VDF Filo Kiralama A.S.

Key Rating Drivers

Constrained by Country Ceiling: VDF Filo Kiralama A.S.'s Long-Term Issuer Default Rating (IDR) and Shareholder Support Rating (SSR) are capped by Turkiye's 'BB-' Country Ceiling. The Country Ceiling captures transfer and convertibility risks and limits the extent to which support from Volkswagen Financial Services Overseas AG (VWFSO) or ultimate shareholder Volkswagen AG (VW) can be factored into the Long-Term Foreign-Currency IDR.

Joint Venture: VDF Filo is fully owned by VDF Servis ve Ticaret A.S., which is in turn owned by VWFSO (51%) and Dogus Group (49%). Dogus is a large Turkish conglomerate with diverse operations and is the sole importer of VW vehicles in Turkiye. VWFSO exercises operational control over the VDF entities, but Dogus retains a significant role in running the company.

Reliance on VW Group: VDF Filo relies heavily on VW activity in Turkiye as its conducts most of its business activities within the group or with VW group car dealers. VWFSO has provided significant funding support when needed by extending loans at arm's length. Fitch Ratings believes VWFSO would continue to have a strong willingness to provide financial support to VDF entities.

Proven Shareholder Support: VDF Filo has had two sizeable ordinary capital injections from VDF Servis, the group holding company in previous years. VDF Servis redistributes dividends from other profitable subsidiaries into group companies that need support. VW has also contributed capital in previous years, and Fitch believes further capital injections would be forthcoming, if needed, to maintain adequate capitalisation.

Volatile Profitability: Profitability was again positive in 2025 with bottom-line net earnings of USD11.5 million. This followed severe losses in 2024, and was enabled by the normalisation of depreciation expenses and fading out of the hyperinflation accounting impact on accounts. The management has set aside impairment reserves of around TRY2 billion against inflation-led residual-value losses, and we expect profitability to further recover in 2026.

Rating Sensitivities

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

The Long-Term IDRs and SSRs would be downgraded on a downward revision of Turkiye's Country Ceiling.

Changes in the propensity of support from VWFSO, for example, as a result of dilution of ownership, a loss of operational control or diminishing importance of the Turkish market, could also trigger a downgrade of the IDRs and SSR.

A deterioration of VDF Filo's creditworthiness relative to other Turkish issuers would be likely to trigger a downgrade of the National Rating.

An Outlook revision on Turkiye's sovereign LTFC IDR would be reflected on that of VDF Filo.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of Turkiye's Country Ceiling as a result of a sovereign rating upgrade would be reflected in VDF Filo's Long-Term IDR.

Shareholder Support Assessment

Shareholder support	
Shareholder IDR	A-
Total adjustments (notches)	-6
Shareholder Support Rating	bb-

Shareholder ability to support	
Shareholder rating	A-/Negative
Shareholder regulation	1 Notch
Relative size	Equalised
Country risks	2+ Notches

Shareholder propensity to support	
Subsidiary role and relevance	1 Notch
Reputational risk	2+ Notches
Integration	1 Notch
Support record	1 Notch
Subsidiary performance and prospects	1 Notch
Legal commitments	1 Notch

The colours indicate the weighting of each KRD in the assessment.
Influence: Light blue = lower; Dark blue = moderate; Red = higher

Key Qualitative Factors

Franchise and Business Model

VDF Filo employed 59 people and served around 1,100 customers from its office in Istanbul as of December 2025. It shares management, and is closely integrated, with sister companies (Volkswagen Dogus Finansman A.S., VDF Faktoring A.S. and VDF Sigorta Aracilik Hizmetleri A.S.) involved in consumer financing, factoring and insurance. VDF Filo aligns with VW Group's MOBILITY2030 corporate strategy, which aims to enhance leasing and mobility services. VW-branded cars made up about 62% of VDF Filo's fleet in 2025 (2024: 65%).

The operating leasing of passenger cars is the core business. VDF Filo managed a fleet of 9,900 vehicles at end-2025, less than 5% of sector market share. The Turkish operating leasing market is a highly competitive market, and has been shrinking over the past few years. Accordingly, the number of vehicles under operational leasing in the sector has decreased by around 12% to 230,000 since 2023. VDF Filo's shareholder Dogus Otomotiv is the exclusive distributor of VW vehicles in Turkiye. In addition to VW brands, VDF Filo also provides vehicles from Renault, Toyota and Stellantis brands.

VDF Filo delivers its services mainly through Dogus's dealerships and, to a lesser extent, via its own sales channels. Its main clients are SMEs and large corporations. Revenues from related parties were around 5% in 2025 (2024: 10%). This was mainly from providing passenger cars to Dogus entities, the largest one Dogus Otomotiv, the main automotive operating company of Dogus Group.

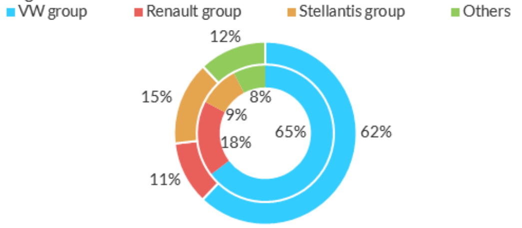
Organisational Structure

VW maintains primary operational control over VDF Filo through a majority presence on the board of directors and via management representatives. However, Dogus holds a de facto veto on all board decisions.

VDF Servis, which fully owns VDF Filo, is the umbrella company for all four Turkish non-bank financial institution joint ventures between VW group and Dogus. VWFSO owns 51% of VDF Servis, with the rest controlled by Dogus. This structure enables VDF Servis to allocate capital among its subsidiaries.

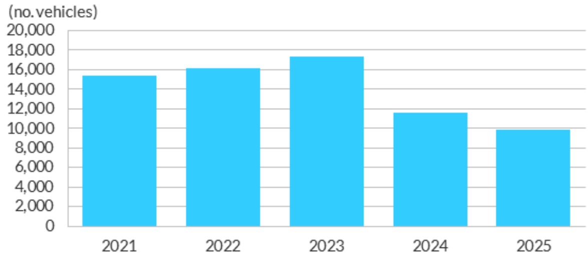
VDF Servis companies are part of an integrated business model, and VW views them as complementary. Accounting, risk-management, budgeting and treasury (including funding planning) functions are common to the four subsidiaries, overseen by a single shared department.

Fleet Composition
Outer ring: 2025
Inner ring: 2024



Source: Fitch Ratings, Fitch Ratings, VDF Filo

Fleet Size
(no. vehicles)



Source: Fitch Ratings, Fitch Solutions, VDF Filo

Shrinking Franchise

VDF Filo managed around 9,900 vehicles at end-2025, a significant decrease from 15,450 at end-2023. It is aiming to grow the fleet by 10% in 2026, which we believe would depend on how far the contraction in market demand goes.

In 2025, the fleet value further decreased by 12% in US dollar terms on top of the 28% reduction in 2024, due to the contraction in fleet size, depreciation of the Turkish lira and high real interest rates.

Market Risks

Residual value is the main risk for VDF Filo, as leased assets are not automatically sold to the lessee upon contract expiration. To mitigate residual-value risks, VDF Filo imposes penalties for early termination. It also has a proprietary residual value model, which undergoes third-party audit and validation by VWFSO. However, residual-value risks are exacerbated in volatile operating environments with high inflation and volatile currency due to significant uncertainties on medium-term second-hand values and swings in car prices, as they are mainly linked to foreign exchange rates.

VDF Filo offers leasing contracts exclusively in Turkish lira, although around 22% of its borrowings were in euros in 2025, which exposed it to some short foreign exchange positions, although this is very small compared to equity (2025: 3.9%).

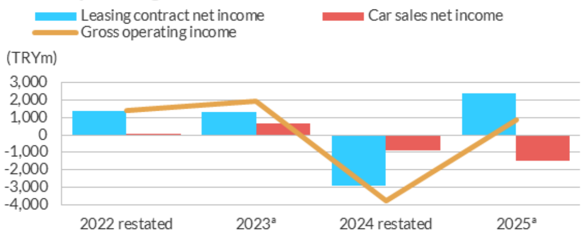
VDF Filo's interest-rate risk is moderate as all leasing contracts are fixed-rate. Outstanding bonds, accounting for 8% of end-2025 non-equity funding, was at floating rates. Equity funds 67% of VDF Filo's liabilities, significantly mitigating any repricing and foreign exchange risks on borrowings.

Financial Profile

Asset Quality

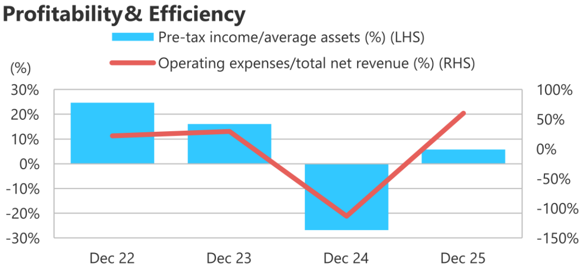
VW vehicles make up the majority of the fleet (62% at end-2025). VDF Filo's non-performing leases/total leases ratio improved to 0.9% at end-2025 (end-2024: 1.2%).

Gross Operating Income



ªAdjusted for inflation
Source: Fitch Ratings, Fitch Solutions, VDF Filo

Profitability & Efficiency



ªAdjusted for inflation
Source: Fitch Ratings, Fitch Solutuions, VDF Filo

Earnings and Profitability

Profitability has been quite volatile. The company was loss-making in 2024, heavily affected by the hyperinflation accounting introduced in December 2023. This has returned to positive in 2025 with USD11.5 million net profits. Inflation accounting has especially affected companies holding significant non-monetary assets, such as operating leasing companies. VDF Filo's high profits in 2022 and 2023 were due to strong residual values in light of inflated used-car prices.

VDF Filo was loss-making in 2024, heavily affected by hyperinflation accounting that significantly increased the cost of sales. This had a strong negative effect on profits, especially as depreciation expenses reflected around 45% of the inflation adjustment.

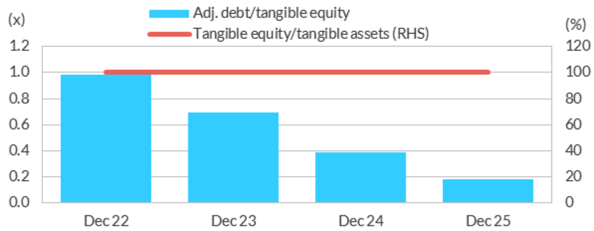
Core revenue relates mainly to the leasing contract margin (leasing contract revenue minus fleet depreciation and funding costs). This was previously around 70% of gross operating income, with the remainder from vehicle sales. However, hyperinflation accounting heavily distorts the metrics as depreciation expenses were adjusted for fleet value restatement.

Capitalisation and Leverage

VDF Filo’s leverage is very low. Its debt/tangible equity ratio further decreased to 0.2x at end-2025 (end-2024: 0.4%), due to full profit retention and balance sheet contraction. Lower leverage in 2025 was driven by continued reduction in balance sheet size and dividend retention.

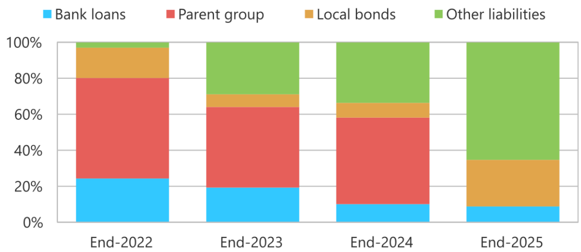
VDF Servis, the direct parent company, channels dividends from profitable entities to redistribute capital among its subsidiaries. VDF Filo has received two capital injections: TRY25 million in 2020, representing 23% of end-2019 equity, and TRY34 million in 2019, accounting for 66% of end-2018 equity. No upcoming capital injections have been announced, but we believe shareholders will provide support if necessary.

Capitalisation & Leverage



Source: Fitch Ratings, Fitch Solutuions, VDF Filo

Non-Equity Funding



Source: Fitch Ratings, Fitch Solutions, VDF Filo

Funding

VDF Filo’s funding needs are very low due to the contracting balance sheet. The main funding sources are local bonds, providing 75% of non-equity funding at end-2025. Remaining are bilateral loans with local banks or foreign subsidiaries of local banks.

Environmental, Social and Governance Considerations

FitchRatings **VDF Filo Kiralama A.S.** NBFI Ratings Navigator

Credit-Relevant ESG Derivation

VDF Filo Kiralama A.S. has 6 ESG potential rating drivers

- VDF Filo Kiralama A.S. has exposure to regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc. but this has very low impact on the rating.
- VDF Filo Kiralama A.S.
- Governance is minimally relevant to the rating and is not currently a driver.

key driver	0	issues
driver	0	issues
potential driver	6	issues
	6	issues
not a rating driver	2	issues

ESG Relevance to Credit Rating: 5, 4, 3, 2, 1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	3	Regulatory risks, emissions fines or compliance costs related to owned equipment, which could impact asset demand, profitability, etc.	Sector Risk Operating Environment	5
Energy Management	2	Investments in or ownership of assets with below-average energy/fuel efficiency which could impact future valuation of these assets	Risk Profile	4
Water & Wastewater Management	2	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	3	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events on assets and/or operations and corresponding risk profile & management; catastrophe risk; credit concentrations	Business Profile; Asset Quality	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Fair lending practices; pricing transparency; repossession/foreclosure/collection practices; consumer data protection; legal/regulatory fines stemming from any of the above	Sector Risk Operating Environment; Risk Profile; Asset Quality	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Business Profile; Management & Strategy; Earnings & Profitability; Capitalization & Leverage; Funding, Liquidity & Coverage	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	2	Shift in social or consumer preferences as a result of an institution's social positions, or social and/or political disapproval of core activities	Business Profile; Earnings & Profitability	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Management & Strategy	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Management & Strategy	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Business Profile	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Management & Strategy	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

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.

Financials

Income Statement

	31 Dec 25		31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(TRYm)	(TRYm)	(TRYm)	(TRYm)
		Audited	Audited	Audited	Audited
Revenue					
Net operating lease & rental income	55.1	2,364.6	-2,901.2	1,299.9	1,357.6
Interest income on loans	n.a.	0.0	n.a.	n.a.	n.a.
Total gross operating revenues	78.6	3,373.7	1,771.6	5,425.1	4,879.0
Total interest expense	21.2	910.6	3,724.5	2,016.9	1,677.6
Total net operating revenues	57.4	2,463.1	-1,952.9	3,408.2	3,201.4
Memo: net interest income	-12.4	-532.3	-3,524.6	-1,974.7	-1,654.3
Total non-interest operating income	22.8	979.1	3,488.1	2,601.6	2,925.5
Expenses					
Total operating expenses	34.4	1,477.3	2,213.9	998.5	700.1
Pre-impairment/provision operating profit	23.0	985.8	-4,166.8	2,409.7	2,501.4
Impairment charges/(reversals) on loans & finance leases	0.4	18.7	17.7	4.8	8.8
Securities and other credit impairment charges	0.8	34.9	1,444.8	n.a.	n.a.
Operating profit	21.7	932.2	-5,629.3	2,404.9	2,492.6
Pre-tax income	22.1	950.2	-5,620.7	2,408.5	2,497.2
Net income (incl. non-controlling interests)	11.5	495.1	-4,715.1	3,169.9	2,377.3
Total comprehensive income	11.5	494.7	-4,717.7	3,168.8	2,374.1
Exchange rate		USD1 = TRY42.900	USD1 = TRY35.312	USD1 = TRY29.464	USD1 = TRY18.715

Source: Fitch Ratings, Fitch Solutions, VDF Filo Kiralama A.S.

Balance Sheet

	31 Dec 25		31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end	Year end
	(USDm)	(TRYm)	(TRYm)	(TRYm)	(TRYm)
		Audited	Audited	Audited	Audited
Loans and leases					
Gross loans & finance leases	9.1	391.2	519.9	463.8	207.4
Less: loss allowances for loans, leases and receivables	1.0	43.1	39.7	15.1	16.9
Net operating leases & rental assets	297.2	12,749.7	14,487.2	13,866.4	11,462.9
Other interest earning assets	n.a.	0.0	n.a.	n.a.	n.a.
Total interest earning assets	8.1	348.1	486.7	448.7	190.6
Total assets	367.6	15,768.4	17,174.1	16,963.8	13,035.5
Debt and deposits					
Short-term borrowings (maturing within 12 months)	43.5	1,867.1	3,556.8	6,138.9	5,181.0
Long-term borrowings (maturing after 12 months)	n.a.	n.a.	509.2	93.9	547.6
Total borrowings	43.5	1,867.1	4,065.9	6,232.8	5,728.6
Total debt and deposits	43.5	1,867.1	4,065.9	6,232.8	5,728.6
Total liabilities	121.6	5,216.0	6,629.1	7,908.7	7,149.2
Total equity excl. hybrid capital accounted for as equity	246.0	10,552.4	10,545.1	9,055.1	5,886.3
Total equity	246.0	10,552.4	10,545.1	9,055.1	5,886.3
Total liabilities and equity	367.6	15,768.4	17,174.1	16,963.8	13,035.5
Exchange rate		USD1 = TRY42.900	USD1 = TRY35.312	USD1 = TRY29.464	USD1 = TRY18.715

Source: Fitch Ratings, Fitch Solutions, VDF Filo Kiralama A.S.

Summary Analytics

	31 Dec 25	31 Dec 24	31 Dec 23	31 Dec 22
	Year end	Year end	Year end	Year end
Asset quality (%)				
Impaired loans & finance leases/gross loans & finance leases	24.0	20.5	11.9	16.2
Growth of gross loans & finance leases YoY	-24.8	12.1	123.6	76.8
Loss allowances/impaired loans & finance leases	45.9	37.2	27.3	50.3
Impaired loans & finance leases less loss allowances/tangible equity	0.5	0.6	0.4	0.3
Impairment charges on loans & finance leases/average gross loans & finance leases	4.1	3.6	1.4	5.4
Residual value gains/(losses)/book value of assets sold	-7.9	9.2	49.4	41.7
Earnings and profitability (%)				
Pre-tax income/average assets	6.2	-32.9	16.1	30.7
Operating expenses/total net revenue	60.0	-113.4	29.3	21.9
Pre-tax income/average equity	9.3	-57.4	32.2	78.8
Impairment charges/pre-impairment operating profit	5.4	-35.1	0.2	0.4
Depreciation expense/total revenue	39.4	81.3	13.2	10.7
Residual value gains/(losses)/pre-tax income	-44.8	-15.9	60.2	22.3
Capitalisation and leverage (x)				
Corporate debt/adjusted EBITDA	0.6	1.9	1.9	1.8
Tangible equity/tangible assets (%)	66.7	61.1	53.2	44.9
(Net income - dividends - share repurchases)/beginning equity (%)	0.1	-52.1	53.9	528.8
Funding, liquidity and coverage (%)				
Unsecured funding/total funding	100.0	100.0	100.0	100.0
(Liquid assets + undrawn committed facilities)/short-term funding (x)	0.6	0.0	0.0	0.0
Short-term funding/total funding	100.0	87.5	98.5	90.4
Short-term corporate debt/total corporate debt	100.0	87.5	98.5	90.4
Dividends/net income	98.4	n.a.	n.a.	n.a.

Source: Fitch Ratings, Fitch Solutions, VDF Filo Kiralama A.S.

Ratings

Foreign Currency

Long-Term IDR	BB-
Short-Term IDR	B
Shareholder Support Rating	bb-
National Rating	
National Long-Term Rating	AAA(tur)
Sovereign Risk (Turkiye)	
Long-Term Foreign-Currency IDR	BB-
Long-Term Local-Currency IDR	BB-
Country Ceiling	BB-
Outlooks	
Long-Term Foreign-Currency IDR	Stable
National Long-Term Rating	Stable
Sovereign Long-Term Foreign-Currency IDR	Stable
Sovereign Long-Term Local-Currency IDR	Stable

ESG and Climate

Highest ESG Relevance Scores

Environmental	3
Social	2
Governance	3

Applicable Criteria

National Scale Rating Criteria (December 2020)
Non-Bank Financial Institutions Rating Criteria (January 2025)

Related Research

Fitch Revises Volkswagen's 3 Turkish NBFI Subsidiaries' Outlook to Stable on Sovereign Action (April 2026)
Fitch Revises Volkswagen's 3 Turkish NBFI Subsidiaries' Outlook to Positive on Sovereign Action (January 2026)
Turkiye Financial Sectors Outlook Compendium 2026 (February 2026)

Analysts

Yavuz Levent Topcu
+49 69 768076 157
yavuzlevent.topcu@fitchratings.com

Morgan Daval
+44 20 3530 1468
morgan.daval@fitchratings.com

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For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.

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