

RATING ACTION COMMENTARY

Fitch Revises Volkswagen Financial Services Overseas 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 Overseas AG's (VWFSO) Outlook to Negative from Stable and affirmed its Long-Term Issuer Default Rating (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 for further details.

KEY RATING DRIVERS

Support-Driven Ratings: VWFSO's ratings are driven by a very high probability of support from Volkswagen AG (VW; A-/Negative), the leading car manufacturer and its ultimate shareholder. This is reflected in VWFSO's Shareholder Support Rating of 'a-'. The Negative Outlook on VWFSO's Long-Term IDR mirrors that on VW's Long-Term IDR.

Fitch does not assign VWFSO a standalone credit profile because its franchise is highly correlated with that of its parent. It is also due to extensive financial, operational and management integration with the parent as underlined by, among other things, the control VW has and a profit-and-loss transfer agreement between VWFSO and VW.

Highly Integrated Key Subsidiary: Fitch views VWFSO as a key subsidiary of VW because of its central role in supporting VW's strategic objectives, the considerable reputational impact a default of VWFSO would have on VW, the high levels of integration, and the extensive record of ordinary and extraordinary support from VW.

Smaller Size Due to Reorganisation: Following the reorganisation in July 2024, ownership over several financial service legal entities, including sizeable Volkswagen Leasing GmbH, was transferred to Volkswagen Financial Services AG (VWFS; A-/Negative) from VWFSO. The latter was reduced in size and renamed as it became the

main intermediate holding company of VW's financial services activities outside Europe and North America, with material credit exposures in China and Brazil.

Support Unaffected by Reorganisation: Fitch does not believe VWFSO's strategic importance has been affected by the reorganisation, despite the entity having greatly shrunk. VWFSO will remain central in supporting VW's sales in a number of important growth markets. The control and profit-and-loss transfer agreement remains in place. We believe VW has the ability and propensity to provide capital support to VWFSO, without impairing its own credit profile.

RATING SENSITIVITIES

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

A negative rating action on VW would likely be mirrored in VWFSO's ratings.

A weakening of VW's propensity to support VWFSO, for instance, due to VWFSO becoming less central to VW's overall mobility services strategy, could lead to Fitch notching down VWFSO's Long-Term IDR from VW's Long-Term IDR and result in a downgrade. In particular, consistently below sector-average penetration rates or a transfer of business activities to other financial services entities could indicate reduced relevance of VWFSO for VW.

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

As VWFSO's ratings are equalised with VW's, a positive rating action on VW would likely be mirrored on VWFSO's ratings.

DEBT AND OTHER INSTRUMENT RATINGS: KEY RATING DRIVERS

The EUR5 billion debt programme and EUR2.5 billion commercial paper programme senior unsecured debt ratings are aligned with VWFSO's IDRs.

Volkswagen Financial Service Japan Ltd's debt issued under the EUR5 billion programme (acting as co-issuer) and its JPY60 billion electronic commercial paper programme is unconditionally and irrevocably guaranteed by VWFSO and its senior unsecured debt ratings are aligned with VWFSO's IDRs.

Volkswagen Finance Overseas B.V.'s (acting as a co-issuer) EUR2.5 billion commercial paper programme senior unsecured debt rating is aligned with VWFSO's Short-Term IDR to reflect its unconditional and irrevocable guarantee by VWFSO.

Volkswagen Financial Services Australia PTY's AUD5 billion debt issuance programme senior unsecured debt ratings are aligned with that of VWFSO, reflecting the latter's guarantee.

DEBT AND OTHER INSTRUMENT RATINGS: RATING SENSITIVITIES

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

A downgrade of VWFSO's IDRs would lead to a corresponding rating action on the programmes.

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

An upgrade of VWFSO's IDRs would lead to a corresponding rating action on the programmes.

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

VWFSO's Long-Term IDR is driven by VW's Long-Term IDR.

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, VWFSO's scores are mostly aligned with those of VW. VWFSO's differ from VW's, with 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 ⚡
<input type="text"/>	<input type="text"/>			<input type="text"/>
Volkswagen Financial Services Japan Ltd.				
senior unsecured	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
Volkswagen Financial Services Australia PTY Ltd.				
senior unsecured	LT	A-	Affirmed	A-
senior unsecured	ST	F1	Affirmed	F1
Volkswagen Finance Overseas B.V.				
senior unsecured	ST	F1	Affirmed	F1
Volkswagen Financial Services Overseas AG				
	LT IDR	A-	Affirmed	A-
	ST IDR	F1	Affirmed	F1

[VIEW ADDITIONAL RATING DETAILS](#)

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[Non-Bank Financial Institutions Rating Criteria \(pub. 31 Jan 2025\) \(including rating assumption sensitivity\)](#)

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

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

ENDORSEMENT STATUS

Volkswagen Finance Overseas B.V.

EU Issued, UK Endorsed

Volkswagen Financial Services Australia PTY Ltd.

EU Issued, UK Endorsed

Volkswagen Financial Services Japan Ltd.

EU Issued, UK Endorsed

Volkswagen Financial Services Overseas AG

EU Issued, UK Endorsed

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<https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating s

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