

RATING ACTION COMMENTARY

Fitch Downgrades Volkswagen Bank's Debt Ratings; Affirms IDRs

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Fitch Ratings - Frankfurt am Main - 10 Apr 2026: Fitch Ratings has downgraded Volkswagen Bank GmbH's senior preferred debt and deposit ratings to 'A-' from 'A' and its senior non-preferred debt rating to 'BBB+' from 'A-'. Fitch has affirmed Volkswagen Financial Services AG's (VWFS) Long-Term Issuer Default Rating (IDR) at 'A-' with a Negative Outlook.

The downgrades reflect Fitch's revised assumptions of the bank's buffer of senior non-preferred and subordinated debt, as the bank announced its resolution strategy would be liquidation under normal insolvency proceedings. Fitch therefore no longer expects the bank to build up a buffer sustainably exceeding 10% of risk-weighted assets sufficient to support additional protection for senior creditors.

KEY RATING DRIVERS

Parent Support-Drives Ratings: VWFS's and VW Bank's ratings are driven by a very high probability of support from Volkswagen AG (VW; A-/Negative), the leading global car manufacturer and their ultimate shareholder. This is reflected in VWFS's and VW Bank's Shareholder Support Ratings (SSR) of 'a-'. The Negative Outlooks on their Long-Term IDRs mirror that on VW's Long-Term IDR.

Key Subsidiary; Highly Integrated: Fitch views VWFS and VW Bank as key subsidiaries of VW because of their central role in supporting the latter's strategic objectives and the huge reputational impact a default of VWFS or VW Bank would have on VW. Their key role is also underlined in the high level of integration, as evident in the control-and-profit and loss transfer agreement, and the extensive record of ordinary and extraordinary support provided by VW to its financial services division.

VWFS and VW Bank are fully owned by VW and have similar branding. Further, VW's financial services unit, including VWFS and VW Bank, has a long and successful record of

supporting group sales by offering VW's mobility solutions that facilitate vehicle purchases and leases. We believe VW has the ability and propensity to provide capital support to its subsidiaries, without impairing its own credit profile.

Focus on European Operations: VWFS is an intermediate holding company and is fully owned by VW. VWFS consolidates VW Bank and its subsidiary Volkswagen Leasing GmbH as well as other Europe-focused financial services entities and the group is supervised by the ECB. VW Bank, which has a material customer deposit base, is the central funding source for expected business growth within VWFS, in particular the car leasing business in Europe.

No Viability Ratings: Fitch does not assign VWFS or VW Bank a Viability Rating because their franchises are highly correlated with that of its ultimate parent and also because of the high financial, operational and management integration with VW. The integration is reflected by, among other things, the control-and-profit and loss transfer agreements between VW, VWFS and VW Bank.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Negative rating action on VW would be mirrored in VWFS's and VW Bank's ratings.

A weakening of VW's propensity to support VWFS or VW Bank, for instance, due to VWFS or VW Bank becoming less central to VW's overall mobility services strategy, could lead to Fitch notching down VWFS's and VW Bank's Long-Term IDRs from VW's and result in a downgrade. In particular, consistently below sector-average penetration rates or a transfer of business activities to other financial services entities outside the organisation could indicate reduced relevance of VWFS or VW Bank for VW.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

As VWFS's and VW Bank's ratings are equalised with VW's, a positive rating action on VW would likely be mirrored in their ratings.

Fitch notes that the ratings of banks operating in developed resolution regimes could be affected if the Exposure Draft: Bank Rating Criteria is implemented as proposed upon conversion into final criteria.

OTHER DEBT AND ISSUER RATINGS: KEY RATING DRIVERS

VWFS, SkoFIN s.r.o, VW Financial Services Polska Sp. Z. o. o. and Volkswagen Financial Services N.V.

We align VWFS's senior unsecured debt ratings with its IDRs.

The short-term 'F1' rating of SkoFIN s.r.o.'s senior unsecured debt is aligned with VWFS's Short-Term IDR, based on VWFS's guarantee.

The ratings for Volkswagen Financial Services N.V.'s and VW Financial Services Polska Sp. Z. o. o.'s debt issuance and commercial paper programme are aligned with VWFS's IDRs based on VWFS's guarantee of these programmes.

VW Bank

VW Bank's senior preferred (SP) debt and deposit ratings are aligned with its IDRs, and its senior non-preferred (SNP) debt is rated one notch below its Long-Term IDR to reflect the risk of below-average recoveries for SNP creditors in a resolution. This is because we do not expect SNP and more junior debt to consistently exceed 10% of the bank's risk-weighted assets.

OTHER DEBT AND ISSUER RATINGS: RATING SENSITIVITIES

VWFS, SkoFIN s.r.o, VW Financial Services Polska Sp. Z. o. o. and Volkswagen Financial Services N.V.

The debt ratings are sensitive to changes to VWFS's IDRs.

VW Bank

The ratings of VW Bank's senior debt and deposits are sensitive to changes to its IDRs. We could upgrade the long-term SNP and senior preferred debt and deposit ratings on changes in the group's resolution strategy or the size of its junior debt buffers resulting in stronger protection than we currently expect for this debt.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

VWFS's and VW Bank's IDRs are driven by VW's IDRs.

ESG CONSIDERATIONS

As support-driven issuers have strong linkages to their support providers, the ESG Credit-Relevance Score assigned to the 'supported' subsidiaries often mirrors those of their corporate and financial institution parents. This reflects our opinion that many of the ESG elements at the parent level are credit-relevant for the subsidiary. Therefore, VWFS's scores are mostly aligned with those of VW. VWFS differs from VW on scores for 'GHG Emissions' at '3' and 'Governance Structure' at '3', reflecting its indirect focus on the automotive industry and clear governance structure, respectively

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

RATING ACTIONS

ENTITY / DEBT	RATING			PRIOR
Volkswagen Financial Services AG	LT IDR	A- Rating Outlook Negative		A- Rating Outlook Negative
	Affirmed			
	ST IDR	F1	Affirmed	F1
	Shareholder Support	a-	Affirmed	a-
senior unsecured	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
SkoFIN s.r.o.				

senior unsecured	ST	F1	Affirmed	F1
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VW Financial Services
Polska Sp. z o. o.

senior unsecured	LT	A-	Affirmed	A-
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senior unsecured	ST	F1	Affirmed	F1
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[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Bank Rating Criteria \(pub. 21 Mar 2025\) \(including rating assumption sensitivity\)](#)

[Financial Institutions Climate Vulnerability Rating Criteria \(pub. 08 Dec 2025\)](#)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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ENDORSEMENT STATUS

SkoFIN s.r.o.	EU Issued, UK Endorsed
Volkswagen Bank GmbH	EU Issued, UK Endorsed
Volkswagen Financial Services AG	EU Issued, UK Endorsed
Volkswagen Financial Services N.V.	EU Issued, UK Endorsed
VW Financial Services Polska Sp. z o. o.	EU Issued, UK Endorsed

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The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Fitch also provides information on best-case rating

upgrade scenarios and worst-case rating downgrade scenarios (defined as the 99th percentile of rating transitions, measured in each direction) for international credit ratings, based on historical performance. A simple average across asset classes presents best-case upgrades of 4 notches and worst-case downgrades of 8 notches at the 99th percentile. For more details on sector-specific best- and worst-case scenario credit ratings, please see [Best- and Worst-Case Measures](#) under the Rating Performance page on Fitch's website.

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