

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

AUTO

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

- Series 2010-2, Class A Notes at AAA (sf)
- Series 2011-2, Class A Notes at AAA (sf)
- Series 2012-2, Class A Notes at AAA (sf)
- Series 2012-3, Class A Notes at AAA (sf)
- Series 2013-1, Class A Notes at AAA (sf)
- Series 2015-1, Class A Notes at AAA (sf)
- Series 2017-1, Class A Notes at AAA (sf)
- Series 2017-3, Class A Notes at AAA (sf)
- Series 2018-1, Class A Notes at AAA (sf)
- Series 2020-1, Class A Notes at AAA (sf)
- Series 2024-1, Class A Notes at AAA (sf)
- Series 2014-1, Class B Notes at AA (high) (sf)
- Series 2014-3, Class B Notes at AA (high) (sf)
- Series 2018-1, Class B Notes at AA (high) (sf)

The credit ratings on the notes address the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date of the notes in September 2031.

CREDIT RATING RATIONALE

The confirmations are based on the following analytical considerations:

- An amendment to the transaction executed on 25 September 2024 (the Amendment);
- The portfolio performance, in terms of level of delinquencies and cumulative defaults, as of the September 2024 payment date;
- Updated probability of default (PD), loss given default (LGD), and expected loss assumptions for the collateral pool, considering the updated quarterly vintage performance data received in the context of the Amendment;
- No Revolving Period Termination Events have occurred; and
- The levels of credit enhancement to the rated notes to cover the expected losses at their respective credit rating level.

AMENDMENT

- Tap issuances on all series of notes;
- Updated margins on all series of notes;
- New swap counterparty (ING Bank N.V. (ING)) and updated swap agreements for all series of notes;
- A 12-month extension of the revolving period for the notes through to September 2025; and

-- A 12-month extension of the legal maturity date for all series of notes through to September 2031.

The transaction is a master securitisation of lease receivables related to motor vehicle lease contracts originated by Volkswagen Leasing GmbH (VWL) in Germany, with a maximum notes issuance amount of EUR 4.0 billion. The residual values are not securitised in this transaction. As of the September 2024 payment date, the receivables portfolio had an outstanding discounted balance of EUR 3.0 billion.

PORTFOLIO PERFORMANCE

As of the September 2024 payment date, loans that were 0 to 30 days, 30 to 60 days, and 60 to 90 days delinquent represented 0.4%, 0.1%, and 0.1% of the outstanding discounted portfolio balance, respectively. Loans more than 90 days in arrears were 0.4%. Cumulative written off leases, defined as leases that have been reduced by recoveries and finally written off by VWL, were 0.08% of the discounted initial portfolio balance and all subsequent additional receivables.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS

Morningstar DBRS updated its base case PD assumption to 1.1% from 1.4% and maintained its base case LGD assumption at 40.0%, based on updated historical net loss and delinquency data received from VWL.

CREDIT ENHANCEMENT

Credit enhancement to the Series of Class A and Class B Notes is provided by portfolio overcollateralisation (OC) and does not include the general cash collateral account. As of the September 2024 payment date, OC to the Class A and Class B Notes was 10.0% and 6.9%, respectively.

The transaction benefits from liquidity support in the form of a cash collateral account funded to its target amount of EUR 21.1 million, equal to 0.75% of the outstanding balance of the notes. The reserve is available to cover senior expenses, missed interest payments on the Class A and Class B Notes, and net swap payments.

The Bank of New York Mellon, Frankfurt Branch (BNYM Frankfurt) acts as the account bank for the transaction. Based on Morningstar DBRS' private credit rating on BNYM Frankfurt, the downgrade provisions outlined in the transaction documents, and other mitigating factors inherent in the transaction structure, Morningstar DBRS considers the risk arising from the exposure to BNYM Frankfurt to be consistent with the credit rating assigned to the notes, as described in Morningstar DBRS' "Legal Criteria for European Structured Finance Transactions" methodology.

ING acts as the hedging counterparty for the transaction. Morningstar DBRS' public Long Term Critical Obligations Rating of AA (low) on ING is consistent with the first credit rating threshold as described in Morningstar DBRS' "Derivative Criteria for European Structured Finance Transactions" methodology.

Morningstar DBRS' credit ratings on the applicable classes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. Where applicable, a description of these financial obligations can be found in the transactions' respective press releases at issuance.

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.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE CONSIDERATIONS

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

Morningstar DBRS analysed the transaction structure in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodologies applicable to the credit ratings are the Master European Structured Finance Surveillance Methodology (6 August 2024; <https://dbrs.morningstar.com/research/437540>) and the 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 at the end of this press release.

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

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

Morningstar DBRS has conducted a review of the transaction's legal documents provided in the context of the Amendment. A review of any other transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent credit rating action.

For a more detailed discussion of the sovereign risk impact on Structured Finance credit ratings, please refer to Appendix C: The Impact of Sovereign Credit Ratings on Other Morningstar DBRS Credit Ratings of the Global Methodology for Rating Sovereign Governments at: <https://dbrs.morningstar.com/research/436000>.

The sources of data and information used for these credit ratings include monthly investor reports provided by VWL, legal documentation provided by the Issuer's legal counsel, and the following historical performance data provided by VWL directly or through the arranger, Credit Agricole Corporate and Investment Bank:

- Static monthly cumulative net loss data from April 2014 to March 2024, provided on a total portfolio basis;
- Dynamic monthly loss data from March 2006 to March 2024; and
- Dynamic monthly delinquency data from January 2014 to June 2024.

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

At the time of the initial credit ratings, Morningstar DBRS was supplied with third-party assessments. However, this did not impact the credit rating analysis.

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

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

The last credit rating action on this transaction took place on 28 May 2024 when Morningstar DBRS assigned a AAA (sf) credit rating to the Series 2024-1, Class A Notes. Prior to that, on 25 September 2023, Morningstar DBRS confirmed its AAA (sf) and AA (high) (sf) credit ratings on the Class A and Class B Notes, respectively, following an amendment to the transaction.

Information regarding Morningstar DBRS credit ratings, including definitions, policies, and methodologies, is available on <https://dbrs.morningstar.com>.

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

- PD rates used: Base-case PD of 1.1%, a 25% and 50% increase in the case-case PD was tested.
- LGD rates used: LGD of 61.6% at the AAA (sf) stress level and 60.2% at the AA (high) (sf) stress level, a 25% and 50% increase in the base case LGD was tested.

Class A Notes Risk Sensitivity:

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

Class B Notes Risk Sensitivity:

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

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

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

Lead Analyst: Pascale Kallas, Assistant Vice President

Rating Committee Chair: Alfonso Candelas, Associate Managing Director

Initial Rating Date: 26 September 2016

DBRS Ratings GmbH

Neue Mainzer Straße 75

60311 Frankfurt am Main Deutschland
Tel. +49 (69) 8088 3500
Geschäftsführer: Detlef Scholz
Amtsgericht Frankfurt am Main, HRB 110259

The credit rating methodologies used in the analysis of this transaction can be found at: <https://dbrs.morningstar.com/about/methodologies>.

- Rating European Structured Finance Transactions Methodology (18 September 2024), <https://dbrs.morningstar.com/research/439581>
- Legal Criteria for European Structured Finance Transactions (28 June 2024), <https://dbrs.morningstar.com/research/435165>
- Master European Structured Finance Surveillance Methodology (6 August 2024), <https://dbrs.morningstar.com/research/437540>
- Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Factors in Credit Ratings (13 August 2024), <https://dbrs.morningstar.com/research/437781>
- Operational Risk Assessment for European Structured Finance Originators and Servicers (18 September 2024), <https://dbrs.morningstar.com/research/439571>
- Rating European Consumer and Commercial Asset-Backed Securitisations (18 September 2024), <https://dbrs.morningstar.com/research/439583>
- Interest Rate Stresses for European Structured Finance Transactions (28 June 2024), <https://dbrs.morningstar.com/research/435278>
- Derivative Criteria for European Structured Finance Transactions (6 September 2024), <https://dbrs.morningstar.com/research/439043>

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

For more information on this credit or on this industry, visit <https://dbrs.morningstar.com> or contact us at info-DBRS@morningstar.com.

Ratings

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

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
25-Sep-24	Series 2010-2, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2011-2, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2012-2, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2012-3, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2013-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2015-1, Class A Notes	Confirmed	AAA (sf)	--	EU U

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
25-Sep-24	Series 2017-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2017-3, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2018-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2020-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2024-1, Class A Notes	Confirmed	AAA (sf)	--	EU U
25-Sep-24	Series 2014-1, Class B Notes	Confirmed	AA (high) (sf)	--	EU U
25-Sep-24	Series 2014-3, Class B Notes	Confirmed	AA (high) (sf)	--	EU U
25-Sep-24	Series 2018-1, Class B Notes	Confirmed	AA (high) (sf)	--	EU U

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Contacts

Pascale Kallas

Assistant Vice President - European Structured Finance Ratings, Surveillance

+(49) 69 2713 77012

pascale.kallas@morningstar.com

Stefano Pruni

Senior Analyst - European Structured Finance Ratings, Surveillance

+(49) 69 8088 3694

stefano.pruni@morningstar.com

Alfonso Candelas

Associate Managing Director - European Structured Finance Surveillance & Rating Process

+(49) 69 8088 3512

alfonso.candelas@morningstar.com

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