

## DBRS Morningstar Confirms Credit Ratings on Outstanding Series Issued by VCL Master Netherlands B.V.

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DBRS Ratings GmbH (DBRS Morningstar) confirmed the following credit ratings (together, the Class A notes) on the notes issued by VCL Master Netherlands B.V. (the Issuer):

- Series 2016-2, Class A notes at AAA (sf)
- Series 2016-3, Class A notes at AAA (sf)
- Series 2016-4, Class A notes at AAA (sf)
- Series 2016-5, Class A notes at AAA (sf)
- Series 2016-6, Class A notes at AAA (sf)
- Series 2021-1, Class A notes at AAA (sf)

The credit ratings address the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date of the notes in March 2031.

The credit rating actions follow a review of the transaction upon the execution of a renewal that includes:

- Updated margins on all series of notes;
- New swap counterparty (Credit Industriel et Commercial) and updated swap agreements for all series of notes;
- A 12-month extension of the revolving period for the notes through to November 2024; and
- A 12-month extension of the legal maturity date for all series of notes through to March 2031.

The Issuer is a private company with limited liability incorporated under the laws of the Netherlands as a special-purpose entity, specifically for the purpose of the securitisation programme, which was established on 26 May 2016. The programme represents issuance of up to EUR 1.5 billion of Class A notes and Class B notes (the Notes) under which the Issuer may from time to time issue asset-backed floating-rate notes during the revolving period. The Notes are ultimately backed by receivables related to lease instalments and residual values related to auto lease agreements granted by Volkswagen Pon Financial Services B.V. (the Seller or VWPFS), a subsidiary of Volkswagen AG, to commercial or private lessees in the Netherlands. VWPFS also services the receivables (the Servicer).

As of the September 2023 payment date, the receivables portfolio had an outstanding discounted balance of EUR 1.1 billion.

DBRS Morningstar's credit ratings are based on the following analytical considerations:

- The transaction's structure, including the form and sufficiency of available credit enhancement to withstand stressed cash flow assumptions and repay the Issuer's financial obligations according to the terms under which the Notes are issued.
- The credit quality of the Seller's portfolio, the concentration characteristics of the collateral, its historical performance and DBRS Morningstar projected behaviour under various stress scenarios.
- VWPFS's capabilities with respect to originations, underwriting, servicing, and its position in the market and financial strength.

- The operational risk review of VWPFS, which DBRS Morningstar deems to be an acceptable Servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The consistency of the transaction's legal structure with DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.
- The consistency of the transaction's hedging structure with DBRS Morningstar's "Derivative Criteria for European Structured Finance Transactions" methodology.
- The sovereign rating on the Kingdom of the Netherlands currently rated AAA with a Stable trend by DBRS Morningstar.

DBRS Morningstar's credit ratings on the Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents.

DBRS Morningstar's credit ratings do not address non-payment risk associated with contractual payment obligations contemplated in the applicable transaction documents that are not financial obligations.

DBRS Morningstar's long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of defaults to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the term under which a long-term obligation has been issued.

#### ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS

There were no Environmental/Social/Governance factors that had a significant or relevant effect on the credit analysis.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at: <https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

#### Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the credit ratings is "Rating European Consumer and Commercial Asset-Backed Securitizations" (22 October 2023), <https://www.dbrsmorningstar.com/research/422276/rating-european-consumer-and-commercial-asset-backed-securitizations>.

Other methodologies referenced in this transaction are listed at the end of this press release.

DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

An asset and a cash flow analysis were both conducted. Due to the inclusion of a revolving period in the transaction, the analysis considers potential portfolio migration based on replenishment criteria set forth in the transaction legal documents.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent credit rating action.

For a more detailed discussion of the sovereign risk impact on Structured Finance credit ratings, please refer to "Appendix C: The

Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings” of the “Global Methodology for Rating Sovereign Governments” at: <https://www.dbrsmorningstar.com/research/421590/global-methodology-for-rating-sovereign-governments>.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

The sources of data and information used for these credit ratings include historical performance data relating to receivables provided by VWPFS directly or through its agent, ING Bank N.V.; monthly investor reports provided by VWPFS; and legal documentation provided by the Issuer’s legal counsel.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial credit ratings, DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purposes of providing these credit ratings to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the credit rating process.

The last credit rating action on this transaction took place on 25 November 2022, when DBRS Morningstar confirmed its credit ratings on the outstanding Class A notes at AAA (sf).

Information regarding DBRS Morningstar credit ratings, including definitions, policies, and methodologies, is available on [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com).

Sensitivity Analysis: to assess the impact of changing the transaction parameters on the credit ratings, DBRS Morningstar considered the following stress scenarios, as compared to the parameters used to determine the credit ratings (the base case):

- Probability of default (PD) rate used: base case PD of 2.1%, 25%, and 50% increase on the base case PD was tested.
- Losses given default (LGD) rates used: LGD of 61.3% at the AAA (sf) stress level, a 25% and 50% decrease in the base case LGD was tested.
- The risk sensitivity overview below illustrates the credit ratings expected if the PD and LGD increase by a certain percentage over the base case assumption.

Class A Risk Sensitivity:

- 25% increase in LGD, expected credit rating of AA (high) (sf)
- 50% increase in LGD, expected credit rating of AA (high) (sf)
- 25% increase in PD, expected credit rating of AA (high) (sf)
- 50% increase in PD, expected credit rating of AA (high) (sf)
- 25% increase in PD and 25% increase in LGD, expected credit rating of AA (high) (sf)
- 25% increase in PD and 50% increase in LGD, expected credit rating of AA (sf)
- 50% increase in PD and 25% increase in LGD, expected credit rating of AA (sf)
- 50% increase in PD and 50% increase in LGD, expected credit rating of AA (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://registers.esma.europa.eu/cerep-publication>. For further information on DBRS Morningstar historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

These credit ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

Lead Analyst: Baran Cetin, Senior Analyst

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Dates:

For the Series 2016-2, Class A notes; Series 2016-3, Class A notes; Series 2016-4, Class A notes; Series 2016-5, Class A notes; and Series 2016-6, Class A notes: 4 May 2016

For the Series 2021-1, Class A notes: 25 November 2021

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The credit rating methodologies used in the analysis of this transaction can be found at:

<https://www.dbrsmorningstar.com/about/methodologies>.

- Rating European Consumer and Commercial Asset-Backed Securitisations (22 October 2023), <https://www.dbrsmorningstar.com/research/422276/rating-european-consumer-and-commercial-asset-backed-securitisations>.
- Master European Structured Finance Surveillance Methodology (22 October 2023), <https://www.dbrsmorningstar.com/research/422281/master-european-structured-finance-surveillance-methodology>.
- Rating European Structured Finance Transactions Methodology (6 October 2023), <https://www.dbrsmorningstar.com/research/421599/rating-european-structured-finance-transactions-methodology>.
- Legal Criteria for European Structured Finance Transactions (30 June 2023), <https://www.dbrsmorningstar.com/research/416730/legal-criteria-for-european-structured-finance-transactions>.
- Derivative Criteria for European Structured Finance Transactions (18 September 2023), <https://www.dbrsmorningstar.com/research/420754/derivative-criteria-for-european-structured-finance-transactions>.
- Operational Risk Assessment for European Structured Finance Originators (15 September 2023), <https://www.dbrsmorningstar.com/research/420573/operational-risk-assessment-for-european-structured-finance-servicers>.
- Operational Risk Assessment for European Structured Finance Servicers (15 September 2023), <https://www.dbrsmorningstar.com/research/420572/operational-risk-assessment-for-european-structured-finance-servicers>.
- Interest Rate Stresses for European Structured Finance Transactions (15 September 2023), <https://www.dbrsmorningstar.com/research/420602/interest-rate-stresses-for-european-structured-finance-transactions>.
- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (4 July 2023), <https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: <https://www.dbrsmorningstar.com/research/278375>.

For more information on this credit or on this industry, visit [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com) or contact us at [info@dbrsmorningstar.com](mailto:info@dbrsmorningstar.com).

## Ratings

### VCL Master Netherlands B.V.

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
27-Nov-23	Series 2016-2, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
27-Nov-23	Series 2016-3, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
27-Nov-23	Series 2016-4, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
27-Nov-23	Series 2016-5, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
27-Nov-23	Series 2016-6, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>
27-Nov-23	Series 2021-1, Class A	Confirmed	AAA (sf)	--	<b>EU</b> <b>U</b>

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