

Rated entity:

VC 27 Class A and Class B Notes (ISIN: XS1888985568, XS1888988828) issued by VCL Multi-Compartment S.A., Compartment VCL 27

Rating:

Class A: AAA_{sf}

Class B: AA_{sf}

Rating outlook / watch:

Class A: Outlook stable

Class B: Outlook stable

Rating summary:

The VCL Multi-Compartment S.A., Compartment VCL 27 transaction ("VCL 27") is a securitization of a static pool of auto lease receivables originated in Germany. Volkswagen Leasing GmbH ("VWL"), acting as Seller and Servicer of these auto lease receivables, is a wholly owned subsidiary of Volkswagen Financial Services AG ("VWFS").

Issuance of VCL 27 notes took place in November 2018. As of October 2020, the outstanding discounted balance amounts to c. EUR 233m with a share of 1.95% of the outstanding discounted balance being delinquent and a share of 0.15% being defaulted.

The Current Overcollateralization for Class A and B Notes increased to 12.5% and 7.5% of the outstanding discounted receivables balance, respectively and reaching their targeted levels. A Subordinated Loan (2.91%) and a cash reserve amounting to 3.70% of the outstanding discounted receivables balance provide credit enhancement to the notes.

Creditreform confirmed the rating of AAA_{sf} for Class A notes and AA_{sf} for Class B notes.

Primary key rating driver:

- (+) Increased credit enhancements over term of transaction
- (+) VCL 27 securitizes only the finance portion of the leases; residual values are not securitized by the Issuer
- (+) Risks related to the Issuer are limited, the compartment structure being ring-fenced and with limited recourse to other creditors of the Issuer, including non-petition provisions
- (+) Downgrade collateral and replacement provisions mitigate counterparty risk exposure w.r.t. the Swap Counterparty and Account Bank
- (-) Impact of COVID-19 pandemic may impair creditworthiness of lessees
- (-) Legal documentation does not foresee a back-up servicer
- (-) Potentially indirect negative impact of VWAG diesel emission manipulations on future (portfolio) recovery performance

Rating sensitivities:

Best-case scenario: In this scenario, we stressed (ceteris paribus) the base case default rate by an amount of -25% and the base case recovery rate by an amount of +25%, resulting in a rating of AAA_{sf} and AAA_{sf} for the Class A and B Notes, respectively

Worst-case scenario: In this scenario, we stressed (ceteris paribus) the base case default rate by an amount of +50% and the base case recovery rate by an amount of +50%, resulting in a rating of AAA_{sf} and AA_{sf} for the Class A and B Notes, respectively

ESG-criteria:

CRA generally takes ESG-relevant factors (environmental, social and governance) into account when assessing the rating object. Overall, ESG factors have a less significant impact on the current ratings of the Class A and B notes. Nevertheless, CRA identifies macroeconomic factors (particularly with regard to potential changes in consumer behavior) to have a high significant impact. Increased macroeconomic uncertainty and potential market decline due to the coronavirus crisis may have adverse effect on VWL's ABS strategy and future portfolio performance. Governance is relevant to the ratings with respect to counterparty risk, but downgrade collateral and replacement provisions mitigate counterparty risk exposure

with respect to the Swap Counterparties and Account Bank. Other individual factors with a potential key rating influence were not identified, and therefore did not affect the final rating.

On the subject of ESG (environment, social and governance), Creditreform Rating AG has published the basic document ("The Impact of ESG Factors on Credit Ratings"), which is available on the homepage under the following link:

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Rating Date / disclosure to rated entity / maximum validity:

November 19, 2020 / November 19, 2020 / September 21, 2025

Between the disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

Initial rating date / rating:

November 12, 2019 / Class A: AAA_{sf}, Outlook stable, Class A: AA_{sf}, Outlook stable

Lead-analyst – position / Person approving (PAC):

Stephan Giebler (Lead) – Senior Analyst

Philipp Beckmann (PAC) – Senior Analyst

Name & address of legal entity:

Creditreform Rating AG, Europadamm 2-6, 41460 Neuss, Germany

Status of solicitation:

The rating is a solicited rating. The degree of participation was as follows:

With Rated Entity or Related Third Party Participation: Yes

With Access to Internal Documents: Yes

With Access to Management: Yes

Rating methodology / Version / Date of application / Link:

[Rating Criteria and Definitions, Version 1.3, January 2018](#)

[Technical Documentation Portfolio Loss Distributions, Version 1.4, July 2018](#)

[Rating Methodology Auto ABS Securitizations, Version 1.4, July 2018](#)

Information on the meaning of a rating category, definition of default and sensitivity analysis of relevant key rating assumptions can be found at "Creditreform Rating AG, Rating Criteria and Definitions".

<https://creditreform-rating.de/en/about-us/regulatory-requirements.html>

Endorsement:

Creditreform Rating did not endorse the rating according Article 4 (3), CRA-Regulation.

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are

directly involved in credit rating activities or approving credit ratings and rating outlooks. In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity. To prepare this credit rating, CRA has used following substantially material sources:

1. Transaction structure and participants
2. Transaction documents
3. Issuing documents
4. Other rating relevant documentation

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore, CRA considers the quality and extent of information available on the rated entity as satisfactory. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.