

VCL Master S.A., Compartment 1 All Auto ABS

Ratings Affirmed

September 25, 2026

Table 1

Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
Ratings affirmed					
A 2010-2	AAA (sf)	300.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2011-2	AAA (sf)	150.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2012-2	AAA (sf)	250.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2012-3	AAA (sf)	200.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2013-1	AAA (sf)	200.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2015-1	AAA (sf)	350.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2017-1	AAA (sf)	100.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2017-3	AAA (sf)	600.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2018-1	AAA (sf)	80.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2020-1	AAA (sf)	300.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2024-1	AAA (sf)	250.00	7.45	One-month EURIBOR plus 0.51%	September 2034

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Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
A 2025-1	AAA (sf)	390.00	7.45	One-month EURIBOR plus 0.51%	September 2034
A 2025-3	AAA (sf)	300.00	7.45	One-month EURIBOR plus 0.51%	September 2034
Senior Schuldschein Loan 2025 – 1	AAA (sf)	260.00	7.45	One-month EURIBOR plus 0.51%	September 2034
B 2014-1	A+ (sf)	40.00	4.45	One-month EURIBOR plus 1.05%	September 2034
B 2014-3	A+ (sf)	60.00	4.45	One-month EURIBOR plus 1.05%	September 2034
B 2018-1	A+ (sf)	10.70	4.45	One-month EURIBOR plus 1.05%	September 2034
Junior Schuldschein Loan 2025 - 1	A+ (sf)	36.00	4.45	One-month EURIBOR plus 1.05%	September 2034

*Our ratings address timely payment of interest and ultimate payment of principal. The senior Schuldschein loan ranks pari passu with the class A notes and the junior Schuldschein loan ranks pari passu with the class B notes. §The current issuance amount may be less than the maximum commitment for each class. †Reflects the documented minimum figures and includes subordination and overcollateralization. ‡Subject to a floor of zero. EURIBOR--Euro Interbank Offered Rate. NR--Not rated. N/A--Not applicable.

Overview

- We affirmed our ratings on VCL Master S.A., Compartment 1's class A and B notes, and the senior and junior Schuldschein loans.
- The transaction is a securitization of a portfolio of German auto leases, excluding their residual values, which Volkswagen Leasing GmbH (VW Leasing) originated.

FRANKFURT (S&P Global Ratings) Sept. 25, 2026--S&P Global Ratings today affirmed its 'AAA (sf)' ratings on VCL Master S.A., Compartment 1's class A notes and senior Schuldschein loan, and its 'A+ (sf)' ratings on the class B notes and junior Schuldschein loan (see list).

The senior Schuldschein loan ranks pari passu with the class A notes and the junior Schuldschein loan ranks pari passu with the class B notes. The class A notes and senior Schuldschein loan are referred to as senior instruments. The class B notes and junior Schuldschein loan are referred to as junior instruments. The senior instruments rank senior to the junior instruments. Senior and junior instruments are referred to as instruments.

VCL Master S.A., Compartment 1 is a securitization of a portfolio of German auto lease receivables, excluding the residual value portion, which Volkswagen Leasing GmbH (VW Leasing) originated. VW Leasing is the initial servicer, and no backup servicer was appointed at closing.

The portfolio is currently in the revolving phase, which ends in September 2027 unless it is extended. The legal final maturity has been extended by one year to September 2034.

The instruments benefit from a fixed-to-floating interest rate swap agreement. Under the swap agreements the issuer pays fixed rates of interest on the senior and junior instruments. The swap

counterparty pays one-month European Interbank Offered Rate (EURIBOR) plus a margin, floored at zero. As part of the renewal, the margins and interest rate swaps have been repriced.

On any payment date during the revolving period, the issuer may issue new series of instruments or increase the size of the outstanding ones, subject to maintaining the required credit enhancement and maximum commitment amounts for both the senior and junior instruments. The most recent review of the transaction was on Sept. 25, 2025 (see "[VCL Master S.A., Compartment 1 Senior And Junior Schuldschein Loans And Series A 2025-3 Auto ABS Notes Assigned Ratings](#)").

The required credit enhancement or target overcollateralization amounts for the senior instruments have changed since our September 2025 review. The required credit enhancement for the senior instruments decreased to 7.45% from 7.95%, while for the junior instruments it remained constant at 4.45%. This is based on the minimum overcollateralization percentage that triggers early amortization. A combination of subordination and overcollateralization provide credit enhancement to the rated instruments. A cash reserve provides liquidity to the instruments, covering for potential interest shortfalls. The cash reserve is funded at 0.75% of the aggregate outstanding principal amount of all instruments.

In addition to the abovementioned changes, the revolving limit of used cars in the pool has increased to 15.00% from 8.00% at the last renewal in September 2025.

Rating Rationale

Operational risk

We reviewed VW Leasing's origination, underwriting, collections, and risk management practices.

We note that due to internal reorganization and changes to third-party service providers, there is currently a backlog in contracts, which have been declared as defaulted but not yet processed. This has led to an increase in delinquencies and a future partial rollover into net losses. We have incorporated this in our credit and cash flow assumptions. VW Leasing considers the situation temporary.

We consider VW Leasing's practices to be in line with the broader market and our criteria for assessing operational risk (see "Related Criteria"). In our operational risk analysis, we consider the risk that cash flows could be disrupted following an operational failure of the servicer. Our ratings on the instruments reflect our assessment of the company's origination policies, and our evaluation of VW Leasing's ability to fulfill its role as servicer under the transaction documents. The collateral in this pool comprises expectancy rights related to prime auto leases. Under our operational risk criteria, we regard the severity risk as moderate and the portability risk as low. Since we assess the servicer's disruption risk as low, there is no cap on the maximum achievable rating due to operational risks.

Credit risk

We have kept our base-case gross loss assumptions unchanged at 1.85%. The net loss base case remains at 0.50%. The multiples remain unchanged at 4.9x for 'AAA' and 3.3x for 'A+'. The base recovery rate remains at 73.0% and the haircuts are unchanged at 50.0% for 'AAA' and 35.0% for 'A+'. In our surveillance of the VCL Master and VCL term transactions, we observed an increase in reported defaults, primarily due to the more stringent reporting of defaults. VW Leasing states that most of these lessees subsequently become current. Additionally, there is a backlog in

processing the contracts described in the servicing section. We believe our credit assumptions remain sufficiently conservative to accommodate a potential increase in net losses associated with the resolution of these defaulted contracts.

Table 2

Credit assumptions

Rating level	Net loss base-case	Recovery rate base-case	Gross loss base-case	Multiple	Recovery haircut	Stressed recovery rate	Applied net loss
AAA	0.5%	73.0%	1.9%	4.9x	50.0%	36.5%	5.8%
A+	0.5%	73.0%	1.9%	3.3x	35.0%	47.5%	3.2%

We have analyzed credit risk under our global auto ABS criteria, using historical loss data for VW Leasing's book and performance data from previous VCL leasing transactions (see "Related Criteria").

Cash flow analysis

We have assessed the transaction's documented payment structure and assumed the instruments will have the minimum required credit enhancement in our cash flow analysis. Once the revolving period ends, the transaction amortizes sequentially. When certain overcollateralization targets for the instruments are reached, the transaction will switch to pro rata amortization. If any of the credit enhancement increase condition triggers are breached, amortization will be sequential until the end of the transaction's life.

We have run sensitivities simulating a delay in the recession and an extension of the recovery period to reflect the potential effect of the current backlog in processing defaulted contracts.

Our cash flow analysis indicates the available credit enhancement for the junior instruments is commensurate with a higher rating than that currently assigned. However, we have affirmed our 'A+ (sf)' ratings on the junior instruments on account of the transaction's revolving nature and the ongoing frequent issuance of new series.

Counterparty risk

Our ratings on the instruments also consider that the replacement mechanisms implemented in the transaction documents adequately mitigate the counterparty risks to which the transaction is exposed. We have analyzed these counterparty risks by applying our counterparty criteria (see "Related Criteria"). Our ratings on the instruments reflect that the swap agreements are in line with our counterparty criteria.

Legal risk

We consider the issuer to be bankruptcy remote, in line with our legal criteria (see "Related Criteria"). We have received a transaction legal opinion for this review, which provides assurance that the structure achieves a valid and effective sale of assets, and we believe that the sale of the assets would survive the seller's insolvency.

Sovereign risk

The sovereign rating on Germany is 'AAA'. Consequently, our sovereign risk criteria do not cap our ratings on the rated instruments (see "Related Criteria").

Forward-Looking View

In our analysis, we considered the following economic data and their baseline effect on collateral credit quality in determining our credit assumptions (see "Related Research").

Table 3

Economic factors

	2026f	2027f	2028f
Real GDP (y/y growth, %)	0.4	1.1	1.4
Unemployment rate (annual average, %)	3.9	3.5	3.2
CPI inflation (%)	3.1	2.4	1.8

Sources: National Statistics offices, Eurostat, S&P Global Ratings. f--Forecast. y/y--Year on year. CPI--Consumer price index.

We consider the transaction's resilience to additional stresses to some key variables, in particular defaults and recoveries, to determine our forward-looking view.

In our view, lessees' ability to pay their monthly installments on auto leases will be highly correlated to macroeconomic conditions, particularly the unemployment rate and, to a lesser extent, consumer price inflation and interest rates. As of today, our forecast on unemployment rates for Germany is 3.9% in 2026, 3.5% in 2027, and 3.2% in 2028. Our forecast for inflation in Germany is 3.1% in 2026, which we expect to decline to 2.4% in 2027 and 1.8% in 2028.

Furthermore, a decline in second-hand car values typically lowers realized recoveries and increases residual value losses. Although used car prices may decline moderately in Germany in 2027, we do not expect them to fall significantly.

Given our current macroeconomic forecast and forward-looking view of Germany's auto market, our sensitivity scenarios consider, all else being equal, the hypothetical effect on our credit ratings of:

- An increased gross default base case of up to 30%; and
- A maximum haircut of 30% to the recovery rate base case.

We therefore ran eight scenarios with increased gross defaults and/or reduced expected recoveries, as shown in table 3.

Sensitivity analysis

(%)	Base run	1	2	3	4	5	6	7	8
Default rate base-case increase	-	10	30	-	-	10	30	10	30
Recovery rate base-case decrease	-	-	-	10	30	10	10	30	30
Gross default rate	1.85	2.04	2.41	1.85	1.85	2.04	2.41	2.04	2.41
Recovery rate	73.00	73.00	73.00	65.70	51.10	65.70	65.70	51.10	51.10

		Downgrade notches							
		No change	One	Two	Three or more				
Class of notes	Initial rating	1	2	3	4	5	6	7	8
A	AAA	AA+	AA	AA+	AA+	AA+	AA	AA	AA-
B	A+	A+	A	A+	A	A	A	A	A-

Source: S&P Global Ratings.
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The results of the above sensitivity analysis indicate a deterioration of no more than three notches on the instruments, which is in line with the credit stability considerations in our rating definitions. Transaction features such as initial subordination levels, overcollateralization, and a liquidity reserve enhance the stability of the ratings under each scenario.

Related Criteria

- [Criteria | Structured Finance | General: Methodology For Rating Structured Finance Securities Above The Sovereign](#), April 10, 2026
- [Criteria | Structured Finance | General: Counterparty Risk Methodology](#), July 25, 2025
- [Criteria | Structured Finance | Legal: Asset Isolation And Special-Purpose Entity Methodology](#), May 29, 2025
- [Criteria | Structured Finance | ABS: Global Auto ABS Methodology And Assumptions](#), July 26, 2024
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities](#), Dec. 22, 2020
- [Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance](#), Oct. 18, 2019
- [Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions](#), Oct. 9, 2014
- [General Criteria: Methodology Applied To Bank Branch-Supported Transactions](#), Oct. 14, 2013
- [Criteria | Structured Finance | General: Global Derivative Agreement Criteria](#), June 24, 2013
- [General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts](#), May 31, 2012
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [S&P Global Ratings Definitions](#), Sept. 1, 2026
- [European Auto ABS Index Report Q2 2026](#), Aug. 25, 2026
- [VCL Master S.A., Compartment 1 Senior And Junior Schuldschein Loans And Series A 2025-3 Auto ABS Notes Assigned Ratings](#), Sept. 25, 2025
- [S&P Global Ratings' Approach To GloBE Or Pillar II Tax Liabilities In European Structured Finance Transactions](#), April 19, 2024
- [ESG Industry Report Card: Auto Asset-Backed Securities](#), March 31, 2021
- [2017 EMEA ABS Scenario And Sensitivity Analysis](#), July 6, 2017
- [Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors](#), Dec. 16, 2016
- [European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors](#), Dec. 16, 2016

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