

VOLKSWAGEN LEASING

GMBH

ANNUAL REPORT

IFRS

2025

Key Figures

VOLKSWAGEN LEASING GMBH GROUP

€ million	Dec 31, 2025	Dec. 31, 2024
Total assets	66,924	60,442
Loans to and receivables from customers attributable to		–
Leasing business	22,660	22,360
Lease assets	37,446	31,760
Equity	10,982	10,099
Operating profit	1,032	318
Profit before tax	1,030	316

in percent (as of Dec. 31)	2025	2024
Overhead ratio ¹	0.79	0.91
Equity ratio ²	16.4	16.7
Return on equity ³	9.8	3.2

1 Personnel expenses, nonpersonnel indirect expenses and recognized amortization and depreciation reduced by income from services rendered / average total assets.

2 Equity / total assets

3 Return on equity before tax, which is calculated by dividing profit before tax by average equity

Number (as of Dec. 31)	2025	2024
Employees	1,984	2,013
Germany	1,882	1,926
International	102	87

in thousand vehicles	Dec 31, 2025	Dec 31, 2024
New contracts	876	795
Current contracts	2,284	2,085

All figures in the report are rounded individually which may lead to minor discrepancies when added together. The prior-year comparison figures are shown in parentheses next to the figures for the current fiscal year.

COMBINED MANAGEMENT REPORT

- 5** Fundamental Information about the Group
- 9** Report on Economic Position
- 16** Volkswagen Leasing GmbH (condensed, in accordance with the HGB)
- 22** Report on Opportunities and Risks
- 57** Report on Expected Developments

CONSOLIDATED FINANCIAL STATEMENTS

- 64** Income Statement
- 65** Statement of Comprehensive Income
- 66** Balance Sheet
- 68** Statement of Changes in Equity
- 69** Cash Flow Statement
- 70** Notes to the Consolidated Financial Statements

FURTHER INFORMATION

- 160** Responsibility Statement
- 161** Independent Auditor's Report
- 171** Human Resources Report
- 173** Report of the Supervisory Board

COMBINED MANAGEMENT REPORT

- 5** Fundamental Information about the Group
- 9** Report on Economic Position
- 16** Volkswagen Financial Services AG
(condensed, in accordance with the HGB)
- 22** Report on Opportunities and Risks
- 57** Report on Expected Developments

Fundamental Information about the Group

The companies of the Volkswagen Leasing GmbH Group provide a wide range of automotive financial services for retail and business customers.

BUSINESS MODEL

The Volkswagen Financial Services AG Group is a central and integrated provider of financial and mobility services within the Volkswagen Group. Its business activities are closely aligned with the manufacturers and dealer organizations of the Volkswagen Group.

The core responsibilities are:

- > To support sales of Group products for the benefit of the Volkswagen Group brands and their distribution partners
- > To strengthen customer loyalty to the Volkswagen Leasing GmbH Group and the Group brands along the automotive industry value chain, including through the targeted use of digital products and mobility solutions
- > To create synergies for the Group by combining Group and brand requirements in the finance and mobility services areas
- > To generate and sustain a high level of return on equity for the Group

The business model comprises the following operating segment:

Leasing transactions and services

This business area includes the finance lease business and operating lease business for retail and business customers as well as fleet management. In addition, the services offered include, for example, replacement tires, maintenance and servicing, or comprehensive insurance.

ORGANIZATION OF VOLKSWAGEN LEASING GMBH

The restructuring program completed as of July 1, 2024, consisted of comprehensive cross-company organizational changes with the aim of laying the foundation for the successful implementation of the Group's strategy in the mobility sector, taking into account the regulatory framework. As a consequence of this, Volkswagen Financial Services AG, as a financial holding company, together with the German and European companies, including their respective subsidiaries and investees, is supervised by the European Central Bank (ECB). Significant subsidiaries of Volkswagen Financial Services AG include Volkswagen Bank GmbH and its wholly owned subsidiary, Volkswagen Leasing GmbH.

Generally speaking, the aim of all structural measures implemented by Volkswagen Leasing GmbH is to improve the quality offered to both customers and dealerships, make processes more efficient and leverage synergies.

The responsibilities of the Management Board of Volkswagen Leasing GmbH are subdivided into three areas (Board departments).

Manuela Voigt is responsible for the German Market Board department as well as being Chair of the Management Board. Sales management, digital sales applications, marketing, product and brand management and operations are located in this Board department.

The Sales, German Market Board department is headed by Verena Roth; it is divided into sales strategy, retail sales, fleet customer sales and special target group sales.

The Back Office Board department was the responsibility of Hendrik Eggers until March 31, 2025. Since April 1, 2025, Oliver Roes has been responsible for the Board department and the areas of controlling and data management.

MOBILITY2030 STRATEGY

The core mission of the companies within the Volkswagen Financial Services AG Group is to jointly develop and offer a broad range of mobility services together with the Volkswagen Group brands. Customers receive fast, digital, flexible access to mobility.

As a provider of mobility solutions, the Volkswagen Financial Services AG Group has defined a clear growth plan in its MOBILITY2030 strategy, guided by its vision (“We are the key to mobility”) and mission (“We meet our customers’ mobility needs with sustainable solutions along the entire vehicle lifecycle”). The objective is to maintain a longer and more continuous relationship with both the customer and the vehicle along the automotive value chain.

Within the framework of the MOBILITY2030 strategy, six strategic dimensions were defined:

- > **Customer loyalty:** “We maximize customer loyalty to the Volkswagen Group brands.”
- > **Vehicle:** “We own the Volkswagen Group’s car parc and unlock business potential throughout the entire vehicle lifecycle – together with the Group brands and dealers.”
- > **Data and Technology:** “We leverage data and technology as core enablers of our success.”
- > **Profitability:** “We use our capital efficiently and deliver adequate returns to our shareholders.”
- > **Sustainability:** “We drive the transition to emission-free mobility along the Volkswagen Group’s sustainability principles.”
- > **People and Values:** “Our people are key.”

The products and services offered by the Volkswagen Leasing GmbH Group companies will contribute to implementing the MOBILITY2030 strategy.

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF A COMBINED MANAGEMENT REPORT

The consolidated financial statements are prepared in accordance with the IFRS Accounting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code).

Based on the statutory requirements, the Volkswagen Leasing GmbH Group is exercising the option to prepare a combined management report.

SIGNIFICANT CHANGES IN THE VOLKSWAGEN LEASING GMBH GROUP

There were no material changes in the reporting year.

INTERNAL MANAGEMENT

The Group's key performance indicators are determined on the basis of IFRSs and are presented as part of the internal reporting system. The most important nonfinancial performance indicators are penetration, number of current contracts and new contracts concluded. The financial key performance indicators are the interest-bearing assets, operating result, return on equity and the overhead ratio.

KEY PERFORMANCE INDICATORS

	Definition
Nonfinancial performance indicators	
Penetration	Ratio of new contracts for new Group vehicles under leasing business to deliveries of Group vehicles in markets Germany
Current contracts	Contracts recognized as of the reporting date
New contracts	Contracts recognized for the first time in the reporting period
Financial performance indicators	
Interest-bearing assets	Loans to and receivables from customers arising from leasing business and lease assets.
Operating result	Interest income from cash and loans, net income from leasing transactions, interest expense, net income from service contracts, provision for credit risks, net fee and commission result, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value, general and administrative expenses and net other operating income/expenses
Return on equity	Return on equity before tax, which is calculated by dividing profit before tax by average equity.
Overhead ratio	Personnel expenses, nonpersonnel indirect expenses and recognized amortization and depreciation reduced by income from services rendered / average total assets.

CORPORATE GOVERNANCE DECLARATION

Increase in the proportion of women

As of December 31, 2025, women accounted for 55% of the workforce of Volkswagen Leasing GmbH, although this is not yet reflected across all levels of management. Volkswagen Leasing GmbH is working to meet the targets for women on all levels and has set itself the objective to raise the proportion of women in management positions sustainably. A systematic effort is made to ensure that female candidates are considered during succession planning to help establish compliance with the relevant targets.

PROPORTION OF WOMEN – TARGET AND ACTUAL VALUES FOR GERMANY

in percent	Target 2026	Actual 2025
Second management level	27.3	30.8
First management level	19.7	35.0
Management Board	20.0	66.7
Supervisory Board	25.0	25.0

Following the completion of the restructuring of the Group structure as of July 1, 2024, the companies belonging to the Volkswagen Financial Services AG Group have set consistent targets for the proportion of women on the first and second management level throughout the Group. The achievement of targets is assessed according to a Group perspective, taking account of the fact that the professional development of relevant employees is typically organized across the Group, with development-related

transfers between individual Group companies. Volkswagen Leasing GmbH will then, as far as necessary, take relevant (counter) measures to meet the respective targets.

NONFINANCIAL STATEMENT OF THE GROUP

Pursuant to section 315b(2) of the HGB, Volkswagen Leasing GmbH exercises the option not to issue a consolidated nonfinancial statement. Please refer to the separate combined nonfinancial statement of the Volkswagen Group and Volkswagen AG for fiscal year 2025, as part of the Group Management Report in the 2025 Annual Report of the Volkswagen Group.

The combined nonfinancial statement will be available in German on this website <https://www.volkswagen-group.com/de/finanzberichte-18134> and in English on this website <https://www.volkswagen-group.com/en/financial-reports-18134> as from March 10, 2026.

Volkswagen AG is responsible for managing environmental, social and corporate governance (ESG) issues throughout the Group.

Report on Economic Position

The global economy recorded positive growth in 2025. Global demand for vehicles increased slightly as compared with the previous year. At €1,032 million, the operating result was very strongly up the prior year.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE GROUP'S ECONOMIC POSITION

The operating result, which amounted to €1,032 million in fiscal year 2025 was very strongly up on the previous year (€318 million). The rise is mainly attributable to the very strong increase in net income from leasing transactions and from service contracts as well as to a significant drop in interest expenses. The very strong increase in the provision for credit risks had an offsetting effect.

Deliveries to customers were down slightly in fiscal year 2025, dropping below the prior-year level. The new leasing business continued its encouraging trend, driven predominantly by the increasing switch from financing to leasing, especially in the retail business. Despite the challenging economic environment (due to factors such as poor economic performance and geopolitical uncertainties), the volume of loans and receivables in the Volkswagen Leasing GmbH Group grew significantly. Especially the established sales promotion programs were a key growth driver. In the reporting year, the number of new contracts rose significantly, and the volume of current contracts also went up slightly.

In the reporting year, the share of leased vehicles in the Volkswagen Group's deliveries (penetration) for Volkswagen Leasing GmbH in the Germany market was 64.7% and thus slightly above the prior-year level (61.6%).

Continuing strong demand for our products led to continuous significant growth in the portfolio of Volkswagen GmbH in fiscal year 2025, and the volume of loans and receivables in the loan portfolio expanded further. The quality of the loan portfolio remained at a stable level.

Despite strained markets, Volkswagen Leasing GmbH's residual value portfolio experienced continuous growth in 2025. Changes in residual value risk continue to be closely monitored on an ongoing basis, leading to corresponding measures where required.

Despite higher interest-bearing assets, funding costs amounting to €1,557 million were significantly lower than the prior-year level of €1,899 million.

At the level of Volkswagen Leasing GmbH, liquidity risk remained stable in the reporting period. Funding risk always remained within the specified limits. The existing sources of funding were adequate to enable the growth achieved in the fiscal year.

Since the reorganization in 2024, Volkswagen Leasing GmbH has been funded by using the funding opportunities of Volkswagen Bank GmbH, such as customer deposits or capital market transactions, as well as the continued issuance of ABSs.

The money and capital market rates relevant for funding decreased slightly in the course of 2025. Risk premiums (spreads) declined significantly in the second half of the year, after reaching high levels at times at the beginning of the year, especially due to the uncertain impacts of the US government's economic policy measures.

The Management Board of Volkswagen Leasing GmbH considers the course of business in the year 2025 to have been positive.

CHANGES IN KEY PERFORMANCE INDICATORS FOR FISCAL YEAR 2025 COMPARED WITH THE PRIOR-YEAR FORECAST

	Actual 2024		Forecast for 2025	Actual 2025
Nonfinancial performance indicators				
Penetration (percent)	61.6	<61,6	Slightly below previous year	64.7
Current contracts (thousands)	2,085	>2.085	Moderately up on previous year	2,284
New contracts (thousands)	795 ¹	>865	Moderately up on previous year	876
Financial performance indicators				
Interest-bearing assets (€ million)	49,661	>49.661	Noticeably up on previous year	55,266
Operating result (€ million)	318	>318	Substantially up on previous year	1,032
Return on equity (percent)	3.2	>3,2	Substantially up on previous year	9.8
Overhead ratio in %	0.91	=0,91	On prior-year level	0.79

¹ Prior-year figure restated.

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy continued to grow in 2025 at a pace similar to the previous year. In the emerging markets, the pace of growth picked up slightly. Momentum in the advanced economies remained roughly at the prior-year level. While inflation rates fell in many countries, they remained elevated in some cases. Due to these differing conditions, central banks reduced key policy rates to varying degrees, which had a dampening effect on economic growth in some countries. Overall, geopolitical uncertainties, particularly those related to the economic policy stance of the USA and the increase in geo-economic measures, placed a strain on the global economic environment.

Europe

In the reporting year, the economy in Western Europe exhibited positive growth overall, higher than the prior-year level. Development in the individual countries in Northern and Southern Europe was mixed. In response to falling inflation rates, the European Central Bank lowered its key policy rate in eight rate cuts, beginning in June 2024. In 2025, the economies of Central Europe grew overall at a slightly higher pace on average than in the same period of the previous year, while Eastern Europe recorded a smaller increase.

Germany

German gross domestic product stagnated at the prior-year level in 2025 after having fallen in the two preceding years. Compared with 2024, the unemployment figures rose slightly on average over the year. The harmonized rate of inflation in the reporting year was somewhat lower than the prior-year level.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was high in fiscal year 2025.

Movement on the European passenger car market was similar to that of the previous year in the year under review. Sales of financial services products exceeded the prior-year figure, primarily in the new car business. A positive trend was also observed in the sale of after-sales products such as servicing, maintenance and spare parts agreements.

New passenger car registrations in Germany in the period from January to December 2025 remained at the prior-year level. There was an increase in the number of new contracts in the financial services business. This trend is attributable to leasing contracts with individual and corporate customers. New vehicle financing was on a level with the prior year. The penetration of new vehicles exceeded the previous year's figure and trends on the used car business were also positive. The number of new service contracts increased year on year, primarily in the field of maintenance. There were fewer new contracts in the insurance business, but there was an increase in the number of passenger car insurance contracts concluded.

Sector-specific environment

The sector-specific environment in the European financial market in the reporting period was dominated by the continuation of the monetary policy easing that had begun in the previous year. The ECB lowered its key interest rate in a total of four steps to 2.0% in the first half of the year. The inflation rate in the eurozone stabilized around the target rate of around 2% over the course of the year. With regard to economic growth, the positive effects of increased public spending are offsetting the negative effects of trade tensions. The holdings in the Asset Purchase Program (APP) and the Pandemic Emergency Purchase Program (PEPP) were reduced as planned due to redemptions. Over the course of the year, the holdings fell below the 2.4 trillion mark in the APP and the 1.5 trillion mark in the PEPP.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2025, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with all regions developing favorably. While Africa, South America, Asia-Pacific, the Middle East, and Central and Eastern Europe recorded significant to slight growth, Western Europe and North America remained at the prior-year level.

The global volume of new registrations of light commercial vehicles in fiscal year 2025 was similar to the previous year.

Sector-specific environment

Along with fiscal policy measures, the sector-specific environment was affected by the economic situation, which contributed to the mixed trends in unit sales in the markets in the fiscal year now ended. The fiscal policy measures included tax cuts or increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import duties. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

Europe

In Western Europe, the number of new passenger car registrations in 2025 was on a level with the previous year. The performance of the large individual passenger car markets in this region was mixed. The United Kingdom registered slight growth and Spain significant growth and the market volume in Italy and France decreased slightly.

In the reporting year, the volume of new registrations for light commercial vehicles in Western Europe was significantly down year on year.

In the Central and Eastern Europe region, there was a slight increase in the volume of the passenger car market between January and December 2025. Positive movement was recorded in the number of vehicles sold in the major markets of Central Europe.

In fiscal year 2025, the market volume of light commercial vehicles in Central and Eastern Europe was significantly lower than in the previous year.

Germany

The number of new passenger car registrations in Germany from January to December 2025 was in the range of the previous year. There was positive development primarily in new registrations of all-electric vehicles. Production in Germany increased to 4.2 million vehicles (+2.0%) in 2025, while passenger car exports stagnated at 3.2 million units (-0.3%).

The number of light commercial vehicles sold in Germany in the reporting year was noticeably lower than the 2024 figure.

FINANCIAL PERFORMANCE

The IFRS operating result increased very strongly to €1,032 (318) million, driven above all by the significant increase in net income from leasing transactions and significantly lower interest expense. In contrast, the provision for credit risks increased very strongly.

Profit before tax came to €1,030 (316) million, which was very strongly up on the prior year.

Return on equity amounted to 9.8 (3.2)%.

Interest income from bank balances and loans amounted to €89 million, a very strong decrease from the prior-year figure of €206 million.

Net income from leasing transactions amounted to €2,924 (2,479) million and was therefore very strongly up on the previous year. The rise was to a significant extent due to lease income from the operating lease business, which contributed €6,485 (5,695) million. The impairment losses on lease assets of €334 (523) million included in the surplus from leasing transactions were attributable to current market movements and expectations.

Interest expense was €1,557 million, a significant decrease from the prior-year level (€1,899 million).

Net income from service contracts amounted to €322 (165) million and was very strongly above the prior-year figure.

There was very strong year-on-year growth in the provision for credit risks to €316 (122) million.

Net fee and commission income amounted to €-20 (-2) million, very strongly below the prior-year level.

General and administrative expenses were slightly down on the previous year at €572 (585) million. This figure also includes costs associated with services for other entities in the Volkswagen Group. Accordingly, costs of €72 (56) million were recharged to other entities in the Volkswagen Group and reported under net other operating income/expenses. At 0.79 (0.91)%, the overhead ratio was substantially lower than in the previous year.

Net other operating income/expenses was very sharply below the prior-year level at €148 (217) million. An amount of €0 (0) million was added to the provisions for legal risks and recognized through profit or loss in net other operating income/expenses.

In total, the Volkswagen Leasing GmbH Group generated a profit after tax amounting to €616 (191) million.

Under Volkswagen Leasing GmbH's current control and profit-and-loss transfer agreement, a loss of €245 million reported by Volkswagen Leasing GmbH in its single-entity financial statements prepared in accordance with the HGB was absorbed by the shareholder, Volkswagen Bank GmbH.

NET ASSETS AND FINANCIAL POSITION

Lending business

At €61.6 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Leasing GmbH Group – accounted for approximately 92% of the Group's total assets.

The number of new retail financing contracts came to 876 thousand, which was significantly above the prior-year level (prior-year figure restated: 795 thousand). The number of current contracts stood at 2,284 thousand at the end of the year, noticeably up on the previous year (2,085 contracts).

Overall, receivables from leasing transactions were on the same level as in the previous year at €22.7 billion (+1.3%).

Lease assets recorded significant growth of €5.7 billion to €37.4 billion (+17.9%).

Total assets of the Volkswagen Leasing GmbH Group rose significantly to €66.9 billion year-on-year (+10.7%). This growth resulted primarily from the increase in lease assets and hence reflects business expansion over the fiscal year ended.

There were 4,263 thousand (previous year: 3,913 thousand) service contracts in the portfolio as of the end of the year. The new business volume of 1,446 thousand contracts was significantly up on the prior-year level (1,270 thousand).

Deposit business and borrowings

In terms of the capital structure, the significant liability items included liabilities to banks in the amount of €16.0 billion (+120.9%), liabilities to customers amounting to €13.5 billion (-2.4%) and notes and commercial paper issued in the amount of €23.6 billion (-10.9%). Further details on the funding and hedging strategy can be found in the sections Liquidity Analysis and Funding and in the risk report within the disclosures on interest-rate risk and liquidity risk.

Equity

The subscribed capital of Volkswagen Leasing GmbH remained unchanged at €76 million in fiscal year 2025. Equity in accordance with the IFRSs was €11.0 (10.1) billion. This resulted in an equity ratio (equity divided by total assets) of 16.4% based on total assets of €66.9 billion.

KEY FIGURES BY SEGMENT FOR FISCAL YEAR 2025

in thousands	Retail	Fleet	Sum	Reconciliation	Group
Current contracts	2,604	4,047	6,651	–	6,651
Leasing business	1,100	1,184	2,284	–	2,284
Service	1,504	2,863	4,367	–	4,367
New contracts	936	1,421	2,357	–	2,357
Leasing business	398	478	876	–	876
Service	538	943	1,481	–	1,481
€ million					
Loans to and receivables from customers attributable to					
Dealer financing	–	–	–	–	–
Leasing business	10,915	11,745	22,660	–	22,660
Lease assets	18,032	19,402	37,434	–	37,434
Investment ¹	7,374	8,847	16,221	–	16,221
Operating result	382	697	1,079	–47	1,032
In percent					
Penetration ²	–	–	–	–	64.7%

1 Corresponds to additions to lease assets classified as noncurrent assets.

2 Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles

KEY FIGURES BY SEGMENT FOR FISCAL YEAR 2024

in thousands	Retail	Fleet	Sum	Reconciliation	Group
Current contracts	2,280	3,736	6,016	–	6,016
Leasing business	993	1,093	2,085	–	2,085
Service	1,287	2,644 ³	3,913 ³	–	3,913 ³
New contracts	865	1,201	2,066	–	2,066
Leasing business	392	404	795	–	795
Service	473	797	1,270	–	1,270
€ million					
Loans to and receivables from customers attributable to					
Dealer financing	–	–	–	–	–
Leasing business	10,646	11,714	22,360	–	22,360
Lease assets	15,121	16,639	31,760	–	31,760
Investment ¹	6,832	7,034	13,866	–	13,866
Operating result	247	–128	119	199	318
In percent					
Penetration ²	–	–	–	–	61.6%

1 Corresponds to additions to lease assets classified as noncurrent assets.

2 Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles.

3 Prior-year figure restated.

LIQUIDITY ANALYSIS

The companies of the Volkswagen Leasing GmbH Group are funded primarily through asset-backed securities (ABSs) and through intercompany loans from Volkswagen Bank GmbH.

Volkswagen Leasing GmbH is an integral part of the Volkswagen Bank GmbH Group, and Volkswagen Leasing GmbH's liquidity is therefore managed at the level of the Volkswagen Bank GmbH Group.

Volkswagen Leasing GmbH must satisfy the minimum requirements for risk management (MaRisk). Compliance with these requirements is determined and continuously monitored by the liquidity risk management department. Moreover, the cash flows for the coming 12 months are projected and compared against the funding potentials in each maturity bucket.

There is a regulatory requirement that any liquidity requirements identified in institution-specific stress scenarios must be covered with an adequate liquidity buffer over a time horizon of seven and 30 days. From a regulatory perspective, there was no immediate need to take action for Volkswagen Leasing GmbH in the reporting year.

FUNDING

Strategic principles

By pooling its activities in a European financial services provider and through the spin-off of Volkswagen Leasing GmbH to Volkswagen Bank GmbH as of July 1, 2024, the funding strength Volkswagen Bank GmbH can be used for the growth of the leasing business in Germany and Europe. In addition to engaging in ABS transactions, Volkswagen Bank GmbH can now also use the significant increase in customer deposits and intercompany loans to fund the planned business growth.

Volkswagen Leasing GmbH itself no longer actively places any unsecured bonds in the capital market.

Implementation

Volkswagen Leasing GmbH was active in the German market with its ABS program. German lease receivables were securitized in February, June and October in the form of Volkswagen Car Lease (VCL) transactions, which had a total volume of €3.5 billion.

The following table shows the transaction details:

ABS TRANSACTIONS IN FISCAL YEAR 2025

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Leasing GmbH, Braunschweig	VCL 44	February	Germany	EUR 1.25 billion
Volkswagen Leasing GmbH, Braunschweig	VCL 45	June	Germany	EUR 1.0 billion
Volkswagen Leasing GmbH, Braunschweig	VCL 46	October	Germany	EUR 1.25 billion

Volkswagen Leasing GmbH

(Condensed, in accordance with the HGB)

2025 BUSINESS PERFORMANCE

Volkswagen Leasing GmbH reported a result from ordinary activities after tax amounting to a loss of €245 million in the reporting year.

Lease income of €30,011 (28,351) million was offset by lease expenses of €15,053 (14,663) million.

Net fee and commission income of €-1,191 (-1,020) million is mainly comprised of closing commissions arising from lease business.

Other operating income came to €406 (462) million, with other operating expenses amounting to €22 (40) million. Other operating income included income from service fees from ABS transactions amounting to €212 million.

The general and administrative expenses included expenses from cost allocations to Group companies and the expenses related to personnel and administrative costs.

Risk costs totaling €642 (479) million primarily included expenses arising from additions to provisions.

The loss after tax of €245 million will be absorbed by Volkswagen Bank GmbH pursuant to the existing control and profit-and-loss transfer agreement.

Receivables from banks decreased by €506 million (20%). The decline is primarily due to lower credit balances at Volkswagen Bank GmbH.

Receivables from customers fell by €767 million (15%). The drop is mainly the result of the decline in loans to affiliated companies.

Lease assets increased by 10.0% to €54,193 million. The change results from an increased vehicle inventory.

Liabilities to customers decreased by €826 million (3%) to €22,811 million, mainly because of lower liabilities to affiliated companies.

Commercial paper issued decreased by €1,768 million compared to the previous year (17%) to €8,758 million.

The decrease in provisions of €149 million (13%) arose mainly from lower provisions for expected losses.

The equity ratio is now 5.1 (5.5)%. Total assets at the end of the reporting period amounted to €64,333 million.

NUMBER OF EMPLOYEES

The average number of employees during the reporting period can be found in the table below.

	Dec. 31, 2025	Dec. 31, 2024
Salaried employees	1,977	1,041
of which senior managers	21	11
of which part time	593	296
Vocational trainees	–	–

MANAGEMENT, AND OPPORTUNITIES AND RISKS RELATING TO THE BUSINESS PERFORMANCE OF VOLKSWAGEN LEASING GMBH

Volkswagen Leasing GmbH is integrated into the internal management concept of the Volkswagen Leasing GmbH Group. It is thus subject to the same key performance indicators and the same opportunities and risks as the Volkswagen Leasing GmbH Group. The legal requirements governing the management of Volkswagen Leasing GmbH as a legal entity are observed using key performance indicators such as penetration, operating result and return on equity. This internal management concept and these opportunities and risks are described in the section on the fundamental information about the Volkswagen Leasing GmbH Group as well as in the report on opportunities and risks of this annual report.

INCOME STATEMENT OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, FOR FISCAL YEAR 2025

€ thousand	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
1. Lease income	30,011,366	28,351,180
2. Leasing expenses	15,052,717	14,663,204
	14,958,649	13,687,976
3. Interest income		
b) From other activities		
aa) Lending and money market transactions	314,025	546,635
4. Interest expense		
b) From other activities	1,650,851	1,604,612
thereof: unwinding of discount on provisions	1,102	2,365
	-1,336,826	-1,057,977
5. Fee and commission income		
a) From payment services and the issuance of e-money	40	34
b) From other activities	4,668	55,960
6. Fee and commission expenses		
b) From other activities	1,195,912	1,075,659
	-1,191,204	-1,019,665
7. Other operating income		
b) From other activities	406,315	462,482
8. Income from the reversal of special tax-allowable reserve	59	59
9. General and administrative expenses		
a) From payment services and the issuance of e-money		
bb) Other administrative expenses	21	87
b) From other activities		
aa) Personnel expenses		
aaa) Wages and salaries	189,678	104,984
bbb) Social security, post-employment and other employee benefit costs of which: for post-employment benefits €20.481 thousand	63,911	36,410
	253,589	141,394
bb) Other administrative expenses	326,949	479,609
	580,559	621,090

€ thousand	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
10. Depreciation, amortization and write-downs		
a) Depreciation and write-downs of lease assets		
ab) From other activities	12,122,852	11,386,464
b) Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of property and equipment		
bb) From other activities	69,649	64,693
	12,192,501	11,451,157
11. Other operating expenses		
b) From other activities	21,903	39,988
12. Write-downs of and valuation allowances on receivables and additions to provisions in the leasing business		
b) From other activities	642,458	478,542
13. Income from the reversal of write-downs of and valuation allowances on receivables and from the reversal of provisions in the leasing business		
b) From other activities	389,882	672,776
14. Result from ordinary business activities	-210,546	154,874
a) From payment services and the issuance of e-money	19	-53
b) From other activities	-210,565	154,927
15. Income tax expense	34,485	135,971
a) From payment services and the issuance of e-money	-3	-47
b) From other activities	34,488	136,018
16. Income from the absorption of losses	245,031	-
a) From payment services and the issuance of e-money	-22	-
b) From other activities	245,053	-
17. Profits transferred due to a profit-and-loss transfer agreement	-	18,903
a) From payment services and the issuance of e-money	-	-100
b) From other activities	-	19,003
18. Net income for the year	-	-
19. Retained profits brought forward	649	649
20. Net retained profits	649	649

BALANCE SHEET OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, AS OF DECEMBER 31, 2025

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Assets		
1. Cash reserve		
b) From other activities	3	4
2. Loans to and receivables from banks		
b) From other activities		
aa) Repayable on demand	2,041,483	2,547,941
3. Loans to and receivables from customers		
a) From payment services	145	175
aa) From fees and commissions	145	175
b) From other activities	4,316,955	5,083,524
	4,317,100	5,083,699
4. Notes and other fixed-income securities		
b) Commercial paper and notes		
ba) From public-sector issuers	476,540	143,907
5. Lease assets		
aa) From other activities	54,193,235	49,094,343
6. Intangible fixed assets		
a) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	98,885	102,773
	98,885	102,773
7. Property and equipment		
a) Land and buildings		
ab) From other activities	16,779	17,864
b) Operating and office equipment		
ab) From other activities	1,734	567
	18,513	18,431
8. Other assets		
b) From other activities	2,198,209	1,567,666
9. Prepaid expenses and accrued income		
b) From other activities	989,512	1,059,072
Total assets	64,333,480	59,617,836

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Equity and liabilities		
1. Liabilities to banks		
b) From other activities		
aa) Repayable on demand	46,999	175,127
bb) With agreed maturity or notice period	14,922,817	7,741,866
	14,969,816	7,916,993
2. Liabilities to customers		
b) From other activities	22,810,699	23,636,699
3. Notes, commercial paper issued		
a) Bonds issued	8,757,840	10,525,518
4. Other liabilities		
b) From other activities	2,117,602	1,837,707
5. Prepaid expenses and accrued income		
b) From other activities	11,373,532	11,241,777
6. Provisions		
a) Provisions for pensions and other post-employment benefits		
bb) From other activities	100,261	117,337
b) Provisions for taxes		
bb) From other activities	7,399	14,718
c) Other provisions		
bb) From other activities	925,772	1,050,469
	1,033,432	1,182,524
7. Special tax-allowable reserve	647	706
8. Fund for general banking risks	–	6,000
9. Equity		
a) Subscribed capital	76,004	76,004
b) Capital reserves	3,193,259	3,193,259
c) Net retained profits	649	649
	3,269,912	3,269,912
Total equity and liabilities	64,333,480	59,617,836
1. Contingent liabilities		
Liability arising from the provision of collateral for third-party liabilities	38,500	73,375
2. Other obligations		
Irrevocable leasing commitments	5,745,006	5,362,820

Report on Opportunities and Risks

Volkswagen Leasing GmbH is responding systematically to the challenging fiscal year dominated by geopolitical tensions with balanced, active opportunity and risk management to secure its long-term business success.

OPPORTUNITIES AND RISKS

In this section, the risks and opportunities that arise in connection with business activities are presented. The opportunities and risks are grouped into various categories. Unless specifically stated, there were no material year-on-year changes to the individual risks or opportunities.

Analyses of the competitive and operating environment are used, together with market observations, to identify not only risks but also opportunities, which then have a positive impact on the design of products, the success of the products in the marketplace and on the cost structure. Opportunities and risks that are expected to materialize have already been taken into account in the medium-term planning and forecast. The following sections therefore describe fundamental opportunities that could lead to a positive variance from the forecast and also present a detailed description of relevant risks.

Macroeconomic opportunities and risks

In a challenging market environment, the Management Board of Volkswagen Leasing GmbH anticipates that number of deliveries to Volkswagen Group customers will increase by around 1% year-on-year in 2026. The Volkswagen Leasing GmbH Group supports sales of vehicles by supplying financial services products.

European economic growth is being significantly driven by further inflation developments and the monetary policy easing cycle that has already been implemented. Overall inflation has declined on average. Key interest rates are expected to remain at their current low levels. If overall inflation were to rise again, this could lead to a renewed tightening of monetary policy, thereby weakening economic growth.

Global economic growth could also be further dampened by geopolitical tensions, should these give rise to shortages and delays in global supply chains, for example, or result in a renewed upward trend in inflation. This, in turn, could also impact negatively on both consumption and investment climate.

The macroeconomic environment could, however, also create opportunities for Volkswagen Leasing GmbH if inflation takes a more positive path than anticipated, for example, or if geopolitical tensions ease and economic growth proves stronger as a result.

Strategic opportunities and risks

Volkswagen Leasing GmbH identifies opportunities in developing innovative products that address customers' evolving mobility requirements. Growth segments such as mobility products and service offerings are being systematically developed and expanded.

Volkswagen Leasing GmbH also sees opportunities in the ongoing digital transformation of the business and the increasing customer demand for usage rather than ownership. Our objective is to respond to this development by expanding our product range across the entire vehicle lifecycle and further strengthening the used car business. This will create opportunities to tap into new customer groups, develop new distribution channels and generate additional efficiency and increase revenue.

By expanding digital sales channels, the Group is enhancing its direct-to-customer business as a complement to the dealership. Changing customer needs are thus addressed and the competitive position of Volkswagen Leasing GmbH reinforced.

Furthermore, the refinancing capabilities of Volkswagen Bank GmbH create opportunities to finance the planned business growth of the companies within the Volkswagen Financial Services AG Group.

Opportunities from credit risk

Opportunities may arise in connection with credit risk if the losses actually incurred in the lease business turn out to be lower than the prior calculations of expected loss and the associated provisions recognized on the basis thereof. Particularly in those countries in which increased risk provisioning was identified due to an uncertain economic situation, the realized losses may be lower than the expected losses if the economy stabilizes and borrowers' credit ratings improve as a result.

Opportunities from residual value risk

When vehicles are remarketed, Volkswagen Leasing GmbH may be presented with the opportunity to achieve a price that is higher than the contractual residual value if prices actually achieved from remarketing rise more than anticipated.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM AND THE INTERNAL RISK MANAGEMENT SYSTEM AS REGARDS THE FINANCIAL REPORTING PROCESS

The internal control system (ICS) that is relevant to the accounting system and used for the consolidated and annual financial statements as well as the management report of Volkswagen Leasing GmbH is defined as the sum of all principles, procedures and activities aimed at ensuring the effectiveness and propriety of the financial reporting and compliance with the relevant legal requirements. The internal risk management system (IRMS) as regards the accounting process refers to the risk of misstatement in the bookkeeping at the company and Group level as well as in external financial reporting. The sections below describe the principal elements of the ICS/IRMS as they relate to the financial reporting process of Volkswagen Leasing GmbH.

- > The Management Board of Volkswagen Leasing GmbH is the governing body with responsibility for the executive management of the business. In this role, the Board has set up the divisions Accounting, Treasury, Compliance, Risk Management and Controlling, each with clearly separated functions and clearly assigned areas of responsibility and authority, to ensure that accounting and financial reporting processes are carried out properly. The tasks of the Treasury function are performed by Volkswagen Bank GmbH under an outsourcing agreement. The compliance function has also been outsourced to Volkswagen Bank GmbH, although its services are supplemented by a compliance officer function at Volkswagen Leasing GmbH. The accounting tasks (single-entity and consolidated financial statements) are performed in full by Volkswagen Financial Services AG on the basis of an outsourcing agreement.

- > There are Group-wide requirements and rules that form the basis of a standardized, proper and continuous financial reporting process.
- > Among other things, the accounting policies for the Volkswagen Leasing GmbH Group are governed by the accounting and financial reporting requirements of the IFRS Accounting Standards (IFRSs). Accounting policies, including accounting policies in accordance with German commercial law (HGB) in conjunction with the *Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute* (RechKredV – German Bank Accounting Regulation) govern the accounting policies for the single-entity financial statements of Volkswagen Leasing GmbH.
- > The accounting requirements also govern specific formal requirements for the consolidated financial statements. In addition to defining the basis of consolidation, the components of the IFRS reporting packages to be prepared are also defined in detail. The accounting requirements also include specific requirements for the presentation and settlement of intercompany transactions and the related balance reconciliation process.
- > At Group level, specific control activities to ensure the consolidated financial statements are properly and reliably presented comprise the analysis and, if necessary, correction of the IFRS consolidated financial statements.
- > These are supplemented by the clear definition of areas of responsibility and various monitoring and review mechanisms.
- > These monitoring and review mechanisms are designed with both integrated and independent process components. Automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as double-checking by a second person.
- > Internal Audit of Volkswagen Financial Services AG is a key component of Volkswagen Leasing GmbH's monitoring and control system. As an outsourcee, supplemented by an audit officer function at Volkswagen Leasing GmbH, it carries out regular audits of accounting-related processes as part of its risk-oriented auditing activities and reports on these audits directly to the Management Board of Volkswagen Leasing GmbH and the Board of Management of Volkswagen Financial Services AG.

In summary, the ICS and IRMS of the Volkswagen Leasing GmbH Group are intended to ensure that the financial position of the individual entities and of the Volkswagen Leasing GmbH Group as of the reporting date December 31, 2025 has been based on information that is reliable and has been properly recognized. In addition, the accurate recording, the processing and the evaluation of all transactions and their inclusion in the accounting system as a whole must be ensured.

No material changes were made to the internal monitoring and control system of Volkswagen Leasing GmbH after the reporting date.

BASIC RISK MANAGEMENT PRINCIPLES

Since July 1, 2024, Volkswagen Leasing GmbH has had an authorization to provide payment services, which comprises the acquisition and settlement of payment transactions pursuant to section 1(1) sentence 2 no. 5 2nd alternative of the *Zahlungsdiensteaufsichtsgesetz* (ZAG – Payment Services Supervision Act) and the money remittance business pursuant to section 1(1) sentence 2 no. 6 of the ZAG. Volkswagen Leasing GmbH has since then therefore also been subject to the provisions of the ZAG as a payment institution pursuant to section 1(1) sentence 1 no. 1 of the ZAG. It should be noted in this context that the focus is on the leasing business and the proportion of payment services is of minor importance for Volkswagen Leasing GmbH.

Since July 1, 2024, Volkswagen Leasing GmbH has been a direct subsidiary of Volkswagen Bank GmbH and an indirect subsidiary of the financial holding company Volkswagen Financial Services AG. This means that it belongs firstly to the regulatory basis of consolidation of the financial holding group of Volkswagen Financial Services AG and secondly to the Volkswagen Bank GmbH Group on the level of the prudential scope of sub-consolidation pursuant to Article 11(6) of the CRR. Volkswagen Leasing GmbH therefore has to meet the Group-related coordinated requirements of Volkswagen Financial Services AG and Volkswagen Bank GmbH, which also include the Group-related regulatory requirements of the European Banking Authority (EBA).

As of October 9, 2024 Volkswagen Leasing GmbH has met the condition and requirements for approval of a waiver applied for pursuant to section 2a(2) of the KWG with regard to the provisions of section 25a of the KWG. Following the acceptance of an unrestricted letter of comfort by Volkswagen Bank GmbH to the creditors of Volkswagen Leasing GmbH, this means that it does not have to have its own business and risk strategy, determine its own risk-bearing capacity and its own processes for identifying, assessing, managing, monitoring and communicating the risks and does not have to have its own risk control function, with the exception of liquidity risk for the single entity Volkswagen Leasing GmbH. Instead, Volkswagen Bank GmbH now prepares a business and risk strategy for the Volkswagen Bank GmbH Group, including Volkswagen Leasing GmbH, which it coordinates with the Group, and ensures the risk-bearing capacity at Volkswagen Bank GmbH Group level.

Based on the approval of the waiver pursuant to section 2a(2) of the KWG, Volkswagen Bank GmbH and Volkswagen Leasing GmbH have implemented the organizational structure previously resolved for risk management. Since November 1, 2024 there has only been one risk control function responsible for the Volkswagen Bank GmbH Group. It is located at Volkswagen Bank GmbH and, with the exception of liquidity risk controlling, performs the risk control function for Volkswagen Bank GmbH and Volkswagen Leasing GmbH. Volkswagen Leasing GmbH has outsourced most liquidity risk management and liquidity risk controlling tasks to Volkswagen Bank GmbH, although responsibility for ensuring and controlling liquidity remains with the Management Board of Volkswagen Leasing GmbH. As a result of the approval of the waiver pursuant to section 2a(2) of the KWG, most of the MaRisk requirements now have to be met by Volkswagen Bank GmbH for the Volkswagen Bank GmbH Group, including Volkswagen Leasing GmbH. Responsibility for the remaining MaRisk requirements not covered by the waiver approval pursuant to section 2a(2) of the KWG remains with the Management Board of Volkswagen Leasing GmbH, which has outsourced most of the processes to the financial holding company Volkswagen Financial Services AG and to Volkswagen Bank GmbH. An outsourcing officer, who monitors service provision by Volkswagen Financial Services AG and Volkswagen Bank GmbH, ensures compliance with regulatory requirements.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

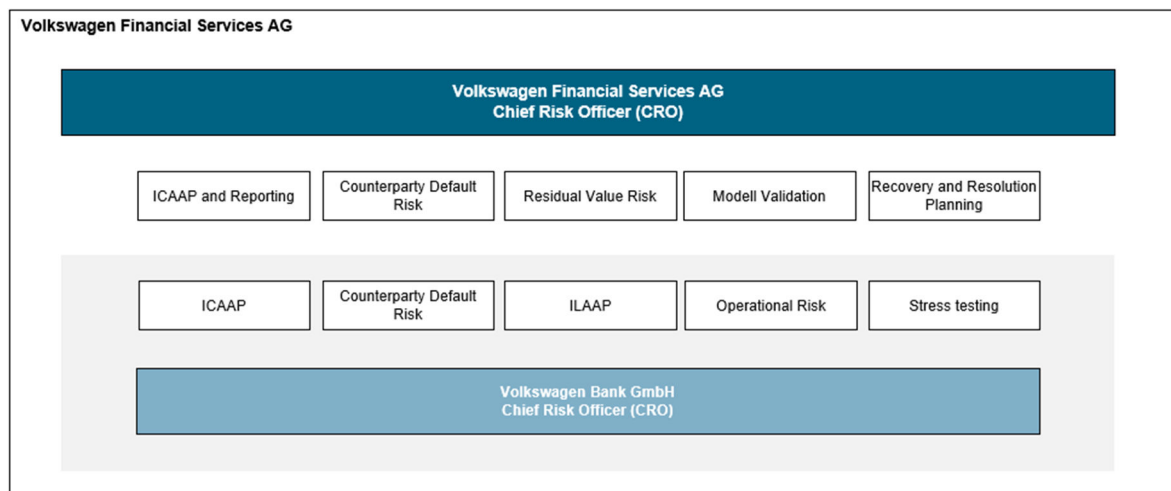
At Volkswagen Leasing GmbH, risk is defined as the danger of loss or damage that could occur if an expected future development turns out to be less favorable than planned. Volkswagen Leasing GmbH is exposed to a large number of risks typical for the financial services sector as part of its primary operating activities. It accepts these risks so that it can exploit any resulting market opportunities.

In 2024, a waiver arrangement for Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group had been requested from and approved by the German banking supervisory authority. Pursuant to section 2a(2) sentence 1 of the *Kreditwesengesetz* (KWG – German Banking Act) in conjunction with Article 7(1) of the Capital Requirements Regulation (CRR), entities of a group of institutions may be exempted from operational risk management (with the exception of liquidity risk in relation to section 25a(1) sentence 3 nos. 1, 2 and 3 letters b and c of the KWG). In this case, the operating activities are performed by the risk management function of the overarching group. The exemption granted on

October 2, 2024 is subject to conditions being met. The report by internal Audit relating to Volkswagen Leasing GmbH has to be submitted once a year, including audit fields and findings. In addition, the quarterly risk management report of Volkswagen Bank GmbH has to be provided, including risks material to Volkswagen Leasing GmbH, in particular residual value risk and counterparty default risk from customer financing. In this process, the Management Board member responsible for Back Office receives a copy of the risk management report as proof that the requirement has been met.

Volkswagen Leasing GmbH is integrated into the risk management system of Volkswagen Financial Services AG and Volkswagen Bank GmbH, which is used to identify, assess, manage, monitor and communicate risks. The risk management system comprises a framework of risk principles, organizational structures and processes for assessing and monitoring risks. The individual elements are tightly focused on the activities of the individual divisions. This structure is to ensure that any trends that could represent a risk to the business as a going concern are identified in good time so that appropriate corrective action can then be initiated at an early stage.

ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT



By making use of the waiver arrangements presented earlier, the Management Board of Volkswagen Bank GmbH is generally responsible for the risk management of Volkswagen Leasing GmbH, although the Management Board of Volkswagen Leasing GmbH retains responsibility for liquidity risks. Volkswagen Leasing GmbH thus uses the functions of a number of risk management units that were set up to fulfill the operational risk controlling functions at the parent companies. In this way, Volkswagen Financial Services AG as well as Volkswagen Bank GmbH and Volkswagen Leasing GmbH perform the risk management using an integrated approach and pooling key risk management skills in Volkswagen Financial Services AG and Volkswagen Bank GmbH.

In terms of the practical implementation, operational implementation for the liquidity risks (ILAAP) and operational risks as well as activities in stress testing are the responsibility of Volkswagen Bank GmbH. Moreover, it uses the competence of Volkswagen Financial Services AG's Risk Management for residual value risk processes, defined activities of model validation and for recovery and resolution planning. Risk-bearing capacity was determined and the internal capital adequacy of Volkswagen Financial Services AG and Volkswagen Bank GmbH was assessed (under the internal capital adequacy assessment process – ICAAP) in close collaboration between the two companies; counterparty default risk is managed in the same way.

In this context, the risk management function of Volkswagen Leasing GmbH – using the waiver arrangement – is exempt from performing all ICAAP elements. Exceptions relate to arrangements linked to the operational and organizational structure and liquidity risk management.

The clear, unequivocal separation of tasks and areas of responsibility, both organizationally and in terms of personnel, ensures that the system is fully functioning at all times and regardless of the personnel involved.

The risk management departments are responsible for providing guidelines for the organization of risk management. This function includes drawing up risk policy guidelines, developing and maintaining methodologies and processes relevant to risk management, and also issuing and enforcing international framework requirements for the procedures to be used throughout Europe. In particular, these include models for conducting credit quality analyses in the lending business, for quantifying the risk categories and the risk-bearing capacity, and for valuing collateral, as well as standardized procedures for identifying, analyzing and measuring direct and indirect residual value risks. Risk management is therefore responsible for identifying potential risks, as well as analyzing, quantifying and measuring risks, and for subsequently deriving risk management measures.

In summary, ongoing risk monitoring, open and direct communication with the Management Board and the integration of the insights gained into operational risk management form the basis for optimal leverage of market potential from the Management Board's perspective, based on informed and effective management of Volkswagen Leasing GmbH's risks.

RISK STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Management Board of the Volkswagen Bank GmbH Group, which also includes Volkswagen Leasing GmbH.

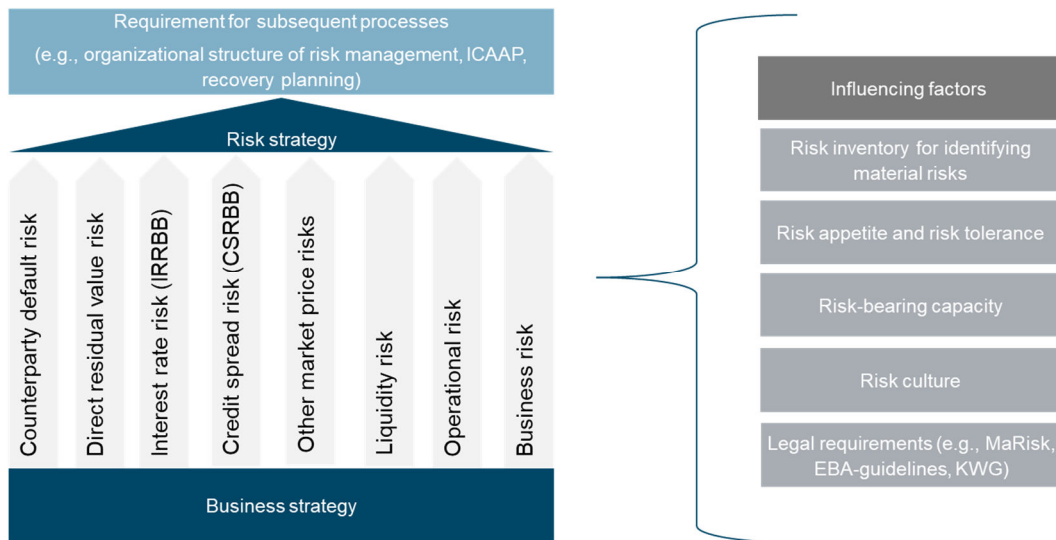
As part of this overall responsibility, the Management Board of Volkswagen Bank GmbH has introduced a MaRisk-compliant strategy process and implemented a business and risk strategy.

The MOBILITY2030 Group-wide business strategy sets out the fundamental views of the Management Board of Volkswagen Bank GmbH on key matters relating to business policy. It includes the objectives for each major business activity and the strategic areas for action to achieve the relevant objectives. Moreover, the business strategy serves as the starting point for the preparation and associated development of the risk strategy.

It is adjusted where appropriate, approved by the Management Board of Volkswagen Bank GmbH and discussed with the Supervisory Board of Volkswagen Bank GmbH. The risk strategy presents the key objectives of and measures for risk management for each risk category, taking into account the business policy focus, risk tolerance and risk appetite. Achievement of the risk strategy objectives is reviewed annually. The causes of any variances are analyzed and then discussed with the Management Board of Volkswagen Bank GmbH.

The risk strategy contains all material quantifiable and unquantifiable risks. More detailed information and specific examples of the individual risk categories are presented in the form of subrisk strategies and operationalized in the business and risk planning process.

RISK STRATEGY PROCESS



RISK INVENTORY

The objective of the risk inventory, which has to be performed at least once a year, is to identify the main categories of risk. To this end, all known categories of risk are investigated to establish whether they are relevant for Volkswagen Bank GmbH. The results of the risk inventory also cover Volkswagen Leasing GmbH.

In the risk inventory, the relevant categories of risk are examined in greater detail, quantified or, if they cannot be quantified, subjected to a qualitative assessment by experts, and then evaluated to determine whether they are material for the Volkswagen Bank GmbH Group. The main categories of risk are then assessed as part of portfolio analyses regarding their influence on drivers of sustainability risk.

The risk inventory of the Volkswagen Bank GmbH Group carried out for 2025 came to the conclusion that the quantifiable risk categories of counterparty risk, direct residual value risk, interest rate risk, credit spread risk in the banking book (CSRBB), other market risks, funding risk and operational risk, as well as the non-quantifiable risk category business risk, consisting of earnings risk, reputation risk and strategic risk including the ESG add-on, as well as business model risk, had to be classified as material risk categories. Indirect residual value risk and pension risk were still classified as immaterial because they accounted for a low proportion of the overall risk. Existing other risk subcategories are included in the named risk categories.

RISK-BEARING CAPACITY, RISK LIMITS AND STRESS TESTING

Fundamental decisions relating to risk-bearing capacity, risk limits and stress testing are the responsibility of the Management Board of the Volkswagen Bank GmbH Group; they include risk-bearing capacity, risk limits and stress testing for Volkswagen Leasing GmbH, which are performed as part of Group governance. The overarching Group management of the Volkswagen Bank GmbH Group is structured as follows.

The Volkswagen Bank GmbH Group has set up a system for calculating risk-bearing capacity in accordance with the requirements specified in the ECB Guide to the internal capital adequacy assessment process (ICAAP). In the opinion of the Management Board, the system ensures that the Group maintains risk-bearing capacity from both economic and normative perspectives.

In the economic risk-bearing capacity analysis, the overall economic risk is compared against the risk-taking potential. An institution has the capacity to bear its risk if, as a minimum, all material risks to which the institution is exposed are covered at all times by the institution's risk-taking potential.

The main risks are quantified as part of the economic risk-bearing capacity analysis with a confidence level of 99.9% and a time horizon of one year.

The objective of the normative perspective is to ensure that all relevant regulatory capital ratio requirements are met (in particular, the requirements for the total capital ratio and Common Equity Tier 1 capital ratio) in the planning period. To this end, the Volkswagen Bank GmbH Group analyzes a baseline scenario and a multidimensional adverse scenario over a forward-looking time horizon of three years beyond the current year and constantly monitors its compliance with the regulatory capital requirements and its internally specified early warning thresholds.

In addition, the Volkswagen Bank GmbH Group uses a system of limits derived from the economic risk-bearing capacity analysis to specifically manage risk-cover capital in accordance with the level of risk tolerance determined by the Management Board.

Building on the Bank's risk appetite framework, the risk limit system that has been put in place limits the risk at different levels, thereby aiming to safeguard the economic risk-bearing capacity of the Volkswagen Bank GmbH Group.

Risk-taking potential is determined from the available equity and earnings components subject to deductions (such as undisclosed liabilities). In accordance with a moderate, overarching risk appetite, only a portion (a maximum of 90%) of this risk-taking potential is specified as a risk ceiling or overall risk limit. The overall risk limit is apportioned according to the relevant specific risk appetite to counterparty default risk, direct residual value risk, market risk, funding risk, and operational risk for the purposes of operational monitoring and control. In this process, the limit allocated to counterparty credit risk, itself an overarching category of risk, is subdivided into individual limits for credit risk, shareholder risk, issuer risk and counterparty risk. The limit for market risk is also subdivided into the interest rate risk in the banking book, credit spread risk in the banking book and other market risk. From a qualitative perspective, the specific risk appetite for each category of risk is set at moderate to low based on the business model and risk strategy of Volkswagen Bank GmbH.

In a second step, the limits for the risk categories of credit and residual value risk are broken down and allocated at the level of the branches and subsidiaries. As part of this process, a company limit is assigned to Volkswagen Leasing GmbH for each category. Interest rate risk in the banking book is managed at Group level. The business risk, consisting of earnings risk, reputational risk and strategic risk including ESG markup and business model risk, is not limited but treated as a deduction from the risk-taking potential. The limit system provides management with a tool that enables it to meet its strategic and operational corporate management responsibilities in accordance with statutory requirements.

Scenarios that can show the potential impact from exceptional but plausible events on the risk-bearing capacity and earnings performance of Volkswagen Leasing GmbH are analyzed in detail as part of the Group-wide stress tests of Volkswagen Financial Services AG. The purpose of these scenarios is to facilitate early identification of those risks that would be particularly affected by the trends simulated in the scenarios so that any necessary corrective action can be initiated in good time.

RISK CONCENTRATIONS

Volkswagen Leasing GmbH is a captive financial services provider in the automotive sector. The business model, which focuses on promoting vehicle sales for the various Volkswagen Group brands, results in concentrations of risk, which can take a variety of forms.

Concentrations of risk can arise from an uneven distribution of activity in which

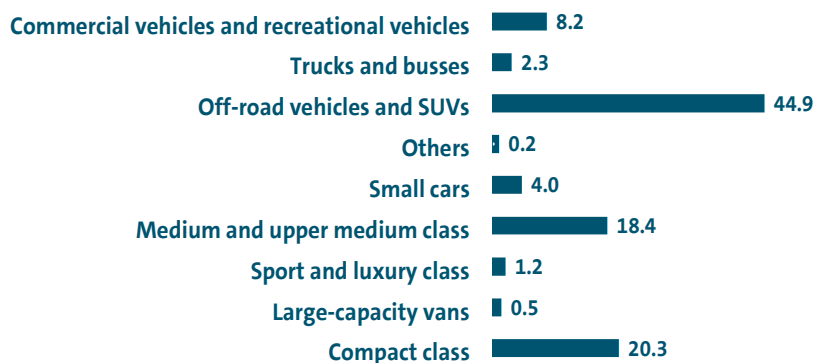
- > Just a few borrowers/contracts account for a large proportion of the loans (counterparty concentrations)
- > A small number of sectors account for a large proportion of the loans (sector concentrations)
- > Many of the loans are to businesses within a defined geographical area (regional concentrations)
- > Loans/receivables are secured by just one type of collateral or by a limited range of collateral types (collateral concentrations)
- > Residual values subject to risk are limited to a small number of vehicle segments or models (residual value concentrations) or
- > Volkswagen Leasing GmbH's income is generated from just a few sources (income concentrations)

Possible concentrations are countered through diversification, for example regarding the dimensions brand, model and country.

Counterparty concentrations from customer business are only of minor significance in Volkswagen Leasing GmbH because of the large proportion of business accounted for by retail leases. From a regional perspective, Volkswagen Leasing GmbH is concentrated on the German market, but is focusing on broad diversification across regions. The fact that customers come from different sectors enhances diversification.

COLLATERAL STRUCTURE AS OF DECEMBER 31, 2025

Disclosures in %



As the vehicle is the predominant collateral asset by virtue of the business model of a captive provider, concentrations of collateral are consciously accepted. Risks can arise from concentrations of collateral if downward pricing trends in used vehicle markets or segments lead to lower proceeds from the recovery of assets and, as a consequence, there is a fall in the value of the collateral. Nevertheless, in terms of the vehicles used as collateral, Volkswagen Leasing GmbH enjoys a broad diversification across all vehicle segments (see collateral structure diagram) based on a large range of vehicles from the different brands in the Volkswagen Group.

Income concentration arises from the very nature of the business model. The special constellation in which the Company serves to promote Volkswagen Group sales results in certain dependencies that directly affect income growth.

MODEL RISKS

Model risk arises from inaccuracies in the modeling of risk values, and must be taken into account, particularly in complex models.

Depending on the model complexity, model risk can occur in a number of areas of model development and application.

Potential model risks relating to the risk models used for the risk-bearing capacity analysis are qualitatively assessed both in the original model development process and as part of regular independent model validation. The objective is to examine the need for additional cover in relation to such risks in the form of own funds.

ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) RISKS

The increasing emphasis placed on sustainability and the need to manage ESG risks are changing the financial system. We intend to be proactively involved in these changes and make the most of the opportunities that arise.

In this context, Volkswagen Leasing GmbH, the largest subsidiary of the Volkswagen Bank GmbH Group, in its role as a provider of financial products across Europe serving the automotive markets, sees sustainability as a business responsibility and critical strategic success factor. ESG risks are identified, managed, quantified and monitored by the Volkswagen Bank GmbH Group as part of Group governance.

Based on the objectives of the sustainability dimension, which has been formulated as part of the corporate MOBILITY2030 strategy developed for Volkswagen Financial Services AG and Volkswagen Leasing GmbH, the fundamental understanding for dealing with ESG risks is specified in the risk strategy,

and risk strategy guidelines are set out for the operational framework used to address them. This is complemented by the separate sustainability strategy of the Volkswagen Bank GmbH Group, which was updated at the beginning of 2025; the strategy also applies to Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group.

Volkswagen Leasing GmbH attaches high importance to the treatment of sustainability risks that could have negative consequences for the financial position, financial performance and reputation of the Company if such risks were to materialize. Demand for environmentally friendly and climate-neutral products is growing too, and customers have ever higher expectations of companies, including financial sector companies, in terms of sustainable operations and behavior.

To accommodate the changing expectations of stakeholders with regard to sustainability at Volkswagen Leasing GmbH, the Volkswagen Bank GmbH Group and Volkswagen Leasing GmbH as a single entity have in recent years gradually integrated ESG risks in extensive sustainability risk projects as an integral part of the risk management framework. ESG risks do not represent a separate risk category but are risk drivers of existing risk categories. In particular climate and environment-specific risks drivers are highly significant to Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group, but social and governance risks are also considered when identifying, assessing and managing ESG risks.

To ensure that ESG risks are adequately identified, quantified, managed and monitored, a qualitative and quantitative assessment of the materiality of ESG risk drivers is carried out within the existing risk categories as part of a general annual materiality assessment. Based on the results of the materiality assessment, appropriate scenarios are developed and quantified Group-wide during an annual climate stress test. The definition of ESG key risk indicators within the Volkswagen Bank GmbH Group ensures that these scenarios are incorporated into the risk strategy so that they can be managed. ESG risks are integrated into the quarterly Group-wide risk management report to ensure that they are adequately monitored.

To counter the material ESG risks, Volkswagen Leasing GmbH, the largest subsidiary of the Volkswagen Bank GmbH Group, has established tools for including ESG aspects in the credit and residual value processes. As a captive provider, Volkswagen Leasing GmbH focuses on leasing passenger cars and light commercial vehicles as well as trucks and buses for retail and corporate customers. A material risk for Volkswagen Leasing GmbH therefore arises from the transformation of the automotive sector and its effects on residual vehicle values. During the loan origination process, ESG risks are assessed at Volkswagen Leasing GmbH on the basis of the comprehensive expertise of the front and back offices. The process of forecasting residual values takes account of the relevant ESG factors.

Following the reorganization of the Volkswagen Financial Services AG Group, Volkswagen Leasing GmbH is funded mainly via Volkswagen Bank GmbH. As a subsidiary of Volkswagen Bank GmbH, the sustainability concept of Volkswagen Leasing GmbH is based on that of Volkswagen Bank GmbH. Volkswagen Leasing GmbH carries out a range of measures in its business operations to ensure that it becomes net carbon neutral and to prevent the danger of serious environmental damage. For example, high priority is given to pursuing reductions in CO₂ emissions.

Potential hazards to employees, buildings or technology (particularly from environmental factors) and the means used to safeguard them are also analyzed continuously and included in the impact analyses so that remedial actions can be defined and implemented if necessary.

Volkswagen Leasing GmbH also has a tradition of supporting specific social and environmental protection projects through donations and sponsorship, such as wetland restoration projects run by NABU.

RISK REPORTING

A detailed comprehensive risk management report, which also covers Volkswagen Leasing GmbH, is submitted to the Management Board of Volkswagen Bank GmbH and to the Supervisory Board on a quarterly basis. The risk management report contains information including the following:

- > Presentation of the risk situation for the main risk categories, including ESG risks
- > Results of the risk-bearing capacity analysis using the economic and normative perspectives
- > Overview of outsourcing activities and business continuity management
- > Overview of ad hoc cases

The following information is also presented to the Management Board in the quarterly ICAAP report:

- > Presentation and evaluation of stress test results in various scenarios (historical and hypothetical)
- > Sensitivity analyses (by risk category)
- > Normative/economic reconciliation of capital requirement (for each risk category)
- > Commentary on the changes in risk-bearing capacity in the individual perspectives and scenarios

Ad hoc reports and specific risk category reports are generated as needed to supplement the system of regular reporting.

Volkswagen Bank GmbH strives to ensure the high quality of the information contained in the risk reports about structures and trends by means of a process of constant refinement and ongoing portfolio adjustment in line with current circumstances.

RECOVERY AND RESOLUTION PLANNING

As part of the Volkswagen Financial Services AG Group, Volkswagen Leasing GmbH is included in the Group recovery plan of Volkswagen Financial Services AG. The plan was updated in the course of fiscal year 2025 and submitted to the European Central Bank, which is the competent supervisory authority.

The recovery plan covers matters including a system to ensure that adverse developments are identified promptly, and the possible measures that could be used by the Group in different stress scenarios to safeguard or restore a robust financial footing.

As part of the Volkswagen Financial Services AG Group, Volkswagen Leasing GmbH has additionally assisted the competent resolution authorities with the preparation of a Group resolution plan during the current fiscal year. The objective of the resolution plan is to safeguard the resolvability of the Group. The Group recovery plan is expected to be formally served in the course of the first quarter of fiscal year 2026.

CURRENT REGULATORY FACTORS

As a financial services institution pursuant to section 1(1a) of the KWG with authorization to conduct finance leasing and factoring activities, Volkswagen Leasing GmbH is subject to the provisions of the *Kreditwesengesetz* (KWG – German Banking Act) and the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management), which set out details of the requirements of section 25a of the KWG for proper organization and appropriate and effective risk management, and on the basis of which BaFin and Deutsche Bundesbank assess the propriety of the organization, capital adequacy to cover the risks in the context of determining risk-bearing capacity and the appropriateness and effectiveness of risk management. MaRisk was last updated in May 2024 to implement the EBA guidelines on interest rate risk and credit spread risk in the non-trading book (EBA/GL/2022/14), which significant institutions such as Volkswagen Bank GmbH had to implement by December 31, 2023; this was done as part of the “Koralle” integration project.

As a consequence of receiving the ZAG license on July 1, 2024, Volkswagen Leasing GmbH now also has to implement ZAG MaRisk. Since Volkswagen Leasing GmbH is also subject to MaRisk, and ZAG MaRisk (MaRisk for companies subject to the *Zahlungsdienstenaufsichtsgesetz* (ZAG – Payment Services Supervision Act) contains only a small number of additional ZAG-specific requirements that have already been implemented, ZAG MaRisk is therefore also complied with.

Seeing that Volkswagen Leasing GmbH is a large-scale originator of public securitizations, the provisions of the Securitization Regulation and compliance with the requirements for STS securitizations are highly relevant. In this context, the European Commission presented proposals for reviving the securitization framework in June 2025, on which the Council formulated its view on December 19, 2025 and on which the rapporteur of the ECON Committee of the European Parliament on December 11, 2025 submitted his report with proposed amendments for discussion in the ECON Committee of the European Parliament. While significantly higher capital requirements for bank investors in triple A-rated senior STS auto ABS securitization tranches would have to be expected on the basis of the Commission’s proposal, the Council’s point of view, on the other hand, would lead to a significant reduction in capital requirements for these securitization tranches, which are important for funding. The proposal of the rapporteur of the European Parliament also envisages a reduction in capital requirements for these securitization tranches. Because of their significance, the legislative proceedings are being closely watched and monitored through the associations.

A regulatory effect is, moreover, assumed from the following provisions:

In order to implement CRD VI, which came into force on July 9, 2024, and which was to be transposed into national law by January 10, 2026, and to apply from January 11, 2026, the Bundestag adopted the Finance Committee’s recommendation on the Banking Directive Transposition and Bureaucracy Relief Act, or BRUBEG for short, on January 29, 2026. The act still requires the consent of the Bundesrat. Enactment is planned for the first quarter of 2026. The act is expected to apply from April 1, 2026. It contains a large number of new requirements and will lead to a significant tightening of the sanctions regime and an expansion of the powers of the supervisory authorities. Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Leasing GmbH are currently analyzing the legislative changes and are in the process of determining the implementation measures required and will start implementation on this basis.

In addition, the Digital Operational Resilience Act, also referred to as DORA, will be highly relevant to the requirements for IT. It determines to a significant extent also relations with information and communication technology (ICT) service providers. As a payment institution, Volkswagen Leasing GmbH is directly subject to the provisions of DORA, even if Volkswagen Leasing GmbH has outsourced its IT to Volkswagen Financial Services AG.

DORA is intended to establish a standardized framework for the effective and all-inclusive management of cybersecurity risk and ICT risk for financial market participants and critical ICT service providers as defined in the Regulation. It aims to ensure that resilient operation can be maintained in the event of serious disruption that could potentially jeopardize the security of the network and information systems so that financial market participants can continue to work securely and reliably even if ICT is affected by a major incident.

DORA focuses on six main areas: ICT risk management, the reporting of ICT-related incidents and material cyberthreats, digital operational resilience testing (including threat-led penetration testing, TLPT), third-party ICT risk management, a European oversight framework for critical third-party ICT service providers, and information sharing and (cyber) emergency exercises. Some of the requirements were familiar from the Supervisory Requirements for IT in Financial Institutions (BAIT) and MaRisk. In this respect, many familiar requirements have now been elevated to a statutory level. DORA has been in effect since January 17, 2025. BaFin has exempted financial undertakings that are directly subject to DORA from the scope of BAIT in order to avoid duplicate requirements. As a result, BAIT no longer addresses Volkswagen Leasing GmbH directly.

DORA contains a range of mandates for issuing delegated regulations, the last of which are to be published and applied over the course of 2025.

The requirements of DORA and the associated delegated regulations were implemented by December 31, 2025 in a project whose implementation activities were embedded in Volkswagen Financial Services AG. Any remaining work has been transferred to the line functions and is being implemented there. According on the latest planning, this work is expected to be completed in the course of 2026.

In the context of DORA, BaFin published supervisory guidance on outsourcing to cloud service providers in February 2024, which it updated in July 2024. In its guidance, it has included contents on the governance of cloud outsourcing, introduction processes and contractual minimum standards, taking account DORA requirements. In addition, BaFin has added two new sections. They give supervised entities advice on development, operation and cyber security in the cloud and on specific monitoring and control of the performance and security of the cloud service provider.

Factoring in climate and environmental risks, including transition risk, in risk management will continue to remain important. This continues to require an intensive review of these risks, which could be drivers of existing categories of risk and have to be considered in the identification, assessment, monitoring and management of the categories of risk. While a lot of data for identifying and assessing potential climate and environmental risks is already being collected, either for internal risk management or for disclosure purposes, the issue of the relevance and quality of this data for management in accordance with transition plans will continue to remain important.

Of particular importance will be the ECB's Guide on climate-related and environmental risks, whose requirements were implemented by the end of September 2025 according to a plan coordinated with the ECB after the formation of the financial holding group. This plan also includes the new Volkswagen Bank Group, with Volkswagen Leasing GmbH as a subsidiary of Volkswagen Bank GmbH.

Emissions intensity is expected to decline as the proportion of battery-powered vehicles leased increases over the next few years, i.e., CO₂ emissions are likely to fall relative to the receivables outstanding. Vehicles with combustion engines will still be leased in the future, so there are plans to offset these emissions as part of the sustainability strategy. As part of the Volkswagen Financial Services AG Group, Volkswagen Leasing GmbH aims to achieve CO₂ neutrality on balance for the direct emissions of leased vehicles in the portfolio by 2030. The corresponding unavoidable carbon emissions will be offset by investing in climate change mitigation projects.

In order to ensure the consistent EU-wide implementation of the CRD VI requirements with regard to the management of ESG risks, the EBA published its guidelines on the management of ESG risks on January 9, 2025; its requirements had to be implemented by January 11, 2026. While a sizable portion of the requirements for the management of ESG risks is known from the ECB Guide on climate-related and environmental risks and the MaRisk published at the end of June 2023, this Guide is characterized by the fact that it sets out quite binding yardsticks for measuring and checking whether the relevant requirement for the management of ESG risks is fulfilled even though the EBA has expanded the scope for appropriate, proportionate implementation in some places when compared with the consultation paper. Whereas today it is often still sufficient for ESG risks to be considered in the various risk management processes for all types of risk, the EBA guidelines lay out stipulations that are as specific as possible and that must be complied with for the particular requirement to be deemed met, and to have been considered adequately. Specifications resulting from the CRD VI requirements are also new. This relates in particular to the requirements for the transition plan to be prepared. Accordingly, the management body will in future, after national implementation, be responsible for the development of specific plans with quantifiable targets in order to monitor and handle physical and transition risks that arise in the short, medium and long term from the non-conformance of the business model and strategy of the institution and group with relevant political objectives of the European Union or more general transition trends toward a sustainable economy in relation to environmental, social and governance factors. The long-term horizon is expected to be at least ten years. Moreover, an interim target has to be set for 2030 to demonstrate to the supervisory authorities how the plan enables the Company and the Group to identify and measure ESG risks that are linked to the EU's target of reducing greenhouse gas emissions by 55% compared to 1990 levels. Furthermore, the transition plans must be consistent with the business strategy, risk appetite, ICAAP and the other risk management processes. These requirements will also have to be implemented for Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group and the financial holding group Volkswagen Financial Services AG.

NEW PRODUCTS AND NEW MARKETS PROCESS

Before launching new products or commencing activities in new markets, the new product and new market process is first launched. All the units involved (such as Risk Management, Controlling, Accounting, Reporting, Legal Affairs, Compliance, Antitrust Law, Treasury, Payments, IT) must be integrated into the process. The process for every new activity requires the preparation of a written concept, which includes an analysis of the risks associated with the new product or market and a description of the possible implications for management posed by the risks. Responsibility for approval or rejection lies with the Board of Management of Volkswagen Financial Services AG and the relevant members of the Management Board of Volkswagen Leasing GmbH or those with delegated authority from the Management Board, and, in the case of new markets, also with the members of the Supervisory Board.

The Bank maintains a product manual containing details of all products and markets intended to form part of the business activities.

CHANGES TO OPERATING PROCESSES OR STRUCTURES

Any material changes proposed to the operational and organizational structure or IT systems have to be analyzed prior to implementation to determine their impact on control procedures and on the extent of such controls.

This analysis is completed using a standardized questionnaire to ensure a consistent, rigorous approach.

The organizational units that will be involved in the future workflows are included in the preliminary stages of any proposed changes. The Risk Management and Compliance units each give an opinion and details are passed to Internal Audit to keep it informed.

OVERVIEW OF RISK CATEGORIES

The following section explains the risk categories of Volkswagen Leasing GmbH in detail.

OVERVIEW OF RISK CATEGORIES

Risk category
Counterparty Default Risk
Credit Risk
Counterparty and Issuer Risk
Country Risk
Shareholder Risk
Residual Value Risk
Market Price Risk
Interest Rate Risk in the Banking Book (IRRBB)
Credit Spread Risk in the Banking Book (CSRBB)
Other Market Price Risks (Currency and Fund Price Risk)
Liquidity Risk (Funding Risk)
Business Risk
Earnings Risk
Reputational Risk
Strategic Risk
Business Model Risk
Operational Risk
Process Risks
External Risks
Technology Risks

Unless specifically stated, there were no material year-on-year changes to the individual risks or opportunities.

Counterparty default risk

Counterparty default risk refers to a potential negative variance between actual and forecast counterparty risk outcomes. The forecast outcome is exceeded if the loss incurred as a consequence of defaults or changes in credit rating is higher than the expected loss.

In the Volkswagen Bank GmbH Group, counterparty default risk encompasses the following risk categories: credit risk, counterparty risk, issuer risk and country risk.

Credit risk

Credit risk is defined as the danger of incurring losses as a result of defaults in customer business (retail and corporate), specifically the default of the lessee. Loans to and receivables from Volkswagen Group companies are also included in the analysis. Default occurs when the lessee is unable or unwilling to make the payments due. This includes late or partial payment of interest and principal on the part of the contracting party.

Credit risk, which also includes counterparty credit risk in connection with leases, accounts by far for the greatest proportion of risk exposures in the counterparty credit risk category.

The aim of a systematic credit risk monitoring system is to identify potential lessee insolvencies at an early stage, initiate any corrective action in respect of a potential default in good time and anticipate possible losses by recognizing appropriate write-downs or provisions.

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on financial position and financial performance. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of lessees to make payments, the recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

Risk identification and assessment

Decisions at Volkswagen Leasing GmbH are made primarily on the basis of the lessee credit check. These credit checks use rating or scoring systems, which provide the relevant departments with an objective basis for reaching a decision on a lease.

A set of guidelines outlines the requirements for developing and maintaining the rating systems. The Company also has a rating manual which specifies how the rating systems are to be applied as part of the leasing-approval process. Similarly, other written procedures specify the parameters for developing, using and validating the scoring systems in the retail business.

To quantify counterparty default risk, an expected loss (EL) and an unexpected loss (UL) are determined at portfolio level for each entity. The UL is the value at risk (VaR) less the EL. The calculations use an asymptotic single risk factor (ASRF) model in accordance with the capital requirements specified by the Basel Committee on Banking Supervision (Gordy formula), augmented with concentration and/or diversification factors, taking into account the credit quality assessments from the individual rating and scoring systems used.

Rating systems for corporate customers

Volkswagen Leasing GmbH uses rating systems to assess the credit quality of corporate customers. This evaluation takes into account both quantitative factors (mainly data from annual financial statements) and qualitative factors (such as the prospects for future business growth, quality of management and the customer's payment record). When the credit assessment has been completed, the customer is assigned to a rating class, which is linked to a probability of default. A centrally maintained, workflow-based rating application is used for the most part to support this analysis of credit worthiness. The rating determined for the customer serves as an important basis for decisions on whether to grant or renew a loan, and for decisions on provisions.

Scoring systems in the retail business

For the purposes of determining the credit quality of retail customers, scoring systems are incorporated into the processes for lease approval and for evaluating the existing portfolio. These scoring systems provide an objective basis for accepting the business. The systems use information about the borrower available internally and externally and estimate the probability of default for the requested loan, generally with the help of statistical methods based on historical data covering a number of years. An alternative approach adopted for smaller or low-risk portfolios also uses generic, robust scorecards and expert systems to assess the risk involved in credit applications.

To classify the risk in the credit portfolio, both behavioral scorecards and simplified estimation procedures are used, depending on portfolio size and the risk inherent in the portfolio.

Supervision and review of retail and corporate systems

The models and systems supervised by Risk Management are regularly validated and monitored using standardized procedural models for validating and monitoring risk classification systems. The models and systems are adjusted and refined as required. These review procedures are applied to models and systems for assessing credit quality and estimating the probability of default (such as rating and scoring systems) and to models used for estimating loss given default, credit conversion factor and expected exposure at default.

For models and systems for assessing credit quality in retail and corporate environments, a structured validation approach is pursued that can take both central and local responsibilities into account. The validation focuses in particular on selectivity as well as an assessment of whether the model calibration is appropriate to the risk. If any need for action is identified, suitable measures are formulated and their implementation monitored to ensure the standards are consistently applied.

Collateral

The general rule is that leasing transactions are secured by collateral to an extent that is commensurate with the risk. In addition, overarching rules specify the requirements that must be satisfied by collateral, the evaluation procedures and the evaluation bases. Further local regulations (collateral policies) set out specific values and special regional requirements that must be observed.

The values in the collateral policies are based on historical data and experience accumulated by experts over many years. As the operating activities of Volkswagen Leasing GmbH are focused on the vehicle leasing business, the vehicles themselves are very important as collateral assets. For this reason, trends in the market values of vehicles are closely monitored and analyzed. Procedures provide for adjustments to evaluation systems and vehicle remarketing processes if there are strong changes in the market values of vehicles.

Provisions

The calculation of provisions is based on the expected loss model in accordance with IFRS 9. Provisions are determined as a function of the results of the rating and scoring processes applied.

The provision for credit risks in accordance with IFRS 9 is determined on the basis of the credit risk parameters used in the internal risk calculations (see also “Risk Identification and Assessment” and the following sections).

Risk monitoring and control

Risk Management sets framework constraints for the management of credit risk. These constraints form the mandatory outer framework of the central risk management system, within which the divisions/markets can operate in terms of their business policy activities, planning, decisions, etc. in compliance with their assigned authority.

Appropriate processes are used to monitor all lending in relation to financial circumstances, collateral and compliance with limits, contractual obligations and internal and external conditions. As such, commitments are managed according to the degree of risk involved (standard, intensified and problem loan management). Approval or reporting limits determined by Volkswagen Leasing GmbH are also used to manage credit risk. These limits are specified separately for each individual branch.

Trends

The volume of loans and receivables in the loan portfolio of Volkswagen Leasing GmbH continuously expanded in fiscal year 2025, recording a significant increase (+€10.3 billion in December 2025 compared with December 2024).

Overall, credit risk was observed to remain stable at a moderate level. The financial position of a small number of corporate customers nevertheless deteriorated, and this led to one default in fiscal year 2025.

Retail portfolio

The sustained strong demand for our retail products led to a significant increase in the volume of loans and receivables in the loan portfolio in fiscal year 2025 (+€6.7 billion in December 2025 compared with December 2024). The German market is the growth driver, and the rise is attributable to the operating lease and finance lease products.

Overall, the credit risk in Volkswagen Leasing GmbH’s retail portfolio has been stable at a moderate level. The default rate increased slightly in fiscal year 2025, from 2.5% as of December 2024 to 2.6% as of December 2025, while the percentage provision for credit risks declined slightly, from 1.2% as of December 2024 to 1.1% as of December 2025.

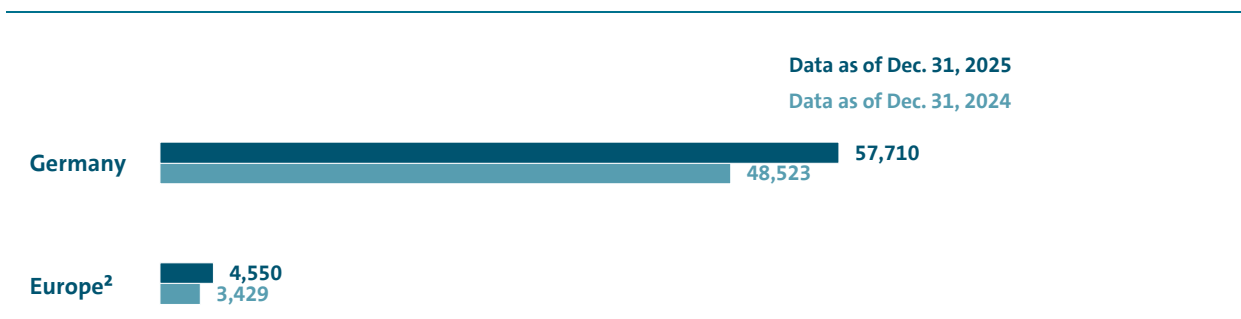
Corporate portfolio

In Volkswagen Leasing GmbH’s corporate portfolio, a significant increase in the volume of loans and receivables was likewise recorded in fiscal year 2025 (€+3.6 billion as of December 2025 compared with December 2024), driven by the German market. The rise is attributable to both the dealer financing portfolio and the corporate non-dealer portfolio.

Risk in the corporate portfolio was shaped by a rise in the default rate (from 4.7% as of December 2024 to 5.8% as of December 2025) and an increasing percentage provision for credit risks (1.2% as of December 2024 and 1.7% as of December 2025). The rise in the default rate is attributable to the default of individual dealers and fleet customers, especially in the German market.

BREAKDOWN OF LENDING VOLUME BY REGION¹

€ million



1 Figures before application of consolidation effects
 2 Europe excluding Germany

BREAKDOWN OF LENDING VOLUME BY PD BAND AND PORTFOLIO¹

€ million

PD band	Retail	Corporate	Total
< = 1 %	7,688 12.3%	10,099 16.2%	17,787 28.6%
> 1 % < 100 %	32,096 51.6%	10,075 16.2%	42,171 67.7%
100%	1,068 1.7%	1,234 2.0%	2,302 3.7%
Total	40,852 65.6%	21,407 34.4%	62,259 100.0%

1 Figures before application of consolidation effects

Counterparty/Issuer risk

Counterparty risk arises in connection with interbank investments, derivatives and pension funds. Counterparty risk is a subcategory of counterparty credit risk and describes the risk that a counterparty may be unable to make payments of interest and/or repayments of principal as contractually required. Similarly, issuer risk is the risk that the issuer of a security could become insolvent during the maturity of the product and, as a consequence, some or all of the invested capital, including the expected interest payments, has to be written off. Issuer risk results from the purchase of securities to optimize liquidity management and to fulfill statutory and/or regulatory requirements.

The objective in the management of counterparty and issuer risk is to identify potential defaults in a timely manner, so that corrective action can be initiated at an early stage as far as possible. Another important objective is to ensure that risks are only taken on within the approved limits.

If a counterparty or issuer risk were to materialize, this would represent the potential loss of a business asset, which would have a negative impact on financial position and financial performance.

Risk identification and assessment

Both counterparty risk and issuer risk are recorded as components of counterparty credit risk. Counterparty and issuer risks are quantified by estimating the portfolio loss distribution using a Monte Carlo simulation and in terms of the value-at-risk or unexpected loss thus calculated.

Risk monitoring and control

To establish effective monitoring and control, volume limits are specified for each counterparty and issuer. The Treasury back office, in its role as a subsidiary function of Risk Management, is responsible for monitoring compliance with these limits. The volume limits are set as a function of the capital available in line with the adopted strategy taking account of business requirements and the credit assessment. The back office department is responsible for the initial classification and then regular reviews. The relevant credit applications are then submitted to the decision-makers for a decision. Risk Management analyzes counterparty and issuer risks quarterly as part of the calculation of risk-bearing capacity. Counterparty and issuer risk is reported to the Board of Management in the quarterly risk management report.

Country risk

Country risk refers to risks in international transactions that are not attributable to the counterparty itself but that arise because of the counterparty's domicile in a country outside Germany. The Volkswagen Leasing GmbH has to take into account country risk particularly in connection with funding and the lending business. Given the focus of business activities in Volkswagen Leasing GmbH, only limited country risks could arise as the Group is not usually involved in cross-border leasing business. Cross-border activities account for less than 1% of leasing business at Volkswagen Leasing GmbH. For this reason, there has been no need to establish limits related to the overall level of business for countries or regions, for example, to limit transfer risk.

Residual value risk

Residual value risk arises from the fact that the predicted market value for an asset leased or financed could turn out to be lower upon remarketing at the end of the contract than the residual value calculated when the contract was concluded, or that the sales revenue realized could be less than the carrying amount of the vehicle in the event of the contract ending early if legal contract termination options are exercised. On the other hand, there is a possibility that remarketing could generate proceeds greater than the calculated residual value or carrying amount.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. Direct residual value risk refers to residual value risk borne directly by Volkswagen Leasing GmbH. An indirect residual value risk arises if the residual value risk has been transferred to a third party (such as a dealership) on the basis of a contractual agreement. In such cases, there is a counterparty credit risk in respect of the bearer of the residual value risk. If the bearer of the residual value risk defaults, Volkswagen Leasing GmbH's indirect residual value risk becomes relevant in that the indirect residual value risk passes back to Volkswagen Leasing GmbH and becomes a direct residual value risk. In other words, Volkswagen Leasing GmbH re-assumes responsibility for remarketing the vehicles.

The objective of residual value risk management is to keep the risks within the agreed limits. The net assets and financial performance of Volkswagen Leasing GmbH would be adversely affected by losses on disposal or impairment losses if the residual value risk were to materialize. As stated in the accounting policies for leases described in the notes to the consolidated financial statements, the impairment losses generally lead to a subsequent adjustment of future depreciation rates.

Risk identification and assessment

Direct residual value risks are quantified on the basis of expected loss (EL) and unexpected loss (UL). EL is the difference between the contractual residual value specified for each vehicle at the inception of the lease and the latest forecast of the remarketing proceeds as of the remeasurement date. Other parameters such as remarketing costs are also taken into account in the calculation. The portfolio EL is determined by aggregating the individual expected losses for all vehicles. The expected losses arising from contracts subject to risk relate to the losses expected at the end of the term of the contracts concerned. These losses are recognized in profit or loss in the consolidated financial statements for the current period or in prior periods.

To quantify the UL, the difference between the selling price of the vehicles sold, adjusted for damage and mileage variances, and the contractual residual value is measured. A discount is derived from the history of these variances.

The UL is calculated as the product of the contractual residual value and the discount for leased vehicles that have not yet been sold. It can be calculated for each individual lease for each vehicle in the portfolio. As in the calculation of the EL, the UL portfolio is calculated as the aggregated ULs of the individual vehicles and is determined quarterly. The results from the calculation of the EL and UL are fed into the assessment of the risk situation, e.g., they are one of the factors used in assessing the adequacy of the provisions for risks and are included in the calculation of risk-bearing capacity.

In the case of indirect residual value risk, the method used to quantify residual value risk is generally similar to that used for direct residual value risk. In addition, further risk parameters are taken into account (dealer default and other factors specific to this category of risk).

The general requirements for developing, using and validating the risk parameters for direct and indirect residual value risk are laid down in a set of procedural instructions.

Risk monitoring and control

The Risk Management unit monitors residual value risk within Volkswagen Leasing GmbH.

As part of risk management procedures, the adequacy of the provision for risks and the potential residual value risk are regularly reviewed in respect of direct residual value risk; residual value opportunities are disregarded in the recognition of the provision for risks.

Due to the distribution of risks, the risks entered into are not always fully covered on an individual contract basis due to the different curves of the residual value (degressive curve) and the repayment (progressive) during the term of the contract. The risk amounts assigned to the remaining term must therefore still be earned and written down in the future for the risks already identified.

When reviewing the appropriateness, in the process of preparing the risk management report, the amount of existing direct residual value risk is considered compared to the provision for credit risks recognized.

Based on the resulting potential residual value risk, various measures are initiated as part of a proactive risk management approach to limit the residual value risk. Residual value recommendations for new lease origination must take into account prevailing market circumstances and future influences. There are also a number of stress tests for direct residual value risks for creating a comprehensive picture of the risk sensitivity of the residual value business. These stress tests are carried out by experts with the involvement of risk specialists at head office and in the local units.

As part of risk management activities, Risk Management regularly reviews the potential indirect residual value risk and the adequacy of the associated provision for risks. Based on the potential indirect residual value risk determined in these activities, various measures are initiated in close collaboration with the brands and the dealer organization to limit the risk.

Trends

CHANGES IN DIRECT RESIDUAL VALUE RISK

Direct residual value risk	Dec. 31, 2025	Dec. 31, 2024
Number of contracts	1,432,442	1,172,985
Guaranteed residual values (€ million)	31,414	23,908
Risk exposure in %	6.0	7.8

Despite the persistently tight market situation, the volume of contracts grew in the 2025 reporting year. At the same time, there has been an increase in residual value risk, which is attributable in particular to the expanding portfolio and to used first-generation battery electric vehicles (BEVs), whose residual values are under pressure. This is caused both by advancing technological developments leading to technological leaps between generations and by continuing political uncertainty in connection with trade tariffs, trade conflicts and scrapping premiums.

The residual values of vehicles with combustion engines continue to hold above the levels before the COVID-19 pandemic and have been stable overall.

As part of the management of residual value risk, Volkswagen Leasing GmbH has firstly specified rules for managing residual value. The processes for this include the calculation of the risk exposures of forward-looking residual value forecasts. This was complemented by rolling out a system-based solution for forecasting residual values in the course of the year. Secondly, it has established uniform requirements for the Group, which reflect the accounting standards governing the recognition of provisions for credit risks. The rollout of a system-based solution was also launched for measuring the portfolio and calculating the provision for credit risks required. On the basis of this mandatory outer framework, the divisions/markets monitor and control their business policy activities, planning and decisions in compliance with their assigned authority. Residual value risk is monitored at portfolio level by means of regular reporting and the annual planning process.

Interest rate risk in the banking book (IRRBB)

Interest rate risk refers to potential present-value and periodic losses that could arise as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items. Changes in interest rates that cause interest rate risk to materialize can have a negative impact on financial performance.

Risk identification and assessment

Interest rate risks for Volkswagen Leasing GmbH, as part of the Volkswagen Bank GmbH Group, are determined and reported as part of the monthly monitoring process using the value at risk (VaR) method. Based on a historic simulation, the model calculates potential gains and losses, taking into account a 10-year history of market fluctuations, a 365-day holding period and a confidence level of 99.9%. VaR is calculated for management purposes to estimate potential losses under historical market conditions. At Group level, stress tests are also carried out for situations in which interest rate exposures are subject to exceptional changes in interest rates and worst-case scenarios. The results of the simulations are analyzed to assess whether any of the situations could represent a serious potential risk. This process also includes the monthly quantification and monitoring of the changes in present value resulting from the interest rate shock scenarios of +200 basis points and –200 basis points as specified by BaFin and from the scenarios relating to interest rate risk in the banking book specified by the ECB and the Basel Committee on Banking Supervision.

In addition to the present value perspective, interest rate risk is also measured from an income-oriented or periodic perspective pursuant to the provisions of MaRisk at Group level. The earnings perspective relates to the periodic results and therefore establishes a direct connection to the income statement.

The periodic interest rate risk is monitored via a threshold value.

Risk monitoring and control

The strategic orientation and management of interest rate risk is decided by the Asset Liability Management Committee (ALM Committee) and implemented by Treasury. Interest rate risk is managed on the basis of limits or target structures at the level of the Volkswagen Bank GmbH Group. Funding instruments and interest rate derivatives are used to comply with these limits and target structures. The hedging contracts entered into by the Group mainly comprise interest rate swaps and cross-currency interest rate swaps.

Hedged banking book items are assigned to interest rate derivatives either individually for each interest rate derivative (micro hedges) or, aggregated at portfolio level, in portfolio hedge accounting. Interest rate risk is accordingly hedged using fair value hedges, cash flow hedges at micro level and portfolio hedges. Hedge ineffectiveness in micro-hedge accounting results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Hedge ineffectiveness in portfolio hedge accounting also results from differences in transaction attributes between the portfolio hedged items and hedging instruments.

Other factors (e.g., in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness. Individual yield curves are used when determining forward interest rates and prices and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Risk Management is responsible for monitoring and reporting on interest rate risk.

The Management Board of the Volkswagen Bank GmbH Group receives a separate report on the latest interest rate risk position in the Volkswagen Bank GmbH Group (including Volkswagen Leasing GmbH) each month.

Trends

Interest rate risk in the banking book of Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group remained at an elevated level due to high interest rate volatility in the period under review.

Credit spread risk in the banking book (CSRBB)

The credit spread risk in the banking book (CSRBB) as defined by the European Banking Authority (EBA) is the risk driven by changes of the market price for credit risk and liquidity risk. The Volkswagen Bank GmbH Group has developed and implemented methods for measuring CSRBB from a present-value and periodic perspective to comply with the EBA requirements (EBA/GL/2022/14). As part of the Volkswagen Bank GmbH Group, CSRBB is regularly determined for the securities portfolios, if any, of Volkswagen Leasing GmbH.

For the Volkswagen Bank GmbH Group, CSRBB is determined and reported as part of the monthly monitoring process using the value at risk (VaR) method. Based on a historic simulation, the model calculates potential losses, taking into account a 10-year history of market fluctuations, a 365-day holding period and a confidence level of 99.9%. The VaR for CSRBB is subject to limits agreed by the Management Board. If limits are exceeded, the situation is escalated to the Management Board and the ALM Committee. As soon as limit utilization increases, risk-relieving measures are agreed between Risk Management and Treasury.

Other market risk (currency and fund price risk)

Currency risk arises from foreign exchange exposures and potential changes in the corresponding exchange rates. Volkswagen Leasing GmbH is not exposed to currency risks.

The risk in connection with fund investments arises from possible changes in market prices. Fund price risk describes the risk relating to changes in market prices which can cause the value of portfolios of securities to fall, thereby giving rise to a loss. Volkswagen Leasing GmbH is exposed to fund price risk solely from its employee post-employment benefit arrangements that are funded by pension plan assets consisting of fund investments (pension fund price risk). The Volkswagen Bank GmbH Group has undertaken to meet these pension obligations to employees if the employees' guaranteed entitlements can no longer be satisfied from the pension trust; it covers these obligations by recognizing pension provisions.

The objective of currency and fund price risk management is to control the financial losses arising from these categories of risk. With this in mind, the Management Board has agreed limits for this category of risk at Volkswagen Bank GmbH Group level. For Volkswagen Leasing GmbH, which is covered by the risk management activities at the level of the Volkswagen Bank GmbH Group, currency risk and fund price risk, if any, are included in the monthly risk report with a transparent analysis based on value at risk (VaR), a calculation offsetting the risk against the loss ceiling set for the Volkswagen Bank GmbH Group.

Based on a historic simulation, the VaR model calculates potential losses, taking into account a 10-year history of market fluctuations (volatilities), a 365-day holding period and a confidence level of 99.9%.

Liquidity risk

Liquidity risk is the risk of a negative variance between actual and expected cash inflows and outflows.

Liquidity risk is defined as the risk of not being able to meet payment obligations in full or when due, or – in the event of a liquidity crisis – the risk of only being able to raise funding at higher market rates or only being able to sell assets at a discount to market prices. This results in a distinction between illiquidity risk (day-to-day cash flow risk including deposit withdrawal/commitment drawdown risk and the risk of delayed repayment of loans on maturity), funding risk (structural liquidity risk) and market

liquidity risk. The primary objective of liquidity management at Volkswagen Leasing GmbH is to safeguard the ability of the Company to meet its payment obligations at all times.

If liquidity risk were to materialize, funding risk would result in higher costs and market liquidity risk would result in lower selling prices for assets, both of which would have a negative impact on financial performance. The most serious consequence associated with the risk of insolvency is insolvency caused by illiquidity. Liquidity risk management ensures that this situation does not arise.

Risk identification and assessment

The expected cash flows at Volkswagen Leasing GmbH are brought together and evaluated by the Treasury unit at Volkswagen Bank GmbH on the basis of an outsourcing agreement.

The Risk Management of Volkswagen Bank GmbH is responsible for identifying and recording liquidity risk, also on the basis of an outsourcing agreement. Stress tests are applied to funding matrices using a scenario approach with scenario triggers from the institution itself or the market, or a combination of the two. To determine the parameters for these stress scenarios, the first approach uses observed historical events and specifies different degrees of impact from hypothetical, but conceivable events. To quantify the funding risk, this approach takes into account the relevant aspects of illiquidity risk and changes in spreads driven by credit ratings or the market.

Risk monitoring and control

The operational liquidity management of Volkswagen Leasing GmbH has been outsourced to Treasury at Volkswagen Bank GmbH. For managing liquidity, the Group prepares funding matrices, carries out cash flow forecasts and uses this information to determine the relevant range of liquidity coverage. The results of the analyses, the current liquidity situation and potential funding measures are presented and discussed at the meetings of the Operational Liquidity Committee (OLC), which are generally held every two weeks.

The OLC comprises representatives from the Risk Management (Volkswagen Bank GmbH), Controlling (Volkswagen Leasing GmbH), Direct Bank and Treasury (both Volkswagen Bank GmbH) departments.

Under an outsourcing agreement, the Risk Management unit at Volkswagen Bank GmbH communicates key management information and relevant early warning indicators relating to risk of insolvency and funding risk to the Management Board of Volkswagen Leasing GmbH. As far as illiquidity risk is concerned, these indicators involve appropriate threshold values for determined degrees of utilization over various time horizons, taking into account access to relevant sources of funding. The indicators relating to funding risk are based on potential funding costs, which are monitored using a system of limits.

A further strict requirement imposed under banking regulations is the need to provide a highly liquid cash buffer and appropriate liquidity reserves to cover any liquidity requirements over seven-day and 30-day time horizons. For this reason, a contingency plan with an appropriate list of measures for obtaining liquidity has already been drawn up so that it can be implemented in the event of a liquidity squeeze. The Management Board of Volkswagen Leasing GmbH is given an up-to-date report on the liquidity position on a monthly basis.

Trends

At the level of Volkswagen Leasing GmbH, liquidity risk remained stable in the reporting period. In the reporting period, funding risk always remained within the specified limits.

Business risk

The Volkswagen Bank GmbH Group defines business risk as the risk of direct or indirect loss from adverse changes in economic conditions, particularly in the financial services sector (equates to sector risk). Business risk includes the following risk subcategories:

- > Earnings risk
- > Reputational risk
- > Strategic risk
- > Business model risk

All four risk subcategories relate to earnings drivers (e.g., business volume, margin, overheads, fees and commissions).

The method followed to determine risk-bearing capacity uses the planned profit before tax as a deduction for business risk. In the economic perspective, business risk is included in risk management as a material category of risk.

Earnings risk (specific profit or loss risk)

Earnings risk refers to the risk that actual values will vary from the budgeted values for certain items on the income statement that are not already covered by the other categories of risks described elsewhere. Earnings risk includes the following risks:

- > Unexpectedly low fees and commissions (fee and commission risk)
- > Unexpectedly high costs (cost risk)
- > Excessively high income targets for new and existing business volume (sales risk); and
- > Unexpectedly low investment income

The objective of quantification is to regularly analyze and monitor the potential risks associated with earnings risk to ensure that values at variance with budgeted values are identified at an early stage and any necessary corrective action is initiated. If the risk were to materialize, this would reduce income or increase costs and thereby also adversely impact the operating result.

Risk identification and assessment

The Volkswagen Bank GmbH Group quantifies earnings risk using a parametric earnings at risk (EaR) model with the confidence level specified in the calculation of risk-bearing capacity and a one-year forecast period.

The relevant income statement items provide the basis for these calculations. The estimates for earnings risk are then based on two perspectives: firstly, the observed, relative variances between target and actual values; secondly, the volatility and interdependencies among the individual items. Both components are incorporated into the EaR calculation.

Risk monitoring and control

During the course of the year, changes in the actual values for the earnings risk exposures are compared with the forecast values. This comparison is included in the standard reporting procedure carried out by Controlling.

The results from the quarterly quantification of earnings risk are included in the calculation of business risk.

Reputational risk

Reputational risk refers to the risk that an event or several successive events could cause reputational damage (in the eyes of the general public), which in turn could limit current and future business opportunities or activities (potential earnings), thereby leading to an indirect adverse financial impact (customer base, sales, funding costs, etc.) and/or direct financial losses such as penalties, litigation costs, etc.

The responsibilities of the Corporate Communications division include avoiding negative reports in the press or similar announcements that could inflict damage on the reputation of the Company. If this is unsuccessful, the division is then responsible for assessing the situation and initiating appropriate communications aimed at specific target groups to limit the reputational damage as far as possible. The strategic objective is therefore to prevent or reduce any negative variance between actual reputation and the level of reputation the Company expects. A loss of reputation or damage to the Company's image could have a direct impact on financial performance.

Reputational risk is recognized quantitatively in the context of the risk-taking potential of the Volkswagen Bank GmbH Group by applying a flat-rate markdown as part of business risk. This global approach is reassessed each year from a qualitative perspective.

Strategic risk

Strategic risk is the risk of a direct or indirect loss arising from strategic decisions that are flawed or based on false assumptions.

Strategic risk also includes all risks that result from the integration/reorganization of technical systems, personnel or corporate culture (integration/reorganization risk). These risks may be caused by fundamental decisions about the structure of the business made by the Management in relation to the positioning of the Company in the market.

The objective of the Volkswagen Bank GmbH Group is to manage its acceptance of strategic risk enabling it to systematically leverage earnings potential in its core business. In the worst-case scenario, a materialization of strategic risk could jeopardize the continued existence of the Company as a going concern.

Strategic risk is included in the calculation of risk-bearing capacity as part of business risk in the risk-taking potential of the Volkswagen Bank GmbH Group; it additionally includes a qualitative premium for climate and sustainability risk drivers.

Business model risk

Business model risk arises as a result of the economic dependency of an entity on its group parent. The value for business model risk is derived using a scenario-based approach.

The underlying scenario from the climate stress test simulates the risks of the transformation into a provider of zero-emissions mobility, mapped with additional increases in risk parameters.

The additional capital that would be required to satisfy all creditor claims is calculated to determine the business model risk. An analysis of business model risk is carried out annually and the value of this risk is currently assessed at €0 (previous year: €0).

Operational risk

Operational risk (OPR) is defined as the risk of loss resulting from inadequate or failed internal processes (process risk), people (HR risk) or systems (technological risk), or resulting from external events (third-party risk). This definition includes legal risks.

Other categories of risk, such as reputational or strategic risk, do not fall within the scope of operational risk and are analyzed separately.

The objective of operational risk management is to present operational risks transparently and to initiate precautionary or corrective measures with the aim of preventing or, when this is not possible, mitigating the risks or losses. If an operational risk materializes, this represents an operational loss that has a negative impact on financial position and financial performance.

The operational risk strategy specifies the focus for the management of operational risk; work instructions such as the operational risk manual set out the associated implementation process and allocate responsibilities.

The strategic risk objectives are implemented on the basis of the 3 lines of defense model. The local operational risk units in Germany and abroad are responsible for the local operational risk management as the 1st line of defense. In this process, Risk Management's central requirements with regard to methods and procedures (central OpR unit) and those of the special OpR units (governance functions with expert knowledge, referred to as risk owners for specific risk drivers) must be taken into account as the second line of defense.

In addition, a rolling program of training and briefing sessions ensures that awareness of operational risk continues to grow.

Risk identification and assessment

Operational risks or losses are identified and assessed by the first line of defense working in pairs (assessor and approver) with the help of two operational risk tools: a risk self-assessment and a loss database.

The risk self-assessment is used to determine a monetary assessment of future risks. A standardized risk questionnaire is provided for this purpose. The local experts use these questionnaires to determine and record the details for various risk scenarios. The details include the possible amount of the risk and the probability of occurrence, in each case with typical and maximum figures.

The central loss database is used to ensure that information about monetary operational losses is collected in-house on an ongoing basis and the relevant data is stored. The local experts use this database to determine and record the relevant data, including the amount and cause of the loss.

The value at risk for operational risk is calculated quarterly by the central OpR unit using a loss distribution approach (LDA) that incorporates the results of the risk self-assessment and any losses incurred.

Risk monitoring and control

Operational risk is managed by the OpR units (first line of defense) on the basis of the rules in force and the requirements laid down by the special OpR units responsible for specific risk categories (second line of defense). Local management decides whether future risks or losses are to be ruled out (risk prevention), mitigated (risk mitigation), consciously accepted (risk acceptance) or transferred to third parties (risk transfer).

On the basis of random samples, the central OpR unit checks the plausibility of the information provided in the risk self-assessments, reviews the operational risk system to ensure it is fully functioning and instigates appropriate modifications as required. This includes, in particular, the integration of all operational risk units and operational risk special units, compliance with the risk sub-strategies for operational risks and a review of the methods and procedures used for risk measurement.

Risk communication

Operational risks are communicated on a quarterly basis as part of the risk management reports of the Volkswagen Bank GmbH Group. The quarterly details are supplemented by an annual operational risk report for the Volkswagen Bank GmbH Group in which the main events in the year are presented and assessed again in one coherent report. Ad hoc reports are issued in addition to the regular reports, provided that the relevant specified criteria are satisfied.

Trends

The operational risk from the business activities of Volkswagen Leasing GmbH was generally within the set strategic limits. Legal risks as a risk driver (within the litigation risk category) account for the largest proportion of overall operational risk. It is followed by the risk category External risk – external services and outsourced tasks. In addition, the area of technological risk – information and communication technology (especially due to the general rise in the number of cyber attacks and increasing process digitalization) – continues to entail a high risk potential.

These three important causes of risk are described in detail in the following.

Process risks - compliance risk

To counter the risk of law infringements (compliance risk), a compliance and integrity function has been established in the Volkswagen Bank GmbH Group whose task is to specify and implement risk-mitigating measures in the role of a governance function. At the Volkswagen Bank GmbH Group, compliance risk encompasses all risks that could arise from non-compliance with statutory rules and regulations or other official or supervisory requirements, or that could be caused by a breach of internal company regulations. This is not to be confused with conduct risk, which is defined as the risk arising from inadequate conduct by the institution toward the customer, unreasonable treatment of the customer or provision of advice using products that are not suitable for the customer.

In addition, integrity risk encompasses all risks that arise from a failure of employees to conduct themselves in an ethically acceptable manner or to act in accordance with the Group's principles or the FS values, thereby presenting an obstacle to the sustained success of the business.

The Volkswagen Bank GmbH Group addresses the three categories of risk by means of a compliance and integrity function whose task is to specify and implement risk-mitigating measures in the role of a governance function.

To counter compliance and conduct risks, the compliance function is committed to ensuring compliance with laws, other legal requirements, internal rules and the organization's own stated values and to creating and fostering an appropriate compliance culture. It is also the responsibility of the integrity function, on the basis of an integrity management system, to raise awareness of the ethical principles, the code of conduct and the need for compliance, and to help employees choose the right course of action, responsibly and steadfastly, driven by their own personal conviction.

As part of the compliance unit, the role of the compliance officer is to work toward implementing effective procedures to ensure compliance with legal rules and regulations that are central for and core to the institution and toward establishing appropriate controls. This is achieved, in particular, by specifying mandatory compliance requirements for legal stipulations classified as material. These requirements include documenting responsibilities and processes, establishing controls to the extent required and raising employee awareness of pertinent rules so that employees comply with the rules as a matter of course, reflecting a fully functioning compliance culture.

Further regular activities also nurture a compliance and integrity culture. These activities include, in particular, constantly promoting the Volkswagen Group's Code of Conduct, raising employee awareness on a risk-oriented basis (e.g. tone from the top, tone from the middle, classroom training, e-learning programs and other media-based activities), implementing communication initiatives, including distributing guidelines and other information media, and participating in compliance and integrity programs.

The compliance function has been set up on a decentralized basis. The departments are responsible for complying with the rules and regulations in their respective areas of activity. A compliance theme coordinator is appointed for all central and core rules and regulations. The coordinator is responsible for adherence to and the implementation of the defined compliance requirements (such as documenting responsibilities, setting up controls, raising awareness and training employees).

Using the control plans and records as a basis, the compliance unit checks whether the implemented controls are appropriate. In addition, the findings from various audit activities are used to evaluate whether there are indications that the implemented compliance requirements may be ineffective, or whether the audits have identified material residual risks on the basis of which further action needs to be determined.

The compliance officer is responsible for coordinating ongoing legal monitoring, the purpose of which is to ensure that new or amended legal regulations and requirements are identified promptly. For their part, the compliance theme coordinators must work in collaboration with the legal department and the various other departments to implement measures aimed at identifying new or amended regulations and requirements relevant to their areas of responsibility at an early stage and, if such relevance is established, furnishing an analysis of materiality for the Bank. The respective compliance officer is notified of any identified regulations and requirements in accordance with the process description.

The internal Compliance Committee conducts a regular materiality analysis on the basis of the outcomes of this legal monitoring. After taking into account the evaluated compliance risks, the Compliance Committee makes a decision on the materiality of new legal requirements applicable to the Bank. Compliance risk primarily includes the risk of a loss of reputation vis-à-vis the general public or supervisory authorities and the risk of material financial loss.

Currently, the following specific legal fields have been determined as being fundamentally material from the perspective of the Group:

- > Unexpectedly low fees and commissions (fee and commission risk)
- > Prevention of money laundering and terrorist financing
- > Prevention of corruption and other criminal acts
- > Data protection
- > Consumer protection
- > Capital market law
- > Market abuse regulation
- > Banking supervisory law (selected topics)
- > Antitrust law and
- > IT security law

The compliance requirements for the Volkswagen Bank GmbH Group are specified centrally and must be implemented autonomously in the branch in Italy. Deviations from the minimum requirements or guidelines are only possible if accompanied by a description of the reasons (such as local statutory requirements) and only in consultation with, and with the consent of, the institution's compliance officer.

As in the case of the compliance function, the central integrity function only specifies the framework for the Group. The internal compliance risk assessment (ICRA), which also covers human rights issues, and the risk-oriented programs of action derived from it help the Group to ensure that proper account is taken of compliance and integrity matters. The responsibility for implementing the requirements, for example by raising awareness of the ethical principles among employees, remains with the local entity concerned.

The Compliance and Integrity Officer receives regular reports and carries out on-site visits on a risk-oriented basis to ensure that the local compliance and integrity units are meeting their responsibilities.

To meet the statutory reporting requirements of the compliance unit, the compliance officer must submit to the Management Board both regular reports on the outcome of the meetings of the Compliance Committee and ad hoc reports as necessary (for example, if control plans are not prepared by the required deadline).

In addition, the Management Board receives an annual compliance report, although this can be updated during the year if required. The annual compliance report contains a presentation of the appropriateness and effectiveness of the compliance requirements implemented to ensure compliance with central and core legal rules and regulations.

The Management Board has entered into a voluntary undertaking regarding compliance and integrity. This is to ensure that aspects of compliance and integrity are also always discussed and taken into consideration for all decisions of the Management Board.

External risk – external services and outsourced tasks

Outsourcing describes a situation in which another entity (the outsourcee) is engaged to carry out activities and processes in connection with the provision financial services or other typical banking-related services that would otherwise be carried out by the outsourcing entity itself.

As part of the restructuring of the Volkswagen Financial Services AG and Volkswagen Bank GmbH subgroups, internal outsourcing agreements were entered into in various functional areas, including IT, accounting, controlling, legal, compliance, corporate security, HR matters, internal audit, corporate management, procurement, risk management and process management. Supporting software services material to risk-relevant or financial processes are also considered outsourcing arrangements.

Not considered outsourcing is the one-time or occasional procurement from third parties of goods or services as well as those services that, because of legal or actual circumstances, cannot be provided by the institution itself. The mere procurement of software without supporting services is not normally classified as outsourcing.

The goal of outsourcing risk management is to identify and mitigate all risks associated with outsourcing at an early stage. If heightened risk is found, measures such as changing the service provider or insourcing the tasks in question may be considered. The legal bases for the approach are derived from the *Kreditwesengesetz* (KWG – German Banking Act), the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management) and the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02).

Risks arising in connection with outsourced activities are identified by examining the circumstances with a focus on risk. In this context, it is first established whether the planned activity constitutes outsourcing or other procurement from a third-party supplier, and whether the outsourcing is permitted. A risk assessment is subsequently performed to classify the planned activity as a “material” or “non-material” outsourcing arrangement. Depending on the risk involved, different requirements apply for management, control and contract design.

To ensure effective management, a framework policy has been introduced that governs the approach to outsourcing. Before any activity is outsourced, the circumstances must be examined with a focus on risk. In this process, the outsourcing officer with functional responsibility examines the quality of service provision and initiates appropriate measures if there are any deviations. All outsourced activities must be agreed with the central Outsourcing Coordination unit, which is informed of all risks and regularly reports to the Management Board.

Responsibility for all outsourcing arrangements is assigned to the Central Outsourcing Officer of Volkswagen Leasing GmbH, who is appointed by the Management Board. Although this function cannot be outsourced, it is supported by the central Outsourcing Coordination unit at Volkswagen Financial Services AG.

Technology risk – information and communication technology

In the context of advancing digitalization and increasingly networked business processes, information and communication technology (ICT) is of critical importance for Volkswagen Leasing GmbH. As a result of the development and expansion of new technologies, such as artificial intelligence, as well as of the tense geopolitical situation, the finance sector faces a threat situation on multiple fronts. As regards cyber risks, a general rise in the number of cyber threats on businesses and their customers was evident. The nature of these attacks is continually evolving and becoming increasingly professionalized (examples being DDoS or ransomware attacks, supply chain attacks). Hackers are using new technologies to launch more sophisticated and more targeted attacks. As a result, there is high dependence on stable, secure and resilient IT in companies.

ICT risk, which is part of operational risk, refers to potential threats and weaknesses arising from the use of IT systems, digital infrastructures and communication networks that could compromise the confidentiality, integrity, including authenticity, and availability of information. ICT risk arises, for example, as a result of cyber attacks, system failures, data losses or weaknesses at third-party providers.

In light of the potential losses arising from the disruption or interruption of business operations, preventive measures and countermeasures are being continuously implemented and refined to maintain resilient IT systems at Volkswagen Leasing GmbH. The focus here is on ensuring the confidentiality, integrity, authenticity and availability of information. The measures are built around the various tools of the Three Lines Model to guarantee security, stability and compliance within all business operations that use IT.

Continuous investments are made in ICT security measures and there is a continuous focus on monitoring the threat situation and raising awareness among, and training, employees. Identified potential vulnerabilities are systematically entered into the IKT risk process, assessed and managed in line with the risk appetite. In addition, the ICT risk management function, which consists, among others, of representatives from information security, IT compliance, ICT emergency management or even ICT third-party management, is intended to ensure appropriate management and continuous monitoring of ICT risk. In this context, the ICT risk management framework is regularly reviewed to identify any need for adjustments. By taking these measures, Volkswagen Leasing GmbH is responding to the entry into force of the EU's Digital Operational Resilience Act (DORA) in January 2025, which resulted in a significant broadening of the requirements for a consistent framework for the effective and comprehensive management of ICT risk for financial market participants and critical third-party ICT service providers. By addressing these requirements, the Company's digital resilience is to be sustainably strengthened and the adequate management of ICT is to be ensured.

SUMMARY

Volkswagen Leasing GmbH strives to handle risks in a responsible manner as part of its operating activities. This approach is based on a multifaceted system for identifying, measuring, analyzing, monitoring and controlling risks, which is part of a comprehensive risk- and return-oriented management system.

Volkswagen Leasing GmbH will continue to invest in optimizing its control system and risk management systems in order to meet the business and statutory requirements for the management and control of risks.

As is clear from the above details in the risk report, there is currently no evidence of any risks that could jeopardize the continued existence of Volkswagen Leasing GmbH as a going concern.

Forecast of material risks

Credit risk forecast

The volume of loans and receivables subject to credit risk at Volkswagen Leasing GmbH is expected to increase continuously in fiscal year 2026 (by 2% compared with December 2025 based on the 2026 budget). Overall, the geopolitical and macroeconomic environment is expected to lead to a challenging risk situation, both in the retail portfolio and in the corporate portfolio. That is why it is vital to continue closely monitoring the development of credit risks at Volkswagen Leasing GmbH and to proactively address any such developments as they arise. The objective for fiscal year 2026 is to achieve a stable risk situation in the loan portfolio.

Residual value risk forecast

The persistent economic and political uncertainties are expected to cause the strained risk situation to continue in 2026. The specific risk situation of Volkswagen Leasing GmbH will be impacted to a significant extent by how inflation and purchasing power develop in the markets. It is expected that the portfolios of Volkswagen Leasing GmbH will continue to expand, especially as a result of the growth programs implemented, the expansion of the fleet business and the ongoing shift from finance to leasing. First-generation BEVs will remain under pressure in the short-term analysis and the BEV risk performance is reflected in reduced residual values for new business. It can, however, be assumed that the residual values of second-generation ICEs and BEVs will stabilize.

Forecast interest rate risk in the banking book

A present value analysis of interest rate risk indicates a vulnerability to rising interest rates. It is generally expected that the interest rate risk in the banking book of Volkswagen Leasing GmbH, which is part of the Volkswagen Bank GmbH Group, will be on a similar level in 2026 as in the previous year. Given the macroeconomic situation, unexpected significant increases in interest rates cannot be ruled out.

Liquidity risk forecast

The risk situation is considered to be stable. The established sources of funding remain available despite the prevailing global political uncertainties. Funding diversification continues to be extended and existing sources of funding are being expanded.

Operational risk forecast

The year 2025 has demonstrated that we can effectively manage potential operational risk in such a way that this risk does not materialize to any significant extent.

We predict that our management will be equally successful in 2026 and we do not therefore anticipate any significant rise in operational risk from the business activities of Volkswagen Leasing GmbH. We expect the effectiveness of fraud protection to remain stable and the high level of quality in processes, staff skills and qualifications, and IT systems to be maintained.

Report on Expected Developments

The global economy is expected to grow at a similar pace in 2026 as in the reporting period. Global demand for passenger cars will probably vary from region to region and be on a level with the previous year. With our broad product range and services, we believe we are well prepared for the future challenges in the mobility business.

The Report on Opportunities and Risks describes the risks and opportunities that could cause actual results to differ from the forecast developments. In the following, we describe the expected development of the Volkswagen Leasing GmbH Group and the general conditions affecting its business activities. These developments give rise to opportunities and potential benefits that are included in the planning process on an ongoing basis so that Volkswagen Leasing GmbH can exploit them as soon as possible.

Our assumptions regarding external factors are based on current assessments by third-party institutions, including economic research institutes, banks, international organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2026 at a similar pace to 2025. Falling inflation in major economic regions and the gradual easing of monetary policy as a result are expected to boost consumer demand. We continue to see risks in the increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial, energy and commodity markets, and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are constraining growth prospects; risks stem in particular from the Russia-Ukraine conflict and the confrontations in the Middle East, as well as from growing uncertainties regarding the economic policy stance of the USA and the global increase of geoeconomic measures which could further exacerbate geopolitical tensions. We anticipate that advanced economies will maintain, on average, a momentum comparable to that of the reporting year, while the group of emerging markets is expected to exhibit somewhat softer dynamics.

We also foresee the global economy continuing on a path of steady growth through 2030.

Europe

In Western Europe, we expect the economy to grow at a somewhat slower rate than in the reporting year, with a further decline in the average inflation rate, but we do not expect the European Central Bank (ECB) to make any further key interest rate cuts as a result.

We estimate that the pace of growth in Central Europe will pick up somewhat in 2026, with some countries seeing persistently high though less dynamic price increases than in the previous year. Economic output in Eastern Europe will probably continue to recover at a similar pace to the reporting year following the heavy slump in 2022 as a result of the Russia-Ukraine conflict.

Germany

We expect gross domestic product (GDP) to develop positively in Germany in 2026, with a somewhat higher growth rate than in the previous year. The German inflation rate is likely to decrease somewhat on average over the year, while the labor market situation is unlikely to improve much.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will continue to prove highly important to global vehicle sales in 2026 in synergy with the development of the vehicle markets. We expect demand to rise in markets where market penetration has so far been low. Regions with already established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. The shift from financing to lease contracts that has begun in the European financial services business with individual customers will continue. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are likely to become ever more important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services. Dealers will remain important strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2027 to 2030.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will continue to increase. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, sudden new or intensified geopolitical tensions and conflicts could lead in particular to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but generally stable overall in 2026. Overall, the global volume of new car sales is expected to be on a level with the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2027 to 2030.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2026 to be on a level with the previous year's figure. For the years 2027 to 2030, we expect demand for light commercial vehicles to increase globally.

Europe

For 2026, we anticipate that the volume of new passenger car registrations in Western Europe will be on a level with the reporting year. For the major individual markets of Italy and the United Kingdom, we expect growth in 2026 to be at the prior-year level, with growth in France to be similar to the previous year. We estimate that the Spanish market will come in at slightly below the level recorded in the previous year.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2026 to be slightly higher than in the previous year. Mixed development is anticipated in the major individual markets of France, the United Kingdom, Italy and Spain.

We expect a strong year-on-year increase in sales of passenger cars overall in markets in Central and Eastern Europe in 2026 – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

Registrations of light commercial vehicles in the markets of Central and Eastern Europe in 2026 will probably noticeably exceed the prior-year figures – subject to the further development of the Russia-Ukraine conflict.

Germany

In the German passenger car market, we expect the volume of new registrations in 2026 to be at the prior-year level.

We anticipate that the number of registrations of light commercial vehicles in 2026 will be noticeably up on the figure recorded the previous year.

INTEREST RATE TRENDS

The European Central Bank (ECB) and other central banks further lowered their key interest rates in 2025. No significant interest rate changes are expected for 2026, with geopolitical uncertainties weighing on the economy and inflation close to the target value.

MOBILITY CONCEPTS

Social and political factors have an increasing impact on many people's individual mobility behavior. Among the general public, environmental and climate protection has grown immensely in importance over the last few years and is attracting increasing attention from lawmakers. Especially in large metropolitan areas, new challenges are appearing in connection with the design of an intelligent mobility mix consisting of public transport combined with motorized and non-motorized private transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

The companies in the Volkswagen Financial Services AG Group closely monitor developments in the mobility market and are working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model. Simple, convenient, transparent, safe, reliable, flexible – these are the standards that the Company has set for itself. In collaboration with the automotive brands of the Volkswagen Group, the companies of the Volkswagen Financial Services AG Group aim to take a leading position in the development of new mobility concepts, as has been the case in the conventional automotive business for many years.

With traditional leasing, the Volkswagen Leasing GmbH Group, already today, covers a large proportion of customers mobility needs.

SUMMARY OF EXPECTED DEVELOPMENTS

Volkswagen Leasing GmbH expects its business growth in fiscal year 2026 to be linked to the growth in unit sales of Volkswagen Group vehicles.

Sales activities related to the Volkswagen Group brands will be further intensified, particularly through joint strategic projects. Furthermore, Volkswagen Leasing GmbH intends to maintain the measures it has introduced to leverage greater potential along the automotive value chain.

Together with the Group brands, Volkswagen Leasing GmbH aims to provide optimum solutions to satisfy the wishes and needs of its customers. Its end customers are looking in particular for sustainable individual mobility with predictable fixed costs. We are also planning to drive the continuing digitalization of our business.

The product packages and mobility solutions launched successfully from Leasing's perspective in the last few years are to be refined in line with customer needs.

Alongside market-oriented activities, the Volkswagen Leasing GmbH Group's competitive position in Europe is to be strengthened further with strategic investments in structural projects as well as the Future program to optimize processes and improve productivity.

OUTLOOK FOR 2026

The Management Board of Volkswagen Leasing GmbH expects that economic growth in Europe will recover in 2026 and the economy will continue to grow – at a subdued rate in Germany. The primary source of risk is inflation, the future course of which will determine the development of interest rates to a very significant extent. At present, the Management Board projects a slight decline in the inflation rate in Germany. In addition, growth prospects will be affected by geopolitical tensions and conflicts.

In view of the underlying conditions described here and the trends evident in the market, the following overall picture emerges: the earnings outlook is based on the assumption of intensified cooperation with the individual Group brands, increased investments in future-oriented digitalization, potential effects of geopolitical upheaval, and continued uncertainty regarding the macroeconomic conditions in the real economy and the actual development of deliveries to customers of the Volkswagen Group brands.

For fiscal year 2026, the Management Board expects a noticeable improvement in the operating result compared to the previous year. This forecast is based on the assumption of increased cooperation with the Group brands and extensive cost optimizations through our efficiency program. In addition, the anticipated path of risk costs and the fair values of derivatives used for hedging purposes are having a significant impact on earnings performance.

Based on forecast deliveries of new vehicles of the Volkswagen Group and due to the persistently challenging market conditions, the number of new contracts is expected to decline slightly, amid a slight decrease in the penetration rates of Volkswagen Leasing GmbH in the German market. The contract portfolio is expected to be similar to the prior-year level.

Next year's return on equity is expected to be in the same range as in the previous year as a result of the forecast earnings performance and stable capital adequacy situation. The overhead ratio is predicted to be similar to the previous year's level.

FORECAST CHANGES IN KEY PERFORMANCE INDICATORS FOR THE NEXT FISCAL YEAR COMPARED WITH PRIOR-YEAR FIGURES

	Actual 2025	Forecast for 2026	
Nonfinancial performance indicators			
Penetration (percent)	64.7	< 64.7	Slightly below the previous year
Current contracts (thousands)	2,284	= 2,284	In the range of the previous year's level
New contracts (thousands)	876	< 876	Slightly below the previous year
Financial performance indicators			
Volume of business (€ million)	55,266	> 55,266	Noticeable above the previous year
Operating result (€ million)	1,032	> 1,032	Noticeable above the previous year
Return on equity (percent)	9.8	= 9.8	In the range of the previous year's level
Overhead ratio (percent)	0.79	= 0.79	In the range of the previous year's level

Braunschweig, February 20, 2026
The Management Board



Manuela Voigt



Oliver Roes



Verena Roth

This annual report contains forward-looking statements on the future business development of Volkswagen Leasing GmbH. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Leasing GmbH currently considers them to be realistic. The estimates given entail a degree of risk, and actual developments may differ from those forecast. If material parameters relating to the most important sales markets vary from the assumptions, or material changes arise from the exchange rates, commodity and energy prices or supply of parts relevant to the Volkswagen Group, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators and risks and opportunities presented in this annual report turn out to be different from current expectations, or additional risks and opportunities or other factors emerge that affect the development of the business. Forward-looking statements are not updated and no obligation is assumed to update any forward-looking statements made in this annual report, except as required by law.

CONSOLIDATED FINANCIAL STATEMENTS

64	Income Statement
65	Statement of Comprehensive Income
66	Balance Sheet
68	Statement of Changes in Equity
69	Cash Flow Statement
70	Notes to the Consolidated Financial Statements
70	General information
70	Basis of Presentation
71	Changes in prior-year figures
75	Effects of New and Revised IFRSs
76	New and Revised IFRSs Not Applied
77	Accounting Policies
95	Income Statement Disclosures
102	Balance Sheet Disclosures
118	Financial Instrument Disclosures
141	Segment reporting
145	Other Disclosures

Further Information

160	Responsibility Statement
161	Independent Auditor's Report
171	Human Resources Report
173	Report of the Supervisory Board

Income Statement

of the Volkswagen Leasing GmbH Group

€ million	Note	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024 restated ¹	Change in percent
Interest income from cash and loans	4, 6, 14, 46	89	206	–56.6
Income from leasing transactions		18,233	15,787	15.5
Depreciation, impairment losses and other expenses from leasing transactions		–15,309	–13,308	15.0
Net income from leasing transactions	4, 6 – 7, 9, 15, 57	2,924	2,479	17.9
Interest expense	4, 6, 16, 46	–1,557	–1,899	–18.0
Income from service contracts		2,305	1,929	19.5
Expenses from service contracts		–1,983	–1,764	12.4
Net income from service contracts	4, 17	322	165	95.4
Provision for credit risks	6, 18, 52	–316	–122	X
Fee and commission income		4	54	–92.7
Fee and commission expenses		–24	–56	–56.6
Net fee and commission result	4, 19	–20	–2	X
Net gain or loss on hedges	6, 20	18	–15	X
Net gain/loss on financial instruments measured at fair value	6, 21, 46	–4	–127	–96.7
General and administrative expenses	4, 8 – 9, 11 – 12, 22	–572	–585	–2.1
Other operating income		776	712	9.0
Other operating expenses		–628	–494	26.9
Net other operating income/expenses	4, 23	148	217	–31.8
Operating result		1,032	318	X
Other financial gains or losses		–2	–2	–5.2
Profit before tax		1,030	316	X
Income tax expense	5, 24	–414	–119	X
Profit after tax		616	197	X
Profit after tax attributable to Volkswagen Bank GmbH (previous year: Volkswagen Financial Services AG)		616	197	X

1 Prior-year figures restated as explained in the "Changes of prior-year figures" section.

Statement of Comprehensive Income

of the Volkswagen Leasing GmbH Group

€ million	Note	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024 restated ¹
Profit after tax		616	197
Pension plan remeasurements recognized in other comprehensive income	11, 38		
Pension plan remeasurements recognized in other comprehensive income, before tax		23	–9
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	5, 24	–6	3
Pension plan remeasurements recognized in other comprehensive income, net of tax		17	–6
Items that will not be reclassified to profit or loss		17	–6
Hedging transactions	6		
Fair value changes recognized in other comprehensive income (OCI I)		5	–1
Cash flow hedges (OCI I), before tax		5	–1
Deferred taxes relating to cash flow hedges (OCI I)	5, 24	–1	0
Cash flow hedges (OCI I), net of tax		3	–1
Fair value valuation of debt instruments that may be reclassified to profit or loss	6		
Fair value changes recognized in other comprehensive income		2	–0
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax		2	–0
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss	5, 24	–0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax		1	–0
Items that may be reclassified to profit or loss		4	–1
Other comprehensive income, before tax		29	–10
Deferred taxes relating to other comprehensive income	5, 24	–7	3
Other comprehensive income, net of tax		22	–7
Total comprehensive income		638	190
Profit after tax attributable to Volkswagen Bank GmbH		638	190

¹ Prior-year figures restated as explained in the “Changes of prior-year figures” section.

Balance Sheet

of the Volkswagen Leasing GmbH Group

€ million	Note	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Change in percent
Assets				
Cash reserve		0	0	-24.9
Loans to and receivables from banks	6, 26, 46 – 54	1,803	2,548	-29.2
Loans to and receivables from customers attributable to				
Dealer financing		0	0	23.6
Leasing business		22,660	22,360	1.3
Other loans and receivables		1,451	1,232	17.8
	6, 9, 27, 46 –			
Total loans to and receivables from customers	52, 54	24,111	23,592	2.2
Change in fair value from portfolio fair value hedges	7, 28	-3	67	X
	6, 29, 46 – 50,			
Derivative financial instruments	54 – 55	137	154	-11.6
	6, 30, 46 – 50,			
Marketable securities	52 – 53	483	147	X
Property and equipment	8 – 9, 57	4	3	21.6
Lease assets	9, 57	37,446	31,760	17.9
Investment property	10, 31, 57	16	17	-5.4
Deferred tax assets	5, 32	102	100	X
Current tax assets	5	32	29	9.3
	9, 33, 46 – 50,			
Other assets	52	2,794	2,024	38.0
Total		66,924	60,442	10.7

¹ Prior-year figures restated as explained in the "Changes of prior-year figures" section.

€ million	Note	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Change in percent
Equity and Liabilities				
Liabilities to banks	6, 35, 46 – 50, 53 – 54	15,999	7,242	X
Liabilities to customers	6, 35, 46 – 50, 53 – 54	13,467	13,795	–2.4
Notes, commercial paper issued	6, 36, 46 – 51, 53 – 54	23,560	26,433	–10.9
Derivative financial instruments	6, 37, 46 – 50, 53 – 55	231	368	–37.4
Provisions for pensions and other post-employment benefits	11, 38	32	52	–38.5
Other provisions	12, 39	94	114	–17.3
Deferred tax liabilities	5, 40	1,107	717	54.3
Current tax liabilities	5	7	15	–49.7
Other liabilities	12, 41, 46 – 50, 53	1,290	1,428	–9.6
Subordinated capital	6, 42, 46 – 51, 53 – 54	154	180	–14.5
Equity	44	10,982	10,099	8.7
Subscribed capital		76	76	–
Capital reserves		3,361	3,361	–
Retained earnings		7,540	6,661	13.2
Other reserves		5	1	X
Total		66,924	60,442	10.7

¹ Prior-year figures restated as explained in the “Changes of prior-year figures” section.

Statement of Changes in Equity

of the Volkswagen Leasing GmbH Group

€ million	Subscribed capital	Capital reserves	Retained earnings ⁴	Cashflow hedges (OCI I)	Debt instruments	Total equity ⁴
As of Jan. 1, 2024	76	3,361	6,431	0	2	9,870
Profit after tax	–	–	197	–	–	197
Other comprehensive income, net of tax	–	–	–6	–1	–0	–7
Total comprehensive income	–	–	191	–1	–0	190
Capital increase by way of a contribution in kind by the higher-level shareholder Volkswagen Financial Services Overseas AG ¹	–	–	74	–	–	74
Capital increase by way of a non-cash capital contribution by the shareholder Volkswagen Bank GmbH ¹	–	–	1	–	–	1
Profit transfer to Volkswagen Bank GmbH ³	–	–	–19	–	–	–19
Other changes ²	–	–	–17	–	–	–17
As of Dec. 31, 2024	76	3,361	6,661	–0	1	10,099
As of Jan. 1, 2025	76	3,361	6,661	–0	1	10,099
Profit after tax	–	–	616	–	–	616
Other comprehensive income, net of tax	–	–	17	3	1	22
Total comprehensive income	–	–	634	3	1	638
Capital increases	–	–	–	–	–	–
Capital increase by way of a non-cash capital contribution by the shareholder Volkswagen Bank GmbH ²	–	–	–	–	–	–
Loss absorption by Volkswagen Bank GmbH ³	–	–	245	–	–	245
Other changes	–	–	–	–	–	–
As of Dec. 31, 2025	76	3,361	7,540	3	2	10,982

1 See disclosures on "Capital increase by way of a contribution in kind by the higher-level shareholder Volkswagen Financial Services Overseas AG" and "Change resulting from a non-cash capital contribution by the shareholder Volkswagen Bank GmbH" in note (11) Provisions for pensions and other postemployment benefits in the notes to the consolidated financial statements in the 2024 Annual Report.

2 Other prior-year changes result from the difference between net assets received and the purchase price concerning the acquisition of Volkswagen Mobility Services S.p.A.

3 Profit in accordance with German GAAP transferred to Volkswagen Bank GmbH (previous year) or loss in accordance with German GAAP absorbed by Volkswagen Bank GmbH (reporting year).

4 Prior-year figures restated as explained in the "Changes of prior-year figures" section. Additional disclosures on equity can be found in note (44).

Cash Flow Statement

of the Volkswagen Leasing GmbH Group

€ million	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
Profit before tax	1,030	316
Depreciation, amortization, impairment losses and reversals of impairment losses	4,987	4,651
Change in provisions	-40	-85
Change in other noncash items	-97	-17
Loss on disposal of financial assets and items of property and equipment	-0	-0
Net interest expense and dividend income	307	314
Change in loans to and receivables from banks	-7	26
Change in loans to and receivables from customers	-418	3,019
Change in lease assets	-10,449	-8,608
Change in other assets related to operating activities	-774	-39
Change in liabilities to banks	8,758	7,241
Change in liabilities to customers	-330	-4,036
Change in notes, commercial paper issued	-2,851	-1,221
Change in other liabilities related to operating activities	-56	-165
Interest received	1,250	1,585
Interest paid	-1,557	-1,899
Income taxes paid	-126	30
Cashflows from operating activities	-374	1,111
Proceeds from disposal of investment property	0	6
Acquisition of subsidiaries and joint ventures ¹	-	96
Proceeds from disposal of other assets	0	0
Acquisition of other assets	-2	-0
Change in investments in marketable securities	-329	-41
Cashflows from investing activities	-331	61
Proceeds from changes in capital	-	155
Distribution to Volkswagen Bank GmbH	-19	-
Loss assumed by Volkswagen Financial Services Overseas AG	-	479
Change in cash funds attributable to subordinated capital	-26	-32
Repayment of liabilities arising from leases	-2	-3
Cashflows from financing activities	-47	599
Cash and cash equivalents at end of prior period	2,548	777
Cashflows from operating activities	-374	1,111
Cashflows from investing activities	-331	61
Cashflows from financing activities	-47	599
Cash and cash equivalents at end of period	1,797	2,548

¹ In previous year the cash outflows for the acquisition of Volkswagen Mobility Services S.p.A. in accordance with IFRS 7.43 against the cash and cash equivalents acquired. Further information on the cash flow statement is presented in note (58).

Notes to the Consolidated Financial Statements

of the Volkswagen Leasing GmbH Group as of December 31, 2025

General information

Volkswagen Leasing GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*, GmbH) under German law. It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 1858).

The object of the Company is to develop, sell and process financial services with a focus on the leasing business with retail and business customers as well as on the fleet management/services business in Germany and Italy.

Volkswagen Bank GmbH, Braunschweig, is the sole shareholder of Volkswagen Leasing GmbH. The parent company of the sole shareholder, Volkswagen Bank GmbH, is Volkswagen Financial Services AG, Braunschweig. The ultimate parent company of Volkswagen Leasing GmbH is Volkswagen AG, Wolfsburg.

Volkswagen Bank GmbH and Volkswagen Leasing GmbH have entered into a control and profit-and-loss transfer agreement.

The annual financial statements of the companies in the VW Leasing GmbH Group are included in the consolidated financial statements of Volkswagen Bank GmbH, Braunschweig, Volkswagen Financial Services AG, Braunschweig, and Volkswagen AG, Wolfsburg. The consolidated financial statements mentioned are published in the Company Register.

Basis of presentation

The comprehensive restructuring program for the previous Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH subgroups was successfully completed within the Volkswagen Group in the previous year. Among other things, as of July 1, 2024, all shares in VW Leasing GmbH were transferred by Volkswagen Financial Services Overseas AG by way of a spin-off for absorption and contributed with a non-cash contribution by Volkswagen AG to Volkswagen Bank GmbH. Subsequently, as of July 1, 2024, the shares in Volkswagen Bank GmbH were contributed by Volkswagen AG to Volkswagen Financial Services Europe AG, which operated under the name of Volkswagen Financial Services Europe AG until June 30, 2024.

Volkswagen Leasing GmbH has prepared its consolidated financial statements in accordance with the IFRS Accounting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). All of the IFRSs issued by the International Accounting Standards Board (IASB) up to December 31, 2025 whose application was mandatory in fiscal year 2025 in the EU have been taken into account in these consolidated financial statements.

In addition to the income statement, the statement of comprehensive income and the balance sheet, the IFRS consolidated financial statements include the statement of changes in equity, the cash flow statement and notes. The separate report on the risks associated with future developments (risk report in accordance with section 315(1) of the HGB) is included in the Report on Opportunities and Risks in the Combined Management Report. This includes the qualitative disclosures on the nature and scope of risk from financial instruments required under IFRS 7.

All the estimates and assumptions necessary as part of recognition and measurement in accordance with the IFRSs comply with the relevant standard, are continuously reassessed and are based on historical experience and other factors, including expectations regarding future events that appear to be reasonable under the given circumstances. The assumptions made by the Company are explained in detail in the disclosures on the management's material estimates and assumptions.

The Management Board completed the preparation of the consolidated financial statements on February 20, 2026 and released them for forwarding to the Audit Committee for information, for subsequent adoption by the shareholders' meeting and finally for publication. This date marked the end of the period in which adjusting events were recognized after the reporting period.

Changes of prior-year figures

This section explains changes of prior-year figures. They result from corrections or adjustments to figures presented in the financial statements and recognized retrospectively as restatements of items in the financial statements and the related disclosures.

In addition to the adjustments explained in this section, other retrospective corrections to disclosures were made; they are described in notes (38), (48), (49), (52), (53) and (55) with explanations in the text or in footnotes to tables.

CORRECTIONS TO DEFERRED TAX ASSETS AND TAX LIABILITIES:

In connection with the legislative changes relating to the immediate tax investment program to strengthen Germany as a business location, detailed analyses were performed of the maturities of deferred tax assets and tax liabilities. Based on these analyses, instances were also uncovered where the allocation of the taxation bases to the assets had not been correct in the past. The allocation of temporary differences relating to the underlying balance sheet item and the underlying maturity was corrected for these fact patterns. These corrections led to changes in the table showing the allocation to balance sheet items as well as to adjusted netting of deferred tax assets and tax liabilities, which resulted in a reduction in total assets. The Deferred tax assets and Deferred tax liabilities balance sheet items were each reduced by €300 million to €14 million and €717 million respectively as of December 31, 2024. In addition, the prior-year figures in notes (32) Deferred tax assets and (40) Deferred tax liabilities were corrected accordingly.

As a result of the correction to deferred tax assets and tax liabilities, the balance sheet as of December 31, 2024 was restated as follows:

€ million	Dec. 31, 2024 before changes due to corrections of deferred tax assets and liabilities	Changes due to corrections of deferred tax assets and liabilities	Dec. 31, 2024 after changes due to corrections to deferred tax assets and liabilities
Assets			
Deferred tax assets	314	-300	14
Total	60,656	-300	60,356
Equity and Liabilities			
Deferred tax liabilities	1,017	-300	717
Total	60,656	-300	60,356

CORRECTION TO IMPAIRMENT LOSS AND TO DEFERRED TAX ASSETS NOT RECOGNIZED

During impairment tests conducted on deferred tax assets it was found that an impairment loss had been recognized on deferred tax assets and deferred tax assets had not been recognized even though the recoverable amounts were higher than the carrying amounts. The error was retrospectively corrected in accordance with IAS 8 by reversing the impairment loss and recognizing deferred tax assets.

The retrospective correction resulted in an increase in equity by €86 million as of December 31, 2024 and January 1, 2025. In the comparative period, the correction is presented as income of €86 million in the income tax expense item in the income statement. The effects of the correction on the comparative period of the income statement and balance sheet are presented below.

In addition, the corresponding prior-year figures of disclosures in notes (24) and (32) were corrected accordingly.

Due to the correction to an impairment loss and the fact that deferred tax assets had not been recognized, the previous year's income statement was restated as follows:

Mio. €	Dec. 31, 2024 before changes due to corrections of deferred tax assets	Changes from the correction of a loss allowance and the nonrecognition of deferred tax asset	Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets
Income tax expense	-205	86	-119
Profit after tax	111	86	197
Profit after tax attributable to Volkswagen Bank	111	86	197

Due to the correction to an impairment loss and the fact that deferred tax assets had not been recognized, the balance sheet as of December 31, 2024 was restated as follows:

€ million	Dec. 31, 2024 after changes due to corrections of deferred tax assets and tax liabilities	Changes from the correction of a loss allowance and the nonrecognition of deferred tax assets	Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets
Assets			
Deferred tax assets	14	86	100
Total	60,356	86	60,442
Equity and Liabilities			
Equity	10,013	86	10,099
Retained earnings	6,575	86	6,661
Total	60,356	86	60,442

ADJUSTMENT IN BALANCE SHEET PRESENTATION DUE TO THE RECLASSIFICATION OF INTRAGROUP INCOME TAX ALLOCATIONS:

In the Volkswagen Leasing GmbH Group, receivables and liabilities from taxes allocated on the basis of the Volkswagen AG tax group (“intragroup tax allocations”) were previously presented in the “Current tax assets” and “Current tax liabilities” balance sheet items. These balance sheet items are also used to present current tax assets and liabilities relating to tax authorities. In the reporting year, intragroup tax allocations were reclassified to the Other assets and Other liabilities balance sheet items. The amounts recognized in the balance sheet as of December 31, 2024 were restated accordingly. This reclassification and separate presentation outside of current tax assets and liabilities to tax authorities takes into account the different characteristics of intragroup tax allocations as financial assets and liabilities in the balance sheet presentation. The voluntary adjustment to the accounting treatment therefore increases the informative value and usefulness for decisions of the consolidated financial statements. Disclosures relating to the changed balance sheet items have been adjusted together with their prior-year figures in notes (41), (43), (47), (48), (49), (50), and (53).

Due to the reclassification of the intragroup income tax allocation, the balance sheet as of December 31, 2024 was restated as follows:

€ million	Dec. 31, 2024 after changes due to corrections of deferred tax assets and tax liabilities	Change in balance sheet presentation due to reclassification of intragroup income tax allocations	Dec. 31, 2024 restated
Equity and Liabilities			
Current tax liability	136	-121	15
Other liabilities	1,306	121	1,427
Total	60,356	-	60,356

SUMMARY RECONCILIATION OF CHANGES OF PRIOR-YEAR FIGURES:

The prior-year figures in the income statement and balance sheet that were changed as a result of the corrections described above and also due to the voluntary change in balance sheet presentation are summarized in the following reconciliation from the prior-year figures before adjustments to the prior-year figures after adjustments.

Reconciliation of prior-year income statement:

Mio. €	Dec. 31, 2024 before changes due to corrections of deferred tax assets	Changes from the correction of a loss allowance and the nonrecognition of deferred tax asset	Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets
Income tax expense	-205	86	-119
Profit after tax	111	86	197
Profit after tax attributable to Volkswagen Bank	111	86	197

Reconciliation of prior-year balance sheet:

€ million	Dec. 31, 2024 before restatement	Adjustments due to corrections and restatements	Dec. 31, 2024 restated
Assets			
Deferred tax assets	314	-214	100
Total	60,656	-214	60,442
Equity and Liabilities			
Deferred tax liabilities	1,017	-300	717
Current tax liability	136	-121	15
Other liabilities	1,306	121	1,427
Equity	10,013	86	10,099
Retained earnings	6,575	86	6,661
Total	60,656	-214	60,442

Effects of New and Revised IFRSs

Volkswagen Leasing GmbH has applied all financial reporting standards adopted by the EU and subject to mandatory application from fiscal year 2025.

The amendments to IAS 21 on determining the exchange rate in the event of a lack of exchangeability, regardless of whether this is temporary or permanent, came into force on January 1, 2025. The supplementary guidance governs when a currency is exchangeable into another currency and when it is not, and how an exchange rate should be determined if a currency is not exchangeable.

The amended provisions do not materially affect the Volkswagen Leasing GmbH Group's financial position and financial performance.

New and Revised IFRSs Not Applied

In its 2025 consolidated financial statements, Volkswagen Leasing GmbH did not apply the following financial reporting standards that had been adopted by the IASB before December 31, 2025 but were not yet subject to mandatory application in the year under review.

Standard / interpretation	Published by the IASB	Application requirement ¹	Adopted by EU	Expected impact
IFRS 9 / IFRS 7 Classification and measurement of financial instruments	May 30, 2024	Jan. 1, 2026	Yes	No material impact
IFRS 9 / IFRS 7 Contracts referencing nature-dependent electricity	Dec. 18, 2024	Jan. 1, 2026	Yes	No material impact
IFRS 18 Presentation and information in the financial statements	Apr. 9, 2024	Jan. 1, 2027	Yes	Case-by-case changes to the presentation of income and expenses in the income statement; additional disclosures in the notes
IFRS 19 Subsidiaries without Public Accountability: Disclosures	May 9, 2024	Jan. 1, 2027	No	No impact
IFRS 19 Subsidiaries without Public Accountability: Disclosures	Aug. 21, 2025	Jan. 1, 2027	No	No impact
IAS 21 Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates on the translation of financial information in hyperinflationary presentation currencies	Nov. 13, 2025	Jan. 1, 2027	No	No impact
Annual Improvements to International Financial Reporting Standards – Volume 11 ²	Jul. 18, 2024	Jan. 1, 2026	Yes	No material impact

¹ Requirement for initial application from the Volkswagen Bank GmbH perspective

² Minor amendments to a series of IFRSs (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)

Accounting policies

1. Basic principles

All entities included in the basis of consolidation have prepared their annual financial statements as of the reporting date of December 31, 2025.

Financial reporting in the Volkswagen Leasing GmbH Group complies with IFRS 10 and is carried out upon the basis of standard Group-wide accounting policies.

Unless otherwise stated, amounts are shown in millions of euros (€ million). All amounts shown are rounded, so minor discrepancies may arise when amounts are added together. Amounts smaller than €0.5 million are rounded to 0, whereas “–” is used if there is no applicable figure. Relative changes greater than 100% are marked with an “X”.

Assets and liabilities are presented in descending order of liquidity in accordance with IAS 1.60.

2. Basis of consolidation

In addition to Volkswagen Leasing GmbH, the consolidated financial statements cover all international subsidiaries taking the form of structured entities that are controlled by Volkswagen Leasing GmbH. This is the case if Volkswagen Leasing GmbH has power over the entity, is exposed to or has rights to positive or negative variable returns from its involvement with the entity, and has the ability to use its power to influence those returns. In the case of the structured entities consolidated in the Volkswagen Leasing GmbH Group, Volkswagen Leasing GmbH holds no equity investment but nevertheless determines the main relevant activities remaining after the structure is created and thereby influences its own variable returns. The purpose of the structured entities is to facilitate asset-backed-securities transactions to fund the financial services business. The Volkswagen Leasing GmbH Group does not have any business relationships with unconsolidated structured entities.

Subsidiaries are included in the consolidation from the date on which control comes into existence; they cease to be consolidated when control no longer exists.

COMPOSITION OF THE VOLKSWAGEN LEASING GMBH GROUP

The composition of the Volkswagen Leasing GmbH Group is as follows:

- > Volkswagen Leasing GmbH, Braunschweig
- > VCL Multi-Compartment S.A., Luxembourg
- > VCL Master S.A., Luxembourg
- > VCL Master Residual Value S.A., Luxembourg
- > Trucknology S.A., Luxembourg

The list of all shareholdings pursuant to section 313(2) of the HGB and pursuant to IFRS 12.10 and IFRS 12.21 is attached to the consolidated financial statements.

OTHER DISCLOSURES ON JOINT VENTURES UNDER IFRS 12

Some subsidiaries hold assets in the form of cash, usability of which within the Group is limited on account of contractual or regulatory provisions. These assets are presented as restricted cash in the Other assets balance sheet item in an amount of €324 million (previous year: €445 million).

3. Consolidation methods

The assets and liabilities of the domestic and international entities included in the consolidated financial statements are reported in accordance with the accounting policies applicable as standard throughout the Volkswagen Leasing GmbH Group.

The acquisition method described above is not applied when new structured entities are established; no goodwill or negative goodwill can therefore arise when newly established structured entities are included in the consolidation. The assets and liabilities of these companies are recognized at their values on the date of initial consolidation.

The acquisition method of accounting described in IFRS 3 is not applied if the subsidiaries being consolidated for the first time are the result of a business combination under the common control of a superordinate parent company, e.g., Volkswagen AG. Instead, the Group uses predecessor accounting to recognize assets and liabilities. This means that no goodwill or negative goodwill can result from the initial consolidation of these subsidiaries. Any difference between the net assets received and any consideration transferred will be taken directly to retained earnings as part of initial consolidation.

Intragroup transactions are conducted on an arm's-length basis. Any resulting intercompany profits or losses are eliminated.

4. Revenue and expense recognition

Revenue and expenses are recognized in accordance with the accrual basis of accounting and are reported in profit or loss in the period in which the substance of the related transaction occurs.

Interest income is recognized in the income statement using the effective interest method. Lease income is included in the "Income from leasing transactions" line item in the income statement. The leasing revenue from operating lease contracts is recognized on a straight-line basis over the lease term.

Expenses relating to the funding of financing and leasing transactions are reported in interest expenses.

Gains from the sale of used vehicles are recognized when the buyer has acquired the title to the vehicle concerned. The gains are reported under income from leasing transactions, if the used vehicles were accounted for in operating leases before the sale. The expenses that are incurred in connection with the disposal of used ex-lease vehicles are recognized under depreciation, impairment losses and other expenses from existing operating leases. If the used ex-lease vehicles sold originate from finance leases, the gains are reported in other operating income and the associated expenses from the disposal of used vehicles in other operating expenses. Gains on the sale of used vehicles that are not ex-lease vehicles of the Group are also recognized in other operating income. The expenses associated with the disposal of these used vehicles in other operating expenses.

In the case of service contracts, such as maintenance or inspection agreements, revenue is recognized on either a percentage-of-completion or straight-line basis, depending on the type of service performed. Percentage of completion is normally calculated by considering the services provided up to the reporting date as a proportion of the total anticipated services (output-based). If the customer pays for services in advance, the Group recognizes a corresponding contractual liability until the relevant service is

performed. Revenue is recognized on a straight-line basis, provided that the service is provided at a constant level over the term of the contract or that the commitment applicable over the entire term of the contract can be utilized without warning at any time.

A trade receivable is recognized for the period between revenue recognition and receipt of payment. Any financing component included in the transaction is not recognized because the period between the transfer of the goods and payment of the consideration is generally less than a year.

In the Volkswagen Leasing GmbH Group, contract origination costs are capitalized and amortized on a straight-line basis over the term of the contract only if the underlying contract has a term of at least one year and these costs would not have been incurred if the contract concerned had not materialized.

Fee and commission expenses arising from leasing-business sales commission that are not included through the effective interest rate for the underlying financial assets are expensed in full on the date of performance.

5. Income taxes

Current income tax assets and liabilities are measured using the tax rates expected to apply in respect of the refund from or payment to the tax authorities concerned. Current income taxes are generally reported on a gross basis.

Deferred tax assets are recognized if it is probable that in the future sufficient taxable profits will be generated in the same tax unit against which the deferred tax assets can be utilized. Deferred tax assets that are unlikely to be realized within a clearly predictable period are not recognized in the year in which they arise. If it is no longer likely that it will be possible to recover deferred tax assets recognized in the previous year within a reasonable period, valuation allowances are applied.

Deferred tax assets and liabilities with the same maturities and relating to the same tax authorities are netted.

The Volkswagen Leasing GmbH Group applied the exemption from the recognition and disclosure of deferred tax in connection with the introduction of global minimum taxation (Pillar 2 income taxes).

The effects of the changes to the Corporate Income Tax Act in Germany and the introduction of global minimum taxation are included in the disclosures in note (24) Income tax expense.

6. Financial Instruments

In the case of regular way purchases or sales, financial instruments are normally recognized on the settlement date, i.e., the date on which the asset is delivered. An exception to this rule arises in connection with the accounting treatment of derivatives, which are always recognized on the trade date.

Financial assets are classified and measured on the basis of the business model operated by an entity and the structure of its cash flows.

In the Volkswagen Leasing GmbH Group, financial assets are classified into the following categories in accordance with IFRS 9:

- > Financial assets measured at fair value through profit or loss
- > Financial assets measured at fair value through other comprehensive income (debt instruments), and
- > Financial assets measured at amortized cost

Financial liabilities are classified using the following categories:

- > Financial liabilities measured at fair value through profit or loss, and
- > Financial liabilities measured at amortized cost.

In the Volkswagen Leasing GmbH Group, the categories shown above are allocated to the classes “financial assets and financial liabilities measured at amortized cost” and “financial assets and financial liabilities measured at fair value”.

The fair value option for financial assets and financial liabilities is not applied in the Volkswagen Leasing GmbH Group.

Financial assets and financial liabilities are generally reported with their gross values. Offsetting is only applied if, at the present time, the offsetting of the amounts is legally enforceable by the Volkswagen Leasing GmbH Group and there is an intention to settle on a net basis in practice.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

Financial assets held within a business model whose objective is to collect contractual cash flows (“hold to collect” business model) are allocated to the measurement category of financial assets measured at amortized cost. The contractual cash flows of these financial assets consist solely of payments of principal and interest on the principal amount outstanding, such that the cash flow criterion is satisfied.

Financial liabilities other than derivatives are allocated to the measurement category of financial liabilities measured at amortized cost.

Gains and losses arising from the changes in amortized cost are recognized in profit or loss, including the effects from changes in exchange rates.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

Financial assets held within a business model whose objective is to collect contractual cash flows and sell financial assets (“hold to collect and sell” business model) are classified in the financial assets measured at fair value through other comprehensive income (debt instruments) measurement category. The contractual cash flows of these financial assets consist solely of payments of principal and interest on the principal amount outstanding.

Changes in fair value that extend beyond the changes in the amortized cost of these financial assets are recognized in other comprehensive income (taking into account deferred taxes) until the financial asset concerned is derecognized. Only then are the accumulated gains or losses reclassified to profit or loss. Certain changes in fair value, such as impairment losses or interest determined in accordance with the effective interest method, are immediately recognized in profit or loss.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets measured at fair value through profit or loss measurement category encompasses financial assets (debt instruments) for which the cash flow criterion is not satisfied, or that are managed within a business model that aims to sell these assets in order to realize cash flows (“sell” business model).

In addition, derivatives are allocated to the financial assets measured at fair value through profit or loss and to the financial liabilities measured at fair value through profit or loss.

In the case of these financial assets and liabilities, any changes in fair value are recognized in profit or loss.

LOANS AND RECEIVABLES

Loans to and receivables from banks, and loans to and receivables from customers originated by the VW FS AG Group are recognized at amortized cost using the effective interest method. Gains or losses arising from the changes in amortized cost are recognized in profit or loss, including the effects from changes in exchange rates.

For reasons of materiality, non-interest-bearing current loans and receivables (due within one year) are not discounted and therefore no unwinding of discount is recognized.

Loans and receivables are generally derecognized when they are repaid or settled. There are no indications of derecognition for loans/receivables from ABS transactions carried out by the Group.

The accounting policies relating to receivables from customers attributable to the leasing business in the Volkswagen Leasing GmbH Group are described in note (9) Leases.

MARKETABLE SECURITIES

The “Marketable securities” balance sheet item largely comprises investments of resources in the form of fixed-income securities from public-sector issuers.

The fixed-income securities are allocated to the measurement category of financial assets measured at fair value through other comprehensive income (debt instruments). Valuation allowances for fixed-income securities are recognized in profit or loss under the “Provision for credit risks” line item. Interest determined in accordance with the effective interest method are also recognized in profit or loss. In addition, the differences between the amortized cost and fair value arising from the remeasurement of fixed-income securities are recognized in other comprehensive income, taking into account deferred taxes.

DERIVATIVES AND HEDGE ACCOUNTING

Derivative financial instruments comprise derivatives designated as hedging instruments and derivatives not designated as hedging instruments. All derivatives are measured at fair value and are presented separately in notes (29) and (37).

The fair value is determined with the help of measurement software in IT systems using the discounted cash flow method and taking into account credit value adjustments and debt value adjustments.

In the Volkswagen Leasing GmbH Group, entities enter into derivative transactions solely for hedging purposes as part of the management of interest rate risk.

Derivatives are used as hedging instruments to hedge fair values or future cash flows (referred to as hedged items). Hedge accounting in accordance with IFRS 9 is only applied in the case of hedges that can be demonstrated to be effective, both on designation and continuously thereafter. The Volkswagen Leasing GmbH Group documents all relationships between hedging instruments and hedged items.

When fair value hedges are applied, changes in the fair value of the derivative designated as the instrument used to hedge the fair value of a recognized asset or liability (hedged item) are recognized in profit or loss under net gain or loss on hedges. Changes in the fair value of the hedged item in connection with which the risk is being minimized are also reported in profit or loss under the same item. Gains or losses arising from the ineffectiveness of fair value hedges are also recognized in gain or loss on hedges.

Portfolio fair value hedge accounting reports transactions to hedge the risk of changes in the interest rates of hedged items (receivables from finance leases) on a portfolio basis. The hedged interest rate risk for the hedged items is based on the 3-month EURIBOR. The Volkswagen Leasing GmbH Group exercises the option afforded in the provisions of IAS 39 regarding hedge accounting in its portfolio fair value hedge accounting treatment. As part of the accounting treatment of hedges in portfolio fair value hedge accounting, the hedged fair value changes for hedged items are recognized in a separate asset item in the balance sheet ("Change in fair value from portfolio fair value hedges").

In the case of derivatives that are designated as hedges of future cash flows in cash flow hedges and that satisfy the relevant criteria, the changes in the fair value of the derivative are recognized in separate items of other comprehensive income. The designated effective portion is recognized within other comprehensive income in "OCI". Effects on profit or loss under net gain or loss on hedges arise from the ineffective portion of the change in fair value, as well as from the reclassification (on recognition of the hedged item) of changes in fair value previously recognized in other comprehensive income. The measurement of the hedged item remains unchanged.

Changes in the fair values of derivatives that do not satisfy the IFRS 9 or IAS 39 criteria for hedge accounting and are therefore accounted for in the category of financial assets and financial liabilities measured at fair value through profit or loss are recognized in profit or loss under net gain or loss on financial instruments measured at fair value.

Interest income and interest expense related to derivatives in recognized hedges is reported in the income statement item in which the interest income or interest expense related to the hedged item is reported. Interest income or interest expense related to derivatives in economic hedging relationships that do not meet the requirements of designation as hedging instruments is also reported in the income statement item in which the interest income or interest expense related to the financial assets and liabilities or the hedged item is presented.

PROVISION FOR CREDIT RISKS

The provision for credit risks, which is recognized in accordance with the expected credit loss model specified by IFRS 9 and in accordance with uniform standards applied throughout the Group, encompasses all financial assets measured at amortized cost, financial assets in the form of debt instruments measured at fair value through other comprehensive income, finance lease receivables and receivables related to payments due under operating leases that fall within the scope of IFRS 16. The provision for credit risks is generally determined on the basis of parameters, taking into account the exposure at default, the probability of default and the loss given default.

Financial assets are subject to credit risks, which are taken into account by recognizing valuation allowances in the amount of the expected loss; such valuation allowances are recognized both for financial assets with objective evidence of impairment and for non-impaired financial assets. These allowances are posted to separate valuation allowance accounts.

The general approach is used for financial assets measured at amortized cost (with the exception of trade receivables), for financial assets (debt instruments) whose changes in fair value are recognized in other comprehensive income unless there is already objective evidence of impairment on initial recognition. Financial assets are broken down into three stages in the general approach. Stage 1 consists of financial assets that are being recognized for the first time or that have not demonstrated any significant increase in default risk since initial recognition. Stage 2 consists of financial assets for which the risk of default has increased significantly since initial recognition. Financial assets with objective evidence of impairment are allocated to Stage 3.

In the case of financial assets that are already impaired on initial recognition (POCI) and classified as Stage 4 for the purposes of the disclosures, the provision for credit risks is recognized in subsequent measurement on the basis of the cumulative changes in the expected credit loss over the entire lifetime of the asset concerned.

The provision for credit risks is calculated on the basis of the individual financial asset. The parameters required for this calculation are established by assessing portfolios in which individual financial assets of a similar type are brought together. Such homogeneous portfolios are created, for example, on the basis of customer group (e.g. dealer), product, or type of collateral (e.g. vehicle). In the case of significant financial assets with objective evidence of impairment, the measurement parameters are determined on the basis of the individual contract.

In the Volkswagen Leasing GmbH Group, the provision for credit risks relating to trade receivables and to operating and finance lease receivables accounted for in accordance with IFRS 16 is uniformly determined using the simplified approach. The valuation allowance for trade receivables is generally calculated according to the extent to which the receivable is past due using a valuation allowance table (provision matrix).

The measurement parameters used to calculate the provision for credit risks are determined on the basis of both historical information, such as average historical default probabilities for each portfolio, and forward-looking information, such as macroeconomic factors and trends (e.g. the rate of change for gross domestic product, the rate of change for industrial output, the unemployment rate, inflation and interest rates (long term and short term)) that is linked to expected credit losses.

To model the measurement parameters, calculations are carried out for various probability-weighted scenarios using macroeconomic factors. The scenarios assume different economic trends and reflect their impact on credit risk and the provision for credit risks. In this regard, Volkswagen Leasing GmbH analyzes macroeconomic factors that are also used in internal management. These factors include, for example, the rate of change for gross domestic product, the rate of change for industrial production, the unemployment rate, inflation and (long-term and short-term) interest rates. If statistical methods

demonstrate that macroeconomic factors have an impact on credit risk, then the relevant forecast macroeconomic factors and their effects on credit risk are taken into account in the scenarios.

The Volkswagen Leasing GmbH Group normally analyzes three scenarios: a baseline scenario, a positive scenario and a negative scenario. The baseline scenario uses validated risk parameters as also used in the internal risk calculations. The positive scenario assumes a more positive trend in probabilities of default and loss given default ratios for the next 12 months compared with the baseline scenario, whereas the negative scenario assumes a rise in default probabilities and higher loss given default ratios. Based on the baseline scenario, the average probability of default (PD) adjustment is -13.1% (previous year: -12.2%) in the positive scenario and +23.5% (previous year: +39.1%) in the negative scenario, while the average loss given default adjustment is 0.01% (previous year: -3.8%) in the positive scenario and +2.1% (previous year: +6.3%) in the negative scenario.

The calculation to determine whether the credit risk for assets subject to the general approach has increased significantly at the reporting date generally takes into account the maturity of the agreement. The credit risk expected for the reporting date on the date of initial recognition is compared against the actual credit risk on the reporting date on the basis of the 12-month probability of default (PD). For the purposes of the comparison, the expected PD for the reporting date is determined by taking into account the maturity. For the purposes of the comparison, the expected PD for the reporting date is determined by taking into account the maturity. Depending on the internal risk management models applied, threshold values are specified for expected credit risk using statistical methods and expert assessments, taking into account transaction-specific variables (such as maturity, payment record and credit process). A credit risk higher than the threshold value indicates a significant increase in credit risk. If necessary, qualitative factors may also be used to determine a significant increase in credit risk. Assets accounted for under the general approach relate in particular to receivables from Volkswagen Group companies where the expected loss is estimated on the basis of a loss rate approach. Internal and external rating information is used in the measurement of credit risk. Moreover, credit risk can always be assumed to have increased significantly if payments past due by more than 30 days have been identified.

Objective evidence of impairment is identified in the Volkswagen Leasing GmbH Group using the definition of default specified in Article 178 of the CRR. The existence of a variety of factors could be decisive in determining whether a default has occurred. Examples of such factors include payment more than 90 days past due, the initiation of enforcement measures, the threat of insolvency or overindebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures. The Volkswagen Leasing GmbH Group uses the EBA's amended guidelines on the application of the definition of default under Article 178 of the CRR. If the reason for the recognition of a default (e.g., disruption to payments) has been eliminated, this must then be followed immediately by a cure period of several months before the financial instrument can no longer be considered to be in default.

Reviews are regularly carried out to ensure the valuation allowances are appropriate.

Uncollectible loans or receivables that are already subject to a remediation for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off directly. Any valuation allowances previously recognized are utilized. Income subsequently collected in connection with loans or receivables already written off is recognized in profit and loss.

Loans and receivables are reported in the balance sheet at the net carrying amount.

Disclosures relating to the provision for credit risks are presented separately in notes (18) and (52).

MODIFICATIONS

Modifications falling within the scope of IFRS 9 comprise adjustments of an individual financial instrument or finance lease in which the provisions of IFRS 9 must be applied in accordance with IFRS 16.80(b) and in which the nature, amount and/or timing of the contractual cash flows from the contract are modified. They can be caused by credit rating or market factors. If modified cash flows arise in connection with financial assets or financial liabilities, an assessment must be carried out to establish whether the modification is significant or not. The significance of a modification is assessed from both a qualitative perspective (e.g., change in cash flow currency, adjustment in subordination, switch from fixed to variable interest rate) and a quantitative perspective. As a quantitative guideline, the Volkswagen Leasing GmbH Group deems any variation in the discounted cash flows for a financial asset or a financial liability of more than 10% to be significant.

If a modification is significant, the financial asset or financial liability concerned must be derecognized and the modified contract recognized as a new financial asset or financial liability at fair value, taking into account a new effective interest rate. In the case of financial assets that are credit-impaired when purchased or originated and thereby allocated to Stage 4, a credit-adjusted effective interest rate is applied. Financial assets that are not posted as credit-impaired as part of a significant modification and are subject to the general approach are allocated to Stage 1; in subsequent measurement, they are allocated to Stage 2 if a significant increase in credit risk is determined in connection with the modification.

If a modification is not significant, the gross carrying amount of the financial asset or financial liability must be adjusted such that the gross carrying amount after modification reflects the modified cash flows discounted with the original effective interest rate, including all the costs incurred as a result of the modification of the agreement. The old financial asset or financial liability is therefore not derecognized and there is no recognition of a new asset or liability. The difference between the gross carrying amount before and after modification is the modification gain or loss. If a significant increase in credit risk is determined as part of a non-significant modification of a financial asset subject to the general approach, the asset is allocated to Stage 2.

LIABILITIES

Liabilities to banks and customers (note 35), notes and commercial paper issued (note 36), and subordinated capital liabilities (note 42) are recognized at amortized cost using the effective interest method. Gains or losses arising from the changes in amortized cost are recognized in profit or loss.

For reasons of materiality, discounting or unwinding of discounting is not applied to non-interest-bearing current liabilities (due within one year). They are therefore recognized at their repayment or settlement value.

7. Change in fair value from portfolio fair value hedges

This assets-side line item on the balance sheet recognizes changes in the hedged fair value in relation to the hedged interest rate risk for the hedged items covered by portfolio fair value hedge accounting. The effects arising from the amortization of fair value adjustments recognized for hedged items (changes in hedged fair value) in portfolio fair value hedges are reported in the interest income from hedged financial assets.

8. Property and equipment

Property and equipment (land and buildings plus operating and office equipment) is recognized in accordance with the cost model. Depreciation is applied on a straight-line basis over the estimated useful life.

Depreciation is based mainly on the following useful lives:

Property and equipment	Useful lives
Buildings and property facilities	10 to 50 years
Operating and office equipment	3 to 15 years

At every reporting date, property and equipment is tested to establish whether there are any indications of impairment arising from, for example, relevant events or changes in circumstances. The recoverable amount for the asset is compared against its carrying amount in such cases. Impairment losses are recognized in accordance with IAS 36 where the recoverable amount of the asset concerned has fallen below the carrying amount.

Depreciation expense and impairment losses are reported within general and administrative expenses. Income from the reversal of impairment losses is recognized in net other operating income/expenses.

The “Property and equipment” line item on the balance sheet also includes right-of-use assets in connection with leases in which the Volkswagen Leasing GmbH Group is the lessee. The accounting policies for these right-of-use assets are set out in note (9) Leases within the subsection covering the Group as lessee.

9. Leases

GROUP AS A LESSOR

The Volkswagen Leasing GmbH Group conducts both finance lease and operating lease business. The leases are mainly vehicle leases, but to a lesser extent also involve land, buildings and dealer equipment.

Lease income and lease expenses that the Group generates or incurs as a lessor are recognized under income from leasing transactions and depreciation, impairment losses and other expenses from leasing transactions in the income statement and are explained in note (15) Net Income from Leasing Transactions. Net income from leasing transactions largely consists of the following components: revenue from operating leases, interest income from finance leases, gains and expenses from the disposal of used ex-operating-lease vehicles, net interest income/expense from derivatives used for hedging of finance leases, and depreciation and impairment losses in respect of lease assets. Interest income from finance leases includes the effects arising from the amortization of changes in fair value recognized for hedged items (changes in hedged fair value) resulting from finance lease receivables in portfolio fair value hedge accounting.

A finance lease is a lease that transfers material risks and rewards to the lessee. Where residual value guarantees are agreed, residual value risks are passed to the residual value guarantor. In the consolidated balance sheet, receivables from finance leases are reported within loans to and receivables from customers and the net investment in the lease generally equates to the cost of the lease asset. Interest income from these transactions is reported under leasing income in the income statement. The interest paid by the customer is allocated so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable. The net interest income or expense from derivatives held for interest rate hedging in connection with some of the finance lease receivables is recognized under income from leasing transactions. This net interest income or expense from derivatives is reported within the income from leasing transactions in order to present hedged interest income from finance leases, including the net interest income or expense from derivatives held for interest rate hedging, as it accrues to the Volkswagen Leasing GmbH Group.

In the case of operating leases, the substantial risks and rewards related to the leased asset remain with the lessor. In this case, the assets involved are reported in a separate "Lease assets" item in the balance sheet, measured at cost and reduced by straight-line depreciation over the lease term to the calculated residual carrying amount. Any impairment identified as a result of an impairment test in accordance with IAS 36 in which the recoverable amount (normally the value in use) is found to have fallen below the carrying amount is taken into account by recognizing an impairment loss. Generally, future depreciation rates are adjusted as a consequence of impairment. Depreciation and impairment losses are reported under depreciation, impairment losses and other expenses from leasing transactions. Reversals of impairment losses that are recognized because the reasons for impairment losses recognized in prior years no longer apply are included in income from leasing transactions. Leasing revenue is recognized on a straight-line basis over the lease term and is reported in income from leasing transactions.

Where the Volkswagen Leasing GmbH Group is a lessor, one of the ways in which it counters the risks arising in connection with the underlying leased assets (mainly vehicles) is to take into account residual value guarantees received for parts of the lease portfolio and to include residual value forecasts on the basis of internal and external information within residual value management. Residual value forecasts are regularly verified by a process of backtesting.

The Volkswagen Leasing GmbH Group takes full account of the credit risk arising in connection with lease receivables by recognizing loss allowances in accordance with the provisions specified in IFRS 9.

The accounting policies covering loss allowances for the credit risk on lease receivables are included in note (6) Financial Instruments in the subsection addressing the provision for credit risks.

GROUP AS A LESSEE

During the lease term, right-of-use assets for leases in which the Volkswagen Leasing GmbH Group is the lessee are depreciated on a straight-line basis over the term of the lease. The depreciation expense is reported under general and administrative expenses. The allocation of the depreciation amounts for right-of-use assets to the categories “Right of use on land, land rights and buildings incl. buildings on third party land” and “Right of use on other equipment, operating and office equipment” is shown in note (57) Leases. In the subsequent measurement of the lease liability, the carrying amount is updated using the effective interest method and taking into account the lease payments made. The interest expenses arising from the application of the effective interest method are reported under interest expenses in the income statement.

The right-of-use assets for leases recognized in the balance sheet are reported under those line items in which the lease’s underlying assets would have been reported if these assets had been in the beneficial ownership of the Volkswagen Leasing GmbH Group. The right-of-use assets are therefore reported as of the reporting date under property and equipment.

Lease liabilities are carried at the present value of the lease payments.

Exemptions are provided for short-term leases and leases in which the underlying asset is of low value. The Volkswagen Leasing GmbH Group has elected to apply these exemptions and therefore does not recognize any right-of-use asset or lease liability for such leases. The associated lease payments are recognized as an expense under general and administrative expenses in the income statement. A lease is treated as a lease in which the underlying asset is of low value if the value of the underlying asset when new is no more than €5,000. The accounting requirements specified in IFRS 16 are not applied to leases for intangible assets either.

Leases of the Volkswagen Leasing GmbH Group may have extension or termination options, which are taken into account when determining the lease terms.

BUYBACK TRANSACTIONS

The Volkswagen Leasing GmbH Group enters into vehicle purchase contracts in which there is a fixed buyback agreement with the vehicle sellers, who are entities in the Volkswagen Group. Ultimately, these contracts entitle the Group solely to use the vehicles during an agreed timeframe, the contracts being accounted for as leases. The Group is the lessee in the primary lease and uses the vehicles made available under the lease to conduct leasing business with customers. The leases with customers are treated as subleases linked to the right of use received for the period of use and are classified as finance leases or operating leases according to the classification criteria. The vast majority of buyback transactions are classified as finance leases and the values arising from the transfer of the right of use are consequently presented as receivables from finance leases in the balance sheet. To a lesser extent, some transactions are classified as operating leases and the values arising from the transfer of the right of use are thus in this case accounted for as lease assets.

In connection with buyback transactions, buyback receivables are also recognized under loans to and receivables from customers within other loans and receivables in the amount of the buyback values agreed at the inception of the lease. In the case of noncurrent leases (maturity of more than one year), the agreed buyback value is discounted at the inception of the lease. The unwinding of the discount during the term of the lease is recognized in interest income.

10. Investment property

Land and buildings held to earn rentals are reported under the Investment property line item in the balance sheet and recognized in accordance with the cost model. The fair values disclosed in the notes are determined by discounting the estimated future cash flows using the relevant long-term market discount rate. Depreciation is applied on a straight-line basis over useful lives of nine to 33 years. Any impairment identified as a result of an impairment test in accordance with IAS 36 is taken into account by recognizing an impairment loss.

11. Provisions for pensions and other post-employment benefits

Provisions are recognized for commitments in the form of retirement, invalidity and surviving dependents' benefits payable under pension plans.

The Volkswagen Leasing GmbH Group provides occupational pensions in the form of both defined contribution and defined benefit plans. In the case of defined contribution plans, the Bank makes contributions to state or private pension schemes based on statutory or contractual requirements, or on a voluntary basis. Once the contributions have been paid, the Volkswagen Leasing GmbH Group has no further obligations. In 2025, the total contributions made by the Volkswagen Leasing GmbH Group came to €15 million (previous year: €7 million). This amount included contributions to the compulsory state pension system in Germany in an amount of €15 million (previous year: €7 million).

Pension schemes in the VW FS AG Group are predominantly defined benefit plans in which there is a distinction between pensions funded by provisions (without plan assets) and externally funded plans (with plan assets).

The pension provisions for defined benefit commitments are measured by independent actuaries using the internationally accepted projected unit credit method in accordance with IAS 19. This means that the future obligations are measured on the basis of the proportionate benefit entitlements earned as of the reporting date. The measurement of pension provisions takes into account actuarial assumptions regarding discount rates, salary and pension trends, life expectancy and employee turnover rates, which are determined for each Group company depending on the economic environment.

Detailed disclosures on provisions for pensions and other post-employment benefits are set out in note (38).

12. Other provisions and other liabilities

Under IAS 37, provisions are recognized if a present legal or constructive obligation to a third party has arisen as a result of a past event, it is probable that settlement in the future will result in an outflow of resources embodying economic benefits and the amount of the obligation can be estimated reliably. If an outflow of resources is neither probable nor improbable, the amount concerned is deemed to be a contingent liability. In accordance with IAS 37, this contingent liability is not recognized but disclosed.

Share-based payment within other liabilities includes payments from the share-based backward-looking long-term bonus, which is settled in cash on the basis of preferred stock of Volkswagen AG and accounted for at fair value in accordance with IFRS 2. Fair value is recognized as compensation expense over the vesting period; it is presented as part of personnel expenses in the general and the administrative expenses item of the income statement. Further disclosures on the share-based payment are made in note (60) Share-based payment.

Provisions for litigation and legal risks are recognized and measured using assumptions about the probability of an unfavorable outcome and the amount of possible utilization.

Income from the reversal of other provisions is generally recognized in the income statement item or net income item in which the associated expense was recognized in previous fiscal years.

Provisions not related to an outflow of resources likely to take place within one year are recognized at their settlement amount discounted to the reporting date using market discount rates. Discounting is based on market interest rates. An average discount rate of 2.58% (previous year: 2.61%) has been used in the reporting period. The settlement amount also includes expected cost increases.

13. Estimates and assumptions by management

The preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the recognition and measurement of assets, liabilities, income and expenses, and disclosures relating to contingent assets and liabilities for the reporting period.

Assumptions and estimates are based on the latest available information. The circumstances prevailing at the time the consolidated financial statements are prepared and future trends in the global and sector environment considered to be realistic are taken into account in the projected future performance of the business. The estimates and assumptions used by management have been made, in particular, on the basis of assumptions relating to macroeconomic trends as well as trends in automotive markets, financial markets and the legal framework.

The planning assumption in respect of global economic development is that global economic output will grow at a similar pace in 2026 to that of 2025. Declining inflation in major economic regions and the resulting gradual easing of monetary policy are expected to boost consumer demand. Risks continue to be expected from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial, energy and commodity markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict, the tense situation in the Middle East, as well as the increasing uncertainties regarding the direction of economic policy in the USA and the global rise in geoeconomic measures, which may further exacerbate geopolitical tensions. It is assumed that the advanced economies will on average show similar momentum as in the reporting year, while the group of emerging markets will show slightly weaker momentum than in the reporting year. There is also a general expectation that the global economy will continue growing at stable rates of change in the period to 2030.

These assumptions suggest that automotive financial services – in conjunction with the development of the vehicle markets – will prove highly important to global vehicle sales in 2026. We expect demand to rise in markets where market penetration has been low to date. Regions with further developed automotive financial services markets will probably see a continuation of the trend towards enabling mobility at the lowest possible total cost. The shift from financing in favor of lease contracts will also continue, as was initiated in European financial services business with individual customers. Integrated end-to-end solutions that include mobility-related service modules such as insurance and innovative packages of services are likely to become increasingly important. Additionally, demand is expected to increase for new forms of mobility, such as rental and car subscription (Auto-Abo) services, and for integrated mobility services including refueling and charging. Dealers continue to be key strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We assume that this trend will also persist in the years 2027 to 2030.

The trend in the automotive industry closely follows global economic developments. We expected competition in the international automotive markets to intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, sudden new or intensified geopolitical tension and conflicts could lead in particular to rising prices for materials and declining availability of energy.

Trends in the markets for passenger cars in 2026 are expected to be positive overall, but with some variation from region to region. Overall, the global volume of new car sales is expected to be on a level with that recorded in the prior year. Growing demand for passenger cars is forecast worldwide in the period from 2027 to 2030. The markets for light commercial vehicles will also perform differently in the individual regions. We expect the sales volume for 2026 to be on the same level as in the previous year; for the years 2027 to 2030, we expect demand for light commercial vehicles to increase globally.

The European Central Bank (ECB) and other central banks continued to cut key interest rates in 2025. Due to geopolitical uncertainties, which are weighing on the economy, and inflation close to its target, no significant changes in interest rates are expected for 2026.

Social and political factors have an increasing impact on many people's individual mobility behavior. Among the general public, environmental and climate protection has grown immensely in importance over the last few years and is attracting increasing attention from lawmakers. Especially in large metropolitan areas, new challenges are appearing in connection with the design of an intelligent mobility mix consisting of public transport combined with motorized and non-motorized private transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

Volkswagen Leasing GmbH closely monitor developments in the mobility market and are working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model.

These and other assumptions and judgements are explained in detail in the report on expected developments, which is part of the management report.

As future business performance is subject to unknown factors that, in part, lie outside the control of the Group, assumptions and estimates continue to be subject to considerable uncertainty. If changes in parameters are different from the assumptions and beyond any influence that can be exercised by management, the amounts actually arising could differ from the estimated values originally forecast. If actual performance varies with the forecasts, the assumptions and, where necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

The assumptions and estimates largely relate to the items set out below.

RECOVERABLE AMOUNT OF LEASE ASSETS

The recoverable amount of leased assets in the Group mainly depends on the residual value of the leased vehicles when the leases expire because this value represents a considerable proportion of the expected cash inflows. Continuously updated internal and external information on trends in residual values – based on particular local circumstances and empirical values from the marketing of used vehicles – is factored into the forecasts of residual values for leased vehicles. These forecasts require the Group to make assumptions, primarily in relation to future supply and demand for vehicles and in relation to trends in vehicle prices. These assumptions are based on either professional estimates or information published by third-party experts. The professional estimates are based on external data (where available), taking into account any additional information available internally, such as values from past experience and current sales data. Forecasts and assumptions are regularly verified by backtesting.

The mix of drive types in the Volkswagen Leasing GmbH Group's portfolio is constantly changing as the transition to zero-emissions mobility progresses. The effects of this transformation on the residual values of the portfolio will be continuously monitored with appropriate procedures for the analysis and assessment of sustainability-related (ESG) factors, such as technological and regulatory changes or CO₂ transition costs. The defined residual values of vehicles of different drive types are updated in line with the results of this monitoring at regular intervals for the purposes of both new business and residual value forecasting. Customer behavior and the structure of the market are also key determining factors in this context alongside the aforementioned elements. No additional estimation uncertainty arising from ESG/sustainability considerations that would materially affect existing estimates, for example of the recoverable amount of leased assets, in the consolidated financial statements is apparent as of the current reporting date. Possible future effects of ESG/sustainability factors on existing estimates are considered continuously.

FINANCIAL INSTRUMENTS

The procedure for determining the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. When possible, these estimates take into account the latest market data as well as rating classes and scoring information derived from empirical values and combined with forward-looking parameters. Further information on determining valuation allowances can be found in the disclosures on the provision for credit risks in notes (6) and (52).

Management estimates are necessary to determine the fair value of financial instruments. This relates to both fair value as a measurement standard in the balance sheet and fair value in the context of disclosures in the notes. Fair value measurements are categorized into a three-level hierarchy depending on the type of inputs used in the valuation technique and each level requires different management estimates. Fair values in Level 1 are based on prices quoted in active markets. Management assessments in this case relate to determining the primary or most advantageous market. Level 2 fair values are measured on the basis of observable market data using market-based valuation techniques. Management decisions for this level relate to selecting generally accepted, standard industry models and specifying the market in which the relevant input factors are observable. Level 3 fair values are determined using recognized valuation techniques and relying on some inputs that cannot be observed in an active market. Management judgment is required in this case when selecting the valuation techniques and determining the inputs to be used. These inputs are developed using the best available information. If the Company uses its own data, it applies appropriate adjustments to best reflect market conditions. This is done with regard to fair value disclosures for loans to customers in the notes, as these are measured at amortized cost and not at fair value.

INCOME FROM SERVICE CONTRACTS

The calculation of contractual service rates in service contracts is subject to assumptions about expenses during the term of contracts; these assumptions are based on past empirical data. The parameters used in the calculation of contractual service rates are regularly reviewed. During the term of contracts, income from service contracts is recognized on the basis of expenses incurred, plus a margin derived from the contractual service rates.

PROVISIONS

The recognition and measurement of provisions is also based on assumptions about the probability that future events will occur and the amounts involved, together with an estimation of the discount rate. Again, experience or reports from external experts are used whenever possible.

The measurement of pension provisions is based on actuarial assumptions regarding discount rates, salary and pension trends, and employee turnover rates, which are determined depending on the economic environment. Further information about the assumptions applied in relation to provisions for pensions and other post-employment benefits can be found in notes (11) and (38).

In the case of other provisions, expected values are used as the basis for measurement, which means that changes are made on a regular basis, involving either additions to the provisions or the reversal of unused provisions. Changes in the estimates of the amounts for other provisions are always recognized in profit or loss. The recognition and measurement of provisions for litigation and legal risks included within other provisions requires making predictions with regard to court decisions and the outcome of legal proceedings. Each case is individually assessed on its merits based on developments in the proceedings, the company's past experience in comparable situations and evaluations made by experts and lawyers. Further information about the assumptions applied in relation to other provisions can be found in note (12).

DEFERRED TAX ASSETS AND UNCERTAIN INCOME TAX ITEMS

When determining deferred tax assets, there is a need to make assumptions about future taxable income and the timings for any recovery of the deferred tax assets. The measurement of deferred tax assets for tax loss carryforwards is generally based on future taxable income within a planning horizon of five fiscal years. In the recognition of uncertain income tax items, the expected tax payment is used as the basis for the best estimate.

Tax liabilities are recognized for potential retrospective tax payments in the future; other liabilities are recognized for any additional tax costs incurred in this regard.

The entities in the Volkswagen Leasing GmbH Group operate in Germany and abroad and are audited on an ongoing basis by the local tax authorities. Changes to tax legislation, decisions by the courts and their interpretation by the tax authorities in the countries concerned could give rise to tax payments that are different from the estimates made in the financial statements.

The assessment of uncertain tax exposures is based on the most likely figure if the risk were to materialize. The Volkswagen Leasing GmbH Group makes a decision on a case-by-case basis as to whether to account for several tax uncertainties individually or in groups, depending on which approach better serves to predict whether the tax risk will materialize.

The pricing of individual services is particularly complex in contracts for cross-border intragroup services because, in many cases, there are no observable market prices or the application of market prices for similar services is subject to some uncertainty because the services are not comparable. In such cases – and for tax purposes – the pricing is determined using uniform measurement methods applied in generally accepted business practice.

Actual figures may differ from the original estimates if the circumstances differ from the assumptions made in the estimates.

Income Statement Disclosures

14. Interest income from cash and loans

Interest income results primarily from bank balances, receivables from buyback agreements with entities of the Volkswagen AG Group and resources invested in fixed-income securities from public-sector issuers.

The interest income from financial assets measured at amortized cost included in interest income from bank balances, loans and securities is calculated using the effective interest method and amounted to €77 million (previous year: €202 million). The interest income from financial assets measured at fair value through other comprehensive income is calculated using the effective interest method and amounted to €13 million (previous year: €3 million).

15. Net income from leasing transactions

The breakdown of net income from leasing transactions is as follows:

€ million	2025	2024
Leasing income from operating leases	6,485	5,695
Interest income from finance leases	1,192	1,159
Gains from the disposal of used ex-operating-lease vehicles	10,014	8,188
Net interest income/expense from finance lease hedging derivatives	-31	220
Miscellaneous income from leasing transactions	573	526
Income from leasing transactions	18,233	15,787
Lease assets depreciation and impairment losses	-4,786	-4,588
Expenses from the disposal of used ex-operating-lease vehicles	-9,864	-8,274
Miscellaneous expenses from leasing transactions	-658	-446
Depreciation, impairment losses and other expenses from leasing transactions	-15,309	-13,308
Total	2,924	2,479

16. Interest expense

Interest expenses largely consist of funding expenses for Group leasing transactions.

The interest expenses in an amount of €1,557 million (previous year: €1,899 million) related to financial instruments not measured at fair value through profit or loss.

Interest income and expenses on derivatives not designated as hedging instruments for hedging financial liabilities resulted in net income of €5 million (previous year: net expense of €4 million). Derivatives designated as hedging instruments for hedging financial liabilities resulted in a net expense from interest income and expenses of €0 million (previous year: €0 million).

17. Net income from service contracts

Of the total income recognized for service contracts in the reporting year, an amount of €1,755 million (previous year: €1,468 million) related to service contracts, requiring the recognition of income at a specific time, and €550 million (previous year: €460 million) related to service contracts requiring the recognition of income over a period of time.

Of the income from service contracts recognized in the reporting year, income of €742 million had been included in the contractual liabilities for service contracts within liabilities to customers as of January 1, 2025. Of the income recognized in the prior year, income of €640 million had been included in the contractual liabilities for service contracts as of January 1, 2024.

18. Provision for credit risks

The provision for credit risks relates to the following balance sheet items: “Loans to and receivables from banks”, “Loans to and receivables from customers”, “Marketable securities” and “Other assets”.

The breakdown of the amount recognized in the consolidated income statement is as follows:

€ million	2025	2024
Additions to provision for credit risks	-493	-312
Reversals of provision for credit risks	248	213
Direct write-offs	-77	-37
Income from loans and receivables previously written off	6	14
Net gain or loss from significant modifications	-	-0
Total	-316	-122

The additions to the provision for risks and direct write-offs include total expenses from the provision for credit risks from trade receivables amounting to €12 million (previous year: €6 million). Income of €26 million (previous year: €12 million) from reversals of provisions for credit risks relates to trade receivables.

19. Net fee and commission result

Net fee and commission result largely comprises income and expenses from financing-business sales commissions and breaks down as follows:

€ million	2025	2024
Fee and commission income	4	54
Fee and commission expenses	-24	-56
Total	-20	-2

20. Net gain or loss on hedges

The “Net gain or loss on hedges” item comprises gains and losses arising from the fair value measurement of hedging instruments and hedged items.

The details of the gains and losses are as follows:

€ million	2025	2024
Fair value hedges		
Gains/losses from micro fair value hedges		-
Gains/losses on hedging instruments	74	205
Gains/losses on hedged items	-74	-207
Gains/losses from micro fair value hedges	-1	-2
Gains/losses from the ineffective portion of micro fair value hedges	-1	-2
Gains/losses from portfolio fair value hedges		-
Gains/losses on hedging instruments	53	-27
Gains/losses on hedged items	-35	13
Gains/losses from portfolio fair value hedges	18	-13
of which Gains/losses portfolio fair value hedges	18	-13
Cash flow hedges		-
Gains/losses from the reclassification of reserves	-	-
Gains/losses from translation of foreign currency loans/receivables and liabilities	-	-
Gains/losses from the ineffective portion of hedging instruments	0	-
Total	18	-15

21. Net gain/loss on financial instruments measured at fair value

Net losses on derivatives not designated as hedging instruments amounting to €4 million (previous year: net losses of €127 million) are reported under this item, along with net gains or losses on derecognition of marketable securities measured at fair value through other comprehensive income. Gains and losses arising from changes in the fair value of derivatives that do not satisfy the requirements of IFRS 9 for hedge accounting at the micro level or of IAS 39 for portfolio hedging are recognized under gains and losses on derivatives not designated as hedging instruments.

22. General and administrative expenses

The breakdown of general and administrative expenses is shown in the following table:

€ million	2025	2024
Personnel expenses	-240	-128
Non-staff operating expenses	-326	-466
Advertising, public relations and sales promotion expenses	-6	-6
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	-3	-1
Other taxes	-1	-1
Income from the reversal of provisions and accrued liabilities	3	16
Total	-572	-585

Non-staff operating expenses largely consist of expenses for services allocated by companies of the Volkswagen Group in the amount of €242 million (previous year: €404 million).

The breakdown and explanation of personnel expenses can be found separately in note (61) Personnel expenses.

The disclosures on the total fees charged by the auditor of the consolidated financial statements pursuant to section 314(1) no. 9 of the HGB are made in note (59) Total fees charged by the auditor of the consolidated financial statements.

23. Net other operating income/expenses

The breakdown of the net other operating income/expenses is as follows:

€ million	2025	2024
Income from cost allocations to other entities in the Volkswagen Group	72	56
Income from the reversal of provisions and accrued liabilities	29	27
Income from claims for damages	33	32
Income from the disposal of vehicles under loan agreements and finance leases	585	464
Income from non-significant modifications	12	3
Miscellaneous operating income	45	130
Losses on the measurement of non-hedge foreign currency loans/receivables and liabilities	-0	-0
Litigation and legal risk expenses	-0	-0
Expenses from the disposal of vehicles under loan agreements and finance leases	-580	-449
Expenses from non-significant modifications	-1	-1
Miscellaneous operating expenses	-46	-44
Total	148	217

In the previous year, other operating income had included the purchase price payment of around €94 million by TRATON SE for the acquisition of the new business of the MAN Financial Services branch of Volkswagen Leasing GmbH.

24. Income tax expense

Income tax expense includes the taxes charged on the basis of the Volkswagen Bank GmbH tax group, as well as taxes for which Volkswagen Leasing GmbH and its branch are the taxpayers, and deferred taxes. The components of the income tax expense are as follows:

€ million	2025	2024 restated ¹
Current tax income/expense, Germany	-39	-121
Current tax income/expense, foreign	5	-15
Current income tax expense	-34	-136
of which income (+)/expense (-) related to prior periods	12	0
Deferred tax income (+)/expense (-), Germany	-382	-16
Deferred tax income (+)/expense (-), foreign ¹	2	33
Deferred tax income (+)/expense (-)¹	-380	17
Income tax expense¹	-414	-119

¹ Prior-year figures restated as explained for the correction to an impairment loss and to deferred tax assets not recognized (see the "Changes of prior-year figures" section).

The reported tax expense in 2025 of €414 million (previous year restated: tax expense of €119 million) is €105 million higher (previous year: €24 million higher) than the expected tax expense of €309 million (previous year: expected tax expense of €95 million) calculated by applying the tax rate of 30.0% (previous year: 30.0%) to the consolidated profit before tax.

The following reconciliation shows the relationship between the income tax expense and the profit before tax for the reporting period.

€ million	2025	2024 restated ¹
Profit before tax	1,030	316
multiplied by the domestic income tax rate of 30.0 % (previous year: 30.0 %)		
= Imputed income tax expense in the reporting period at the domestic income tax rate	-309	-95
+ Effects from different foreign tax rates	-2	-9
+ Effects from tax-exempt income	-	5
+ Effects from non-deductible operating expenses	-11	-2
+ Effects from loss carryforwards	8	-
+ Effects from permanent differences	0	1
+ Taxes attributable to prior periods	-172	-
+ Effects from changes in tax rates	81	-
+ Other variances ¹	-9	-19
= Current income tax expense¹	-414	-119
Effective tax rate in % ¹	40.2	37.7

¹ Prior-year figures restated as explained for the correction to an impairment loss and to deferred tax assets not recognized (see the "Changes of prior-year figures" section).

The statutory corporate tax rate in Germany for the 2025 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 30%.

An amendment to the *Körperschaftsteuergesetz* (German Corporate Income Tax Act) was adopted in July 2025. As a result, the corporate income tax rate will be reduced in stages from 15 to 10 percent, starting in 2028. In the fiscal year ended December 31, 2025, this led to a gain of €81 million on the measurement of deferred tax assets and deferred tax liabilities.

In the German tax group, a tax rate of 30% (previous year: 30%) is used to measure deferred taxes for differences between the carrying amount of an asset in the balance sheet and its tax base that will reverse in the short term, and of 27% (previous year: 30%) for differences that will reverse in the long term. The reduction in the tax rate for long-term differences arises from the amendment to the German Corporate Income Tax Act.

The effects of the different income tax rate abroad is due to the income tax rate of 27.9% (previous year restated: 27.9%) of the foreign branch, which differs from the domestic income tax rate.

The following table shows a breakdown of the as yet unused tax loss carryforwards:

€ million	UNUSED TAX LOSS CARRYFORWARDS		OF WHICH UNUSABLE TAX LOSS CARRYFORWARDS	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Non-expiring tax loss carryforwards	31	–	31	–
Expiry within 10 years	–	–	–	–
Expiry over 10 years	–	–	–	–
Total	31	–	31	–

The income taxes for continuing and discontinued operation were reduced by €8 million (previous year: €– million) using previously unrecognized tax losses and tax credits. The realization of tax benefits from tax loss carryforwards from previous years resulted in a reduction in current income taxes of €8 million in 2025 (previous year: €– million).

Deferred tax expense arising from the write-down of deferred tax assets amounts to €– million (previous year restated: €– million). Deferred tax income from the reversal of impairment losses on deferred tax assets in the reporting year amounted to €0 million (previous restated: €18 million). No deferred tax asset was recognized for deductible temporary differences of €116 million (previous year restated: €0 million).

The Group has recognized deferred tax assets of €102 million (previous year restated: €100 million) against which there are no deferred tax liabilities in an equivalent amount. After losses in the current fiscal year or in the previous year, the branch affected expects positive results in future.

Of the deferred taxes recognized in the balance sheet, an amount of €5 million (previous year: €3 million) relates to transactions reported in other comprehensive income. A breakdown of the changes in deferred taxes is presented in the statement of comprehensive income.

The introduction of global minimum taxation (Pillar 2) does not lead to any additional tax expense in the Volkswagen Leasing GmbH Group. This means that there is no current tax expense in connection with Pillar 2 income taxes.

25. Further income statement disclosures

In fiscal years 2024 and 2025, there were no fee and commission income or expenses that result from assets and liabilities measured at fair value through other comprehensive income and are not recognized using the effective interest method.

Balance Sheet Disclosures

26. Loans to and receivables from banks

Loans to and receivables from banks include bank balances in the amount of €1,797 million (previous year: €2,548 million).

27. Loans to and receivables from customers

The “Loans to and receivables from customers” item includes deductions arising from the provision for credit risks recognized to cover the expected credit risk. The provision for credit risks is presented in notes (18) and (52).

Receivables from leasing transactions include receivables from finance leases and receivables due in connection with lease assets. The other loans and receivables largely consist of loans and receivables from entities within the Volkswagen Group and receivables from leasing transactions with a buyback agreement.

Receivables from leasing transactions include due receivables amounting to €573 million (previous year: €470 million). Of this amount, €182 million (previous year: €166 million) is attributable to finance leases and €391 million (previous year: €304 million) to operating leases. The due lease receivables are payable within one year.

28. Change in fair value from portfolio fair value hedges

This assets-side line item on the balance sheet recognizes changes in the hedged fair value in relation to the hedged interest rate risk for the hedged items covered by portfolio fair value hedge accounting in the amount of €–3 million (previous year: €67 million).

29. Derivative financial instruments

This balance sheet item comprises the positive fair values from derivatives in recognized hedges and from derivatives not designated as a hedging instrument.

€ million	Dec. 31, 2025	Dec. 31, 2024
Transactions to hedge against		
interest-rate risk using fair value hedges	56	80
of which hedges against interest-rate risk using portfolio fair value hedges	8	10
interest-rate risk using cashflow hedges	5	1
Hedging transactions	62	81
Assets arising from derivatives not designated as hedges	75	73
Total	137	154

30. Marketable securities

Marketable securities include fixed-income commercial paper and notes from public-sector issuers.

31. Investment property

€ million	2025	2024
Cost		
as of Jan. 1,	30	41
Changes in basis of consolidation	0	0
Additions	0	0
Reclassifications	0	0
Disposals	0	11
Balance as of Dec. 31, 2022	30	30
Depreciation and impairment losses		
as of Jan. 1, 2022	13	17
Additions to cumulative depreciation	1	1
Additions to cumulative impairment losses	0	0
Reclassifications	0	0
Disposals	0	5
Balance as of Dec. 31, 2022	14	13
Net carrying amount as of Dec. 31, 2022	16	17
Net carrying amount as of Jan. 1, 2022	17	23

The fair value of investment property amounts to €18 million (previous year: €18 million). The fair value is determined using an income approach based on internal calculations (Level 3 of the fair value hierarchy). The main inputs for the calculation are future rental income and the cost of capital.

Operating expenses of €1 million (previous year: €1 million) were incurred in the reporting period for the maintenance of investment property.

Rental income from investment property of €1 million (previous year: €1 million) is included in the "Income from leasing transactions" line item in the income statement.

32. Deferred tax assets

The breakdown of the deferred tax assets is as follows:

€ million	Dec. 31, 2025	31.12.2024 restated ^{1,2}
Deferred tax assets ^{1,2}	675	1,099
Tax loss carry-forward after value adjustments	–	–
Amount before offset^{1,2}	675	1,099
of which noncurrent assets and liabilities ^{1,2}	312	588
Offset (with deferred tax liabilities) ^{1,2}	–572	–999
Total^{1,2}	102	100

1 Previous year restated as explained for the corrections to deferred tax assets and liabilities (see the “Changes of prior-year figures” section).

2 Prior-year figures restated as explained for the correction to an impairment loss and to deferred tax assets not recognized (see the “Changes of prior-year figures” section).

Deferred tax assets include an amount of €32 million (previous year restated: €33 million) arising from recognition and measurement differences between IFRS carrying amounts and the tax base, which will reverse within one year.

Deferred tax assets are recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2025	31.12.2024 restated ^{1,2}
Loans, receivables and other assets ¹	0	32
Marketable securities and cash	–	0
Intangible assets/property and equipment ¹	214	383
Lease assets ¹	36	9
Liabilities and provisions ^{1,2}	425	675
Valuation allowances for deferred assets on temporary differences ²	–	–
Total^{1,2}	675	1,099

1 Previous year restated as explained for the corrections to deferred tax assets and liabilities (see the “Changes of prior-year figures” section).

2 Prior-year figures restated as explained for the correction to an impairment loss and to deferred tax assets not recognized (see the “Changes of prior-year figures” section).

33. Other assets

The details of other assets are as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Vehicles returned for disposal	1,644	877
Restricted cash	324	445
Prepaid expenses and accrued income	135	97
Receivables from other taxes and tax allocations	401	353
Receivables from tax allocations	1	–
Miscellaneous	289	253
Total	2,794	2,024

Restricted cash primarily consist of cash collateral provided by consolidated ABS special-purpose entities in connection with ABS transactions.

Contract origination costs of €30 million (previous year: €0 million) had been capitalized on December 31, 2025, and reported in the balance sheet item Other assets. In 2025, amortization of capitalized contract origination costs in the Other assets balance sheet item amounted to €8 million (previous year: €0 million). There were no impairment losses on capitalized contract origination costs in either 2025 or 2024.

34. Noncurrent Assets

€ million	Dec. 31, 2025	of which noncurrent	Dec. 31, 2024	of which noncurrent
Loans to and receivables from banks	1,803	–	2,548	–
Loans to and receivables from customers	24,111	13,833	23,592	14,287
Value adjustment on portfolio fair value hedges	–3	–3	67	25
Derivative financial instruments	137	117	154	118
Shares	483	–	147	–
Property and equipment	4	4	3	3
Lease assets	37,446	34,258	31,760	28,957
Investment property	16	16	17	17
Current tax assets	32	–	29	–
Other assets	2,794	44	2,024	–
Total	66,822	48,267	60,343	43,406

35. Liabilities to banks and customers

To cover its capital requirements, the Volkswagen Leasing GmbH Group uses, among other instruments, loans made available by the Volkswagen Group, which are included in liabilities to banks and customers. The corresponding relationships are explained in note (64) Related party disclosures.

The liabilities to customers also included contractual liabilities from service contracts and other contracts amounting to €2,039 million (previous year: €1,725 million), of which income of €1.129 million (previous year: €929 million) was expected to be recognized in the next fiscal year, followed by income of €910 million (previous year: €796 million) in subsequent years.

The following table shows the changes in the contractual liabilities from service contracts and other contracts that are included in the liabilities to customers:

€ million	2025	2024
Contractual liabilities at Jan. 1	1,725	1,309
Additions and disposals	314	305
Changes in consolidated Group	–	111
Contractual liabilities at Dec. 31	2,039	1,725

36. Notes, commercial paper issued

This item comprises bonds and commercial papers.

€ million	Dec. 31, 2025	Dec. 31, 2024
Bonds issued	23,560	26,433
Total	23,560	26,433

37. Derivative financial instruments

This balance sheet item comprises the negative fair values from derivatives in recognized hedges and from derivatives not designated as a hedging instrument.

€ million	Dec. 31 2025	Dec. 31 2024
Transactions to hedge against		
interest-rate risk using fair value hedges	169	314
of which hedges against interest-rate risk using portfolio fair value hedges	25	71
interest-rate risk using cash flow hedges	1	2
Hedging transactions	170	315
Liabilities arising from derivatives not designated as hedges	61	53
Total	231	368

38. Provisions for pensions and other post-employment benefits

The following amounts have been recognized in the balance sheet for benefit commitments:

€ million	Dec. 31 2025	Dec. 31 2024
Present value of funded obligations ¹	113	109
Fair value of plan assets	113	92
Funded status (net)	–	17
Present value of unfunded obligations	32	35
Amount not recognized as an asset because of the ceiling in IAS 19	–	–
Net liability recognized in the balance sheet	32	52
of which provisions for pensions	32	52
of which other assets	–	–

¹ Prior-year figure restated.

Key pension arrangements in the Volkswagen Leasing GmbH Group

For the period after the active working life of employees, Volkswagen Leasing GmbH offers its employees benefits under an occupational pension arrangement. Most of the arrangements in the Volkswagen Leasing GmbH Group are pension plans for employees classified as defined benefit plans under IAS 19. Some of these obligations are funded by provisions recognized in the balance sheet. These plans are now closed for new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the Volkswagen Leasing GmbH Group has additional defined benefit plans the benefits of which are funded by appropriate external plan assets. The risks referred to above have been significantly reduced in these pension plans.

The main pension commitments are described below.

German pension plans funded solely by recognized provisions

The pension plans funded solely by recognized provisions comprise both defined contribution plans with guarantees and final salary plans. For defined contribution plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up to the retirement date. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk. The pension system provides for lifelong pension payments. This means that Volkswagen Leasing GmbH bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

German pension plans funded by external plan assets

The pension plans funded by external plan assets are defined contribution plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. The pension expense is contributed on an ongoing basis to a separate pool of assets that is administered independently of the Company in trust and invested in the capital markets. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses). As the assets administered in the trust meet the IAS 19 criteria for classification as plan assets, they are offset against the obligations.

The amount of the plan assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts’ governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management analyses are conducted at regular intervals so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. Interest rates and equity prices therefore present the main risks. To mitigate market risk, the pension system also provides for funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is reported as the maximum of the present value of the guaranteed obligation and of the plan assets. If the value of the plan assets falls below the present value of the guaranteed obligation, a provision must be recognized for the difference. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the Volkswagen Leasing GmbH Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. In addition, the independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

The calculation of the present value of the defined benefit obligations was based on the following actuarial assumptions:

Percent	GERMANY	
	Dec. 31, 2025	Dec. 31, 2024
Discount rate	4.20	3.40
Pay trend	2.15	2.15
Pension trend	2.00	2.00
Staff turnover rate	1.69	1.21

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

Life expectancies are based on the “2018 G” mortality tables developed by Professor Dr. Klaus Heubeck. The discount rates are generally determined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA 10+ Corporates index was taken as the basis for the obligations.

The pay trends cover expected wage and salary trends, which also include increases attributable to career development. The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country. The employee turnover rates are based on past experience and future expectations.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

€ million	2025	2024
Net liability recognized in the balance sheet as of January 1	52	1
Changes due to personnel transfer as of July 1, 2024	–	40
Current service cost	8	4
Net interest expense	2	1
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	–0	–0
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	–16	–6
Actuarial gains (–)/losses (+) arising from experience adjustments	1	15
Income/expenses from plan assets not included in interest income	7	1
Employer contributions to plan assets	6	3
Pension payments from company assets	0	0
Other changes	0	0
Net liability recognized in the balance sheet as of December 31	32	52

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	2025	2024
Present value of obligations as of January 1	144	1
Changes due to personnel transfer as of July 1, 2024	–	126
Current service cost	8	4
Interest cost (unwinding of discount on obligations)	5	2
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	–0	–0
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	–16	–6
Actuarial gains (–)/losses (+) arising from experience adjustments	1	15
Employee contributions to plan assets	–	–
Pension payments from company assets	0	0
Pension payments from plan assets	0	0
Past service cost (including plan curtailments)	–	–
Gains (–) or losses (+) arising from plan settlements	–	–
Other changes	5	0
Foreign exchange differences from foreign plans	–	–
Present value of obligations as of December 31	145	144

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

Present value of defined benefit obligation if		DEC. 31, 2025		DEC. 31, 2024	
		€ million	Change in percent	€ million	Change in percent ¹
Discount rate	is 0.5 percentage points higher	143	-1.71	128	-10.89
	is 0.5 percentage points lower	148	1.92	162	12.86
Pension trend	is 0.5 percentage points higher	147	1.17	148	2.68
	is 0.5 percentage points lower	144	-1.07	140	-2.37
Pay trend	is 0.5 percentage points higher	145	0.12	144	0.21
	is 0.5 percentage points lower	145	-0.12	143	-0.12
Longevity	increases by one year	146	0.45	147	2.21

1 Prior-year figure restated.

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation. In other words, any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation by a measure that was roughly equivalent to an increase in life expectancy of one year.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 23 years (previous year: 25 years).

The following table shows a breakdown of the present value of the defined benefit obligation by category of plan member:

€ million	2025	2024
Active members with pension entitlements	141	143
Members with vested entitlements who have left the Company	3	0
Retirees	2	-
Total	145	144

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

€ million	2025	2024
Payments due within the next fiscal year	0	0
Payments due between two and five years	6	4
Payments due in more than five years	139	139
Total	145	144

Changes in plan assets are shown in the following table:

€ million	2025	2024
Fair value of plan assets as of January 1	92	–
Changes due to personnel transfer as of July 1, 2024	–	86
Interest income on plan assets determined using the discount rate	3	1
Income/expenses from plan assets not included in interest income	7	1
Employer contributions to plan assets	6	3
Employee contributions to plan assets	–	–
Pension payments from plan assets	0	0
Gains (+) or losses (–) arising from plan settlements	–	–
Other changes	5	0
Foreign exchange differences from foreign plans	–	–
Fair value of plan assets as of December 31	113	92

The investment of the plan assets to cover future pension obligations produced a net result of €11 million (previous year: €2 million).

Employer contributions to plan assets are expected to amount to €6 million (previous year: €6 million) in the next fiscal year.

Plan assets are invested in the following asset classes:

€ million	DEC. 31, 2025			DEC. 31, 2024		
	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	5	–	5	3	–	3
Equity instruments	–	–	–	–	–	–
Debt instruments	–	–	–	–	–	–
Direct investments in real estate	–	–	–	–	–	–
Derivatives	0	0	0	–0	–0	–1
Equity funds	51	–	51	38	–	38
Bond funds	45	–	45	42	–	42
Real estate funds	3	–	3	2	–	2
Other funds	9	–	9	7	–	7
Asset-backed securities	–	–	–	–	–	–
Structured debt	–	–	–	–	–	–
Other	–	–	–	–	–	–

Of the total plan assets, 47% (previous year: 49%) are invested in German assets, 7% (previous year: 10%) in other European assets and 46% (previous year: 41%) in assets in other regions. Investments of plan assets in debt instruments issued by the Volkswagen Group are of minor significance.

The following amounts have been recognized in the income statement:

€ million	2025	2024
Current service cost	8	4
Net interest on the net defined benefit liability	2	1
Past service cost (including plan curtailments)	–	–
Gains (–) or losses (+) arising from plan settlements	–	–
Net income (–) and expenses (+) recognized in profit or loss	10	5

39. Other provisions

In the reporting period, other provisions were broken down into provisions for employee expenses, provisions for litigation and legal risks, and miscellaneous provisions.

The following table shows the changes in other provisions, including maturities:

€ million	Employee expenses	Litigation and legal risks	Miscellaneous provisions	Total
Balance as of Jan. 1, 2024	3	66	120	189
Changes due to personnel transfer as of July 1, 2024	38	–	–	38
Utilization	6	11	43	60
Additions/new provisions	6	2	37	45
Unwinding of discount/effect of change in discount rate	1	–	–	1
Reversals	15	17	66	98
Balance as of Dec. 31, 2024	26	39	49	114
of which current	9	3	42	54
of which noncurrent	17	36	7	60
Balance as of Jan. 1, 2025	26	39	49	114
Utilization	8	13	25	45
Additions/new provisions	12	1	33	47
Unwinding of discount/effect of change in discount rate	0	–	–	0
Reversals	0	1	21	22
Balance as of Dec. 31, 2025	30	27	37	94
of which current	11	27	30	68
of which noncurrent	19	–	7	26

Other provisions for employee expenses are recognized primarily for annually recurring bonuses such as long-term-service awards and other employee expenses.

The provisions for litigation and legal risks reflect the risks identified as of the reporting date in relation to utilization and legal expenses arising from the latest decisions by the courts and from ongoing civil proceedings involving dealers and other customers. Based on analysis of the individual matters covered by the provisions, the VW FS AG Group believes that the disclosure of further detailed information on individual proceedings, legal disputes or legal risks could seriously prejudice the course or initiation of proceedings. The Group is therefore invoking the safeguard clause within the meaning of IAS 37.92 and does not disclose precise details of amounts, descriptions and probability assumptions.

The timing of the cash outflows in connection with other provisions is expected to be as follows: 72% in the next year, 22% in the years 2027 to 2030 and 6% thereafter.

40. Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024 restated ¹
Deferred tax liabilities ¹	1,679	1,716
of which noncurrent ¹	976	1,058
Offset (with deferred tax assets) ¹	-572	-999
Total¹	1,107	717

¹ Previous year restated as explained for the corrections to deferred tax assets and liabilities (see the "Changes of prior-year figures" section).

Deferred tax liabilities include an amount of €373 million (previous year restated: €181 million) arising from recognition and measurement differences between IFRS carrying amounts and the tax base, which will reverse within one year.

Deferred tax liabilities have been recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2025	31.12.2024 restated ¹
Loans, receivables and other assets ¹	1,390	1,632
Marketable securities and cash	2	1
Intangible assets/property and equipment	0	0
Lease assets ¹	282	74
Liabilities and provisions ¹	5	9
Total¹	1,679	1,716

¹ Previous year restated as explained for the corrections to deferred tax assets and liabilities (see the "Changes of prior-year figures" section).

41. Other liabilities

The details of other liabilities are as follows:

€ million	Dec.31, 2025	Dec. 31,2024 restated ¹
Prepaid expenses and accrued income	1,168	1,214
Liabilities from other taxes and tax allocations	10	30
Liabilities from tax allocations ¹	41	121
Social security and payroll liabilities	56	52
Miscellaneous	17	9
Total¹	1,290	1,428

¹ Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the "Changes of prior-year figures" section).

42. Subordinated capital

The subordinated capital of €154 million (previous year: €180 million) was provided by the higher-level parent company Volkswagen Financial Services AG.

43. Noncurrent liabilities

€ million	Dec. 31, 2025	of which noncurrent	Dec. 31, 2024 restated ¹	of which noncurrent restated ¹
Liabilities to banks	15,999	7,086	7,242	3,886
Liabilities to customers	13,467	8,477	13,795	7,386
Notes, commercial paper issued	23,560	14,642	26,433	20,126
Derivative financial instruments	231	166	368	244
Provisions for pensions and other post-employment benefits	32	32	52	52
Other provisions	94	26	114	60
Current tax liabilities ¹	7	–	15	–
Other liabilities ¹	1,290	712	1,428	760
Subordinated capital	154	84	180	102
Total	54,835	31,225	49,626	32,615

¹ Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the "Changes of prior-year figures" section).

44. Equity

Volkswagen Leasing GmbH's subscribed capital amounted to €76,004,000.00 and was fully paid up. Since July 1, 2024, Volkswagen Bank GmbH, Braunschweig, has been the sole shareholder. There are no preferential rights or restrictions in connection with the subscribed capital.

The capital contributions made by the sole shareholder, are reported under the capital reserves of Volkswagen Leasing GmbH.

In the previous year, material changes in retained earnings from non-cash contributions of €74 million by the higher-level shareholder, Volkswagen Financial Services AG, as well as of €1 million by the shareholder, Volkswagen Bank GmbH, had resulted from positive differences from the transfer of employee entitlements.

The retained earnings comprise the profits from previous fiscal years that have not been distributed.

Under the current control and profit-and-loss transfer agreement with Volkswagen Bank GmbH as the sole shareholder, the loss of €245 million (previous year: profit of €19 million) incurred by Volkswagen Leasing GmbH in accordance with the German GAAP was reported as an increase in equity.

45. Capital management

In this context, capital is generally defined as equity in accordance with the IFRSs. The aims of capital management in the Volkswagen Leasing GmbH Group are to support the Company's credit rating by ensuring that the Group has adequate capital backing and is able to obtain capital for the planned growth over the next few years. Generally speaking, corporate action implemented by the parent company of Volkswagen Leasing GmbH has an impact on Volkswagen Leasing GmbH's equity in accordance with the IFRSs.

As of December 31, 2025, the equity ratio was 16.4% (previous year: 16.7%).

Financial Instrument Disclosures

46. Carrying amounts, gains or losses and income or expenses in respect of financial instruments, by measurement category

The carrying amounts of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

€ million	Dec. 31, 2025	Dec. 31, 2024
Financial assets measured at amortized cost	3,638	4,284
Financial assets measured at fair value through profit or loss	75	73
Financial assets measured at fair value through other comprehensive income (debt instruments)	483	147
Financial liabilities measured at amortized cost	51,197	46,047
Financial liabilities measured at fair value through profit or loss	61	53

Receivables from leasing transactions of €22,660 million (previous year: €22,360 million) and the associated adjustments from portfolio fair value hedges for receivables from finance leases amounting to €-3 million (previous year: €67 million) as well as lease liabilities (as a lessee) of €8 million (previous year: €8 million) are not allocated to any IFRS 9 measurement category.

The net gains or losses and income or expenses in respect of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

€ million	2025	2024
Financial assets measured at amortized cost	53	257
Financial instruments measured at fair value through profit or loss	-21	-35
Financial liabilities measured at amortized cost	-1,454	-1,653
Financial assets measured at fair value through other comprehensive income (debt instruments)	11	3

The net gains/losses and income/expenses are determined as follows:

Measurement category	Measurement method
Financial assets measured at amortized cost	Interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and effects from currency translation
Financial instruments measured at fair value through profit or loss	Fair value in accordance with IFRS 9 in conjunction with IFRS 13, including interest and effects from currency translation
Financial liabilities measured at amortized cost	Interest expense using the effective interest method in accordance with IFRS 9 and effects from currency translation
Financial assets measured at fair value through other comprehensive income (debt instruments)	Fair value valuation in accordance with IFRS 9 in conjunction with IFRS 13, interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and effects from currency translation

Expenses that arise from the direct write-off of uncollectible financial assets previously measured at amortized cost are reported and explained as a component of the provision for the credit risks line item in the income statement. Income recovered in respect of financial assets already written off is also reported and explained as a component of the provision for the credit risks line item in the income statement. After recognizing the income and expenses referred to above, the Volkswagen Leasing GmbH Group did not for the most part generate or incur any gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost that resulted from the elimination of a contractual right to cash flows or from a transfer subject to the fulfillment of the derecognition conditions.

Furthermore, the Group did not generate or incur any material gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost as a consequence of substantial contractual modifications (see disclosures on the provision for the credit risks line item in the income statement).

47. Classes of financial instruments

Financial instruments are divided into the following classes in the Volkswagen Leasing GmbH Group:

- > Measured at fair value
- > Measured at amortized cost
- > Derivative financial instruments designated as hedges
- > Not allocated to any measurement category

The table below shows a reconciliation between the balance sheet items in which financial instruments are reported and the classes of financial instruments listed above. This includes financial instruments that are assigned to the IFRS 9 measurement categories and financial instruments that are not assigned to any IFRS 9 measurement category at all (such as finance lease receivables) and are therefore reported under the “Not allocated to any measurement category” class. The assets and liabilities not constituting financial instruments that are contained in the balance sheet items are included in the “Not allocated to any class of financial instruments” column so that the reconciliation is complete.

Loans to and receivables from customers in the “Total loans to and receivables from customers” balance sheet item are reconciled to the “Measured at fair value”, “Measured at amortized cost” and “Not allocated to any measurement category” classes. The “Not allocated to any measurement category” class consists of the receivables from customers attributable to the leasing business.

Loans/receivables and liabilities designated as hedges with derivative financial instruments are included in the class “Measured at amortized cost”.

The “Current tax assets” and “Current tax liabilities” balance sheet line items contain assets and liabilities arising from income taxes payable to tax authorities. They are not financial instruments and are therefore presented as “Not allocated to any class of financial instruments”.

Liabilities to customers are included in the “Measured at amortized cost” class and reported in the “Not allocated to any measurement category” class in the amount of the lease liabilities (as a lessee) included. The “Not allocated to any class of financial instruments” column consists mainly of advance payments received from service contracts.

The following table shows a reconciliation of the relevant balance sheet items to the classes of financial instruments:

€ million	BALANCE SHEET ITEM		MEASURED AT FAIR VALUE		MEASURED AT AMORTIZED COST ¹		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY	
	Dec. 31, 2025	31.12.2024 restated ¹	Dec. 31, 2025	31.12.2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Assets												
Cash reserve	–	–	–	–	–	–	–	–	–	–	–	–
Loans to and receivables from banks	1,803	2,548	1,803	2,548	–	–	–	–	–	–	–	–
Loans to and receivables from customers	24,111	23,592	1,451	1,232	–	–	–	–	22,660	22,360	–	–
Value adjustment on portfolio fair value hedges	–3	67	–	–	–	–	–	–	–3	67	–	–
Derivative financial instruments	137	154	–	–	75	73	62	81	–	–	–	–
Marketable securities	483	147	–	–	483	147	–	–	–	–	–	–
Current tax assets	32	29	–	–	–	–	–	–	–	–	32	29
Other assets	2,794	2,024	383	504	–	–	–	–	–	–	2,411	1,520
Total	29,356	28,562	3,638	4,284	558	220	62	81	22,657	22,428	2,443	1,549
Equity and liabilities												
Liabilities to banks	15,999	7,242	15,999	7,242	–	–	–	–	–	–	–	–
Liabilities to customers	13,467	13,795	11,421	12,063	–	–	–	–	8	8	2,039	1,725
Notes, commercial paper issued	23,560	26,433	23,560	26,433	–	–	–	–	–	–	–	–
Derivative financial instruments	231	368	–	–	61	53	170	315	–	–	–	–
Current tax liabilities	7	15	–	–	–	–	–	–	–	–	7	15
Other liabilities	1,290	1,428	63	130	–	–	–	–	–	–	1,227	1,298
Subordinated capital	154	180	154	180	–	–	–	–	–	–	–	–
Total	54,709	49,460	51,197	46,047	61	53	170	315	8	8	3,274	3,037

¹ Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the “Changes of prior-year figures” section).

48. Fair values of financial assets and liabilities

The following table shows the fair values of financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”, together with the fair values of receivables from customers relating to the leasing business classified as “Not allocated to any measurement category”. The fair value is the amount at which financial assets or liabilities could be sold on fair terms as of the reporting date. Where available, Volkswagen Leasing GmbH used market prices (e.g., for marketable securities) without modification for measuring fair value. If no market prices were available, the fair values for loans/receivables and liabilities were calculated by discounting using a maturity-matched discount rate appropriate to the risk. The discount rate was determined by adjusting risk-free yield curves, where appropriate, by relevant risk factors and taking into account capital and administrative costs. For reasons of materiality, the fair values of loans/receivables and liabilities due within one year were deemed to be the same as the carrying amount.

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024
Assets						
Measured at fair value						
Derivative financial instruments	75	73	75	73	–	–
Marketable securities	483	147	483	147	–	–
Measured at amortized cost						
Cash reserve	0	0	0	0	–	–
Loans to and receivables from banks	1,803	2,548	1,803	2,548	–	–
Loans to and receivables from customers	1,438	1,233	1,451	1,232	–13	1
Current tax assets	–	–	–	–	–	–
Other assets	384	504	383	504	1	–
Derivative financial instruments designated as hedges	62	81	62	81	–	–
Not allocated to any measurement category						
Loans to and receivables from customers ²	22,750	22,406	22,660	22,360	90	46
Value adjustment on portfolio fair value hedges	–	–	–3	67	3	–67
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	61	53	61	53	–	–
Measured at amortized cost						
Liabilities to banks	16,076	7,306	15,999	7,242	76	64
Liabilities to customers	11,516	12,220	11,421	12,063	95	158
Notes, commercial paper issued	23,886	26,775	23,560	26,433	326	342
Current tax liabilities ¹	–	–	–	–	–	–
Other liabilities ¹	63	130	63	130	–0	–0
Subordinated capital	156	182	154	180	3	3
Derivative financial instruments designated as hedges	170	315	170	315	–	–

¹ Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the “Changes of prior-year figures” section).

² Prior-year figure restated.

The fair values of financial instruments were determined on the basis of the following risk-free yield curve for EUR, which is derived from, among other inputs, overnight index swaps on €STER:

Percent	Dec. 31, 2025	Dec. 31, 2024
Interest rate for six months	1.934	2.384
Interest rate for one year	1.939	2.123
Interest rate for five years	2.327	2.062
Interest rate for ten years	2.678	2.227

49. Measurement levels of financial assets and liabilities

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. The following table shows the hierarchy breakdown for financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”. Classification to the individual levels is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

Level 1 is used to report the fair value of financial instruments such as marketable securities or notes and commercial paper issued for which a quoted price is directly observable in an active market.

Level 2 fair values are measured on the basis of inputs observable in the markets, such as yield curves, using market-based valuation techniques. Fair values measured in this way include those for derivatives and liabilities to customers.

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market. The fair values of loans to and receivables from customers measured at amortized cost are largely allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets (see note 47).

There was no need to reclassify instruments to different hierarchy levels in the reporting period or in the previous year.

The following table shows the allocation of financial instruments to the three-level fair value hierarchy by class:

€ million	LEVEL 1		LEVEL 2		LEVEL 3	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024
Assets						
Measured at fair value						
Derivative financial instruments	–	–	75	73	–	–
Marketable securities	483	147	–	–	–	–
Measured at amortized cost						
Cash reserve	0	0	–	–	–	–
Loans to and receivables from banks	10	7	1,793	2,541	–	–
Loans to and receivables from customers ²	–	–	772	466	666	767
Current tax assets	–	–	–	–	–	–
Other assets	324	445	23	59	37	–
Derivative financial instruments designated as hedges	–	–	62	81	–	–
Total	817	600	2,725	3,220	703	767
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	61	53	–	–
Measured at amortized cost						
Liabilities to banks	–	–	16,076	7,306	–	–
Liabilities to customers	–	–	11,517	12,222	–	–
Notes, commercial paper issued	23,329	25,729	557	1,046	–	–
Current tax liabilities ¹	–	–	–	–	–	–
Other liabilities ¹	–	–	51	130	12	–
Subordinated capital	–	–	156	182	–	–
Derivative financial instruments designated as hedges	–	–	170	315	–	–
Total	23,329	25,729	28,588	21,254	12	–

¹ Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the “Changes of prior-year figures” section).

² Due to the incorrect allocation of measurement levels within receivables from customers, the prior-year disclosures were restated. The prior-year correction resulted in a reclassification of €398 million from Level 1 to Level 3.

50. Offsetting of financial assets and liabilities

The table below contains information about the effects of offsetting in the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar arrangement.

The “Financial instruments” column shows the amounts that are subject to a master netting agreement but have not been netted because the relevant criteria have not been satisfied. Most of the amounts involved are positive and negative fair values of derivative financial instruments entered into with the same counterparty.

The “Collateral received/pledged” column shows the cash collateral amounts and collateral in the form of financial instruments received or pledged in connection with the total sum of assets and liabilities. It includes such collateral relating to assets and liabilities that have not been offset against each other. These items primarily consist of collateral pledged in the form of cash collateral from ABS transactions.

€ million	AMOUNTS NOT OFFSET IN THE BALANCE SHEET											
	Gross amount of recognized financial assets/liabilities		Gross amount of recognized financial assets/liabilities offset in the balance sheet		Net amount of financial assets/liabilities reported in the balance sheet		Financial Instruments		Collateral received/pledged		Net amount	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹
Assets												
Cash reserve	0	0	-	-	0	0	-	-	-	-	-	0
Loans to and receivables from banks	1,803	2,548	-	-	1,803	2,548	-	-	-	-	1,803	2,548
Loans to and receivables from customers	24,111	23,592	-	-	24,111	23,592	-	-	-	-	24,111	23,592
Value adjustment on portfolio fair value hedges	-3	67	-	-	-3	67	-	-	-	-	-3	67
Derivative financial instruments	137	154	-	-	137	154	-108	-139	-	-	29	15
Marketable securities	483	147	-	-	483	147	-	-	-	-	483	147
Other assets	383	504	-	-	383	504	-	-	-	-	383	504
Total	26,914	27,014	-	-	26,914	27,014	-108	-139	-	-	26,806	26,874
Equity and liabilities												
Liabilities to banks	15,999	7,242	-	-	15,999	7,242	-	-	-	-	15,999	7,242
Liabilities to customers	11,428	12,071	-	-	11,428	12,071	-	-	-	-	11,428	12,071
Notes, commercial paper issued	23,560	26,433	-	-	23,560	26,433	-	-	-324	-445	23,237	25,988
Derivative financial instruments	231	368	-	-	231	368	-108	-139	-	-	123	229
Income tax liabilities ¹	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities ¹	63	130	-	-	63	130	-	-	-	-	63	130
Subordinated capital	154	180	-	-	154	180	-	-	-	-	154	180
Total	51,435	46,423	-	-	51,435	46,423	-108	-139	-324	-445	51,004	45,842

1 Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the "Changes of prior-year figures" section).

51. ABS transactions

The Volkswagen Leasing GmbH Group uses ABS transactions for funding purposes. The ABS transactions exist in the structured companies headquartered in Luxembourg, which are listed under note (2) Basis of Consolidation as the composition of the Volkswagen Leasing GmbH Group.

Liabilities from ABS transactions are recognized in the following amounts and reported in the balance sheet as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Bonds issued	14,937	16,126
Subordinated liabilities	154	180
Total	15,091	16,306

Of the total amount of liabilities arising in connection with ABS transactions, an amount of €6,470 million (previous year: €7,079 million) is accounted for by ABS transactions with financial assets. The corresponding carrying amount of the receivables from leasing transactions is €8,502 million (previous year: €9,360 million). As of December 31, 2025, the fair value of the liabilities amounted to €6,589 million (previous year: €7,176 million). The fair value of the assigned loans/receivables that continued to be recognized amounted to €8,551 million as of December 31, 2025 (previous year: €9,158 million).

Collateral totaling €21,632 million (previous year: €22,108 million) has been pledged in connection with ABS transactions, of which €8,625 million (previous year: €9,539 million) is attributable to collateral in the form of financial assets. In these arrangements, the expected payments are assigned to special purpose entities and the ownership of the collateral in the form of leased or financed vehicles is transferred. They cannot be assigned again to anyone else or used in any other way as collateral at the same time. The rights of the bond holders are limited to the assigned loans/receivables and the corresponding collateral, and the payment receipts arising from these loans/receivables are used to repay the corresponding liability.

These asset-backed security transactions did not lead to a derecognition of the loans or receivables from the financial services business because the residual value, credit and timing risk were retained in the Group, depending on the ABS transaction. The difference between the assigned loans and receivables and the associated liabilities results from the different terms and conditions and from the proportion of the ABSs held by the Volkswagen Leasing GmbH Group itself.

The Volkswagen Leasing GmbH Group is under a contractual obligation to transfer funds in certain circumstances to certain of the structured entities included in its consolidated financial statements. If the rating of Volkswagen Leasing GmbH drops below a level contractually defined in advance, collateral must be furnished to the special purpose entities, for example customer payments must be made in advance or interest compensation must be transferred to an account of the special purpose entity.

Receivables are normally sold by way of undisclosed assignment. As a result, the situation may occur where the receivable has already been reduced in a legally binding manner at the originator, e.g. if the obligor effectively offsets it against receivables owed to Volkswagen Leasing GmbH.

Most of the ABS transactions of the Volkswagen Leasing GmbH Group can be repaid early (with a clean-up call) when less than 10% of the original transaction volume remains outstanding.

52. Default risk

The default risk arising from financial assets is essentially the risk that a counterparty will default. The maximum amount of the risk is therefore the amount of the claims against the counterparty concerned arising from recognized carrying amounts.

The maximum default risk is reduced by collateral and other credit enhancements. The collateral held relates to receivables from customers in the classes “Measured at amortized cost”, “Measured at fair value” and “Not allocated to any measurement category”. The types of collateral held include vehicles and cash collateral.

In the case of financial assets for which there is objective indication of impairment as of the reporting date, the collateral reduced the risk by €630 million (previous year: €315 million).

As a consequence of the wide distribution of business activities and the resulting diversification, there are no material concentrations of default risk in individual counterparties.

For financial assets on which impairment losses were recognized during the fiscal year and that are subject to enforcement measures, the contractually outstanding amounts total €65 million (previous year: €31 million).

As derivatives are only entered into with counterparties demonstrating strong credit ratings, and limits are set for each counterparty as part of the risk management system, the actual default risk arising from derivative transactions is deemed to be low.

For qualitative information, please refer to the disclosures on counterparty default risk in the “Credit risk” section of the report on opportunities and risks, which is part of the management report.

PROVISION FOR CREDIT RISKS

Please refer to the provision for credit risks section in note (6) for disclosures on the accounting policies relating to the provision for credit risks.

The following tables show a reconciliation of the provision for credit risks relating to financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance of Jan. 1, 2025	2	2	-	10	-	14
Newly extended/purchased financial assets (additions)	4	-	-	2	-	5
Other changes within a stage	-0	-1	-	9	-	8
Transfers to						
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Financial instruments derecognized during the period (derecognitions)	-0	-	-	-2	-	-3
Utilizations	-	-	-	-	-	-
Model or risk parameter changes	-	-	-	-	-	-
Balance of Dec. 31, 2025	4	1	-	18	-	24

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance of Jan. 1, 2024	5	2	-	17	-	24
Newly extended/purchased financial assets (additions)	1	-	-	3	-	4
Other changes within a stage	-	0	-	-	-	0
Transfers to						
Stage 1	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-
Financial instruments derecognized during the period (derecognitions)	-4	-	-	-10	-	-14
Utilizations	-	-	-	-	-	-
Model or risk parameter changes	-	-	-	-	-	-
Balance of Dec. 31, 2024	2	2	-	10	-	14

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance of Jan. 1, 2025	3,447	382	–	469	–	4,298
Other changes within a stage	–863	–101	–	328	–	–637
Modifications	–	–	–	0	–	0
Transfers to						
Stage 1	–	–	–	–	–	–
Stage 2	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–
Balance of Dec. 31, 2025	2,583	281	–	797	–	3,661

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance of Jan. 1, 2024	6,460	460	–	529	–	7,449
Other changes within a stage	–3,013	–78	–	–60	–	–3,151
Modifications	0	–	–	–	–	0
Transfers to						
Stage 1	–	–	–	–	–	–
Stage 2	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–
Balance of Dec. 31, 2024	3,447	382	–	469	–	4,298

The “Changes” line relates to changes in gross carrying amounts that are not allocated to the other lines in the reconciliation of the gross carrying amounts from the beginning to the end of the reporting period concerned. These changes include the addition and derecognition of financial assets during the reporting period.

The provision for credit risks in respect of financial assets measured at fair value through other comprehensive income is allocated to Stage 1 and was subject to change in the reporting period and in the previous year only as part of other changes within Stage 1. The amount of the provision for these financial assets both in terms of the balance of €3 million as of the reporting date and in terms of the changes of €1 million during the reporting year is not material and is therefore not presented in a separate table. The gross carrying amounts of these financial assets changed by €336 million, from €147 million to €483 million.

The following table shows a reconciliation for the provision for credit risks relating to lease receivables in the class “Not allocated to any measurement category”:

€ million	SIMPLIFIED APPROACH	
	2025	2024
Balance as of Jan. 1	460	365
Newly extended/purchased financial assets (additions) ¹	102	59
Other changes ¹	261	177
Financial instruments derecognized during the period (derecognitions) ¹	-136	-94
Utilizations	-30	-14
Model or risk parameter changes	5	-33
Balance as of Dec. 31	662	460

¹ Prior-year figure restated.

The following tables show a reconciliation of the gross carrying amounts of lease receivables in the class “Not allocated to any measurement category”:

€ million	SIMPLIFIED APPROACH	
	2025	2024
Balance as of Jan. 1	22,888	21,577
Newly extended/purchased financial assets (additions)	420	1,309
Other changes	10	3
Balance as of Dec. 31	23,318	22,888

The “Changes” line relates to the addition and derecognition of lease receivables during the reporting period.

MODIFICATIONS

During the reporting period and the prior-year period, there were contractual modifications of financial assets that did not lead to a derecognition of the asset concerned. These modifications were caused by either changes in credit ratings or adjustments agreed retrospectively that did not stem from customer credit quality (market-induced adjustments).

In the case of financial assets for which the provision for credit risks was measured in the amount of the lifetime expected credit losses, the amortized cost before contractual modifications amounted to €6 million (previous year: €3 million). In the reporting period, the contractual modifications of these financial assets gave rise to an overall net gain of €0 million (previous year: €0 million). In the case of trade receivables and lease receivables, which are all included in the simplified approach, the only modifications that are taken into account are those in which the underlying receivables are more than 30 days past due.

At the reporting date, the gross carrying amount of financial assets that had been modified since initial recognition and that, in the reporting period, had also been transferred from Stage 2 or Stage 3 to Stage 1 amounted to €0 million (previous year: €0 million). As a consequence, the measurement of the provision for credit risks for these financial assets was switched from the lifetime expected credit loss to a twelve-month expected credit loss.

MAXIMUM CREDIT RISK

The following table shows the maximum credit risk, broken down by class, to which the Volkswagen Leasing GmbH Group was exposed as of the reporting date and to which the impairment model was applied.

€ million	Dec. 31, 2025	Dec. 31, 2024
Financial assets measured at fair value	483	147
Financial assets measured at amortized cost	3,638	4,284
Financial guarantees and credit commitments	–	–
Not allocated to any measurement category	22,657	22,428
Total	26,777	26,859

The assets disclosed as belonging to the class “Financial assets measured at fair value” are allocated to the measurement category “Financial assets measured at fair value through other comprehensive income (debt instruments)”.

The VW FS AG Group intends to recover the following collateral accepted in the reporting period for financial assets:

€ million	Dec. 31, 2025	Dec. 31, 2024
Vehicles	41	31
Total	41	31

The vehicles are remarketed to Volkswagen Group dealers through direct sales and auctions.

DEFAULT RISK RATING CLASSES

The Volkswagen Leasing GmbH Group uses internal risk management and control systems to evaluate the credit quality of the borrower before entering into any lease. In the retail business, this evaluation is carried out by using scoring systems, whereas rating systems are used for fleet customers. The results of the evaluation are allocated to a master scale based on the probability of default as the relevant criterion. The 16 risk classes in the master scale represent the default risk rating classes and are each defined according to the probabilities of default shown below.

In addition, the gross carrying amounts of the financial assets are broken down into three default risk categories so that default risk exposures can be presented on a uniform basis throughout the Group. Loans and receivables for which the credit quality is classified as “good” are allocated to default risk category 1. Loans to and receivables from customers whose credit quality has not been classified as “good” but who have not yet defaulted are included under default risk category 2. Accordingly, all loans and receivables in default are allocated to default risk category 3.

The tables below show the gross carrying amounts of financial assets by default risk rating class and default risk category.

FISCAL YEAR 2025

€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
	1	0.00%	0.06%	2,176	–	–	923	–
	2	0.06%	0.09%	95	–	–	227	–
	3	0.09%	0.15%	316	19	–	408	–
	4	0.15%	0.23%	108	2	–	511	–
	5	0.23%	0.36%	185	–	–	576	–
Default risk category 1 (loans/receivables not at risk of default – normal loans)	6	0.36%	0.56%	112	259	–	1,240	–
	7	0.56%	0.88%	–	–	–	3,004	–
	8	0.88%	1.37%	–	–	–	4,518	–
	9	1.37%	2.14%	76	–	–	4,544	–
	10	2.14%	3.35%	–	–	–	2,743	–
	11	3.35%	5.23%	–	–	–	2,299	–
	12	5.23%	8.18%	–	1	–	984	–
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	13	8.18%	12.79%	–	–	–	477	–
	14	12.79%	20.00%	–	–	–	183	–
	15	20.00%	0.00%	–	–	–	350	–
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	0.00%	–	–	–	1,128	–
Total				3,068	281	–	24,116	–

FISCAL YEAR 2024

€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
	1	0.00%	0.06%	2,908	–	–	412	–
	2	0.06%	0.09%	–	–	–	181	–
	3	0.09%	0.15%	199	21	–	359	–
	4	0.15%	0.23%	101	–	–	396	–
	5	0.23%	0.36%	209	0	–	450	–
Default risk category 1 (loans/receivables not at risk of default – normal loans)	6	0.36%	0.56%	41	358	–	1,225	–
	7	0.56%	0.88%	–	–	–	3,079	–
	8	0.88%	1.37%	–	–	–	4,103	–
	9	1.37%	2.14%	–	–	–	4,548	–
	10	2.14%	3.35%	–	1	–	3,056	–
	11	3.35%	5.23%	135	–	–	2,355	–
	12	5.23%	8.18%	–	1	–	942	–
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	13	8.18%	12.79%	–	–	–	1,014	–
	14	12.79%	20.00%	–	–	–	290	–
	15	20.00%	0.00%	–	–	–	298	–
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	0.00%	–	–	–	649	–
Total				3,594	382	–	23,357	–

53. Liquidity risk

Liquidity risk is defined primarily as the risk of not being able to meet payment obligations in full or when due. The Volkswagen Leasing GmbH Group is funded primarily through capital market and ABS (asset-backed securities) programs, as well as credit and loans that were made available to the companies of the Volkswagen Group. A rolling liquidity planning system is used to manage the Volkswagen Leasing GmbH Group's solvency and supply of liquidity. The supply of liquidity is ensured via a liquidity reserve in the form of bank balances, marketable securities and confirmed lines of credit that can be accessed at any time at short notice.

Further details on the funding and hedging strategy can be found in the management report in the sections Liquidity Analysis and Funding and in the risk report within the disclosures on interest rate risk and liquidity risk.

The maturity profile of assets held to manage liquidity risk is as follows:

€ million	ASSETS		REPAYABLE ON DEMAND		UP TO 3 MONTHS		3 MONTHS TO 1 YEAR		1 TO 5 YEARS		MORE THAN 5 YEARS	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
	Cash reserve	0	0	0	0	–	–	–	–	–	–	–
Loans to and receivables from banks	1,803	2,548	1,763	2,469	41	79	–	–	–	–	–	–
Marketable securities	483	147	–	–	483	147	–	–	–	–	–	–
Total	2,286	2,695	1,763	2,469	523	226	–	–	–	–	–	–

The following table shows the maturity profile of undiscounted cash outflows from financial liabilities:

€ million	Cash outflows		up to 3 months		3 months to 1 year		1 to 5 years		more than 5 years	
	Dec. 31, 2025	Dec. 31, 2024 restated ^{1,2}	Dec. 31, 2025	Dec. 31, 2024 restated ^{1,2}	Dec. 31, 2025	Dec. 31, 2024 restated ²	Dec. 31, 2025	Dec. 31, 2024 restated ²	Dec. 31, 2025	Dec. 31, 2024
	Liabilities to banks	16,519	7,532	1,016	569	8,135	2,906	7,368	4,057	0
Liabilities to customers	14,132	14,451	2,256	2,401	2,991	4,270	8,883	7,312	2	469
Notes, commercial paper issued	24,777	28,140	2,597	2,056 ³	6,790	4,888 ³	13,865	19,591	1,525	1,604
Derivative financial instruments ²	235	495	53	71	92	181	90	243	–	–
Other liabilities ¹	63	130	61	127	1	1	1	2	–	–
Subordinated capital	162	190	30	26	45	59	88	105	0	0
Total^{1,2}	55,887	50,939	6,012	5,250	18,054	12,305	30,294	31,311	1,527	2,073

1 Prior-year figures restated as explained for the adjustment to the accounting treatment as a result of reclassifying intragroup income tax allocations (see the "Changes of prior-year figures" section).

2 Due to the correction of an error, the disclosure of cash outflows for the prior-year derivative financial instruments totaling €863 million was restated to a total of €71 million.

3 Prior-year figure restated.

The derivatives include cash outflows of derivative financial instruments with negative fair values.

54. Market risk

For qualitative information, please refer to the disclosures on interest rate risk in the management report risk report.

In the previous year, a waiver arrangement for Volkswagen Leasing GmbH as part of the Volkswagen Bank GmbH Group had been requested from and approved by the German banking supervisory authority. Pursuant to section 2a(2) sentence 1 of the *Kreditwesengesetz* (KWG – German Banking Act) in conjunction with Article 7(1) of the Capital Requirements Regulation (CRR), entities of a group of institutions may be exempted from operational risk management (with the exception of liquidity risk in relation to section 25a(1) sentence 3 nos. 1, 2 and 3 letters b and c of the KWG).

As a result, the Volkswagen Leasing GmbH Group is no longer required to determine market risk separately.

55. Hedging policy disclosures

HEDGING POLICY AND FINANCIAL DERIVATIVES

Given its activities on the financial market, the Volkswagen Leasing GmbH Group is exposed to fluctuations in interest rates on money and capital markets. The general rules governing the Group-wide interest rate hedging policy are specified in internal Group guidelines. The partners used by the Group when entering into appropriate financial transactions are national banks with strong credit ratings whose credit quality is continuously monitored by leading rating agencies. The Group enters into suitable hedging transactions to limit interest rate risks. Regular derivative financial instruments are used for this purpose.

MARKET RISK

Market risk arises when changes in prices on financial markets (interest rates) have a positive or negative effect on the value of traded products. The fair values listed in the tables in the notes were determined using the market information available on the reporting date and represent the fair values of the financial derivatives. They were determined on the basis of standardized techniques using generally applicable market risk variables, such as yield curves.

INTEREST RATE RISK

Changes in the level of interest rates in the money and capital markets represent an interest rate risk if the funding is not maturity-matched. Interest rate risk is managed based on an overall interest rate risk limit set for the entire Group. Interest rate risk is quantified using interest rate gap analyses to which various scenarios involving changes in interest rates are applied. The calculations take into account uniform risk ceilings applicable throughout the Group.

The hedging contracts entered into by the Group mainly comprise interest rate swaps. Interest rate risk is hedged using fair value hedges and cash flow hedges at micro level, and fair value hedges at portfolio level (portfolio fair value hedges). Fixed-income liabilities included in micro fair value hedges are recognized with the addition of a hedge adjustment based on the hedged fair value of the hedged item rather than at amortized cost, the method used in their original subsequent measurement. The resulting effects in the income statement are generally offset by the opposite effects from the corresponding gains and losses on the interest rate hedging instruments (swaps).

DESCRIPTION OF HEDGES AND METHODOLOGIES FOR MONITORING HEDGE EFFECTIVENESS

If possible, the hedge strategy aims to recognize hedges for suitable underlying transactions (hedged items) on an individual or portfolio basis. The vast majority of hedged items are assets or liabilities on the balance sheet.

In the Volkswagen Leasing GmbH Group, hedges to which micro-hedge accounting is applied are normally held to maturity. Individual risk components are not separated and designated. Hedge effectiveness in the Volkswagen Leasing GmbH Group is measured prospectively using the critical terms match method. Hedge effectiveness is analyzed retrospectively by testing for ineffectiveness using the dollar offset method. The dollar offset method compares the changes in the value of the hedged item expressed in monetary units with the changes in the value of the hedging instrument expressed in monetary units. The volume represented by the hedging instruments is generally the same as the volume represented by the designated hedged items. Hedge ineffectiveness in micro-hedge accounting largely results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Individual yield curves are used when determining forward interest rates and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Other factors (e.g., in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness.

In portfolio hedge accounting, derivatives for interest rate hedging are designated in a quarterly cycle. Effectiveness is checked by maturity band as part of this process. The designation proportions for the derivatives are determined on the basis of the volumes of the hedged item portfolios in the maturity bands. Derivatives are only considered for a hedging period in portfolio hedge accounting if a high prospective and retrospective effectiveness level is determined using regression tests. Ineffectiveness in portfolio hedge accounting is usually the result of changes in the fair values of hedging instruments and the hedged fair values of hedged items that do not fully offset each other.

DISCLOSURES ON GAINS AND LOSSES FROM FAIR VALUE HEDGES

In fair value hedges, the transactions hedge the risk of changes in the fair value of financial assets and financial liabilities. Changes in fair value that arise from the recognition of hedging instruments at fair value and those from the recognition of the associated hedged items at the hedged fair value generally have an offsetting effect and are reported under the net gain or loss on hedges.

The following table shows the degree of hedge ineffectiveness from fair value hedges broken down by type of risk, equating to the differences between the gains or losses on hedging instruments and those on hedged items:

€ million	2025	2024
Interest rate risk hedging	18	-15

DISCLOSURES ON GAINS AND LOSSES FROM CASH FLOW HEDGES

Cash flow hedges are recognized with the aim of hedging risks arising from changes in future cash flows. These cash flows can arise from a recognized asset or a recognized liability.

The following table covering gains and losses from cash flow hedges shows the gains and losses on hedges recognized in other comprehensive income, the hedge ineffectiveness recognized under net gain or loss on hedges, and the gains or losses arising from the reclassification of cash flow hedge reserves recognized under net gain or loss on hedges:

€ million	2025	2024
Hedging interest rate risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	3	-1
Recognized in profit or loss	0	-

In the table, effects recognized directly in equity are presented net of deferred taxes.

The gain or loss from changes in the fair value of hedges within hedge accounting equates to the basis for determining hedge ineffectiveness. Those gains or losses on changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items constitute the ineffective portion of cash flow hedges. This ineffectiveness within a hedge arises as a result of differences in the parameters applicable to the hedging instrument and the hedged item. These gains or losses are recognized immediately in the income statement under the net gain or loss on hedges.

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS

The following tables present a maturity analysis of the notional amounts of hedging instruments reported under the hedge accounting rules and those of derivatives to which hedge accounting is not applied:

FISCAL YEAR 2025

€ million	RESIDUAL MATURITY			TOTAL NOTIONAL AMOUNT
	Up to 1 year	1 – 5 years	More than 5 years	Dec. 31, 2025
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	5,018	6,466	700	12,183
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	13,955	23,192	-	37,147

FISCAL YEAR 2024

€ million	RESIDUAL MATURITY			TOTAL NOTIONAL AMOUNT
	Up to 1 year	1 – 5 years	More than 5 years	Dec. 31, 2024
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	2,926	9,889	700	13,515
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	12,437	24,119	–	36,556

The timings of the future payments for the hedged items in the cash flow hedges match the maturities of the hedging instruments.

As of the reporting date and the prior-year reporting date, none of the cash flow hedges recognized involved a hedged item whose underlying transaction was no longer expected to occur in the future.

The average interest rates used for interest rate swaps in euro cash flow hedges amounted to 2.50% in the year under review (previous year: 3.18%).

DISCLOSURES ON HEDGING INSTRUMENTS USED IN HEDGE ACCOUNTING

The Volkswagen Leasing GmbH Group regularly uses hedging instruments to hedge changes in the fair value of financial assets and financial liabilities.

The following overviews show the notional amounts, fair values and changes in fair value used to determine ineffectiveness in hedging instruments used in fair value hedges to hedge the risk arising from changes in fair value:

FISCAL YEAR 2025

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	9,250	56	169	–119

FISCAL YEAR 2024

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	12,482 ¹	80	314	-414

1 Prior-year figure restated.

The VW FS AG Group also uses hedging instruments to hedge the risk arising from changes in future cash flows.

The following table sets out the notional amounts, fair values and changes in fair value to determine ineffectiveness in hedging instruments used in cash flow hedges:

FISCAL YEAR 2025

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	2,933	5	1	4

FISCAL YEAR 2024

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	1,033	1	2	-1

The fair value changes to determine ineffectiveness correspond to the fair value change of the designated components of the hedging instruments.

DISCLOSURES ON HEDGED ITEMS TO WHICH HEDGE ACCOUNTING IS APPLIED

Disclosures on hedged items, broken down by risk category and type of designation, are required in addition to the disclosures on hedging instruments.

The tables below show the hedged items hedged in fair value hedges:

FISCAL YEAR 2025

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from customers	4,287	-3	-70	-
Notes, commercial paper issued	4,760	-109	74	-

FISCAL YEAR 2024

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from customers	8,477	67	-7	-
Notes, commercial paper issued	6,417	-183	207	-

The following tables present the hedged items hedged in cash flow hedges:

FISCAL YEAR 2025

€ million	Fair value change to determine ineffectiveness	RESERVE FOR	
		Existing cash flow hedges	Terminated cash flow hedges
Interest rate risk hedging			
Designated components	4	4	-
Deferred taxes	-	-1	-
Total interest rate risk	4	3	-

FISCAL YEAR 2024

€ million	Fair value change to determine ineffectiveness	RESERVE FOR	
		Existing cash flow hedges	Terminated cash flow hedges
Interest rate risk hedging			
Designated components	-1	-1	-
Deferred taxes	-	0	-
Total interest rate risk	-1	-0	-

CHANGES IN THE CASH FLOW HEDGE RESERVE

In the accounting treatment of cash flow hedges, the designated effective portion of a hedge is reported in other comprehensive income (in “OCI I”). All changes in the fair value of hedging instruments in excess of the effective portion are reported in profit or loss as hedge ineffectiveness.

The following tables show a reconciliation for the cash flow hedge reserve (OCI I):

€ million	Interest rate risk	Total
Balance at Jan. 1, 2025	-0	-0
Gains or losses from effective hedging relationships	3	3
Reclassifications due to changes in whether the hedged item is expected to occur	-	-
Reclassifications due to realization of the hedged item	-	-
Balance at Dec. 31, 2025	3	3

€ million	Interest rate risk	Total
Balance at Jan. 1, 2024	0	0
Gains or losses from effective hedging relationships	-1	-1
Reclassifications due to realization of the hedged item	-	-
Balance at Dec. 31, 2024	-0	-0

In the above tables, the effects on equity from the cash flow hedge reserve (OCI) are reduced by deferred taxes. In the cash flow hedge reserve (OCI I), the deferred taxes on gains or losses from effective hedges amounted to an income of €0 million (previous year: expense of €0 million) and the deferred taxes on reclassifications resulting from the recovery of the hedged item came to an income of €0 million (previous year: expense of €0 million).

Segment reporting

56. Breakdown by customer category

The presentation of reportable segments follows the system used for internal management and reporting purposes in the Volkswagen Leasing GmbH Group. As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

Internal management and reporting are based on customer groups that are separated into individual customers and fleet customers.

Individual customers include retail customers and individual business customers. Individual business customers are business operators who have not concluded a delivery agreement with the Volkswagen Group for the purchase of new vehicles. Retail customers are customers who have a right to withdraw from a contract.

Within the fleet customers group, a distinction is made between corporate fleet customers and special buyers. Corporate fleet customers are companies that purchase at least five Group vehicles per year via a delivery agreement and have at least 15 corresponding vehicles in their contract portfolio. Special buyers include, for example, churches, care services and people with a disability.

In accordance with IFRS 8, noncurrent assets are reported exclusive of financial instruments and deferred tax assets.

The "Reconciliation" column includes expenses and income not directly attributable to the individual customer and fleet customer segments.

FISCAL YEAR 2025

€ million	Retail	Fleet	Other	Reconciliation	Group
Interest income from cash and loans	–	–	–	89	89
Income from leasing transactions	6,482	11,801	18,283	–50	18,233
of which reversals of impairment losses in accordance with IAS 36	3	19	22	–	22
Depreciation, impairment losses and other expenses from leasing transactions	–5,218	–10,153	–15,371	62	–15,309
of which impairment losses in accordance with IAS 36	–114	–244	–358	1	–356
Net income from leasing transactions	1,265	1,648	2,912	12	2,924
Interest expenses	–719	–782	–1,501	–56	–1,557
Income from service contracts	544	1,761	2,305	–	2,305
of which time-related income	469	1,286	1,755	–	1,755
of which period-related income	76	474	550	–	550
Expenses from service contracts	–455	–1,529	–1,984	–	–1,983
Net income from service contracts	90	232	321	–	322
Provision for credit risks	–97	–205	–302	–14	–316
Fee and commission income	–	4	4	–	4
Fee and commission expenses	–2	–16	–18	–6	–24
Net fee and commission income	–2	–12	–14	–6	–20
Net gain or loss on hedges	–	–	–	18	18
Net gain/loss on financial instruments measured at fair value	–	–	–	–4	–4
General and administrative expenses	–187	–221	–408	–164	–572
Other operating income	43	624	667	109	776
Other operating expenses	–11	–587	–598	–30	–628
Net other operating income/expenses	32	37	69	79	148
Operating result	382	697	1,079	–47	1,032

FISCAL YEAR 2024

€ million	Retail	Fleet	Other	Reconciliation	Group
Interest income from cash and loans	–	5	5	202	206
Income from leasing transactions	7,801	7,767	15,569	219	15,787
of which reversals of impairment losses in accordance with IAS 36	1	30	31	0	31
Depreciation, impairment losses and other expenses from leasing transactions	–6,647	–6,800	–13,447	139	–13,308
of which impairment losses in accordance with IAS 36	–256	–147	–404	5	–554
Net income from leasing transactions	1,155	967	2,121	358	2,479
Interest expense	–755	–923	–1,678	–221	–1,899
Income from service contracts	418	1,511	1,929	–	1,929
of which time-related income	382	1,086	1,468	–	1,468
of which period-related income	36	424	460	–	460
Expenses from service contracts	–369	–1,395	–1,764	0	–1,764
Net income from service contracts	49	116	165	0	165
Provision for credit risks	–53	–79	–132	11	–122
Fee and commission income	52	2	54	0	54
Fee and commission expenses	–35	–13	–48	–8	–56
Net fee and commission income	17	–11	6	–8	–2
Net gain or loss on hedges	–	–	–	–15	–15
Net gain/loss on financial instruments measured at fair value	–	–	–	–127	–127
General and administrative expenses	–191	–250	–441	–144	–585
Other operating income	44	499	543	169	712
Other operating expenses	–19	–450	–469	–26	–494
Net other operating income/expenses	25	49	74	144	217
Operating result	247	–128	119	199	318

The impairment losses and reversals of impairment losses reported in accordance with IAS 36 related to lease assets.

The breakdown of “Income from service contracts with third parties” into “of which over-time income” and “of which at a point in time income” in note 17 “Net income from service contracts” has been carried over to and continued in the table above.

Information on the main products (leasing and service contracts) can be taken directly from the income statement.

The breakdown of noncurrent assets in accordance with IFRS 8 and of the additions to noncurrent lease assets by customer category is shown in the following tables:

€ million	JAN. 1 – DEC. 31, 2025	
	Retail	Fleet
Noncurrent Assets	16,521	17,776
Additions to lease assets classified as noncurrent assets	7,374	8,847

€ million	JAN. 1 – DEC. 31, 31.12.2024	
	Retail	Fleet
Noncurrent Assets	13,808	15,195
Additions to lease assets classified as noncurrent assets	6,832	7,034

Investment recognized under other assets was of minor significance.

Other Disclosures

57. Leases

LESSOR ACCOUNTING FOR FINANCE LEASES

Interest income from the net investment in the lease amounting to €1,192 million (previous year: €1,159 million) was generated from finance leases. There was no income from variable lease payments that was not taken into account in the measurement of the net investment in the lease where finance leases were concerned.

The following table shows a reconciliation of the undiscounted lease payments under finance leases to the net investment in the leases.

€ million	Dec. 31, 2025	Dec. 31, 2024
Non-discounted lease payments	24,321	23,962
Unearned interest income	-1,469	-1,511
Loss allowance on lease receivables	-583	-395
Net investment	22,269	22,056

In the Volkswagen Leasing GmbH Group, net investment equates to the net receivables from finance leases.

As of the reporting year, the following payments are anticipated over the next few years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2026	2027	2028	2029	2030	From 2031	Total
Finance lease payments	9,689	6,964	5,309	2,117	230	12	24,321

In the previous year, the following payments had been anticipated over the subsequent years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2025	2026	2027	2028	2029	From 2030	Total
Finance lease payments	8,910	7,239	5,426	2,142	203	42	23,962

LESSOR ACCOUNTING FOR OPERATING LEASES

Income generated from operating leases is included in the income from leasing transactions line item in the income statement.

€ million	2025	2024
Lease income	6,485	5,696
Total	6,485	5,696

The impairment losses recognized as a result of the impairment test on lease assets amount to €356 million (previous year: €554 million) and are included in the depreciation, impairment losses and other expenses from leasing transactions. Impairment losses are based on continuously updated internal and external information, which is then fed into the forecasts of residual values for vehicles.

Income from reversals of impairment losses on lease assets applied in prior years amounts to €22 million (previous year: €31 million) and is included in income from leasing transactions.

The following table shows the changes in the reporting year for assets leased out under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1, 2025	40,630
Additions	21,073
Reclassifications	–
Disposals	14,465
Balance as of Dec. 31, 2025	47,237
Depreciation and impairment losses as of Jan. 1, 2025	8,870
Additions to cumulative depreciation	4,429
Additions to cumulative impairment losses	356
Disposals	3,841
Reversal of impairment losses	22
Balance as of Dec. 31, 2025	9,792
Net carrying amount as of Dec. 31, 2025	37,446
Net carrying amount as of Jan. 1, 2025	31,760

As of the reporting date, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

€ million	2026	2027	2028	2029	2030	From 2031	Total
Lease payments	4,584	2,720	1,155	257	17	0	8,732

The following table shows the changes in the prior year for assets leased out under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1, 2024	35,983
Additions	17,063
Reclassifications	–
Disposals	12,416
Balance as of Dec. 31, 2024	40,630
Depreciation and impairment losses as of Jan. 1, 2024	8,275
Additions to cumulative depreciation	4,033
Additions to cumulative impairment losses	554
Disposals	3,961
Reversal of impairment losses	31
Balance as of Dec. 31, 2024	8,870
Net carrying amount as of Dec. 31, 2024	31,760
Net carrying amount as of Jan. 1, 2024	27,708

In the case of subleases that are classified as operating leases, right-of-use assets recognized in connection with buyback transactions are reported, from the perspective of the Volkswagen Leasing GmbH Group as lessor, under lease assets in the balance sheet and in the reconciliation showing the changes in movable lease assets.

In the previous year, the outstanding, undiscounted lease payments from operating leases expected for subsequent years had been as follows:

€ million	2025	2026	2027	2028	2029	From 2030	Total
Lease payments	4,150	2,480	1,010	206	10	0	7,857

LESSEE ACCOUNTING

The Volkswagen Leasing GmbH Group is a party to leases as a lessee in various aspects of the business. These leases mainly involve the leasing of land and buildings and operating and office equipment. The accounting treatment of buyback transactions as leases also means that the Volkswagen Leasing GmbH Group is the lessee in the primary leases with the vehicle sellers, who are entities in the Volkswagen Group.

In the reporting year, interest expenses of €8 million (previous year: €8 million) were recognized under the interest expenses line item in the income statement in respect of lease liabilities of €0 million (previous year: €0 million) reported under liabilities to customers on the balance sheet.

In the reporting year, subleases mainly in connection with buyback transactions gave rise to income of €7 million (previous year: €91 million); this income was derived from both finance leases and operating leases.

No right-of-use assets are recognized for short-term leases or leases in which the underlying asset is of low value. In the reporting year, expenses for leases in which the underlying assets are of low value amounted to €0 million (previous year: €1 million). Expenses for short-term leases were €0 million (previous year: €0 million). There were no variable lease expenses in the reporting year or in the previous year that were not taken into account in the measurement of the lease liabilities.

Right-of-use assets derived from leases are reported in the balance sheet of the Volkswagen Leasing GmbH Group within property and equipment under the following items:

€ million	Land and buildings	Operating and office equipment	Total
Gross carrying amount (or cost) as of Jan. 1, 2025	5	0	5
Additions	10	–	10
Disposals	8	0	8
Balance as of Dec. 31, 2025	6	–	6
Depreciation and impairment losses as of Jan. 1, 2025	3	0	3
Additions to cumulative depreciation	2	–	2
Additions to cumulative impairment losses	–	–	–
Disposals	–	0	0
Balance as of Dec. 31, 2025	5	–	5
Net carrying amount as of Dec. 31, 2025	2	–	2
Net carrying amount as of Jan. 1, 2025	2	–	2

€ million	Operating and office		Total
	Land and buildings	equipment	
Gross carrying amount (or cost) as of Jan. 1, 2024	5	0	5
Additions	–	–	–
Disposals	–	–	–
Balance as of Dec. 31, 2024	5	0	5
Depreciation and impairment losses as of Jan. 1, 2024	2	0	3
Additions to cumulative depreciation	0	–	0
Additions to cumulative impairment losses	–	–	–
Disposals	–	–	–
Balance as of Dec. 31, 2024	3	0	3
Net carrying amount as of Dec. 31, 2024	2	–	2
Net carrying amount as of Jan. 1, 2024	2	–	2

Depending on the classification of the subleases, the right-of-use assets recognized from primary leases as part of buyback transactions are reported either as finance leases and therefore as receivables from finance leases or as operating leases and therefore as lease assets. Disclosures on buyback transactions are thus not included in the above disclosures on right-of-use assets recognized by the Group as a lessee.

When assessing the lease term underlying a lease liability, the Volkswagen Leasing GmbH Group makes a best estimate as to whether an extension option or a termination option will be exercised. In the event of a material change in the general parameters used for this estimate or a modification of the lease, this estimate is updated.

In the balance sheet, lease liabilities are reported under liabilities to customers. The following table shows a breakdown of the undiscounted contractual maturities of lease liabilities:

€ million	REMAINING CONTRACTUAL MATURITIES			Total
	Up to 1 year	1 – 5 years	more than 5 years	
Lease liabilities as of Dec. 31, 2025	3	5	–	8
Lease liabilities as of Dec. 31, 2024	2	7	2	12

Overall, leases in which the VW FS AG Group is a lessee gave rise to total cash outflows of €2 million (previous year: €2 million) in the reporting year. In the case of assets leased as part of buyback transactions, the total cash outflows were reported in an amount equal to the value of the right of use recognized in the reporting year.

58. Cash Flow Statement

The Volkswagen Leasing GmbH Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. Cash flows from investing activities comprise purchase payments and disposal proceeds relating to other assets. Cash flows from financing activities reflect all cash flows arising from transactions involving equity, subordinated capital and other financing activities. All other cash flows are classified as cash flows from operating activities in accordance with standard international practice for financial services companies.

Cash and cash equivalents comprises cash and cash equivalents in the "Cash reserve" and "Loans to and receivables from banks" balance sheet items. Below is a reconciliation of the "Cash reserve" and "Loans to and receivables from banks" balance sheet items to cash and cash equivalents, in which loans to and receivables from banks are adjusted for those items that are not cash and cash equivalents:

€ million	Dec. 31, 2025	Dec. 31, 2024
Cash reserve	0	0
Loans to and receivables from banks	1,803	2,548
Total cash reserve and receivables from banks	1,803	2,548
Receivables from loans and notes in loans to and receivables from banks	–	–
Receivables from time deposits in loans to and receivables from banks	–	–
Trade receivables in loans to and receivables from banks	–7	–0
Other receivables in loans to and receivables from banks	–	–
Cash and cash equivalents	1,797	2,548

The following tables show the breakdown of the changes in subordinated capital (as part of financing activities) into cash and noncash transactions for the reporting year and the prior year.

€ million	Balance as of Jan. 1, 2025	Cash changes	NONCASH TRANSACTIONS			Balance as of Dec. 31, 2025
			Exchange rate changes	Changes in basis of consolidation	Measurement changes	
Subordinated capital	180	–26	–	–	–	154

€ million	Balance as of Jan. 1, 2024	Cash changes	NONCASH TRANSACTIONS			Balance as of Dec. 31, 2024
			Exchange rate changes	Changes in basis of consolidation	Measurement changes	
Subordinated capital	212	–32	–	–	–	180

59. Total fees charged by the auditor of the consolidated financial statements

The table below shows the total fees charged in the reporting year by the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, in accordance with the requirements specified in section 314(1) no. 9 of the HGB.

€ million	2025	2024
Financial statement audit services	1	2
Other attestation services	0	0
Other services	0	0
Total	1	2

The fees paid to the auditor for audit services in the year under review were mostly attributable to the audit of the annual and consolidated financial statements of Volkswagen Leasing GmbH.

60. Share-based payment

The variable remuneration for the members of the Management Board, of management members and of selected beneficiaries below management level includes a backward-looking long-term bonus (LTB) with a three-year assessment basis. The payout amount for the LTB is determined by multiplying the individual LTB target amount by the degree of target achievement for the annual result for each Volkswagen preferred stock and the ratio between the closing reference price at the end of the term plus a dividend equivalent and the initial reference price. The payment amount for all beneficiaries under the LTB is limited to 250% of the target amount.

In the reporting year, all beneficiaries were granted a target amount, based on target attainment of 100%, of €4 million (previous year: €2 million). As of December 31, 2025, the total carrying amount of the obligation, which equated to the intrinsic value of the liabilities, amounted to €4 million (previous year restated: €3 million). A total expense of €4 million (previous year: €2 million) was recognized in the reporting period for this commitment.

61. Personnel expenses

Personnel expenses of the Volkswagen Leasing GmbH Group are reported under general and administrative expenses and explained below.

€ million	2025	2024
Salaries	200	106
Social security contributions	32	17
Post-employment and other employee benefit costs	8	4
Total	240	128

62. Off-balance-sheet liabilities

OTHER FINANCIAL OBLIGATIONS

€ million	DUE	DUE	DUE	TOTAL
	2026	2027- 2030	ab 2031	Dec. 31, 2025
Obligations from				
Long-term leasing and rental contracts	–	–	–	–
Miscellaneous financial obligations	16	28	–	44

€ million	DUE	DUE	DUE	TOTAL
	2025	2026- 2029	From 2030	Dec. 31, 2024
Obligations from				
Long-term leasing and rental contracts	1	–	–	1
Miscellaneous financial obligations	75	32	–	107

63. Average number of employees during the reporting period

The average number of employees during the reporting period can be found in the table below.

	Dec. 31, 2025	Dec. 31, 2024
Salaried employees	1,977	1,041
of which senior managers	21	11
of which part time	593	296
Vocational trainees	–	–

64. Related party disclosures

Related parties as defined by IAS 24 are natural persons and entities over which Volkswagen Leasing GmbH can exercise significant influence, or which can exercise significant influence over Volkswagen Leasing GmbH, or that are under the influence of another related party of Volkswagen Leasing GmbH.

Since July 1, 2024, Volkswagen Bank GmbH, Braunschweig, has been the sole shareholder of Volkswagen Leasing GmbH. Volkswagen Financial Services AG has been the parent company of Volkswagen Bank GmbH since July 1, 2024. Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG, Wolfsburg, which is the sole shareholder of Volkswagen Financial Services AG, Braunschweig, as of the reporting date. The extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect all of the shareholder representatives to the Supervisory Board of Volkswagen AG via the shareholders' meeting for as long as the State of Lower Saxony holds at least 15 % of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 8, 2026, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00 % of the voting rights of Volkswagen AG on December 31, 2025 and thus exercise an indirect significant influence over the Volkswagen Leasing GmbH Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

The sole shareholder Volkswagen Bank GmbH and Volkswagen Leasing GmbH have entered into a control and profit-and-loss transfer agreement.

Volkswagen Bank GmbH and other related parties in Volkswagen AG's group of consolidated entities provide Volkswagen Leasing GmbH with funding on an arm's-length basis. As part of funding and leasing transactions, Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities sold vehicles to Volkswagen Leasing GmbH on an arm's-length basis. These transactions are presented in the "Goods and services received" line item.

To support sales promotion campaigns, Volkswagen Leasing GmbH receives financial subsidies from the production and importer companies of the Volkswagen Group.

The "Goods and services provided" line primarily contains income from the marketing of ex-lease vehicles via companies of the Volkswagen Group.

The two tables below show the transactions with related parties.

FISCAL YEAR 2025

€ million	Supervisory Board	Board of Management	Volkswagen Bank GmbH	Volkswagen Financial Services AG	Volkswagen AG	Porsche SE	Other related parties in the consolidated entities
Loans and Receivables	–	–	1,939	–	394	–	1,250
Valuation allowances on impaired loans and receivables	–	–	–	–	–	–	–
of which additions in current year	–	–	–	–	–	–	–
Obligations	–	–	14,993	7,428	835	–	2,356
Interest income	–	–	60	–	–	–	3
Interest expense	–	–	–329	–247	–	–	–156
Goods and services provided	–	–	27	17	1,487	0	10,370
Goods and services received	–	–	182	219	14,177	–	5,573

FISCAL YEAR 2024

€ million	Supervisory Board	Board of Management	Volkswagen Bank GmbH	Volkswagen Financial Services AG	Volkswagen AG	Porsche SE	Other related parties in the consolidated entities
Loans and Receivables	–	–	2,478	7	388	0	1,536
Valuation allowances on impaired loans and receivables	–	–	–	–	–	–	–
of which additions in current year	–	–	–	–	–	–	–
Obligations	–	–	7,884	6,473	483	–	4,021
Interest income	–	–	84	–	49	–	51
Interest expense	–	–	–101	–181	–20	–	–363
Goods and services provided	–	–	53	6	241	0	7,311
Goods and services received	–	–	262	151	11,712	–	4,216

The “Other related parties in the group of consolidated entities” column includes sister entities that are related parties in Volkswagen AG’s group of consolidated entities but do not directly belong to Volkswagen Leasing GmbH. The relationships with the Supervisory Board and the Management Board comprise the relevant groups of people at Volkswagen Leasing GmbH, Volkswagen Bank GmbH, and Volkswagen Financial Services AG.

For key figures calculated over time in the previous year, the Board of Management and Supervisory Board of the previous parent company, Volkswagen Financial Services Overseas AG (until June 30, 2024), had been taken into account within the Management Board/Board of Management and within the Supervisory Board.

There were no relationships with pension plans or with the State of Lower Saxony.

Members of the Management Board of Volkswagen Leasing GmbH are also members of governing bodies of other entities in the Volkswagen Group with which Volkswagen Leasing GmbH sometimes conducts transactions in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

In the previous year, Volkswagen Leasing GmbH had received contributions in kind by way of positive differences between compensation payments received and personnel provisions acquired from the higher-level shareholder, Volkswagen Financial Services AG, and from the shareholder, Volkswagen Bank GmbH.

MANAGEMENT BOARD REMUNERATION IN ACCORDANCE WITH IAS 24

The following table shows the remuneration of the members of the Management Board in accordance with IAS 24.17.

€ million	2025	2024
Financial statement audit services	1	1
Tax consulting services	0	0
Other services	0	0
Total	1	2

The employer-funded contributions to the defined contribution plans for members of the Board of Management in accordance with IAS 19.54 amounted to €0 million (previous year: €0 million).

MANAGEMENT BOARD REMUNERATION

In the current fiscal year, the total payments made to members of the Management Board according to section 314(1) no. 6 of the HGB amounted to €1 million (previous year: €1 million). In the year under review, the target amount of the long-term bonus for members of the Management Board, which is based on target achievement of 100%, amounted to €0 million (previous year: €0 million).

Provisions of €1 million (previous year: €1 million) were recognized for pensions and similar obligations in favor of former members of the Management Board and their surviving dependents. No payments have been made to this group of persons to date.

SUPERVISORY BOARD REMUNERATION

In accordance with a resolution passed by the shareholders' meeting, the members of the Supervisory Board are entitled to an annual allowance. This allowance is independent of the performance of the Company. As a result, a total amount of €0 million (previous year: €0 million) was paid out to the members of the Supervisory Board in the reporting period.

65. Governing bodies of Volkswagen Leasing GmbH

The Management Board had the following members in the reporting year:

MANUELA VOIGT

Chief Executive Officer
Management, German Market

HENDRIK EGGERS (UNTIL MARCH 31, 2025)

Back Office, Volkswagen Leasing GmbH

OLIVER ROES (SINCE APRIL 1, 2025)

Back Office, Volkswagen Leasing GmbH

VERENA ROTH

Sales, German Market

The Supervisory Board had the following members as of December 31, 2025:

ANTHONY BANDMANN

Chair

Member of the Board of Management of Volkswagen Financial Services AG
Sales and Marketing
Europe region (incl. Germany)

CHRISTIAN LÖBKE

Deputy Chair

Member of the Board of Management of Volkswagen Financial Services AG
Member of the Management Board of Volkswagen Bank GmbH
Risk Management

SARAH AMELING-ZAFFIRO

Deputy Chair of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Vehicle Trading International (VTI) GmbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG

BJÖRN SCHÖNE

Member of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Vehicle Trading International (VTI) GmbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG

The Supervisory Board committees of Volkswagen Leasing GmbH had the following members as of December 31, 2025:

AUDIT COMMITTEE

Christian Løbke (Chair)
Anthony Bandmann
Björn Schöne

CREDIT COMMITTEE

Anthony Bandmann (Chair)
Christian Løbke
Björn Schöne

Companies included in the consolidated financial statements

Name and registered office of the company	Currency	VW FS AG'S INTEREST IN CAPITAL IN %			EQUITY IN THOUSANDS	PROFIT/LOSS IN THOUSANDS	Footnote	Year
		Direct	Indirect	Total	local currency	local currency		
I. PARENT COMPANY								
VOLKSWAGEN FINANCIAL SERVICES AG, Braunschweig								
II. SUBSIDIARIES								
A. Consolidated companies								
1. Germany								
Trucknology S.A., Luxemburg	EUR	–	–	–	–	–	1)	2023
VCL Master Residual Value S.A., Luxemburg	EUR	–	–	–	–	–	1)	2023
VCL Master S.A., Luxemburg	EUR	–	–	–	–	–	1)	2023
VCL Multi-Compartment S.A., Luxemburg	EUR	–	–	–	–	–	1)	2023
1) Structured company in accordance with IFRS 10 and IFRS 12								

66. Events after the reporting date

There were no significant events in the period between December 31, 2025 and February 20, 2026.

Braunschweig, February 20, 2026
The Management Board

A handwritten signature in black ink, appearing to read 'M. Voigt'.

Manuela Voigt

A handwritten signature in black ink, appearing to read 'O. Roes'.

Oliver Roes

A handwritten signature in black ink, appearing to read 'Verena Roth'.

Verena Roth

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Braunschweig, February 20, 2026
The Management Board



Manuela Voigt



Oliver Roes



Verena Roth

Independent Auditor's Report¹

To Volkswagen Leasing GmbH, Braunschweig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of Volkswagen Leasing GmbH, Braunschweig, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2025 to 31 December 2025, and the consolidated balance sheet as at 31 December 2025, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January 2025 to 31 December 2025, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Volkswagen Leasing GmbH, Braunschweig, which is combined with the Company's management report, for the fiscal year from 1 January 2025 to 31 December 2025. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration pursuant to Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB ["Handelsgesetzbuch": German Commercial Code] included in the "Corporate Governance Declaration" section of the management report (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- > the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2025 and of its financial performance for the fiscal year from 1 January 2025 to 31 December 2025, and
- > the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the corporate governance declaration in accordance with Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB included in the "Corporate Governance Declaration" section of the management report (disclosures on the quota for women on executive boards).

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

¹ Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law as well as the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2025 to 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Determination of the expected residual values of assets leased under operating leases during impairment testing

Reasons why the matter was determined to be a key audit matter

The lease assets balance sheet item comprises vehicles under operating leases. The recoverability of the lease assets depends in particular on the expected residual value of the leased vehicles after expiration of the contractual term. The expected residual values are reviewed by the Company on a quarterly basis. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires management to make, in particular, assumptions about vehicle supply and demand in the future, as well as about vehicle price trends.

The residual values of vehicles are particularly influenced by the development of purchasing power in the respective markets and thus by demand driven by economic conditions and, in the case of electric vehicles, by a high pace of innovation and state subsidies. Due to the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the German economy, the estimation uncertainty in relation to the determination of the expected residual values remained heightened in the fiscal year. In this light, the determination of the expected residual values of assets leased under operating leases during impairment testing was a key audit matter.

Auditor's response

During our audit, we analyzed the process implemented by the executive directors of the Company for determining and monitoring the residual values to identify any risks of material misstatement and obtained an understanding of the process steps and controls. On this basis, we tested the operating effectiveness of the implemented controls over the determination and monitoring of the expected residual values. To assess the forecasting models used to determine the residual values, we analyzed the validation plans on the basis of the respective model designs to determine whether the validation procedures described in the plans allow an assessment of the models' forecast quality. We investigated whether the validation procedures and the backtesting performed led to any indications of model weaknesses or any need to adjust the models. Furthermore, we assessed whether the assumptions underlying the forecasting model and the inputs used for determining the expected residual values were clearly documented. To this end, we obtained evidence for the main inputs and assumptions used for mileage, age and lifecycle phase of the vehicles to determine the residual values and examined them for currentness and transparency. We assessed whether the marketing assumptions used reflect industry-specific and general market expectations as well as, in particular, current marketing results.

Our audit procedures did not lead to any reservations relating to the determination of the expected residual values of the assets leased under operating leases during impairment testing.

Reference to related disclosures

The Company's disclosures on the accounting policies applied for lease assets are contained in note "9. Leases" and note "57. Leases" and the disclosures on the determination of the expected residual values of lease assets in note "13. Management estimates and assumptions" of the notes to the consolidated financial statements.

Macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for non-defaulted loans to and receivables from customers attributable to the leasing business

Reasons why the matter was determined to be a key audit matter

The valuation of loans to and receivables from customers attributable to the leasing business and the related determination of the provisions for credit risks are significant areas in which the executive directors exercise judgment. As of the reporting date, the model-based determination of provisions uses three macroeconomic scenarios to meet the requirements for an unbiased and probability-weighted estimate. The three scenarios (base, positive, negative) differ in terms of the assumptions and estimates of future macroeconomic developments and are reflected in the different specific credit risk parameters underlying the calculation of the provisions (loss given default, probability of default and credit conversion factor).

In light of the significant volume of non-defaulted loans to and receivables from customers attributable to the leasing business underlying the model-based determination of the provisions as well as the increased uncertainty and judgment involved in the macroeconomic scenarios as a consequence of the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the German economy and thus on the credit risk parameters, we consider the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the determination of the provisions for non-defaulted loans to and receivables from customers attributable to the leasing business to be a key audit matter.

Auditor's response

As part of our audit, we analyzed the derivation of the scenarios to determine whether they are consistent with the macroeconomic forecasts of leading economic research institutes. We also consulted internal specialists to assess the appropriateness of the derived scenarios on the basis of our expectations of industry performance.

We analyzed the processes implemented in connection with the specific credit risk parameters derived from the scenarios and assessed the adequate design and operating effectiveness of the controls implemented in the process.

We examined the method used so as to check that the specific credit risk parameters are consistent with the relevant scenario. To test the adequate design of the credit risk parameters for each scenario, we first assessed the operating effectiveness of the controls implemented in the risk classification process with regard to the default risk. We also examined the appropriate valuation of the collateral using the recovery rates realized in the past.

We reperformed the calculations of the model-based provisions determined on the basis of the different scenarios and the different specific credit risk parameters and checked whether the Company correctly included the scenarios in its calculation.

Our audit procedures did not give rise to any reservations with regard to the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for non-defaulted loans to and receivables from customers attributable to the leasing business.

Reference to related disclosures

The Company's disclosures on the accounting policies applied for the model-based determination of the provisions for non-defaulted loans to and receivables from customers attributable to the leasing business are contained in the notes to the consolidated financial statements in note "6 Financial instruments" and note "13. Management estimates and assumptions" and in the group management report in the Report on Opportunities and Risks under the heading "Credit risk" in the passages addressing "Collateral" and "Provisions."

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the "Key Figures," "Human Resources Report," "Responsibility Statement" and "Report of the Supervisory Board" sections to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, but not the annual financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- > is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- > otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.
- > Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- > Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a

true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.

- > Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.
- > Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- > Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the “ESEF documents”) contained in “Volkswagen Leasing_GmbH_KA+KLB_ESEF-2025-12-31.xbri” and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format (“ESEF format”). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2025 to 31 December 2025 contained in the “Report on the audit of the consolidated financial statements and of the group management report” above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the “Group auditor’s responsibilities for the assurance work on the ESEF documents” section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- > Identify and assess the risks of material intentional or unintentional non compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- > Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- > Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- > Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- > Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine readable XBRL copy of the XHTML rendering.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 26 February 2025 and were engaged by the Management Board on 20 August 2025. We have been the auditor of Volkswagen Leasing GmbH without interruption since fiscal year 2020.

- > We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Supervisory Board pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).
- > In addition to the financial statement audit, we have provided to Group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:
 - > Review of the reporting packages for the reporting dates 31 March, 30 June and 30 September 2025 in accordance with the instructions of the group auditor
 - > Agreed-upon procedures relating to the investor reports of VCL Master S.A., VCL Master Residual Value S.A., VCL Multi-Compartment S.A. and Trucknology S.A. as of 31 December 2024
 - > Limited assurance engagement on the group sustainability reporting within the meaning of Directive (EU) 2022/2464 ("CSRD") for the period from 1 January 2025 to 31 December 2025
 - > Procedures in accordance with the engagement instructions issued by the auditor performing the assurance engagement on the group sustainability reporting of Volkswagen AG with respect to the reporting package of Volkswagen Leasing GmbH for the period from 1 January 2025 to 31 December 2025

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the *Unternehmensregister* [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Matthias Koch.

Eschborn/Frankfurt am Main, 23 February 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Koch
Wirtschaftsprüfer
[German Public Auditor]

Hölscher
Wirtschaftsprüfer
[German Public Auditor]

Human Resources Report

Our people are key.

Volkswagen Leasing GmbH in Germany had a total of 1,882 (1,926) employees as of December 31, 2025. The Italian Leasing branch had 102 employees as of December 31, 2025 (previous year: 87).

PEOPLE STRATEGY

The corporate MOBILITY2030 strategy reinforces the objective, as provider of many different mobility solutions, to use a mobility platform to play a central role in the Volkswagen Group. To turn this vision into reality, MOBILITY2030 focuses on the strategic dimensions of Customer Loyalty, Vehicle, Profitability, Data & Technology and Sustainability.

All employees – as a global team – are the foundation for Volkswagen Leasing GmbH’s future success. This central role is expressed by the foundation of MOBILITY2030, “Our People – Our Values”, and emphasizes the significance of employees for each individual strategic dimension. The embedded values, courage, trust and customer centricity, are intended to give employees guidance in their daily work and to motivate them in this process to bring out their best.

As part of the Hello.PEOPLE framework, the Human Resources department developed and refined ten initiatives in the past fiscal year to put people even more at the center of MOBILITY2030 and to support the Company in implementing MOBILITY2030 in the best possible way so that targeted actions can be taken to contribute to developing a powerful organization. In this way, the upcoming challenges and the Company’s transformation are to be shaped together. Change will become an opportunity for sustainable success. A strategy that enables everyone to work at full capacity and realize their potential – where it will have the most effect. “Our Transformation” is the core initiative. It ensures the sustainable development of our workforce. Specific future skills will be identified, data-based decisions enabled and resources deployed efficiently. These goals will be driven through the Diversity, Health, Employee Loyalty, Leadership, Values, Cooperation, New Learning, Change Management and HR Digital initiatives. The degree of maturity of our goals will be determined with mechanisms such as surveys on external and internal employee and customer satisfaction.

Qualified, committed employees who are willing to embrace change are the cornerstones of the Company’s success, and Volkswagen Leasing GmbH continually gives its employees opportunities for further qualification and development. The significance of knowledge and experience is steadily on the rise, especially in the area of digitalization and automation. Accordingly, the focus of further training in the reporting year was again on transferring digital data and AI know-how. This was done by offering various learning formats, from self-service learning through the use of AI-assisted learning platforms down to tailored training and courses of study for selected target groups.

Topics to be mentioned for the reporting year are in particular strategic workforce planning, diversity, culture and leadership.

For the first time, strategic workforce planning was conducted across all departments of Volkswagen Leasing GmbH in Germany. The result available now is an important indication of how quantitative HR requirements and job profiles will change in the future and what qualifications will be required to meet the Company’s long-term targets.

Our leaders have a major influence on the mood and satisfaction of their employees and therefore also on their motivation, willingness to embrace change and commitment.

A Leadership Day was held at the Braunschweig site, enabling active engagement with people initiatives as well as the challenges and opportunities of the leadership role. Supported by input from external presenters, the leaders who attended were also given important ideas for their everyday management work. To ensure that the corporate culture is continuously strengthened, the culture initiatives launched in the previous year were systematically continued in the reporting year. For example, another employee survey was conducted on the Values Index to enable differentiated comments on the perception of corporate values in the teams and to identify potential areas for action and strategic values initiatives.

WORK-LIFE BALANCE

Volkswagen Leasing GmbH is committed to a family-friendly working environment and continually expands its offering to improve the work-life balance. This includes different working time models or the Company's childcare facility, "Frech Daxe" close to the Company's Braunschweig site, which offers flexible care hours and vacation care.

Report of the Supervisory Board

of Volkswagen Leasing GmbH

In the reporting period, the Supervisory Board regularly concerned itself closely with the situation and development of the company. The Management Board regularly provided the Supervisory Board with timely and comprehensive information, both written and oral, on the key aspects of planning, on the situation of the Bank, including the risk position and risk management, and on business development. On the basis of the reports by the Management Board, the Supervisory Board continually monitored the conduct of the business and was thus able to perform the functions entrusted to it by law and under the articles of association without any restrictions. All decisions of fundamental importance to the Bank and other transactions requiring the approval of the Supervisory Board in accordance with the rules of procedure (*Geschäftsordnung*) were reviewed and discussed with the Management Board before a resolution was adopted.

The Supervisory Board has four members. In the reporting year, the Supervisory Board held four regular meetings; there were no extraordinary meetings. The average attendance rate was 100%. Three decisions were made by circular resolution in the reporting period until December 31, 2025.

The main issues discussed at the meetings of the Supervisory Board and the committees are presented below.

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on February 11, 2025, the Supervisory Board gave its approval for granting joint powers of representation (*Prokura*) to certain function holders and appointed Mr. Oliver Roes as a new Management Board member (responsible for Back Office) for Volkswagen Leasing GmbH. In addition, the Supervisory Board heard reports from the Credit Committee and the Audit Committee. It also dealt with the annual report of Internal Audit. This was followed by the presentation of the company report, which focused on strategic, sales and financial developments. Finally there was an update from the Operations unit, and information from the LeAD project (replacement of the old leasing backend system) and an outlook on the upcoming rollout in the dealer organization were shared.

At the meeting on February 25, 2025, the Supervisory Board, at the recommendation of the Audit Committee and following its own detailed review, recommended to the shareholders' meeting to adopt the annual financial statements of Volkswagen Leasing GmbH for the year 2024 prepared by the Management Board, issued a recommendation on the election of the auditor, and commented on the consolidated financial statements.

At the meeting on April 29, 2025, the Supervisory Board reviewed compliance with requirements for granting variable compensation in accordance with section 7 of the *Institutsvergütungsverordnung* (IVV; Remuneration Regulation for Institutions) and submitted recommendations for determining the bonus pool for fiscal year 2024. Furthermore, the Supervisory Board resolved a new malus concept and reviewed the existence of facts qualifying for a malus. The Supervisory Board also defined certain bonus-related ratios for fiscal year 2024, targets for fiscal year 2025 as well as a target path for a ratio for the years 2026 to 2028 and took a decision on the long-term bonus. Finally the Supervisory Board specified payout factors in relation to variable remuneration for the Management Board and extended the mandate of a member of the Management Board.

At the meeting on November 21, 2025, the Supervisory Board discussed the results of the annual appraisal of the Management Board and Supervisory Board. In addition, the Supervisory Board heard reports from the Credit Committee and the Audit Committee. After that the Management Board informed the Supervisory Board extensively on the strategic key topics as well as the sales and financial performance of Volkswagen Leasing GmbH. Moreover, the Supervisory Board received information from the IT unit about the current IT stability/system stability. Finally there was an update from the Operations unit, which focused on the collection unit and the current staffing of the unit as a whole.

COMMITTEE ACTIVITIES

The Supervisory Board has established two committees. The duties and responsibilities of the respective committees are governed by the relevant rules of procedure of the committees.

Audit Committee

The Audit Committee held two regular meetings in the reporting year. The committee has three members, who attended all the meetings in the reporting period.

At the meeting held on February 25, 2025, the committee discussed the consolidated financial statements in accordance with the IFRSs, the annual financial statements in accordance with *Handelsgesetzbuch* (HGB, the German Commercial Code) and the combined management report of Volkswagen Leasing GmbH for fiscal year 2024. As part of this discussion, the Audit Committee discussed with the auditor the reports on the audit of the annual financial statements, the consolidated financial statements and the combined management report of Volkswagen Leasing GmbH, as well as material transactions and issues related to financial reporting. After in-depth discussions, the Audit Committee asked the Supervisory Board to issue a recommendation to the sole shareholder on the adoption of the annual financial statements and the election of the auditor and to prepare the resolution of the shareholders' meeting on issuing the audit engagement. In addition, it was resolved to amend the guidelines of the Audit Committee relating to the services of the network of auditors.

On November 21, 2025, the committee discussed audit planning, key audit matters and the obligations of the auditor to provide certain information. As part of this, it also paid particular attention to the quality of the audit. The Audit Committee also discussed the monitoring of the effectiveness of the internal audit systems, the 2026 audit plan and the monitoring of the effectiveness of the compliance system. Furthermore, the committee informed itself on credit and residual value risks as well as on current audit procedures being performed by supervisory authorities.

By circular resolution dated February 16, 2026, the Supervisory Board dissolved the Audit Committee effective February 23, 2026. The tasks of the Audit Committee will be assumed by the Supervisory Board in future.

Credit Committee

Decision powers assigned to the Credit Committee include the approval of credit exposures submitted, the assumption of sureties, guarantees and similar liabilities, the raising of loans by the Company, the purchase of receivables and framework agreements for the assumption of receivables; the law and the rules of procedure require the Supervisory Board to deal with these matters. The Credit Committee consists of three Supervisory Board members. It takes its decisions by circulation of written resolutions or using electronic credit applications.

EDUCATION AND TRAINING MEASURES

Training sessions were held for the members of the Supervisory Board on “Regulatory Update DORA (Digital Operational Resilience Act)” as well as on “Information and Communication Technology (ICT)”.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Eschborn, was engaged to audit the IFRS consolidated financial statements and the HGB annual financial statements of Volkswagen Leasing GmbH as of December 31, 2025, including the bookkeeping and the combined management report.

The IFRS consolidated financial statements and the HGB annual financial statements of Volkswagen Leasing GmbH as of December 31, 2025 as well as the combined management report were available to the Supervisory Board. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Eschborn, audited these financial statements, including the bookkeeping and the combined management report, and issued unqualified audit reports (*uneingeschränkter Bestätigungsvermerk*) in each case.

The reviews of the consolidated financial statements, the annual financial statements and the combined management report by the Audit Committee and the Supervisory Board did not provide any reason for objections. The auditors attended the meeting of the Supervisory Board when this agenda item was discussed, reported on the significant findings of their audit and were available for questions.

At its meeting on February 24, 2026, the Supervisory Board commented on the consolidated financial statements and the annual financial statements of Volkswagen Leasing GmbH prepared by the Management Board and, following a detailed examination, the Supervisory Board recommended to the shareholders’ meeting to adopt the annual financial statements for the year 2025 and to approve the consolidated financial statements.

On the basis of the existing profit and loss transfer agreement with Volkswagen Bank GmbH, registered in the commercial register on July 11, 2024, the loss according to HGB of Volkswagen Leasing GmbH incurred in fiscal year 2025 was absorbed by Volkswagen Bank GmbH.

The Supervisory Board would like to express its thanks and appreciation to the members of the Management Board, the members of the works councils, management and all employees of Volkswagen Leasing GmbH and its affiliated companies for the work performed. With their high level of commitment, they all contributed to the further development of Volkswagen Leasing GmbH.

Braunschweig, February 24, 2026



Anthony Bandmann
Chair of the Supervisory Board

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