

Anne Blümel  
Public Relations

Hellersbergstraße 11, 41460 Neuss  
Phone 0 21 31 / 1 09 - 3523  
Telefax 0 21 31 / 1 09 – 83523  
Mobile 0162 / 2722929  
E-Mail a.bluemel@creditreform-rating.de  
Internet www.creditreform-rating.de

## Press Release

### **Creditreform Rating has assigned ratings to German auto lease securitisation VCL 24**

Neuss, November 25, 2016

Creditreform Rating (CRA) has assigned ratings to the Class A and Class B Notes of VCL Multi-Compartment S.A., acting for and on behalf of its Compartment 24 (VCL 24), as follows:

EUR Floating Rate Asset Backed notes:

<u>Class</u>	<u>Amount</u>	<u>Rating</u>
Class A	1,172,500,000	AAA <sub>sf</sub>
Class B	28,700,000	A+ <sub>sf</sub>

The transaction is a securitisation of German auto lease receivables, originated by Volkswagen Leasing GmbH (VWL). To size the credit risk of the portfolio and derive base case assumptions about loss rates and expected recovery performance, Creditreform Rating used data provided by VWL as well as internal data bases. VCL 24 is a static pool and securitises only the finance portion of the leases; residual values are not securitized by the Issuer. A combination of subordinated loan, overcollateralization and a cash reserve will provide credit enhancement to the rated Class A Notes (7.40%) and Class B Notes (5.10%).

VWL will credit to the Cash Collateral Account certain amounts which will be available to mitigate commingling risks, trade tax and VAT tax risks, and cover the Issuer's exposure to VWL.

Downgrade collateral and replacement provisions mitigate counterparty risk exposures with respect to the Swap counterparty and Account Bank. Risks related to the

Issuer are limited, the compartment structure being ringfenced and with limited recourse to other creditors of the Issuer.

In order to assess the portfolio's credit risk and to estimate base case assumptions regarding loss rates and expected recovery performance, Creditreform Rating used data provided by VWL as well as internal data-bases. Following the analysis of historical data, CRA set the base case gross loss rate at 2.29% and the base case recovery rate at 65%.

The CRA Portfolio and Benchmark Analysis showed an overall low portfolio credit risk. However, Creditreform Rating decided to maintain a conservative approach in selecting the appropriate base case. Thus, the scenario-specific stress multiples were set at x4.65 and x3.68 in an AAA<sub>sf</sub> and A+<sub>sf</sub> scenario, respectively.

Moreover, CRA set recovery haircuts at 46.0% (AAA<sub>sf</sub>) and 36.9% (A+<sub>sf</sub>), taking into account transaction-specific features such as observed volatility and established recovery procedures as well as potential market value risks caused by the manipulation of EA189 diesel emissions. This resulted in total expected net losses of 6.90% (AAA<sub>sf</sub>) and 4.96% (A+<sub>sf</sub>). These scenario-specific assumptions were tested in CRA's proprietary cash flow model, which was tailored to reflect the structure of VCL Master and to test the transactions' ability of paying interest and ultimate payment principal at final maturity.