Volkswagen Financial Services Overseas AG

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This report does not constitute a rating action.

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Credit Highlights

Overview

Key strengths	Key risks
Group support from the parent, Volkswagen AG (VW), under any foreseeable circumstances if necessary.	Monoline business model with dependence on VW's franchise, reputation, and credit profile.
Geographical diversification globally.	Business, asset quality, and earnings concentration on car financing, leasing, and related mobility services.
	Investor confidence-sensitive wholesale funding profile.

Germany-based non-operating holding companies Volkswagen Financial Services AG (VWFS Europe) and Volkswagen Financial Services Overseas AG (VWFS Overseas) are essential for VW's "MOBILITY2030" captive finance strategy. VW completed the reorganization of its captive finance entities on July 1, 2024, aligning its then newly created VWFS Europe with its core subsidiary, VW Bank GmbH, for its European regulated captive finance business, and VWFS Overseas for its international non-European businesses. This is essential for VW's strategy 2030 to growth and diversify business, earnings, and efficiency in its captives, which expand into providing holistic, digital and AI-driven broad range of mobility services. This is to strengthen customer loyalty, and vehicle related businesses along the automotive value chain together with the Volkswagen Group brands.

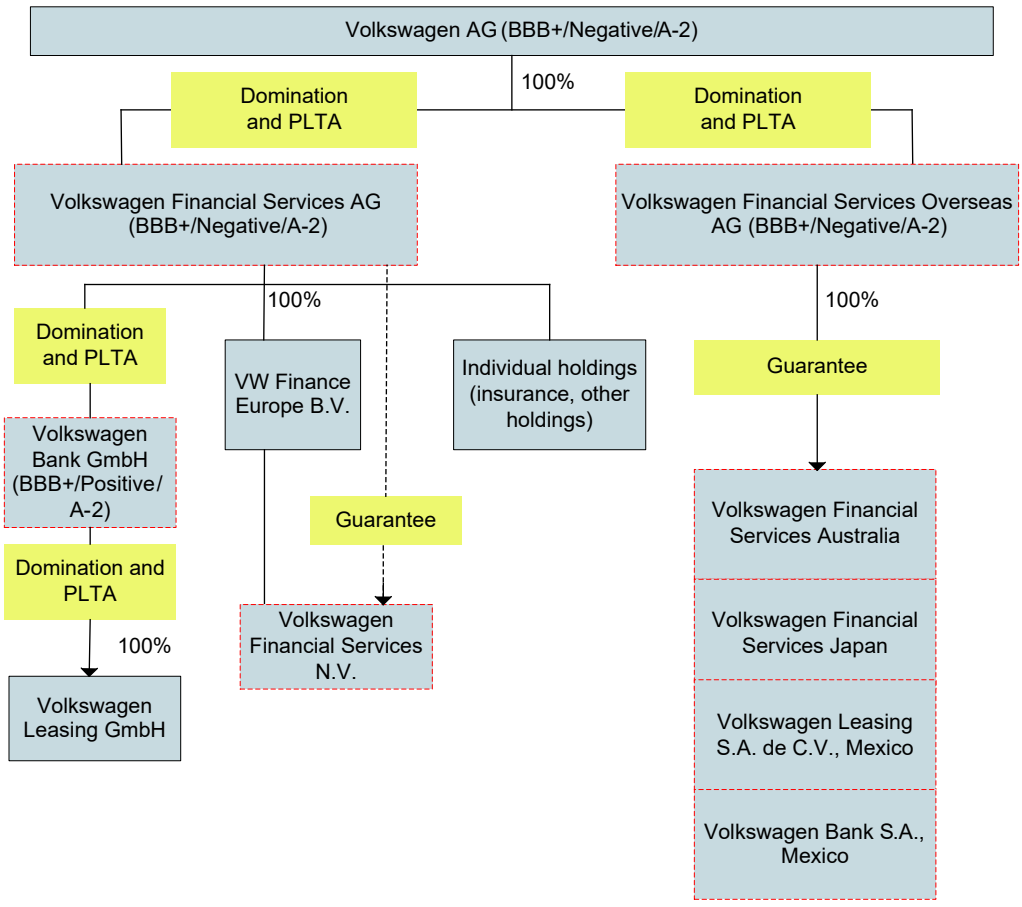
We expect VW, one of the world's largest auto manufacturers, to support its fully owned subsidiary VWFS Europe, including VW Bank, as well as VWFS Overseas under any foreseeable circumstances, if needed, considering their very high strategic importance.

VWFS Overseas complements the non-European financial services businesses globally. VWFS Overseas is active in 12 non-European heterogeneous markets consolidating about €34 billion in assets and more than 3,000 staff at mid-year 2026. Its global businesses are under local regulation; none is under ECB supervision. As of year-end 2025, the largest regional earnings were generated in Brazil, Mexico, Turkey, China, and Australia, contributing 86% of VWFS Overseas' results, with the remainder coming from South Africa, Argentina, Japan, Korea, Taiwan, Chile, India, and Colombia. Its local product offerings can differ, but generally comprise car

financing, leasing, dealer financing, insurance, and other services. The financed portfolio not only includes new cars from VW brands but also an increasing number of foreign brands and used cars. Although not yet material from a profitability standpoint, other mobility services include car sharing, parking, refueling, and charging, which underline VWFS Overseas' ambition to expand its offering beyond typical captive finance activities and strengthen its role as a mobility services provider.

VWFS Europe's operating subsidiaries offer car financing, leasing, dealer financing, insurance, and other mobility services in 17 European markets, consolidating about €214 billion in total assets and employing close to 10,500 staff at mid-year 2026. VW Bank is by far VWFS Europe's largest operating entity active in 10 countries with around 5,000 staff and had €169 billion in consolidated assets at mid-year 2026.

VW's reorganized captive finance entities



PLTA--Profit and loss transfer agreement. Source: S&P Global Ratings.

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We anticipate that under VW AG's "Future Plan 2030" strategy VWFS Europe, its core subsidiary VW Bank, and VWFS Overseas will continue to expand their crucial role as efficient vehicle lifetime and mobility service provider across VW's brands. We consider VWFS Europe and its financial services affiliates integral to VW group's key strategic priorities, which is to further optimize under a comprehensive platform VW group customer access to mobility along all

vehicle cycles, from car sharing to car subscriptions, leasing, and a particular focus on European vehicle-on-demand offerings.

This further expands VW's captive finance entities' role to provide financial services, lending, and generate increasing income through related services to promote the sale of VW's products, support VW dealers, and strengthen customer relationships. The financed portfolio not only includes new cars from VW brands but also foreign brands and used cars. Further expansion of its battery electric vehicles (BEV) portfolio in all European markets, and accelerated transition to and promotion of BEV sales are essential for the auto maker's strategy (22% European market share mid-year 2026). In turn this emphasizes the importance of the captive finance business and accelerated new business growth in VW Bank's leasing business, funded by accelerated customer deposit growth, remains essential. In addition, VW Bank continues to further leverage its franchise by increasing fee earnings from other mobility services, including car sharing, parking, refueling, and charging, over time.

We anticipate VWFS Overseas will maintain a relatively resilient asset quality and prudent risk management, amid rising global macroeconomic and geopolitical uncertainties. It operates in heterogenous, mainly emerging market countries with higher macroeconomic and political risks, reflected in higher cost of risk of 1.9% over customer loans at mid-year 2026 compared with 1.1% at year-end 2025. We therefore anticipate volatile results, as demonstrated by VWFS Overseas' 6.2% return on equity at mid-year 2026 after 14.9% at the end of 2025.

VWFS Overseas posted stable total adjusted capital to adjusted assets of 11.8%. It is largely protected from high credit costs and materially lower revenue because these financial risks are sheltered by VWFS Overseas' profit and loss transfer agreement with VW. That essentially transfers VWFS Overseas' results under German generally accepted accounting principles to the parent, VW. Although this is not comparable with a full and timely guarantee, it underlines VW's commitment to VWFS Overseas because it would absorb VWFS Overseas' losses, if necessary.

VWFS Overseas' wholesale funding mix is based on regional markets. Each entity of the VWFS Overseas group uses the local market for its refinancing needs, and each sub entity creates its own funding mix due to different market sizes and common products, with local treasuries supported by the head office. At the level of the holding company, there is a €2.5 billion commercial paper program and a €5 billion debt issuance program. Typically, all refinancing activities are carried out in local currency; if not, the local subsidiary will fully hedge currency risk. In addition to ongoing funding support, we expect other VW entities to provide additional funding and liquidity support, if necessary.

Outlook

Our negative outlook on VWFS Europe and VWFS Overseas mirrors the negative outlook on their parent VW. If we took a negative rating action on VW 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. We could also lower our ratings on both entities if we considered that VW's commitment to supporting its subsidiaries had weakened. For example, we might take this view if VW materially reduced its ownership of either subsidiary, or if we no longer considered the captive finance operations crucial to the VW 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.

Key Statistics

Volkswagen Financial Services Overseas AG Key Figures

Mil. EUR	2026*	2025	2024	2023	2022
Adjusted assets	33,695	30,911	31,148	146,005	133,262
Customer loans (gross)	26,917	25,657	26,229	95,591	88,238
Adjusted common equity	3,972	3,546	3,622	22,516	16,803
Operating revenues	668	1,322	2,710	4,129	6,183
Noninterest expenses	203	438	1,411	2,510	2,478
Core earnings	125	571	518	1,174	1,819

*2026 data is for the 6 months to end-June. EUR--euro.

Volkswagen Financial Services Overseas AG Business Position

(%)	2026*	2025	2024	2023	2022
Total revenues from business line (currency in millions)	668	1,322	2,710	4,129	6,183
Insurance activities/total revenues from business line	-	-	1.6	3.2	1.9
Other revenues/total revenues from business line	100.0	100.0	98.4	96.9	98.1
Return on average common equity	6.2	14.9	3.5	5.8	11.4

*2026 data is for the 6 months to end-June.

Volkswagen Financial Services Overseas AG Capital And Earnings

(%)	2026*	2025	2024	2023	2022
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	97.8	95.5	85.2	82.7	76.2
Fee income/operating revenues	3.7	3.2	6.6	6.0	2.9
Market-sensitive income/operating revenues	(6.0)	(5.9)	(5.0)	(11.2)	7.8
Cost to income ratio	30.4	33.1	52.1	60.8	40.1
Preprovision operating income/average assets	2.9	2.8	1.5	1.2	2.9
Core earnings/average managed assets	0.8	1.8	0.6	0.8	1.4

*2026 data is for the 6 months to end-June.

Volkswagen Financial Services Overseas AG Risk Position

(%)	2026*	2025	2024	2023	2022
Growth in customer loans	9.8	(2.2)	(72.6)	8.3	8.2
Total managed assets/adjusted common equity (x)	8.5	8.8	8.7	6.5	7.9
New loan loss provisions/average customer loans	1.9	1.1	0.5	(0.2)	0.8
Net charge-offs/average customer loans	N.M.	0.4	0.3	0.1	0.1
Gross nonperforming assets/customer loans + other real estate owned	0.0	3.6	3.1	1.3	1.3
Loan loss reserves/gross nonperforming assets	N/A	99.6	110.0	93.7	119.1

Volkswagen Financial Services Overseas AG Risk Position

*2026 data is for the 6 months to end-June. N.M.--Not meaningful. N/A--Not applicable.

Volkswagen Financial Services Overseas AG Funding And Liquidity

(%)	2026*	2025	2024	2023	2022
Long-term funding ratio	57.6	57.4	62.0	88.0	74.8
Stable funding ratio	N/A	57.9	63.0	85.0	73.2
Short-term wholesale funding/funding base	48.6	48.6	43.5	14.3	29.3
Broad liquid assets/short-term wholesale funding (x)	N/A	0.1	0.1	0.1	0.1
Broad liquid assets/total assets	N/A	4.7	4.9	1.0	3.1
Net broad liquid assets/short-term customer deposits	N/A	(521.4)	(388.6)	(937.8)	(215.5)
Short-term wholesale funding/total wholesale funding	48.6	48.6	43.5	14.3	29.3
Narrow liquid assets/3-month wholesale funding (x)	N/A	0.3	0.3	0.2	0.4

*2026 data is for the 6 months to end-June. N/A--Not applicable.

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 | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Dec. 9, 2021
- Criteria | Financial Institutions | General: Financial Institutions Rating Methodology, 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

- Banking Brief: European Auto Captives Might Hold Up Better Than Carmakers, Oct. 5, 2026
- Commentary | Industry Report Card Global Autos And Trucks Original Equipment Makers Report Card, Sept. 30, 2026
- Bulletin: Volkswagen's Profit Warning Signals A More Difficult Path To Recovery, Sept. 22, 2026
- VW's Captive Finance Entities Affirmed At 'BBB+/A-2'; VW Bank Outlook Revised To Positive On Potential Resolution, Sept. 10, 2026
- Banking Industry Country Risk Assessment: Germany, Sept. 1, 2026

- Banking Industry Country Risk Assessment Update: August 2026, Aug. 27, 2026
- Europe is a sweet spot for light vehicle sales, but for how long? 16 July 16, 2026
- Inflation Could Stall VW's Cost-Cutting Drive, March 26, 2026
- Industry Credit Outlook 2026, Jan. 30, 2026
- Industry Credit Outlook 2026: Autos, Jan. 14, 2026
- Volkswagen Outlook Revised To Negative On Slower-Than-Anticipated Recovery In Credit Metrics; Affirmed At 'BBB+/A-2', Dec. 17, 2025
- Volkswagen AG, Sept. 1, 2025

Ratings Detail (as of November 06, 2026)*

Volkswagen Financial Services Overseas AG	
Issuer Credit Rating	BBB+/Negative/A-2
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Issuer Credit Ratings History	
17-Dec-2025	BBB+/Negative/A-2
28-Apr-2021	BBB+/Stable/A-2
26-Mar-2020	BBB+/Negative/A-2
Sovereign Rating	
Germany	AAA/Stable/A-1+
Related Entities	
Skofin s.r.o.	
Commercial Paper	
Local Currency	A-2
TRATON Finance Luxembourg S.A.	
Senior Unsecured	BBB
Traton SE	
Issuer Credit Rating	BBB/Negative/A-2
South Africa National Scale	zaAAA/--/zaA-1+
Volkswagen AG	
Issuer Credit Rating	BBB+/Negative/A-2
Volkswagen Bank GmbH	
Issuer Credit Rating	BBB+/Positive/A-2
Commercial Paper	
Local Currency	A-2
Senior Subordinated	BBB
Senior Unsecured	BBB+
Volkswagen Finance Overseas B.V.	
Commercial Paper	
Local Currency	A-2
Volkswagen Financial Services AG	
Issuer Credit Rating	BBB+/Negative/A-2

Ratings Detail (as of November 06, 2026)*	
Commercial Paper	
Local Currency	A-2
Senior Unsecured	BBB+
Short-Term Debt	A-2
Volkswagen Financial Services Australia Pty Ltd.	
Senior Unsecured	BBB+
Volkswagen Financial Services N.V.	
Commercial Paper	
Local Currency	A-2
Volkswagen Finans Sverige AB	
Issuer Credit Rating	
Nordic Regional Scale	--/--/K-1
Commercial Paper	
Local Currency	A-2
Volkswagen International Belgium S.A.	
Issuer Credit Rating	BBB+/Negative/A-2

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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