

# MOODY'S

## RATINGS

### **Rating Action: Moody's Ratings downgrades Volkswagen Financial Services AG's and Volkswagen Financial Services Overseas AG's long-term issuer ratings**

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18 Mar 2025

Frankfurt am Main, March 18, 2025 -- Moody's Ratings (Moody's) has today downgraded the long-term issuer and senior unsecured debt ratings of Volkswagen Financial Services AG (VW FS AG) and the long-term issuer ratings of Volkswagen Financial Services Overseas AG (VW FS Overseas AG) to Baa1 from A3, and changed the issuer outlooks to stable from negative.

The rating action follows the downgrade of the issuer rating of Volkswagen Aktiengesellschaft (Volkswagen) to Baa1 from A3 and an outlook change to stable from negative. For further details on the downgrade of Volkswagen, please refer to the following press release: "Moody's Ratings downgrades Volkswagen's ratings to Baa1, outlook stable" (<https://ratings.moodys.com/ratings-news/439319>).

For a full list of affected ratings please see the end of this press release.

#### RATINGS RATIONALE

##### --RATIONALE FOR THE DOWNGRADE AND CHANGE IN OUTLOOK TO STABLE FROM NEGATIVE

The downgrade of VW FS AG's and VW FS Overseas AG's as well as its guaranteed subsidiaries' long-term ratings follows the downgrade of Volkswagen's long-term issuer rating to Baa1 from A3 and reflects our assessment of the very strong contractual and economic rationale for Volkswagen to support its financial services entities. The strategic importance of VW FS AG and VW FS Overseas AG for the distribution of Volkswagen vehicles and the formal commitment of Volkswagen through a long-term control and profit-and-loss transfer agreement effectively leads to an alignment of the issuers' long-term ratings and outlook with that of Volkswagen.

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

## RATINGS

VW FS AG's or VW FS Overseas AG's and their guaranteed subsidiaries' ratings could be upgraded following an upgrade of Volkswagen's rating.

VW FS AG's or VW FS Overseas AG's and their guaranteed subsidiaries' ratings could be downgraded if Volkswagen's ratings were downgraded. A downgrade of VW FS AG's or VW FS Overseas AG's and their guaranteed subsidiaries' ratings could also be triggered if Volkswagen were to loosen its ties with its financial services subsidiaries. This loosening could lead to a lowering of our support assumption for VW FS AG or VW FS Overseas AG and a downgrade of the associated ratings to a level below the parent's issuer ratings.

## LIST OF AFFECTED RATINGS

Issuer: Volkswagen Financial Services Overseas AG

..Downgrades:

.... LT Issuer Rating (Foreign Currency), Downgraded to Baa1 from A3

.... LT Issuer Rating (Local Currency), Downgraded to Baa1 from A3

.... Senior Unsecured Medium-Term Note Program (Foreign Currency), Downgraded to (P)Baa1 from (P)A3

.... Senior Unsecured Medium-Term Note Program (Local Currency), Downgraded to (P)Baa1 from (P)A3

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: Volkswagen Financial Services Japan Ltd.

..Downgrades:

.... Backed Senior Unsecured (Local Currency), Downgraded to Baa1 from A3

.... Backed Senior Unsecured Medium-Term Note Program (Foreign Currency), Downgraded to (P)Baa1 from (P)A3

.... Backed Senior Unsecured Medium-Term Note Program (Local Currency), Downgraded to (P)Baa1 from (P)A3

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: Volkswagen Finan. Services Australia Pty Ltd

..Downgrades:

.... Backed Senior Unsecured (Local Currency), Downgraded to Baa1 from A3

.... Backed Senior Unsecured Medium-Term Note Program (Local Currency),  
Downgraded to (P)Baa1 from (P)A3

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: Volkswagen Financial Services AG

..Downgrades:

.... LT Issuer Rating (Foreign Currency), Downgraded to Baa1 from A3

.... LT Issuer Rating (Local Currency), Downgraded to Baa1 from A3

.... Senior Unsecured (Local Currency), Downgraded to Baa1 from A3

.... Senior Unsecured Medium-Term Note Program (Foreign Currency), Downgraded  
to (P)Baa1 from (P)A3

.... Senior Unsecured Medium-Term Note Program (Local Currency), Downgraded to  
(P)Baa1 from (P)A3

..Outlook Actions:

....Outlook, Changed To Stable From Negative

Issuer: Volkswagen Financial Services N.V.

..Downgrades:

.... Backed Senior Unsecured (Foreign Currency), Downgraded to Baa1 from A3

.... Backed Senior Unsecured Medium-Term Note Program (Foreign Currency),  
Downgraded to (P)Baa1 from (P)A3

.... Backed Senior Unsecured Medium-Term Note Program (Local Currency),  
Downgraded to (P)Baa1 from (P)A3

..Outlook Actions:

....Outlook, Changed To Stable From Negative

## 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.

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