

**Rating Action: Moody's confirms Volkswagen Financial Services AG's A3 issuer and senior unsecured debt ratings; outlook negative**

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03 Jun 2020

Frankfurt am Main, June 03, 2020 -- Moody's Investors Service (Moody's) has today confirmed the A3 senior unsecured debt and issuer ratings of Volkswagen Financial Services AG (VW FS AG), including all related subsidiaries where applicable. The issuer outlook has been changed to negative from ratings under review.

The rating actions follow the confirmation -- with a negative outlook -- of Volkswagen Aktiengesellschaft's (Volkswagen; the parent company of VW FS AG) A3 issuer rating. For further details, please refer to the following press release "Moody's confirms VW's A3 ratings; Outlook negative" ([https://www.moody's.com/research/--PR\\_425455](https://www.moody's.com/research/--PR_425455)), published on 2 June 2020.

The rating actions conclude the review on VW FS AG's long-term ratings initiated on 27 March 2020.

For a full list of all affected ratings, please refer to the end of this press release.

**RATINGS RATIONALE**

**--RATIONALE FOR THE CONFIRMATION OF THE LONG-TERM RATINGS WITH A NEGATIVE OUTLOOK**

The confirmation of VW FS AG's senior unsecured debt and issuer ratings reflects Moody's assessment that the very strong contractual and economic rationale for Volkswagen to support VW FS AG warrants the alignment of the company's long-term ratings with the A3 issuer rating of Volkswagen, its ultimate owner. Owing to this alignment, the outlook on VW FS AG follows the negative outlook of the long-term issuer rating of Volkswagen.

VW FS AG benefits from a direct control and profit and loss transfer agreement with Volkswagen and close strategic links with its car manufacturing parent. Moody's considers these links when assessing VW FS AG's financial strength after assumed parental support.

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

Owing to the intrinsic interlinkages of VW FS AG with its automotive parent, its ratings are highly dependent on the creditworthiness of Volkswagen.

Although considered unlikely, given the negative outlook, an upgrade of VW FS AG's ratings could likely be caused by an upgrade of Volkswagen's rating.

VW FS AG's ratings could be downgraded if Volkswagen's ratings were to be downgraded.

A downgrade of VW FS AG's ratings could also be triggered if Volkswagen were to loosen its ties with its financial services subsidiary. This loosening could lead to a lowering of Moody's support assumption for VW FS AG and a downgrade of VW FS AG to a level below the parent's issuer rating.

**LIST OF AFFECTED RATINGS**

Issuer: Volkswagen Financial Services AG

..Confirmations:

...Long-term Issuer Ratings, confirmed at A3

...Senior Unsecured Regular Bond/Debenture, confirmed at A3

...Senior Unsecured Medium-Term Note Program, confirmed at (P)A3

..Outlook Action:

...Outlook changed to Negative from Rating under Review

Issuer: Volkswagen Financial Services Australia Ltd

..Confirmations:

...Backed Senior Unsecured Medium-Term Note Program, confirmed at (P)A3

...Backed Senior Unsecured Regular Bond/Debenture, confirmed at A3

..Outlook Action:

...Outlook changed to Negative from Rating under Review

Issuer: Volkswagen Financial Services Japan Ltd.

..Confirmations:

...Backed Senior Unsecured Medium-Term Note Program, confirmed at (P)A3

...Backed Senior Unsecured Regular Bond/Debenture, confirmed at A3

..Outlook Action:

...Outlook changed to Negative from Rating under Review

Issuer: Volkswagen Financial Services N.V.

..Confirmations:

...Backed Senior Unsecured Medium-Term Note Program, confirmed at (P)A3

...Backed Senior Unsecured Regular Bond/Debenture, confirmed at A3

..Outlook Action:

...Outlook changed to Negative from Rating under Review

Issuer: Volkswagen Leasing GmbH

..Confirmations:

...Backed Senior Unsecured Medium-Term Note Program, confirmed at (P)A3

...Backed Senior Unsecured Regular Bond/Debenture, confirmed at A3

..Outlook Action:

...Outlook changed to Negative from Rating under Review

## PRINCIPAL METHODOLOGIES

The methodologies used in these ratings were Finance Companies Methodology published in November 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1187099](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1187099) , and Captive Finance Subsidiaries of Nonfinancial Corporations published in August 2019 and available at [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_1183459](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1183459) . Alternatively, please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

## REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: [https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC\\_79004](https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004).

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