

VW's Captive Finance Entities Affirmed At 'BBB+/A-2'; VW Bank Outlook Revised To Positive On Potential Resolution

September 10, 2026

- Volkswagen Bank GmbH (VW Bank) continues to issue sizable senior non-preferred debt instruments that could become eligible as additional loss-absorbing capacity (ALAC) if it adopts a bail-in resolution strategy.
- We continue to consider that Volkswagen AG (VW AG) would support Volkswagen Financial Services AG (VWFS Europe), VW Bank, and Volkswagen Financial Services Overseas AG under any foreseeable circumstances, if needed, considering their core strategic importance.
- We expect adequate risk-adjusted profitability will continue to support VW Bank's and VWFS Europe's high capitalization, and both entities will maintain robust asset quality and prudent risk management balancing their auto sector concentration.
- We therefore took various actions on the VW AG captive finance entities, including outlook revisions, affirmation of ratings, and maintenance of current outlooks, as listed below.

FRANKFURT (S&P Global Ratings) Sept. 10, 2026--S&P Global Ratings today took the following rating actions on the captive finance entities of Volkswagen AG (VW AG; BBB+/Negative/A-2).

- **Volkswagen Bank GmbH (VW Bank):** We revised the outlook to positive from stable to reflect that VW Bank could become a resolution entity potentially benefiting from ALAC support, as well as maintain sizable ALAC instruments over the next two years. We affirmed the 'BBB+/A-2' long- and short-term issuer credit ratings and the ratings on all debt instruments.
- **Volkswagen Financial Services AG (VWFS Europe):** We affirmed our 'BBB+/A-2' long- and short-term issuer credit ratings and the ratings on all debt instruments and kept the outlook on the long-term issuer credit rating at negative, in line with the outlook on VW AG.
- **Volkswagen Financial Services Overseas AG (VWFS Overseas):** We affirmed our 'BBB+/A-2' long- and short-term issuer credit ratings and the ratings on all debt instruments and kept the outlook on the long-term issuer credit rating at negative, in line with the outlook on VW AG.

We revised our outlook on VW Bank because we believe the long-term issuer credit rating could benefit from one notch of additional loss-absorption capacity (ALAC) support in the next two years, which could help to protect senior creditors in the event of a resolution. We expect that VW Bank's systemic importance will increase considering its planned high balance sheet and retail deposit growth in the years to come. As a result, we believe the likelihood increases that the

Primary Contact

Harm Semder
Frankfurt
49-69-33999-158
harm.semder
@spglobal.com

Additional Contact

Heiko Verhaag, CFA, FRM
Frankfurt
49-69-33999-215
heiko.verhaag
@spglobal.com

Single Resolution Board (SRB) may revise its resolution strategy on VW Bank and classify the bank as a single point of entry bail-in resolution entity alongside setting a minimum requirement for own funds and eligible liabilities. We expect that VW Bank will continue to issue sizable senior non-preferred debt instruments that could become eligible as ALAC. We forecast the bank could maintain an ALAC ratio comfortably above the 3.0% threshold for a one-notch ALAC rating uplift over the next two years, similar to the 3.4% at mid-year 2026. Accordingly, VW Bank could benefit from one notch of ALAC support above its 'bbb+' stand-alone credit profile (SACP), provided the SRB revises the resolution strategy to bail-in from the current insolvency-led approach.

Our ratings on VWFS Europe, VW Bank, and VWFS Overseas mirror the ratings on VW AG. We expect VW AG, one of the world's largest auto manufacturers, will support its fully owned subsidiaries, VWFS Europe and VWFS Overseas, under any foreseeable circumstances, if needed, considering their core strategic importance. Their "MOBILITY2030" captive finance strategy expands their key roles as dedicated mobility service providers under VW AG's long-term strategy. We consider VW Bank and its financial services affiliates integral to VW AG group's strategy, which is to further optimize under a comprehensive platform VW AG group customer access to mobility along all vehicle cycles, from car sharing to car subscriptions, leasing, and European vehicle-on-demand offerings.

VW Bank's and VWFS Europe's high capitalization is supported by adequate risk-adjusted profitability. Both banks are well capitalized, as indicated by their S&P Global Ratings' risk-adjusted capitalization (RAC) ratio (before diversification) forecast at 16.0%-16.5% by 2028, from 17.7% year-end 2025 for VW Bank, and 14.0%-14.5% by 2028, from 15.7% year-end 2025 for VWFS Europe. These ratios compare favorably with European banks' median 14.0% RAC ratio at year-end 2025. In our view, VW Bank and VWFS Europe benefit from strong regulatory supervision by the European Central Bank, and are subject to consolidated regulatory capital requirements.

Considering VW Bank's sound franchise and European geographic diversification, we forecast 6%-7% return on average common equity (RoE) in 2026-2028 based on sound business growth, particular related to leasing; margin improvements from policy rate increases; and contained credit cost. VW Bank reported a sound €1.4 billion after tax profits (under International Financial Reporting Standards), 32% cost-to-income ratio, and 6.1% RoE at year-end 2025, which compares with our forecast of 5.0%-6.0% RoE forecast 2026-2028 for VWFS Europe, from 4.9% RoE at year-end 2025.

We anticipate VW Bank and VWFS Europe will maintain robust asset quality and prudent risk management, balancing their auto sector concentration. In our view, VW Bank's high concentrations in domestic and European auto financing and residual value risk in its leasing business are well managed and adequately captured in our RAC ratio. We also consider VW Bank's granular auto exposures highly collateralized, well managed with groupwide efficient re-marketing skills, history of limited and manageable credit losses in line with peers', and low complexity in its businesses. Accordingly, VW Bank posted a 0.3% risk cost and VWFS Europe 0.4% at mid-year 2026, about in line with European banks' 0.2% median risk cost at year-end 2025. VW Bank's gross nonperforming assets (NPA) ratio (nonperforming loans over customer loans) ratio was 2.0% and VW Europe's 2.6% at mid-year 2026, compared with European banks' median NPA ratio at 2.0% at year-end 2025. In an unlikely event of unexpectedly high credit costs and materially lower revenue, these financial risks are sheltered by VW Bank's dominance and profit-and-loss transfer agreement (PLTA) with VWFS Europe, and VWFS Europe's dominance and PLTA with VW AG.

Volkswagen Bank GmbH (VW Bank)

Outlook

The positive outlook on VW Bank reflects our view that its systemic importance as a German bank will further increase considering its planned high balance sheet and retail deposit growth in the next two years. As a result, we believe the SRB could consider VW Bank as a single point of entry bail-in resolution entity in the next two years. At the same time, we forecast that VW Bank has capacity to maintain its ALAC buffer above our 3% threshold over the next two years. We also expect that VW Bank will maintain sound financial and funding profiles while finalizing an efficient integration of its core subsidiary, Volkswagen Leasing GmbH, over the next two years, and that its capitalization will remain very strong. Because we classify VW Bank as an insulated entity, we would not downgrade it solely because we had taken a similar rating action on VW AG.

Downside scenario: We could revise the outlook to stable if we think that the SRB is likely to maintain an insolvency-led resolution strategy for VW Bank, or if its ALAC buffer fell below our 3% threshold, reducing the protection that this buffer could provide to senior unsecured creditors. A downgrade of VW Bank is unlikely over the next two years, because it would require both that we lower our long-term rating on VW AG and that we revise downward our view of VW Bank's SACP. The latter could arise, if, for example, VW Bank's RAC ratio deteriorates below 15% due to unexpected material losses from asset quality problems, or the bank's franchise is damaged by business pressures on VW AG.

Upside scenario: We could raise the ratings over the next two years if the SRB reclassifies VW Bank as a bail-in resolution entity, and at the same time the bank maintains a sizable ALAC buffer. We could also consider an upgrade to VW Bank if VW AG's credit profile stabilizes and we improve our assessment of the bank's SACP, which is less likely considering its concentrated business model.

VW Bank GmbH--Rating component scores

	To	From
	BBB+/Positive/A-2	BBB+/Stable/A-2
SACP	bbb+	bbb+
Anchor	bbb+	bbb+
Business position	Moderate (-1)	Moderate (-1)
Capital and earnings	Very strong (+2)	Very strong (+2)
Risk position	Adequate (0)	Adequate (0)
Funding and liquidity	Moderate and adequate (-1)	Moderate and adequate (-1)
Comparable ratings analysis	0	0
Support	0	0
ALAC support	0	0
GRE support	0	0
Group support	0	0
Sovereign support	0	0
Additional factors	0	0

SACP--Stand-alone credit profile. ALAC--Additional loss-absorbing capacity.
GRE--Government-related entity.

Volkswagen Financial Services AG (VWFS Europe) and Volkswagen Financial Services Overseas AG (VWFS Overseas)

Outlook

Our negative outlook on these entities mirrors the negative outlook on their parent VW AG. If we took a rating action on VW AG within the next 12-24 months, we would take a similar rating action on VWFS Europe and on VWFS Overseas.

Downside scenario: We could lower our ratings on VWFS Europe and on VWFS Overseas if we took a similar rating action on VW AG. We could also lower our ratings on both entities if we considered that VW AG's commitment to supporting its subsidiaries had weakened. For example, we might take this view if VW AG materially reduced its ownership of either subsidiary, or if we no longer considered the captive finance operations crucial to the VW AG group's global strategy.

Upside scenario: We would raise our ratings on VWFS Europe and on VWFS Overseas if we took a similar rating action on VW AG.

Related Criteria

- [Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology](#), May 5, 2026
- [General Criteria: Hybrid Capital: Methodology And Assumptions](#), Oct. 13, 2025
- [General Criteria: National And Regional Scale Credit Ratings Methodology](#), June 8, 2023
- [Criteria | Financial Institutions | General: Financial Institutions Rating Methodology](#), Dec. 9, 2021
- [Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions](#), Dec. 9, 2021
- [General Criteria: Environmental, Social, And Governance Principles In Credit Ratings](#), Oct. 10, 2021
- [General Criteria: Group Rating Methodology](#), July 1, 2019
- [General Criteria: Methodology For Linking Long-Term And Short-Term Ratings](#), April 7, 2017
- [General Criteria: Guarantee Criteria](#), Oct. 21, 2016
- [General Criteria: Principles Of Credit Ratings](#), Feb. 16, 2011

Related Research

- [Industry Credit Outlook Update Europe: Autos](#), July 16, 2026
- [Inflation Could Stall VW's Cost-Cutting Drive](#), March 26, 2026
- [Volkswagen Outlook Revised To Negative On Slower-Than-Anticipated Recovery In Credit Metrics; Affirmed At 'BBB+/A-2'](#), Dec. 17, 2025
- [Volkswagen Bank GmbH](#), Oct. 16, 2025

- [Volkswagen Financial Services AG](#), Oct. 16, 2025
- [Volkswagen Financial Services Overseas AG](#), Oct. 16, 2025

Ratings List

Ratings List

Ratings Affirmed

[Volkswagen Financial Services AG](#)

[Volkswagen Financial Services Overseas AG](#)

Issuer Credit Rating BBB+/Negative/A-2

Foreign Currency BBB+/Negative/A-2

[Volkswagen Finans Sverige AB](#)

Issuer Credit Rating

Nordic Regional Scale --/--/K-1

[Skofin s.r.o.](#)

[Volkswagen Bank GmbH](#)

[Volkswagen Finance Overseas B.V.](#)

[Volkswagen Financial Services AG](#)

[Volkswagen Financial Services Japan Ltd.](#)

[Volkswagen Financial Services N.V.](#)

[Volkswagen Financial Services Overseas AG](#)

[Volkswagen Finans Sverige AB](#)

Commercial Paper A-2

[Volkswagen Bank GmbH](#)

[Volkswagen Financial Services AG](#)

[Volkswagen Financial Services Australia Pty Ltd.](#)

[Volkswagen Financial Services N.V.](#)

[Volkswagen Financial Services Overseas AG](#)

[Volkswagen Financial Services Polska SP. Z O.O.](#)

[Volkswagen Leasing GmbH](#)

Senior Unsecured BBB+

[Volkswagen Bank GmbH](#)

[Volkswagen Financial Services N.V.](#)

Senior Subordinated BBB

Ratings Affirmed; Outlook Action

	To	From
Volkswagen Bank GmbH		
Issuer Credit Rating	BBB+/Positive/A-2	BBB+/Stable/A-2
Foreign Currency	BBB+/Positive/A-2	BBB+/Stable/A-2

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