

RATING ACTION COMMENTARY

Fitch Revises Volkswagen Financial Services AG's Outlook to Negative; Affirms IDR at 'A-'

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Fitch Ratings - Frankfurt am Main - 10 Apr 2025: Fitch Ratings has revised Volkswagen Financial Services AG's (VWFS) and Volkswagen Bank GmbH's (VW Bank) Outlooks to Negative, from Stable, and affirmed their Long-Term Issuer Default Ratings (IDR) at 'A-'. A full list of ratings is detailed below.

The rating action follows a recent similar rating action on Volkswagen AG (see 'Fitch Revises Volkswagen's Outlook to Negative; Affirms IDR at A-'), available at www.fitchratings.com.

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 are aligned with that on VW's Long-Term IDR.

No Viability Rating: 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 level of 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.

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 the expected business growth within VWFS, in particular for the leasing business in Europe.

RATING SENSITIVITIES

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

A 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.

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 long-term senior preferred debt rating is one notch above its 'A-' Long-Term IDR, reflecting the protection accruing to preferred creditors from a buffer of senior non-preferred and junior debt. We expect the bank to meet its resolution buffer requirements with senior non-preferred and more junior debt only. For the same reason, VW Bank's senior non-preferred debt rating is in line with its Long-Term IDR.

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 downgrade the long-term senior non-preferred and senior preferred debt and deposit ratings by one notch on changes in the group's resolution strategy resulting in weaker protection than we 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-	Affirmed	A-
	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
VW Financial Services Polska Sp. z o. o.				

senior unsecured	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1

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VIEW ADDITIONAL RATING DETAILS

Additional information is available on www.fitchratings.com

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APPLICABLE CRITERIA

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

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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