



Rating Action: Moody's Ratings affirms Volkswagen Financial Services AG's long-term issuer ratings at Baa1, outlook stable

15 Oct 2025

Frankfurt am Main, October 15, 2025 -- Moody's Ratings (Moody's) has today affirmed the Baa1 long-term issuer and senior unsecured debt ratings and all other ratings of Volkswagen Financial Services AG (VW FS AG). The issuer outlook remains stable.

A full list of affected ratings can be found at the end of this press release.

RATINGS RATIONALE

VW FS AG's Baa1 issuer rating reflects its ba1 standalone assessment and three notches of uplift from affiliate support by its parent company Volkswagen Aktiengesellschaft (Volkswagen, Baa1, stable).

We consider VW FS AG an affiliate-backed entity, reflecting its strong operational and brand linkage to its parent Volkswagen, its strategic importance for the distribution of Volkswagen vehicles, and the formal commitment of Volkswagen through a control and profit and loss transfer agreement. This results in an issuer rating of Baa1, aligned with the parent's long-term issuer rating.

The ba1 standalone assessment for VW FS AG, which is the group's provider of banking and leasing services in Europe and the UK, reflects the execution of its reorganization strategy in line with expectations, including asset growth and an increasing focus on leasing operations and the continued build-up of its online deposit franchise mostly through its fully consolidated subsidiary Volkswagen Bank GmbH (A1 negative), thereby diversifying its funding sources from more confidence-sensitive market funding. The firm's profitability is solid, but tightly linked to the sales performance of its carmaker parent in the face of a negative outlook for the global automotive industry. VW FS AG's sound capitalization is a mitigant against growing credit and residual value risks stemming from increasing volumes in both financing and leasing.

The standalone assessment also considers a negative one-notch adjustment for opacity and complexity. This reflects remaining execution risk from its 2024 reorganization, specifically pending regulatory decisions on the resolution strategy, and the new entity's limited financial track record. It also contemplates the uncertainties regarding the potential magnitude of contingent liability for VW FS AG from the UK Financial Conduct Authority's proposed industry-wide customer redress scheme relating to motor finance commissions in the UK.

The outlook on VW FS AG remains stable, aligned with the stable outlook on Volkswagen.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

The ratings of VW FS AG and its guaranteed subsidiaries could be upgraded following an upgrade of Volkswagen's ratings.

VW FS AG's ba1 standalone assessment could be upgraded if VW FS AG sustains asset risks and keeps loan loss charges or residual value impairments contained through the cycle, if it improves its capitalization to levels well above our current expectations, or if it meaningfully lowers its dependence on confidence-sensitive wholesale funding. The standalone assessment could also be upgraded if remaining execution risks from the reorganization dissipate and if losses from UK motor finance customer redress, once quantified, turn out to be minor relative to the company's earnings potential.

That said, upward pressures on VW FS AG's standalone assessment would not affect the captive's ratings

without a concurrent change in our assessment of Volkswagen's ability to support VW FS AG.

The ratings of VW FS AG and its guaranteed subsidiaries could be downgraded if Volkswagen's ratings were downgraded. They could also be downgraded if Volkswagen were to loosen its ties with its financial services subsidiaries. This could lead to a lower support assumption for VW FS AG and a downgrade of its ratings to a level below the parent's issuer ratings.

VW FS AG's ba1 standalone assessment could be downgraded following an unexpected erosion of the company's capital or if its asset quality declines significantly, particularly if associated with significant residual value losses on lease assets. The standalone assessment could also be downgraded if there is an unexpectedly high increase in the volume of confidence-sensitive wholesale funding or an extended mismatch with the company's lease and lending assets.

That said, downward pressures on VW FS AG's standalone assessment would not affect the captive's ratings without a concurrent change in our assessment of Volkswagen's willingness or ability to support VW FS AG.

LIST OF AFFECTED RATINGS

Issuer: Volkswagen Financial Services AG

..Affirmations:

- LT Issuer Rating (Foreign Currency), Affirmed Baa1
- LT Issuer Rating (Local Currency), Affirmed Baa1
- Senior Unsecured (Local Currency), Affirmed Baa1
- Senior Unsecured Medium-Term Note Program (Foreign Currency), Affirmed (P)Baa1
- Senior Unsecured Medium-Term Note Program (Local Currency), Affirmed (P)Baa1
- Commercial Paper (Foreign Currency), Affirmed P-2
- Commercial Paper (Local Currency), Affirmed P-2
- Other Short Term (Foreign Currency), Affirmed (P)P-2
- Other Short Term (Local Currency), Affirmed (P)P-2

..Outlook Actions:

-Outlook, Remains Stable

Issuer: SkoFIN s.r.o.

..Affirmations:

- Backed Commercial Paper (Foreign Currency), Affirmed P-2
- Backed Commercial Paper (Local Currency), Affirmed P-2

..Outlook: NOO

Issuer: Volkswagen Financial Services N.V.

..Affirmations:

- Backed Senior Unsecured (Foreign Currency), Affirmed Baa1
- Backed Senior Unsecured (Local Currency), Affirmed Baa1
- Backed Senior Unsecured Medium-Term Note Program (Foreign Currency), Affirmed (P)Baa1

.... Backed Senior Unsecured Medium-Term Note Program (Local Currency), Affirmed (P)Baa1

.... Backed Commercial Paper (Foreign Currency), Affirmed P-2

.... Backed Commercial Paper (Local Currency), Affirmed P-2

.... Backed Other Short Term (Foreign Currency), Affirmed (P)P-2

.... Backed Other Short Term (Local Currency), Affirmed (P)P-2

..Outlook Actions:

....Outlook, Remains Stable

PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Finance Companies published in July 2024 and available at <https://ratings.moodys.com/rmc-documents/425167>, and Captive Finance Subsidiaries of Nonfinancial Corporations published in August 2024 and available at <https://ratings.moodys.com/rmc-documents/426430>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

The net effect of any adjustments applied to rating factor scores or scorecard outputs under the primary methodology(ies), if any, was not material to the ratings addressed in this announcement.

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