (i) any profit and loss sharing agreement between any two companies in such a chain is no longer in place; (ii) any company in such a chain is not branded "Volkswagen"; or (iii) VWB directly or indirectly holds less than 75% of the share of VWL.

Compared to prior Fitch-rated VCL deals, the mechanism has been revised so that the issuer has one month of commingling reserve instead of two months. Fitch therefore sized one month of reserve against a commingling period of 1.7 months in accordance with our counterparty criteria.

We tested the uncovered commingling exposure noting that any commingling event is incompatible with pro rata amortisation as the servicer insolvency would trigger a switch to strictly sequential amortisation. We concluded that commingling risk did not impact the ratings currently or in the foreseeable future.

Payment Interruption Risk

As payment interruption risk is a primary risk in the transaction, Fitch tested the cash reserve coverage of the issuer's obligations under the swaps, the ongoing senior expenses and notes' interest. Based on our calculations, the available cash reserve is sufficient to initially maintain these payments for more than three months. Fitch considers this horizon sufficient to cover a disruption in the collection process and to re-establish it with a third party.

Set-Off Risk

Deposit Set-Off Risk

The originator is not a deposit-taking entity, but the parent VW Bank GmbH is. We consider the deposit risk as immaterial, as, based on German legal opinions, deposit set-off is possible only against the entity that the customer has claims against.

Set-Off Risk in the Service Component, Extended Warranties and Insurance Products

VWFS offers a range of insurance services and extended warranties as a complementary product for lease contracts, protection against unexpected repair needs after the maturity of the statutory two-year manufacturer guarantee. Neither the insurance nor the extended warranties or the service components of a lease are securitised.

Tax Risk

There are some remaining legal uncertainties with respect to potential trade tax (in case the tax authorities deem the special-purpose vehicle to be taxable in Germany) and secondary VAT liability (in case VWL defaults before it has forwarded the VAT portion to the authorities) that may be imposed on the issuer. Based on its understanding of the applicable tax regimes, Fitch considers the risk of significant tax liabilities being imposed on the issuer to be limited. Thus, Fitch did not apply any additional loss in its modelling, despite the absence of a dedicated risk reserve.

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria.

Fitch applies the *Consumer ABS Rating Criteria* as its sector-specific criteria report under the overarching framework provided by the *Global Structured Finance Rating Criteria*, which is the master criteria report for the sector. The remaining criteria listed under Applicable Criteria are cross-sector criteria that outline Fitch's approach to counterparty risk and interest rate change vulnerability that are relevant for the ratings.

Models

The models below were used in the analysis. Click on the link for the model or for the criteria for details of the model.

[Consumer ABS Asset Model](#)

[Multi-Asset Cash Flow Model](#)

Data Adequacy

The following historical information was provided by VWL to support Fitch's analysis.

Data Adequacy

Data	Time	Period	Frequency	Type
Cumulative losses	Jan 07-Sep 25	18.75 years	Monthly	Static
Dynamic losses	Sep 06-Sep 25	19 years	Quarterly	Dynamic
Total book volume	Jan 10-Sep 25	15.75 years	Monthly	Dynamic
Originations	Jan 07-Sep 25	18.75 years	Monthly	Dynamic
Delinquency	Jan 10-Sep 25	15.75 years	Monthly	Dynamic
Previous VCLs' loss performance data	Dec 18-Oct 25	6.75 years	Monthly	Dynamic

Source: Fitch Ratings, VWL

Fitch also received pool stratifications and an amortisation profile of the pool as of end-January 2026.

Fitch reviewed the results of a third-party assessment conducted on the asset portfolio information, and concluded that there were no findings that affected the rating analysis.

Overall, Fitch views the asset pool information relied upon for Fitch's rating analysis according to its applicable rating methodologies to be adequately reliable.

Use of Third-Party Due Diligence Pursuant to SEC Rule 17g-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

Surveillance

Throughout the life of the transaction, Fitch will monitor the performance of the collateral and any changes at the servicer, or with the structure, that may influence the ratings of the notes.

Fitch will receive monthly investor reports detailing the performance of the portfolio. These will provide the basis for the agency's surveillance of the transaction's performance against base-case expectations and the performance of the industry as a whole. Where appropriate, the agency may ask to monitor further data from the originator or the servicer. The ratings of the transaction will be reviewed by a committee at least once every 12 months, or when considered appropriate (if there is deterioration in performance, an industry-wide development, or a change at the originators or the servicer that may influence the transaction).

Our quantitative analysis will focus on monitoring the key performance parameters (delinquencies, defaults, recoveries and prepayments) against the base-case assumptions. Fitch will further monitor the market developments of car prices.

Fitch's structured finance performance analytics team ensures that the assigned ratings remain an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance will be available to subscribers at www.fitchratings.com.

Appendix 1: Origination and Servicing

In May 2025, Fitch had an onsite meeting with VWL. Overall, Fitch considers VWL's underwriting and servicing capacities to be in line with market standards among the top German car finance companies. VWL also has a proven record in its securitisation activity.

VWL

At the end of June 2024, Volkswagen AG restructured its business activities. Volkswagen Leasing GmbH, the seller, is now part of Volkswagen Bank GmbH, which itself is directly owned by Volkswagen Financial Services (Europe) AG. This new company and all subsidiaries indirectly are regulated by the ECB.

VWL's main activities are to promote the sale of the Volkswagen Group's automotive products (VW, Audi, SEAT, Skoda and VW Nutzfahrzeuge) and to strengthen customer loyalty to the Volkswagen Group brands. VWL has over 60 years' experience in the auto-financing business.

Origination

VWL offers leasing for new and used Volkswagen, Audi, SEAT, Skoda and VW Nutzfahrzeuge to commercial and non-commercial customers. Initially, the car is purchased by VWL. At the expiration of the leasing contract the vehicle will be sold by the car dealer or VWL. If the lessee wants to keep the car, it has to purchase the vehicle.

Depending on contract terms, the risk of the RV being different from the market value of the car is borne by the car dealer or, in a few cases, the lessee (open-end contracts). The car dealer can transfer the RV risk of closed-end contracts fully or partially, against a premium, to VWFS or the car manufacturer.

Underwriting

VWL manages its underwriting and distribution channel through its leasing operations/underwriting (LOU) department. The LOU processes all leases and co-operates with a network of more than 3,500 dealers. Supported by a separate fraud prevention team, the LOU is also responsible for fraud detection. LOU employees have three months of training before carrying out any operational tasks in the teams and are offered a wide range of additional internal training to improve the consistency and quality of standards within the LOU.

Generally, the system works such that for contracts that fulfil the respective criteria, the steps including the approval are carried out in a fully automated fashion. The evaluation is based on the following main categories: customer data, product type, vehicle information, payment history and scoring/credit rating. If a problem occurs, such as inconsistencies found or negative credit information, the request is processed manually. The underwriter then sees the outcome of the scoring and other information sources such as Schufa, Buergel, Creditreform or payment history if applicable and needs to approve the application manually.

The authority to approve a lease depends on the seniority of staff as well as a client's exposure. A junior lease administrator, for example, can approve a lease up to EUR50,000, while applications greater than EUR50,000 are approved by a senior lease administrator. Leases with a balance greater than EUR200,000 are managed by the special clients team.

Arrears Management and Special Servicing

The debt management team is responsible for dealing with delinquent contracts.

Lessees receive calls from VWFS's call centre as soon as possible after the due date to determine the reasons for the missed payment. A first reminder letter is sent out 12 days, a second 24 days and a third 36 days after the due date. Once payment agreements are in place, reminders in case of non-payments are sent out every five days.

VWFS has introduced scores to handle delinquent contracts according to priority. Team members have the authority to approve payment holidays or maturity extensions. For corporate customers, a contract is terminated after two missed instalments. For private clients, the point of termination is dependent on the ability of VWL to terminate as prescribed by consumer protection regulation.

The collection centre is responsible for the handling of terminated contracts, second-hand marketing, court collections and charge-offs. It employs external collection agencies, which are compensated on the basis of their performance and success rates.

Vehicles can be repossessed following the effective date of the contract termination. After threatening repossession, a large portion of the terminated contracts has historically returned to performing status. For those contracts that remain non-performing almost all orders for repossession are successful. Generally, VWL judges whether it is worthwhile to pay for the repossession expenses as expected sale prices may be considered too low.

VWL normally obtains three bids from the dealer network before the vehicle is sold. A court settlement, to determine the borrower's outstanding obligation, is initiated around four months after the due date. The foreclosure process normally commences six months after the due date and is followed by the charge-off.

VWL informed us in December 2025 that the integration of VWL into VW Bank in mid-2024 has brought some structural and regulatory changes regarding credit-related processes being subject to uniform banking regulatory standards. These changes include a more conservative approach to default recognition, different materiality thresholds for delinquency classification and a tighter process for curing arrears, which lead to customers entering into default status earlier and recovering from defaults later. VWL explains that recent increases in defaults and arrears mainly reflect such changes and not an actual deterioration in credit quality.

In the meantime, VWL is in the process of integrating a new service provider, which has led to operational challenges and temporarily, slightly higher arrears. Mitigation measures such as workflow optimization and a new technical interface to streamline long-term court proceedings are planned to be implemented by mid-2026, which should normalise the timing to write-off by the end of 2026.

Risk Management

The originator must maintain all lease files, including supporting documents, for regular review to ensure compliance with policies and procedures. Retrospective risk-oriented audits are conducted regularly by internal audit department and by external auditors in course of the annual financial statements audit. VWL regularly backs up its databases and tests its business continuity plans.

Appendix 2: ESG Relevance Scores

Credit-Relevant ESG Derivation

VCL Multi-Compartment S.A. - CompVCL 47 has 5 ESG potential rating drivers

- ➔ VCL Multi-Compartment S.A. - CompVCL 47 has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior but this has very low impact on the rating.
- ➔ Governance is minimally relevant to the rating and is not currently a driver.

	key driver	0	issues	5	
	driver	0	issues	4	
	potential driver	5	issues	3	
	not a rating driver	5	issues	2	
		4	issues	1	

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	2	Regulatory risks, fines, or compliance costs related to emissions, energy consumption and/or related reporting standards	Asset Quality; Surveillance	5
Energy Management	2	Assets' energy/fuel efficiency and impact on valuation	Asset Quality; Surveillance	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to physical climate risks, extreme weather events and other catastrophe risk, including but not limited to flooding, hurricanes,	Asset Quality; Surveillance	1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Compliance with consumer protection related regulatory requirements, such as fair/transparent lending, data security, and safety standards	Operational Risk; Surveillance	4
Labor Relations & Practices	2	Labor practices, pension obligations and related litigation	Surveillance	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior	Asset Quality; Surveillance	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/service/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?	
5	Highly relevant; a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

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