

# VCL Master Residual Value, Compartment 2 Senior Schuldschein Loan 2025-1 And Class A And B Auto ABS Ratings Affirmed

March 25, 2026

## Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
<b>Ratings affirmed</b>					
A 2015-1	AAA (sf)	464.1	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2015-2	AAA (sf)	523.7	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2015-3	AAA (sf)	930.0	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2015-5	AAA (sf)	755.0	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2016-1	AAA (sf)	476.5	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2016-2	AAA (sf)	50.0	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2018-4	AAA (sf)	265.0	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2018-5	AAA (sf)	361.5	43.4	One-month EURIBOR plus 0.76%	September 2033
A 2024-1	AAA (sf)	250.0	43.4	One-month EURIBOR plus 0.76%	September 2033
Senior Schuldschein Loan 2025-1	AAA (sf)	293.0	43.4	One-month EURIBOR plus 0.76%	September 2033

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## Ratings

Class	Rating*	Maximum commitment amount (mil. €)§	Minimum available credit enhancement (%)†	Interest‡	Legal final maturity
B 2015-1	AA- (sf)	110.9	31.5	One-month EURIBOR plus 1.27%	September 2033
B 2016-3	AA- (sf)	309.6	31.5	One-month EURIBOR plus 1.27%	September 2033
B 2018-2	AA- (sf)	68.3	31.5	One-month EURIBOR plus 1.27%	September 2033
<b>Ratings discontinued</b>					
A 2015-4	NR	N/A	N/A	N/A	N/A
A 2015-6	NR	N/A	N/A	N/A	N/A
A 2016-4	NR	N/A	N/A	N/A	N/A
A 2018-2	NR	N/A	N/A	N/A	N/A
A 2021-2	NR	N/A	N/A	N/A	N/A
A 2024-2	NR	N/A	N/A	N/A	N/A
Senior Schuldschein Loan 2025-2	NR	N/A	N/A	N/A	N/A
Senior Schuldschein Loan 2025-3	NR	N/A	N/A	N/A	N/A
Junior Schuldschein Loan 2025-1	NR	N/A	N/A	N/A	N/A

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

## Overview

- We affirmed our ratings on the class A and B notes and the senior Schuldschein loan 2025-1. We discontinued our ratings on the class A 2015-4, 2015-6, 2016-4, 2018-2, 2021-2, 2024-2 notes, the senior Schuldschein loan 2025-2, senior Schuldschein loan 2025-3, and the junior Schuldschein loan 2025-1.
- 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) March 25, 2026--S&P Global Ratings today affirmed its ratings on the class A and B notes and the senior Schuldschein loan 2025-1. We discontinued our ratings on the class A 2015-4, 2015-6, 2016-4, 2018-2, 2021-2, 2024-2 notes, the senior Schuldschein loan 2025-2, senior Schuldschein loan 2025-3, and the junior Schuldschein loan 2025-1 (see list).

The senior Schuldschein loan ranks pari passu with the class A notes. The class A notes and senior Schuldschein loans are referred to as senior instruments. The class B notes 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, with no backup servicer appointed at closing.

On the closing date, VW Leasing issued another transaction, VCL Master Residual Value S.A., Compartment 3, with the same type of collateral and similar structural features.

The portfolio is currently in the revolving phase, which will end in September 2026 unless it is extended. The existing instruments have been repriced and will benefit from a swap agreement.

On any payment date during the revolving period, the issuer may issue a 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, 2025 (see "[VCL Master Residual Value, Compartment 2 Senior And Junior Schuldschein Loans Assigned Ratings; Other Ratings Affirmed](#)," Sept. 25, 2025).

The initial required credit enhancement or target overcollateralization amounts for both the senior and junior instruments have changed since our previous review. In March 2026, the required credit enhancement for the senior instruments decreased to 43.40% from 44.40%, and for the junior instruments to 31.50% from 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 these amendments in our analysis:

- The discount rate for the assets has been revised to 6.84% from 4.34%.
- The share of used vehicles in the portfolio increased to 10.00% from 8.00%.
- The haircut on the purchase price of additional residual value lease receivables during the revolving phase has decreased to 5.00% from 7.00%.

## 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. So, we have incorporated this in our credit and cash flow assumptions. VW Leasing considers the situation temporary and expects it to be resolved by the end of the year.

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 fulfil 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 3.4x for 'AA-'. The base recovery rate remains at 73%, and the haircuts are unchanged at 50% for 'AAA' and 36.7% for 'AA-'. In our surveillance of the VCL Master and VCL term transactions, we observed an increase in reported defaults, primarily due to 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 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 includes residual values, which are subject to market value decline risk. We reviewed our market value decline assumptions. The residual value loss we apply has increased to 41.2% from 40.7% at 'AAA' and 30.1% from 29.6% at 'AA-', due to changes in pool composition and peer comparisons.

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.

We have run sensitivity analyses simulating a 12-month delay in the recession and a 6-month extension of the recovery period to reflect the potential effect of the current backlog in processing defaulted contracts.

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 whether 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, 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

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

	2025e	2026f	2027f	2028f
Real GDP (y/y growth, %)	0.3	1.1	1.6	1.6
Unemployment rate (annual average, %)	3.8	3.7	3.4	3.1
CPI inflation (%)	2.2	1.8	2.1	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 residual value losses, 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 3.7% in 2026, 3.4% in 2027, and 3.1% in 2028. Our forecast for inflation in Germany is 1.8% in 2026, which we expect to increase to 2.1% in 2027 and 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 2026, 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 residual value loss 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'	41.20	41.20	41.20	39.10	35.00	39.10	39.10	35.00	35.00

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

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

Source: S&P Global Ratings.

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The results of the above sensitivity analysis indicate a deterioration of no more than one notch for the 'AAA' rated 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

## Related Research

- [Ratings Definitions](#), Dec. 16, 2025
- [Sovereign Risk Indicators](#), Dec. 11, 2025
- [VCL Master Residual Value, Compartment 2 Senior And Junior Schuldschein Loans Assigned Ratings; Other Ratings Affirmed](#), Sept. 25, 2025
- [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' 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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