

# VCL Master Residual Value, Compartment 2 Senior And Junior Schuldschein Loans Assigned Ratings; Other Ratings Affirmed

September 25, 2025

## Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
<b>Ratings assigned</b>					
Senior Schuldschein Loan 2025-1	AAA (sf)	500.0	44.4	One-month EURIBOR plus 0.80%	September 2033
Senior Schuldschein Loan 2025-2	AAA (sf)	500.0	44.4	One-month EURIBOR plus 0.80%	September 2033
Senior Schuldschein Loan 2025-3	AAA (sf)	100.0	44.4	One-month EURIBOR plus 0.80%	September 2033
Junior Schuldschein Loan 2025-1	AA- (sf)	150.0	32.5	One-month EURIBOR plus 1.35%	September 2033
<b>Ratings affirmed</b>					
A 2015-1	AAA (sf)	464.1	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2015-2	AAA (sf)	523.7	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2015-3	AAA (sf)	930.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2015-4	AAA (sf)	780.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2015-5	AAA (sf)	755.0	44.4	One-month EURIBOR plus 0.80%	September 2033

## Primary Contact

**Sebastian Mauersberger**  
Frankfurt  
49-1729-913944  
sebastian.mauersberger  
@spglobal.com

## Secondary Contact

**Monica Anghel**  
Frankfurt  
monicaioana.anghel  
@spglobal.com

## Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
A 2015-6	AAA (sf)	300.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2016-1	AAA (sf)	476.5	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2016-2	AAA (sf)	50.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2016-4	AAA (sf)	378.6	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2018-2	AAA (sf)	349.2	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2018-4	AAA (sf)	265.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2018-5	AAA (sf)	361.5	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2021-2	AAA (sf)	500.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2024-1	AAA (sf)	250.0	44.4	One-month EURIBOR plus 0.80%	September 2033
A 2024-2	AAA (sf)	260.0	44.4	One-month EURIBOR plus 0.80%	September 2033
B 2015-1	AA- (sf)	110.9	32.5	One-month EURIBOR plus 1.35%	September 2033
B 2016-3	AA- (sf)	643.1	32.5	One-month EURIBOR plus 1.35%	September 2033
B 2018-2	AA- (sf)	68.3	32.5	One-month EURIBOR plus 1.35%	September 2033
<b>Ratings discontinued</b>					
A 2021-1	NR	N/A	N/A	N/A	N/A
A 2023-1	NR	N/A	N/A	N/A	N/A
A 2023-2	NR	N/A	N/A	N/A	N/A
B 2020-1	NR	280.0	32.5	One-month EURIBOR plus 1.35%	September 2033
B 2023-1	NR	N/A	N/A	N/A	N/A

\*Our ratings address timely payment of interest and ultimate principal. The senior Schuldschein loans rank 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, overcollateralization, and a cash reserve. ‡Subject to a floor of zero. EURIBOR--Euro interbank offered rate. N/A--Not applicable.

## Overview

- We assigned our 'AAA (sf)' ratings to VCL Master Residual Value S.A., Compartment 2's Senior Schuldschein Loans 2025-1, 2025-2, and 2025-3. We assigned our 'AA- (sf)' rating to the Junior Schuldschein Loan 2025-1.
- At the same time, we affirmed our ratings on the remaining class A and B notes. We discontinued our ratings on the class A 2021-1, 2023-1, and 2023-2 notes and the class B 2020-1 and 2023-1 notes.
- The transaction is a securitization of a portfolio of German auto lease residual values, which Volkswagen Leasing GmbH (VW Leasing) originated.

FRANKFURT (S&P Global Ratings) Sept. 25, 2025--S&P Global Ratings today assigned its 'AAA (sf)' credit ratings to [VCL Master Residual Value S.A., Compartment 2](#)'s Senior Schuldschein Loans 2025-1, 2025-2, and 2025-3. We assigned our 'AA- (sf)' rating to the Junior Schuldschein Loan 2025-1. We affirmed our ratings on the remaining class A and B notes. We discontinued our ratings on the class A 2021-1, 2023-1, and 2023-2 notes and the class B 2020-1 and 2023-1 notes (see list).

The senior Schuldschein loans rank 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 loans 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 Residual Value, Compartment 2 is a securitization of a portfolio of German auto lease residual values, 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 March 2026 unless it is extended. The legal final maturity has been extended by two years to September 2033. The newly issued rated instruments will benefit from a swap agreement. The existing instruments have been repriced and will benefit from a swap agreement as well.

On any payment date during the revolving period, the issuer can issue new series of instruments or increase the size of the outstanding ones, subject to maintaining the initial required credit enhancement for both the senior and junior instruments. Before today's extension, the revolving period was last extended on Sept. 25, 2024 (see "[VCL Master Residual Value S.A., Compartment 2 Class A Auto ABS Notes Assigned Ratings; Class B Notes Upgraded](#)," Sept. 25, 2024).

The initial required credit enhancement or target overcollateralization amounts for both the senior and junior instruments have changed since our previous review. In September 2025, the required credit enhancement for the senior instruments decreased to 44.40% from 45.90%. For the junior instruments, it remains unchanged at 32.50%. A combination of subordination, initial and additional overcollateralization, and a cash reserve provides credit enhancement to the rated instruments.

In addition to the abovementioned changes, several additional updates were made to the transaction documents. We have included in our analysis the following list of amendments:

- The cash reserve floor has been lowered to 2% from 3% of the instruments' outstanding balance.

- During the revolving period, credit enhancement falling below the minimum credit enhancement level on two consecutive payment dates will trigger the end of the revolving phase and the start of sequential amortization. Previously, the trigger was breached if the credit enhancement was below the minimum on just one payment date.
- The collateral advance mechanism has been simplified, such that VW Leasing will advance one month of collections to the distribution amount if the monthly remittance condition is not satisfied. This is in line with our counterparty criteria and completely mitigates commingling risk, in our view (see "Related Criteria").
- The maximum term of eligible lease contracts has been extended to 72 months from 60 months.
- The concentration limit for contracts with a remaining term over 36 months has been increased to 40% from 30% during the revolving phase.

## Rating Rationale

### Operational risk

VW Leasing has underwritten auto leasing contracts in Germany since 1966. In our view, the company's track record of stable, strong quality asset origination is among the best of all European auto ABS issuers. Our ratings on the instruments reflect our assessment of the company's origination policies, as well as our evaluation of VW Leasing's ability to fulfill its role as servicer under the transaction documents. There is no backup servicer. For our analysis, we rely on the general availability of servicing in the German market and have also incorporated assumptions in our cash flow analysis, to analyze any potential effects from servicer disruption risk.

The collateral in this pool comprises expectancy rights related to prime auto leases. Under our operational risk criteria, we therefore consider the severity risk to be moderate and portability risk as low. We assess the disruption risk of servicer as low. Therefore, the criteria do not impose any cap on the maximum achievable rating due to operational risks (see "Related Criteria").

### 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 3.4x for 'AA-'. The base recovery rate remains at 73% and the haircuts are unchanged at 50% for 'AAA' and 36.7% for 'AA-'.

Table 1

### 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%	1.9%	4.9x	50.0%	36.5%	5.8%
AA-	0.5%	73%	1.9%	3.4x	36.7%	46.2%	3.4%

The portfolio consists of residual values, which are subject to market value decline risk. We reviewed our market value decline assumptions. The residual value loss we apply decreased to 40.7% from 42.0% at 'AAA' and 29.6% from 30.6% at 'AA-', due to changes in pool composition and peer comparison.

We have analyzed credit risk and residual value 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 notes will have the minimum required credit enhancement in our cash flow analysis. The issuer can extend the transaction's revolving period several times. Once the revolving period ends, the transaction amortizes sequentially until certain overcollateralization targets for the senior and junior instruments are reached. However, the amortization between the senior and junior instruments and the subordinated loan switches to pro rata amortization from sequential if certain conditions are fulfilled, or when class-specific target overcollateralization levels are reached. Our analysis indicates that the minimum available credit enhancement for the senior instruments is sufficient to withstand the credit and cash flow stresses that we apply at 'AAA'.

The junior instruments are able to withstand our stresses at a higher rating level than that currently assigned. However, we assigned and affirmed our 'AA- (sf)' rating on the junior instruments due to 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 on the September 2025 renewal, 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.

Previously, we considered that the transaction may be exposed to trade tax risk and sized the unmitigated exposure as an additional loss. In considering whether the risk that the issuer becomes liable for trade tax risk is sufficiently mitigated, we have considered legal advice received, along with other mitigants that are generally in place to minimize that risk. We no longer believe this risk applies to this transaction.

## **Sovereign risk**

Under our structured finance sovereign risk criteria, the maximum differential between the rating on the security and the rating on the sovereign depends on the asset sensitivity to country risk and the sovereign rating. We view the asset sensitivity to the country risk as low, and our long-term unsolicited sovereign rating on Germany is 'AAA'. Consequently, our sovereign risk criteria do not cap our ratings on the rated notes.

## 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 2

### Economic factors

	2025f	2026f	2027f
Real GDP (y/y growth, %)	0.1	1.1	1.6
Unemployment rate (annual average, %)	3.6	3.4	3.2
CPI inflation (%)	2.1	1.8	2.1

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 instalments 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 3.6% in 2025, 3.4% in 2026, and 3.2% in 2027. Our forecast for inflation in Germany is 2.1% in 2025, which we expect to decline to 1.8% in 2026 and 2.1% in 2027.

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 2025, 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%;
- A maximum haircut of 30% to the recovery rate base case; and
- An increase in market value decline of up to 15%.

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

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
Increase in MVD	-	-	-	5	15	5	5	15	15
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
RV loss at 'AAA'	42.00	42.00	42.00	42.74	46.81	42.74	42.74	46.81	46.81

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

MVD--Market value decline. RV--Residual value.

Source: S&amp;P Global Ratings.

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

## Related Criteria

- [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: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions](#), Jan. 30, 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
- [Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment](#), May 28, 2009

## Related Research

- [European Auto ABS Index Report Q2 2025](#), Aug. 13, 2025
- [Germany 'AAA/A-1+' Ratings Affirmed; Outlook Stable](#), June 13, 2025
- [S&P Global Ratings Definitions](#), Dec. 2, 2024
- [VCL Master Residual Value S.A., Compartment 2 Class A Auto ABS Notes Assigned Ratings; Class B Notes Upgraded](#), Sept. 25, 2024
- [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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