

VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

ANNUAL REPORT

HGB

2025

Fundamental Information about the Group

The companies of the Volkswagen Financial Services AG 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 Financial Services AG 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 segments:

Financing

Vehicle-related financing products for retail and corporate customers, e.g. in the form of deferred payment credit and three-way financing, are distributed predominantly through the Volkswagen Group dealers. Financing products are also available to the authorized dealers themselves, in particular for inventory vehicles, working capital and investment loans.

Leasing business

This segment includes finance leasing and operating leasing for private and corporate customers, along with a range of mobility offerings covering periods from several days to multiple years, as well as fleet management services.

Direct banking

Volkswagen Bank GmbH primarily offers deposit products such as overnight money accounts, term deposits, and savings bonds for private and business customers. In addition, current accounts and various payment-transaction solutions are provided. The direct banking business is operated in Germany and through the Bank's branch in Poland.

Insurance and services

This segment includes, for example, comprehensive and third-party liability insurance products. It also covers credit protection insurance safeguarding customers against financial difficulties, such as unemployment, as well as insurance brokerage activities. Additional service products include tire replacement, maintenance and inspection contracts, and extended warranties.

ORGANIZATION OF VOLKSWAGEN FINANCIAL SERVICES AG

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. Since the restructuring, the non-European companies have been grouped together in the Volkswagen Financial Services Overseas AG Group.

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

The Board of Management of Volkswagen Financial Services AG comprises six board departments. Until December 31, 2025, Dr. Christian Dahlheim, who is responsible for Corporate Management, which includes, for example, strategy, internal audit, integrity, compliance and communication, was Chair of the Management Board. Anthony Bandmann will take over as Chair of the Management Board on January 1, 2026. Mr. Bandmann is responsible for the Sales and Marketing board department as well as for the Europe region, including Germany. Dr. Ingrun-Ulla Bartölke is responsible for Finance and Procurement. Frank Fiedler was Chief Risk Officer until September 30, 2025, responsible for risk, taxes and legal. As of October 1, 2025, Christian Löbke was appointed to the Board of Management with responsibility for risk management. Since October 1, 2025, legal matters have been the responsibility of Dr. Dahlheim, while Dr. Bartölke is responsible for tax matters. Dr. Dahlheim is in charge of Human Resources and Organization, in which Arne Puls has managerial responsibility as Chief Representative. Dr. Alena Kretzberg is responsible for IT and Digital. Kai Vogler, Chief Representative of Volkswagen Financial Services AG, assumed responsibility for Anthony Bandmann's sales and marketing portfolio on February 1, 2026.

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 shareholder.”
- > **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 Financial Services AG Group companies will contribute to implementing the MOBILITY2030 strategy.

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND 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 Financial Services AG Group is exercising the option to prepare a combined management report.

SIGNIFICANT CHANGES IN EQUITY INVESTMENTS

Effective January 3, 2025, Volkswagen Pon Financial Services B.V., a 60 % subsidiary of Volkswagen Financial Services AG with its registered office in Amersfoort, the Netherlands, acquired a 100 % interest in Autolease Midden Nederland B.V., with registered office in Tiel, the Netherlands.

Additionally, Volkswagen Pon Financial Services B.V. incorporated a new entity with the name Autolease Europe B.V., with its registered office in 's-Hertogenbosch, the Netherlands, effective March 11, 2025, and this new entity acquired a leasing portfolio effective May 1, 2025. The formation and the acquisition are intended to expand the leasing business in the Netherlands.

Effective February 3, 2025, Volkswagen Bank GmbH, with its registered office in Braunschweig, Germany, sold its entire interest in Volkswagen Finančné služby Slovensko s.r.o., with its registered office in Bratislava, Slovakia, to Porsche Bank AG and Porsche Versicherungs AG, with registered offices in Salzburg, Austria.

Moreover, effective February 3, 2025, Volkswagen-Versicherungsdienst GmbH, with its registered office in Braunschweig, Germany, sold its entire interest in Volkswagen-Versicherungsdienst GmbH, with its registered office in Vienna, Austria, to Porsche Bank AG, with registered office in Salzburg, Austria. The objective was a strategic realignment of the markets between Porsche Bank AG and Volkswagen Financial Services AG.

Effective April 1, 2025, Volkswagen Financial Services AG sold its 25.1 % interest in J.P. Morgan Mobility Payment Solutions S.A., with its registered office in Strassen, Luxembourg, to the majority shareholder J.P. Morgan International Finance Limited, with registered office in Delaware, USA. The sale took place as part of the streamlining of Volkswagen Financial Services AG’s equity investment portfolio.

Effective July 1, 2025, Volkswagen Financial Services S.p.A., with its registered office in Milan, Italy, previously a wholly owned subsidiary of Volkswagen Financial Services AG, was merged into

Volkswagen Bank GmbH. The merger serves to streamline the investment structure of Volkswagen Financial Services AG.

There were no other significant changes in equity investments.

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 volume of business, 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 retail financing and leasing business to deliveries of Group vehicles, based on Volkswagen Financial Services AG’s consolidated entities.
Current contracts	Contracts recognized as of the reporting date
New contracts	Contracts recognized for the first time in the reporting period
Financial performance indicators	
Volume of business	Loans to and receivables from customers arising from retail financing, dealer financing, leasing business and lease assets.
Operating result	Interest income from lending transactions and marketable securities, net income from leasing transactions, interest expense, net income from service contracts, net income from insurance business, provision for credit risks, net fee and commission income, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income, 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

Women accounted for 50% of the workforce of Volkswagen Financial Services AG in Germany and 51% internationally as of December 31, 2025. Women are still not represented to such a high level in the Company's management structures, however. The Company remains formally committed to sustainably increase the proportion of women in leadership positions.

PROPORTION OF WOMEN – TARGET AND ACTUAL VALUES FOR GERMANY

	Target 2026	Actual 2025
Second management level	27.3	25.9
First management level	19.7	17.2
Management Board	20.0	40.0
Supervisory Board	25.0	41.6

The target figures for female representation across the first and second level of management in Germany that are valid until 2026 were confirmed in the reporting year. The progress made in increasing the proportion of women in management relative to the targets adopted by Volkswagen Financial Services is monitored regularly both in Germany and internationally.

The Board of Management maintains the necessary transparency by means of regular progress reports. Particular effort is made to ensure that female candidates are considered during succession planning to help establish compliance with the relevant targets. The targets are also discussed regularly, together with pertinent tools and best practices for achieving them, at the meetings of HR managers throughout Europe. A Diversity Award was presented for the first time to HR managers in the reporting period, recognizing activities that promote a diverse workforce in the companies.

CONSOLIDATED NONFINANCIAL STATEMENT

Pursuant to section 315b(2) of the HGB, Volkswagen Financial Services AG 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 also 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 of March 10, 2026.

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 €2.4 billion, the operating result was very strongly up on the prior year.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS

Implementation of the restructuring program as of July 1, 2024 and the resulting first-time preparation of consolidated financial statements as of December 31, 2024 have led to significant changes in the key performance indicators and the items of the income statement and balance sheet. As a result, it is not possible to compare the figures with those of the income statement and therefore to assess the year-on-year business performance.

The operating result was €2.4 billion in fiscal year 2025. In addition to interest income from lending transactions and marketable securities, interest expenses as well as general and administrative expenses, net income from leasing transactions was a key factor.

New business (new contracts) in Europe amounted to 6.9 million in 2025.

Volkswagen Financial Services AG closed the fiscal year with a business volume of €163.1 billion.

The share of financed and leased vehicles in the Group's worldwide deliveries (penetration) stood at 56.7% at the end of 2025.

The money and capital market rates relevant for funding decreased slightly during the course of 2025. Risk premiums (spreads) narrowed significantly in the second half of the year, after reaching high levels at times early in the year, mainly due to uncertainty surrounding the impact of the US government's economic policy measures.

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

Despite strained markets, the Volkswagen Financial Services AG Group's residual value portfolio continued to grow in 2025. Changes in residual value risk continue to be closely monitored on an ongoing basis, leading to corresponding measures where required.

The liquidity risk for the Volkswagen Financial Services AG Group was generally stable in fiscal year 2025. The existing sources of funding were adequate to enable the growth achieved in the second half of the fiscal year. A wide range of funding instruments were used in a number of different currency areas, regions and countries.

The funding structure remained broadly diversified in terms of the instruments used. The Group's main sources of funding, comprising money and capital markets, ABSs, and also funding through banks and deposits in individual markets, continued to be readily available at Group level and could still be used as required.

The Board of Management of Volkswagen Financial Services AG considers the course of business in 2025 to have been positive.

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

	Actual 2024	Forecast for 2025		Actual 2025
Nonfinancial performance indicators				
Penetration (percent)	53.4	= 53.4	on previous year's level	56.7
Current contracts (thousands)	17,921	> 17,921	slightly up on previous year	18,735
New contracts (thousands)	2,870	> 2,870	very strong up on previous year	6,897
Financial performance indicators				
Volume of business (€ million)	149,644	= 149,644	on previous year's level	163,112
Operating result (€ million)	1,246	> 1,246	very stronger up on previous year	2,360
Return on Equity in (percent)	7.9	= 7.9	on previous year's level	7.6
Overhead ratio (percent)	1.1	= 1.1	on previous year's level	1.09

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy continued to grow in 2025 at a pace similar to the previous year. In this context, the pace of growth picked up slightly in the emerging markets, while 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. 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 interest 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 rate rose somewhat 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 were on a level with the prior year. 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 in the range of the prior year.

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 and increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import tariffs. 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 in the range of 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, while 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 comparative figure.

FINANCIAL PERFORMANCE

Due to the restructuring implemented in the previous year, a meaningful variance analysis is not possible. As the current Volkswagen Financial Services AG was non-operational until June 30, 2024, the financial performance for the prior-year period only reflects operating business in the second half of 2024. Consequently, we are not providing a comparison with the prior-year financial performance, but only explaining financial performance in the reporting period.

The course of business was positive for the Volkswagen Financial Services AG Group in fiscal year 2025.

The operating result for fiscal year 2025 amounted to €2,360 million. Consolidated profit before tax, after including the share of profits and losses of equity-accounted investments, the net gain or loss on miscellaneous financial assets of other financial investments and the other financial result, amounted to €2,436 million. Return on equity amounted to 7.6%. Income from lending transactions and marketable securities amounted to €3,506 million.

Net income from leasing transactions stood at €6,293 million. The impairment losses on lease assets of €675 million included in the surplus from leasing transactions were attributable to current market movements and expectations. With interest rates in the European market falling slightly, interest expenses amounted to €4,639 million. Net income from service contracts was €384 million. Net income from insurance business amounted to €103 million. The net addition to the provision for credit risks amounted to €791 million. Net fee and commission income amounted to €260 million. The net loss on hedging transactions amounted to €88 million and the net gain on financial instruments measured at fair value amounted to €15 million. General and administrative expenses amounted to €2,188 million and largely contain personnel and non-staff operating expenses.

The overhead ratio was 1.09%.

Net other operating expenses amounted to €495 million and contained amounts recognized as provisions for legal risks. The share of profits and losses of equity-accounted investments amounted to €139 million. The net loss on miscellaneous financial assets of €48 million includes impairment losses in the current fiscal year of equity-accounted associates amounting to €20 million, on unconsolidated subsidiaries amounting to €8 million, on joint ventures measured at cost amounting to €4 million and on associates measured at cost amounting to €26 million. On the basis of these figures, together with the other income and expense components, the Volkswagen Financial Services AG Group generated profit after tax of €1,580 million.

Under Volkswagen Financial Services AG's current control and profit-and-loss transfer agreement, a profit of €644 million reported by Volkswagen Financial Services AG in its single-entity financial statements prepared in accordance with the HGB was transferred to the sole shareholder, Volkswagen AG.

The German companies continued to account for the highest business volumes with 37% of all current contracts.

The volume of receivables at Volkswagen Bank GmbH developed positively. Increases were recorded in the customer and dealer financing portfolios, as well as receivables from direct banking business.

Despite the difficult environment, Volkswagen Leasing GmbH expanded its portfolio of leases noticeably compared with the previous year. The operating result was strongly above the prior-year level.

Volkswagen Autoversicherung AG was able to consolidate and slightly improve its position in a market shaped by premium increases and persistently intense competition. Volkswagen Autoversicherung AG holds a portfolio of 616 thousand vehicle insurance policies, a year-on-year increase of 27 thousand policies.

In 2025, Volkswagen Versicherung AG was operating primary and reinsurance business in 16 international markets, complementing the core business in Germany.

Volkswagen-Versicherungsdienst GmbH, which operates as the sales partner in the German market for both Volkswagen Autoversicherung AG and Volkswagen Versicherung AG, played a part in the successful performance of these companies. Overall, the activities of Volkswagen-Versicherungsdienst GmbH made a steady contribution to the earnings of Volkswagen Financial Services AG.

NET ASSETS AND FINANCIAL POSITION

Lending business

At €180.7 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Financial Services AG Group – accounted for approximately 89 % of the Group's total assets.

The volume of retail financing lending increased by €2.6 billion to €33.3 billion (+8.6%), and the number of new contracts in the fiscal year was 817 thousand. The number of current contracts stood at 2,175 thousand at the end of the year.

The overall lending volume in dealer financing – which comprises loans to and receivables from Group dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – increased to €20.0 billion (5.8%).

Receivables from leasing transactions were on a level with the previous year at €53.6 billion (+0.7%). Lease assets grew by €9.4 billion to €56.2 billion (20.2%).

A total of 1,822 thousand new leases were entered into in the reporting period. There were 4,692 thousand lease vehicles in the contract portfolio as of December 31, 2025. As in the previous year (1,984 thousand), the largest contribution again came from Volkswagen Leasing GmbH, which had a contract portfolio of 2,178 thousand lease vehicles.

Compared with the previous year, the Volkswagen Financial Services AG Group's total assets increased to €202.3 billion (+5.5%). This increase was mainly due to the growth in receivables from customers and in lease assets, reflecting the expansion of business in the past fiscal year.

There were 11,868 thousand service and insurance contracts at the end of the year. The new business volume comprised 4,259 thousand contracts.

Deposit business and borrowings

In terms of the capital structure, the significant liability items included liabilities to banks in the amount of €7.3 billion (+27.3%), liabilities to customers amounting to €89.7 billion (8.5%) and notes and commercial paper issued in the amount of €62.1 billion (+0.6%). The increase in liabilities to customers is attributable in particular to the expansion of direct bank deposits by €10.8 billion to €66.7 billion (+19.2%). Further details on the funding and hedging strategy can be found in the Liquidity Analysis and Funding sections and in the disclosures on interest-rate risk and liquidity risk in the risk report.

Subordinated capital

Subordinated capital still amounted to €2.7 billion.

Equity

IFRS equity comprises subscribed capital, which remained unchanged at €250 million, capital reserves, which also remained unchanged at €16.7 billion, retained earnings of €15.8 (previous year: €14.8 billion), and miscellaneous reserves of €-0.3 billion (previous year: €-0.2 billion). Total equity in accordance with the IFRSs was €32.4 (previous year: €31.6 billion). This resulted in an equity ratio (equity divided by total assets) of 16.0% based on total assets of €202.3 billion.

Changes in off-balance-sheet liabilities

Off-balance sheet liabilities decreased by a total of €0.9 billion compared with the previous year and amounted to €10.6 billion as of December 31, 2025.

KEY FIGURES BY SEGMENT AS OF DECEMBER 31, 2025

in thousands	Germany	United Kingdom	France	Sweden	Italy	Spain	Other companies ¹	VW FS AG Group
Current contracts	6,923	2,639	1,721	599	1,986	1,379	3,488	18,735
Retail financing	919	15	127	71	382	316	344	2,175
of which: consolidated	919	15	127	71	382	316	169	2,000
Leasing business	2,029	1,043	479	114	195	98	735	4,692
of which: consolidated	2,029	1,043	479	114	195	98	367	4,324
Service/insurance	3,975	1,580	1,115	414	1,409	965	2,409	11,868
of which: consolidated	3,975	1,580	1,115	251	1,409	965	1,191	10,487
New contracts	2,398	1,200	671	243	730	418	1,237	6,897
Retail financing	294	29	59	33	142	105	154	817
of which: consolidated	294	29	59	33	142	105	80	742
Leasing business	814	406	167	44	78	37	274	1,822
of which: consolidated	814	406	167	44	78	37	148	1,696
Service/insurance	1,289	765	445	166	510	276	809	4,259
of which: consolidated	1,289	765	445	101	510	276	429	3,814
€ million								
Loans to and receivables from customers attributable to								
Retail financing	16,973	220	783	1,120	6,902	5,295	2,015	33,308
Dealer financing	7,535	3,011	2,524	30	1,723	1,219	3,945	19,985
Leasing business	22,569	19,808	3,982	1,315	1,344	174	4,422	53,614
Lease assets	33,730	5,046	6,247	2,043	3,716	2,142	3,281	56,205
Investment ²	14,602	2,462	3,557	971	1,619	881	1,652	25,743
Operating result	1,676	33	76	92	269	173	41	2,360
Percent								
Penetration ³	69.3	50.2	63.0	54.2	66.1	43.6	40.6	56.7
of which: consolidated	69.3	50.2	63.0	54.2	66.1	43.6	45.3	59.2

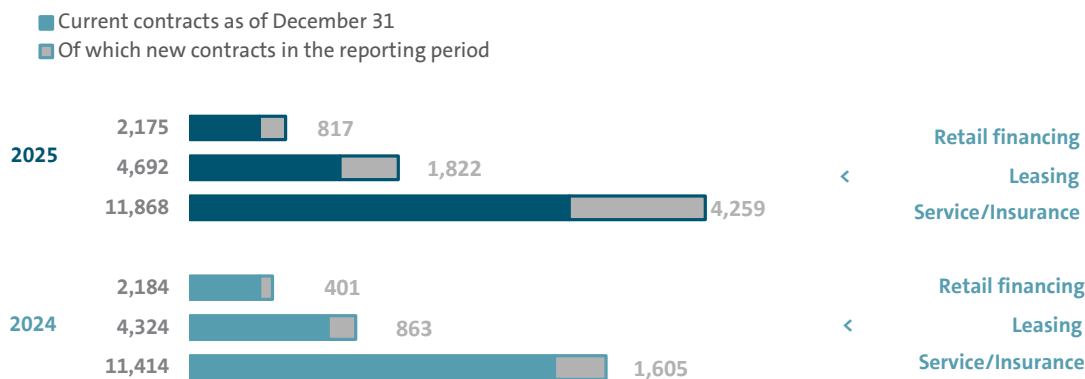
1 Based on contract numbers, Other Companies include the markets of Belgium, Denmark, Greece, Ireland, Luxembourg, the Netherlands, Norway, Poland, Portugal, Switzerland, and the Czech Republic. The penetration rate includes the above-mentioned markets, but excludes Luxembourg and Switzerland. It also includes the Volkswagen Financial Services AG holding company, the holding and financing companies in Belgium and the Netherlands, Vehicle Trading International (VTI) GmbH, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, EURO-Leasing GmbH and consolidation effects.

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

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

NEW AND CURRENT CONTRACTS AS OF DECEMBER 31

In thousands



REGULATORY OWN FUNDS

Volkswagen Financial Services AG has been obliged by supervisory law to comply with the requirements of Regulation (EU) No. 575/2013 (CRR) and to meet the minimum capital requirements. In connection with this, Volkswagen Financial Services AG must comply with the minimum capital ratios in accordance with Article 92(1) of the CRR at consolidated level (IFRS). The CRR minimum ratio is 4.5% for Common Equity Tier 1 capital, 6% for Tier 1 capital and 8% for total capital.

In addition, Volkswagen Financial Services AG must meet the combined capital buffer requirement in accordance with section 10i of the *Kreditwesengesetz* (German Banking Act – KWG), as well as the requirements for the capital conservation buffer, the institution-specific countercyclical capital buffer and the systemic risk buffer.

Over and above the statutory minimum ratios and capital buffer requirements, the European Central Bank (ECB), in its capacity as the competent supervisory authority for Volkswagen Financial Services AG, may decide to impose a capital add-on as part of the Supervisory Review and Evaluation Process (SREP). The legal basis for this capital add-on, known as the Pillar 2 Requirement (P2R), is codified in Article 16 of Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. The ECB decision imposes a total SREP capital requirement (TSCR) of at least 10.25% and a Pillar 2 requirement of 2.25% on Volkswagen Financial Services AG at consolidated level. According to the ECB's decision, at least 56.25% of the Pillar 2 requirement must be held in the form of Common Equity Tier 1 capital. The remaining Pillar 2 requirement can be met using Additional Tier 1 capital (AT1) and Tier 2 capital (T2).

Volkswagen Financial Services AG complied with all minimum requirements at consolidated level at all times during the reporting period.

The total capital ratio (ratio of own funds to total risk exposure) was 17.8% at the end of the reporting period (previous year restated: 19.8%), significantly above the statutory minimum ratio.

The Tier 1 capital ratio and Common Equity Tier 1 capital ratio were each 16.3% (previous year restated: 18.1%) at the end of the reporting period, and therefore also significantly above the respective minimum ratios specified in the CRR.

Total risk exposure is calculated on the basis of credit risks, market risks, operational risks and risks arising from credit valuation adjustment (CVA charge). Volkswagen Financial Services AG uses the Credit Risk Standardized Approach (CRSA) to quantify credit risk and calculate risk-weighted exposure amounts.

The Standardized Approach as specified in Article 313 of the CRR is used to calculate the own funds requirements for operational risk. The own funds requirements for the CVA charge are determined using the foundation approach specified in Article 384 of the CRR. The own funds requirements for market risk are calculated as specified in Article 351 of the CRR in accordance with the Standardized Approach for foreign exchange risk.

The following overview shows details of the composition of the total risk exposure amount and own funds:

	Dec. 31, 2025	Dec. 31, 2024 ³
Total risk exposure ¹ (€ million)	185,639	164,780
of which risk-weighted exposure amounts for credit risk	159,545	146,899
of which own funds requirements for market risk * 12,5	6,855	5,982
of which own funds requirements for operational risk * 12.5	16,834	9,772
of which own funds requirements for credit valuation adjustments * 12.5	2,405	2,127
Own funds (€ million)	32,986	32,651
of which Common Equity Tier 1 capital	30,240	29,905
of which Additional Tier 1 capital	-	-
of which Tier 2 capital	2,746	2,746
Common Equity Tier 1 capital ratio ² (percent)	16.3	18.1
Tier 1 capital ratio ² (percent)	16.3	18.1
Total capital ratio ² (percent)	17.8	19.8

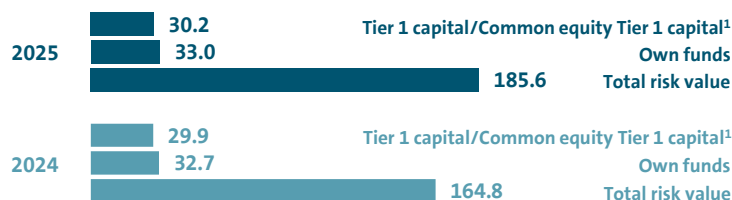
1 According to Article 92(3) of the CRR

2 According to Article 92(1) of the CRR

3 Correction report for the reporting date 31 December 2024 in the calendar year 2025 following the publication of the annual report.

REGULATORY RATIOS OF THE VOLKSWAGEN FINANCIAL SERVICES AG GROUP AS OF DEC. 31

Ownfunds and total risk exposure/total risk value
in € billion



**Tier 1 capital ratio/
Common equity Tier 1
capital ratio**

**Overall ratio/
Total capital ratio**

1 The amount of Tier 1 capital is the same as the amount of Common Equity Tier 1 capital because Volkswagen Financial Services AG has not issued any Additional Tier 1 instruments.

The decline in regulatory capital ratios (hard Common Equity Tier 1 ratio, Tier 1 capital ratio, and total capital ratio) compared with the previous year is mainly attributable to the fact that the increase in the total risk exposure amount more than offset the increase in own funds.

The €20.8 billion increase in the total risk exposure amount is mainly due to an increase in business volume in the corporate and retail segments and the entry into force of CRR III.

The €0.3 billion increase in own funds is primarily attributable to an increase in retained earnings.

TIER 1 CAPITAL RATIO/COMMON EQUITY TIER 1 CAPITAL RATIO
In %



OVERALL RATIO/CRR/SOLVV TOTAL CAPITAL RATIO
In %



Volkswagen Financial Services AG has a capital planning process that is designed to ensure compliance with the regulatory minimum capital ratios including in the event of rising business volumes. In addition to contributions to the capital reserves and the targeted raising of Tier 2 capital in the form of subordinated liabilities, ABS transactions can be used to optimize capital management. This gives Volkswagen Financial Services AG a sound foundation for the further expansion of its financial services business.

LIQUIDITY ANALYSIS

The companies of the Volkswagen Financial Services AG Group are funded primarily through capital market and ABS (asset-backed securities) programs and direct bank deposits. If necessary, funding can be supplemented by central bank liquidity through open market transactions of the Volkswagen Bank Group. Committed and uncommitted credit facilities with external banks and with companies of the Volkswagen Group are also available to protect against unexpected liquidity fluctuations. An additional committed credit line with Volkswagen AG serves solely as a liquidity backup; its utilization is not intended in the normal course of business. Volkswagen Financial Services AG Group's liquidity reserves are held in the form of bonds from various governments, federal states, supranational institutions, multilateral development banks and covered bonds with a nominal value of €3.2 billion. In addition, the Volkswagen Financial Services AG Group also holds senior ABS notes issued by special purpose vehicles of Volkswagen Bank GmbH with a nominal volume of €9.0 billion that are deposited as collateral in the pledge account of Volkswagen Bank GmbH at the Deutsche Bundesbank.

In conjunction with various Internal Liquidity Adequacy Assessment Process (ILAAP) metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. Measuring and limiting the ILAAP metrics ensures that the liquidity position is adequate at all times. The liquidity coverage ratio (LCR) is a key ILAAP metric used by Treasury to manage the short-term liquidity of the Volkswagen Financial Services AG Group's prudential scope of consolidation. From January to December of the reporting period, it was between 124% and 184% for the Volkswagen Financial Services AG Group and hence above the regulatory minimum of 100% at all times. Changes in the liquidity ratio are monitored continuously and managed actively by defining an internal steering limit. Central bank balances, government bonds and other securities such as bonds issued by federal states, supranational institutions and covered bonds are recognized as highly liquid assets for the LCR.

In addition to the ILAAP metrics at Group level, the Minimum Requirements for Risk Management (MaRisk) must be complied with. The requirement under MaRisk to bridge any liquidity needs over a time horizon of seven and 30 days using a highly liquid liquidity buffer and a corresponding reserve was also met at all times under a range of stress scenarios. Compliance with this requirement is determined and continuously monitored by the liquidity risk management department. To this end, the cash flows for the coming 12 months are projected and compared against the funding potentials in each maturity bucket. The funding potentials were sufficient to cover liquidity needs at all times, both in the baseline scenario and in the stress tests required by MaRisk. The recovery indicator survival period remained within the defined limits through the 2025 reporting year.

FUNDING

Strategic principles

In terms of funding, the Volkswagen Financial Services AG Group pursues the goal of ensuring liquidity at all times. The diversification concept involves optimizing the available instruments, currencies, maturities and fixed interest rates, considering cost and risk aspects.

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 of Volkswagen Bank GmbH can be used for the growth of the leasing business in Germany and Europe. In addition to bond issues and ABS transactions, the significant increase in customer deposits at Volkswagen Bank GmbH supplements the funding mix.

Implementation

The following bonds were issued in fiscal year 2025:

CAPITAL MARKET TRANSACTIONS 2025

Originator	Month	Volume and currency	Maturity
Volkswagen Bank GmbH, Braunschweig (Green)	June	800 million EUR	3 years
Volkswagen Bank GmbH, Braunschweig (Green)	June	700 million EUR	6 years
Volkswagen Financial Services N.V., Amsterdam	June	330 million HKD	3 years
Volkswagen Financial Services N.V., Amsterdam (Green)	July	325 million EUR	2 years
Volkswagen Financial Services N.V., Amsterdam (Green)	July	250 million GBP	6 years
Volkswagen Bank GmbH, Braunschweig (Green)	October	600 million EUR	3 years
Volkswagen Bank GmbH, Braunschweig (Green)	October	900 million EUR	4 years
Volkswagen Bank GmbH, Braunschweig (Green)	October	500 million EUR	7 years
Volkswagen Financial Services N.V., Amsterdam (Green)	October	500 million SEK	1.5 years
Volkswagen Financial Services Polska Sp. z o.o., Warsaw	October	500 million PLN	3 years
Volkswagen Financial Services Polska Sp. z o.o., Warsaw	October	200 million PLN	4 years
Volkswagen Bank GmbH, Braunschweig (Green)	December	750 million EUR	2 years
Volkswagen Bank GmbH, Braunschweig (Green)	December	1,0 billion EUR	4 years
Volkswagen Bank GmbH, Braunschweig (Green)	December	750 million EUR	7 years

Volkswagen Leasing GmbH is no longer active as an issuer of unsecured bonds on the capital market.

Asset-backed securities (ABSs) were issued in euros and sterling.

The following table shows the ABS transaction details:

ABS TRANSACTIONS IN FISCAL YEAR 2025

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Leasing GmbH, Braunschweig	VCL 44	February	Germany	1.25 billion EUR
Volkswagen Leasing GmbH, Braunschweig	VCL 45	June	Germany	1.0 billion EUR
Volkswagen Financial Services (UK) Ltd., Milton Keynes	Driver UK 10	October	United Kingdom	750 million GBP
Volkswagen Leasing GmbH, Braunschweig	VCL 46	October	Germany	1.25 billion EUR

The issuance of commercial paper and the use of bank credit lines together with borrower's note loans completed the funding mix.

The company continued to implement its strategy of mainly obtaining maturity-matched funding by borrowing on terms with matching maturities and by using derivatives. A currency-matched funding approach was taken by raising liquidity in local currency, and currency risks were largely eliminated by using derivatives.

Ratings

Volkswagen Financial Services AG and Volkswagen Bank GmbH are wholly owned subsidiaries of Volkswagen AG and as such, their ratings with Standard & Poor's (S&P), Moody's Investors Service (Moody's) and Fitch Ratings Limited (Fitch) are closely associated with those of the Volkswagen Group.

In December 2025, S&P confirmed the ratings of Volkswagen Financial Services AG and Volkswagen Bank GmbH with a long-term rating of BBB+ and a short-term rating of A-2. Following the change at Volkswagen AG, the outlook for Volkswagen Financial Services AG was lowered to "negative", while the outlook for Volkswagen Bank GmbH remained "stable".

On March 18, 2025, Moody's downgraded the ratings of Volkswagen Financial Services AG to a long-term rating of Baa1 following the downgrade of Volkswagen AG on March 17, 2025, confirmed the short-term rating at P-2, and reset the outlook back to "stable". By contrast, Volkswagen Bank GmbH was confirmed with a long-term rating of A1 and a short-term rating of P-1. The outlook remains "negative".

In September 2025, Fitch confirmed the ratings of Volkswagen Financial Services AG (long-term A-, short-term F1), Volkswagen Bank GmbH (long-term senior preferred A, short-term F1). The outlook was changed from "stable" to "negative" on April 10, 2025, in the wake of the change at Volkswagen AG on April 7, 2025.

Volkswagen Financial Services AG

(Condensed, in accordance with the HGB)

2025 BUSINESS PERFORMANCE

Volkswagen Financial Services AG reported a result from ordinary activities after tax amounting to €644 (317) million for fiscal year 2025.

Sales revenue amounted to €603 million (previous year: €831 million), with cost of sales coming to €399 million (previous year: €678 million). These items primarily include the income from cost allocations to Group companies and the expenses related to personnel.

Other operating income came to €30 (176) million, with other operating expenses amounting to €4 (35) million. Other operating income includes income from the reversal of provisions amounting to €19 million. Other operating expenses included issue costs of €2 million.

The Company generated net investment income of €1,150 (519) million. This primarily comprises income of €1,165 million from profit transfers, offset by expenses of €17 million from loss absorption. Volkswagen Bank GmbH (€815 million), Vehicle Trading International GmbH (€138 (335) million), Volkswagen Versicherung AG (€110 (118) million) and Volkswagen Insurance Brokers GmbH (€69 (75) million) accounted for a large proportion of the profit transfers.

The profit after tax of €644 million will be transferred to Volkswagen AG pursuant to the existing control and profit-and-loss transfer agreement.

The Company's long-term financial assets amount to €25,531 (22,217) million. These long-term financial assets primarily comprise shares in affiliated companies (€18,700 (17,109) million) and loans to affiliated companies (€6,159 (4,187) million).

The Company has receivables from affiliated companies amounting to €11,137 (12,605) million and receivables from other investees and investors amounting to €1,781 (6,341) million.

The provisions of €479 (533) million consist of provisions for pensions (€302 million) and other provisions (€177 million).

The liabilities of €21,565 (24,318) million primarily include bond liabilities (€9,950 million) and loan liabilities. Liabilities to affiliated companies amount to €9,074 (8,893) million and liabilities to associates to €0.2 (2) million. Bonds amounting to €2,450 (1,300) million were repaid in the fiscal year.

With total assets amounting to €38,797 million and equity amounting to €16,753 million, the equity ratio is 43.2 (40.3)%.

MANAGEMENT, AND OPPORTUNITIES AND RISKS RELATING TO THE BUSINESS PERFORMANCE OF VOLKSWAGEN FINANCIAL SERVICES AG

Volkswagen Financial Services AG operates as a holding company and is integrated into the internal management concept of the Volkswagen Financial Services AG Group. It is thus subject to the same key performance indicators and the same opportunities and risks as the Volkswagen Financial Services Group. The legal requirements governing the management of Volkswagen Financial Services AG as a legal entity are observed using key performance indicators such as net assets, net income and liquidity. This internal management concept and these opportunities and risks are described in the section on the fundamental information about the Volkswagen Financial Services AG Group as well as in the report on opportunities and risks in this management report.

INCOME STATEMENT OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, FOR FISCAL YEAR 2025

€ million	2025	2024
Sales	603	831
Cost of sales	399	678
Gross profit on sales	204	153
General and administrative expenses	408	390
Other operating income	30	176
Other operating expenses	4	35
Net income from long-term equity investments	1,150	519
of which income under profit and loss transfer agreements	1,165	560
of which expenses from absorption of losses	17	41
Financial result	51	-47
of which income from affiliated companies	534	586
of which expenses from affiliated companies	208	281
Income tax expense	379	59
Profit after tax	644	317
Profits transferred under a profit-and-loss transfer agreement	644	317
Losses absorbed under a profit-and-loss transfer agreement	-	-
Net income	-	-
Profit brought forward	-	-
Net retained profits	-	-

BALANCE SHEET OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, AS OF DECEMBER 31, 2025

€ million	31.12.2025	31.12.2024
Assets		
A. Fixed assets		
I. Intangible assets	44	60
II. Property and equipment	23	24
III. Financial assets	25,531	22,217
	25,598	22,301
B. Current assets		
I. Receivables and other assets	13,138	19,174
II. Cash-in-hand and bank balances	1	49
	13,139	19,223
C. Prepaid expenses	60	80
Total assets	38,797	41,604
Equity and liabilities		
A. Equity		
I. Subscribed capital	250	250
II. Capital reserves	16,503	16,503
III. Retained earnings	-	-
IV. Net retained profits	-	-
	16,753	16,753
B. Provisions	480	533
C. Liabilities	21,564	24,318
D. Deferred income	-	0
Total equity and liabilities	38,797	41,604

Report on Opportunities and Risks

Volkswagen Financial Services AG 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 opportunities and risks 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 Board of Management of Volkswagen Financial Services AG anticipates that number of deliveries to Volkswagen Group customers will increase by around 1% year-on-year in 2026. The Volkswagen Financial Services AG 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 the Volkswagen Financial Services AG Group 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

The Volkswagen Financial Services AG Group 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. Further opportunities may be created by launching established products in new markets.

The Volkswagen Financial Services AG Group 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 Financial Services AG 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 on lending transactions or 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 Financial Services AG 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 Financial Services AG 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 Financial Services AG.

- > The Board of Management of Volkswagen Financial Services AG 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, Risk Management, Controlling, and Integrity and Compliance, 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.
- > 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 domestic and foreign entities included in the consolidated financial statements of Volkswagen Financial Services AG are governed by the accounting and financial reporting requirements of the IFRS Accounting Standards (IFRSs). The accounting policies for the single-entity financial statements of Volkswagen Financial Services AG are governed by the accounting and financial reporting requirements of the German Commercial Code (HGB).
- > 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 by the Group companies 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 aimed at ensuring that the consolidated financial reporting provides a true and fair view include the analysis and any necessary adjustment of IFRS reporting packages prepared by the consolidated entities, taking into account the reports submitted by the auditor and the related discussions concerning the 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 auditing is a key component of the monitoring and control system. It carries out regular audits of accounting-related processes in Germany and abroad as part of its risk-oriented auditing activities and reports on these audits directly to the Board of Management of Volkswagen Financial Services AG.

In summary, the existing ICS and IRMS of the Volkswagen Financial Services AG are intended to ensure that the financial position of the individual entity Volkswagen Financial Services AG and of the Volkswagen Financial Services AG Group as of the reporting date of 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 Financial Services AG after the reporting date.

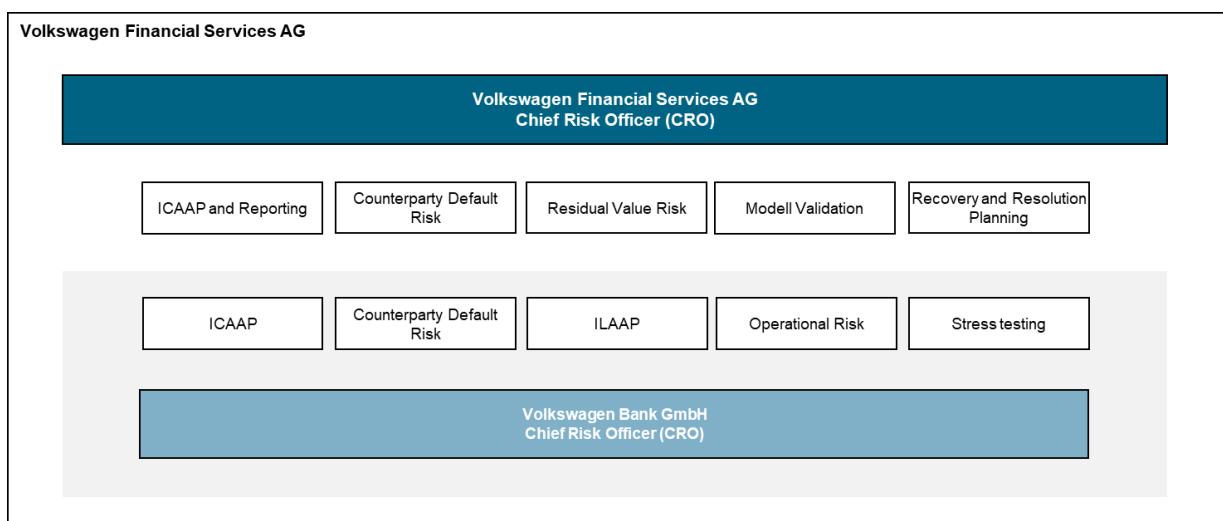
ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

At Volkswagen Financial Services AG, 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 Financial Services AG is exposed to a large number of risks typical for the financial services sector within the scope of its primary operating activities, and enters into those risks in the context of its agreed risk strategy to ensure that it can selectively exploit any resulting market opportunities. Volkswagen Financial Services AG has implemented a risk management system in close cooperation with Volkswagen Bank GmbH 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.

Responsibility for risk management at Volkswagen Financial Services AG lies with the Board of Management as a whole, whereby the Chief Risk Officer (CRO) is responsible for its operational implementation. In this role, the CRO submits regular reports to the Board of Management as a whole and the Supervisory Board on the overall risk position of Volkswagen Financial Services AG.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM



The Board of Management is supported by several risk management units that were established to perform the operational risk control functions. For example, Volkswagen Financial Services AG and Volkswagen Bank GmbH take an integrated approach to managing risks. In practice, operational implementation for the residual value risk processes, defined model validation activities and recovery and resolution planning lies with Volkswagen Financial Services AG’s risk management units. The expertise of the risk management function at Volkswagen Bank GmbH is additionally used for liquidity risk (ILAAP), operational risk and stress testing activities. Risk-bearing capacity is determined and the internal capital adequacy of Volkswagen Financial Services AG and Volkswagen Bank GmbH is 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.

Volkswagen Financial Services AG has implemented appropriate procedures to ensure the adequacy of the risk management system. The individual elements of the system are subject to ongoing risk-based monitoring by the internal audit department.

There was no change in the existing Pillar II requirements of 2.25% for Volkswagen Financial Services AG in 2025. The Pillar 2 requirement is determined and reviewed annually by the ECB as the banking supervisor. It must be satisfied in addition to the Pillar 1 minimum capital requirements and covers risks that are underestimated in the minimum capital requirements or are not covered by them. 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.

Local risk management is responsible for implementing and complying with the Volkswagen Financial Services AG's risk management requirements in each market.

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

RISK STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Board of Management of Volkswagen Financial Services AG.

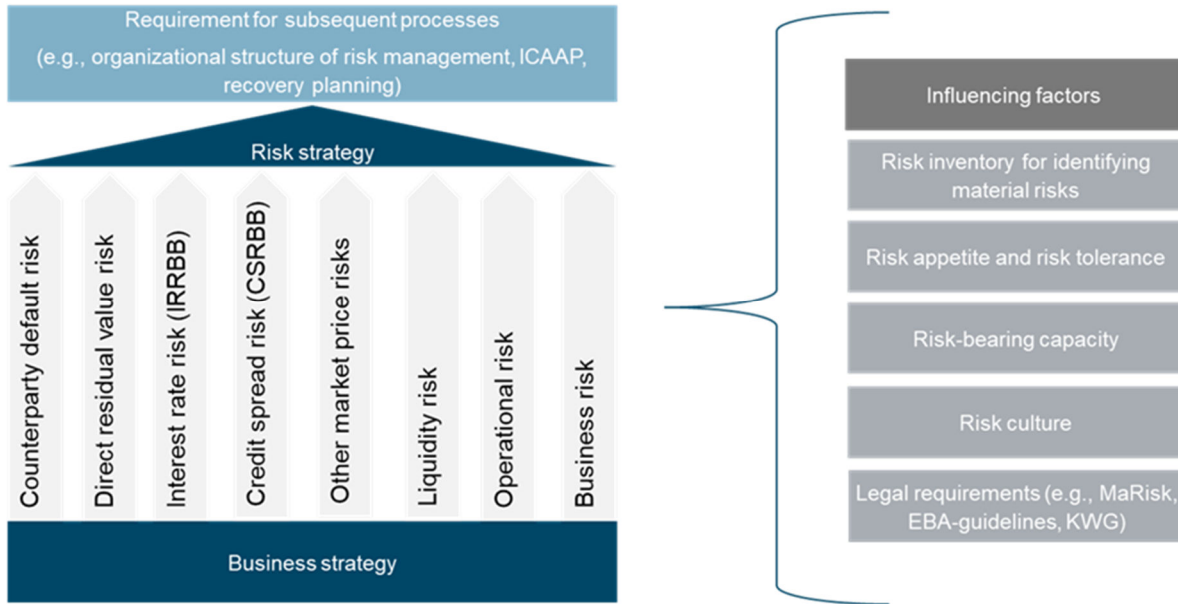
As part of this overall responsibility, the Board of Management has implemented a strategy process and a business and risk strategy. The Group-wide MOBILITY2030 business strategy sets out the fundamental views of the Board of Management of Volkswagen Financial Services AG on key matters relating to business 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.

The risk strategy is reviewed annually and on an ad hoc basis, adapted as necessary and discussed with and approved by the Board of Management of Volkswagen Financial Services AG, based on the risk inventory, the risk-bearing capacity and the legal requirements. 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 origins of any discrepancies that arise are analyzed and then discussed with Volkswagen Financial Services AG's Board of Management.

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.

The Board of Management of Volkswagen Financial Services AG is responsible for determining and subsequently implementing the Volkswagen Financial Services AG Group's overall risk strategy.

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 do this, all known risk categories are analyzed to determine whether they exist at Volkswagen Financial Services AG and are relevant. The relevant risk categories are analyzed in more detail in the risk inventory and quantified, while non-quantifiable risk categories are assessed by experts, and then evaluated in terms of their materiality for Volkswagen Financial Services AG. In accordance with the requirements set out in the ECB Guide to the internal capital adequacy assessment process (ICAAP) and the ECB Guide to the internal liquidity adequacy assessment process (ILAAP), the risk inventory is carried out using both the economic and normative perspectives and, in addition, a gross approach (i.e. an analysis of the risks that does not take into account specific techniques designed to mitigate the underlying risks). Volkswagen Financial Services AG also has an ILAAP-specific framework for risk identification in place as required by the ILAAP guide.

The risk inventory 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 classified as immaterial due to their low proportion of overall risk. Existing other risk subcategories are included in the named risk categories.

RISK-BEARING CAPACITY, RISK LIMITING AND STRESS TESTING

Volkswagen Financial Services AG 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 Board of Management, the system is to ensure 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, Volkswagen Financial Services AG 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, Volkswagen Financial Services AG 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 Board of Management.

Building on the risk appetite framework of Volkswagen Financial Services AG, 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 Volkswagen Financial Services AG.

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. Market risk is also mitigated individually in 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 Financial Services AG.

In a second step, the limits for the risk categories are broken down and allocated at the level of the branches and subsidiaries. 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.

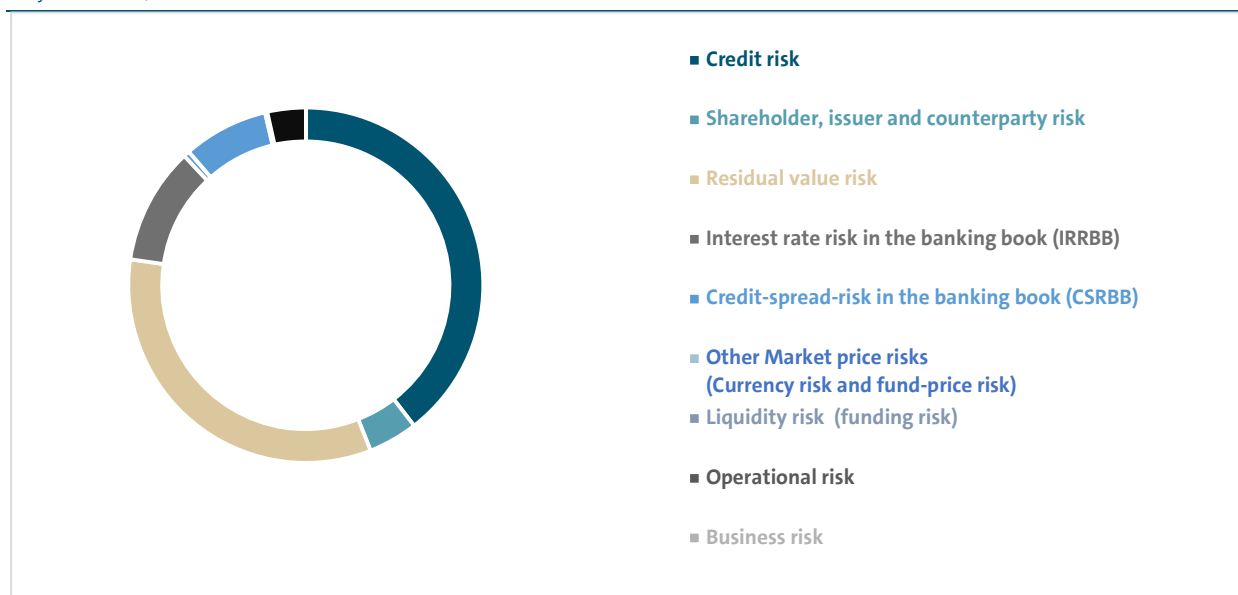
The limit system provides management with a tool that enables it to meet its strategic and operational corporate management responsibilities in accordance with statutory requirements.

As of December 31, 2025, risk-taking potential amounted to €30.4 billion and comprised CET1 capital (€30.3 billion) plus accumulated earnings after dividend deduction (€2.2 billion) less hidden charges and loss allowance shortfalls (€2.1 billion in total). As of December 31, 2025, 58% of risk-taking potential was utilized by the risks outlined above. In the period January 1, 2025 to December 31, 2025, the maximum utilization of the risk-taking potential in the economic perspective was 59%.

In addition to determining the risk-bearing capacity in a normal scenario, Volkswagen Financial Services AG also conducts stress tests for the supervised Group and reports the results to the Board of Management. Stress tests are used to examine the potential impact from exceptional but plausible events on the risk-bearing capacity and earnings performance 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. The stress tests include both a historical scenario (a repeat of the financial crisis in the years 2008 to 2010) and a hypothetical scenario (a sharp drop in sales in the Volkswagen Group). These scenarios, which cover all categories of risk, are supplemented by sensitivity analyses specific to risk categories. Appended to these analyses are regular stress test analyses with a multi-year time horizon for the normative perspective. In addition, annual reverse stress tests are used to identify what events could represent a threat to the ability of Volkswagen Financial Services AG to continue as a going concern. Stress tests using a multi-year time horizon (for example an economic downturn, ESG scenarios) are also prepared annually.

In 2025, the calculations of risk-bearing capacity confirmed that all material risks that could adversely impact the financial position or financial performance were adequately covered by the available risk-taking potential at all times. The stress tests did not indicate any need for action.

DISTRIBUTION OF RISKS BY RISK CATEGORY
As of December 31, 2025



CHANGES IN RISK CATEGORIES¹

	€ MILLION		SHARE IN PERCENT	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Risk category				
Credit risk	6,965	6,874	40	43
Shareholder, issuer and counterparty risk	797	1,139	5	7
Residual value risk	5,863	4,849	33	30
Interest rate risk in the banking book (IRRBB)	1,876	2,245	11	14
Credit-spread-risk in the banking book (CSRBB)	94	102	1	1
Other market risk (currency and fund pricerisk)	1,372	326	8	2
Liquidity risk (funding risk)	34	62	0	0
Operational risk	617	418	4	3
Business risk	–	–	–	–
Total	17,617	16,017	100	100

¹ The confidence level is 99.9% as standard.

RISK CONCENTRATIONS

Volkswagen Financial Services AG 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/leasing business (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 Financial Services AG's income is generated from just a few sources (income concentrations).

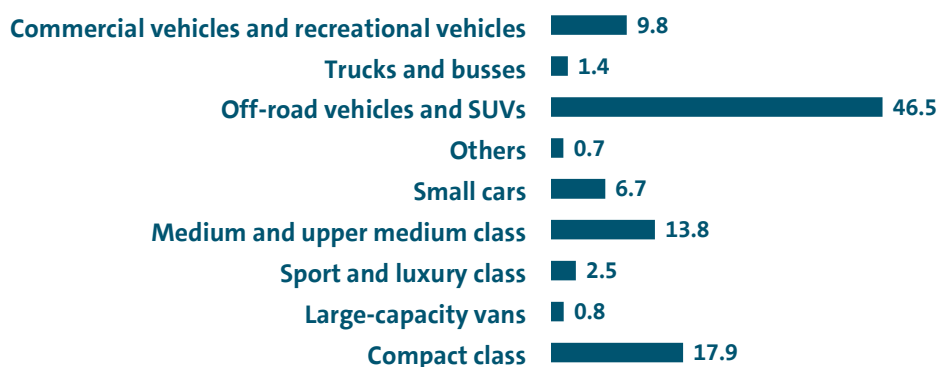
These potential concentrations are mitigated by diversification, for example with regard to the dimensions of brands, models and countries.

Counterparty concentrations from customer financing are only of minor significance because of the large proportion of business accounted for by retail lending. In terms of regional distribution, the Company aims for broadly based diversification of business across regions.

In contrast, sector concentrations in the dealership business are a natural part of the business for a captive and these concentrations are therefore individually analyzed.

Likewise, a captive cannot avoid collateral concentrations because the vehicle is the predominant collateral asset by virtue of the business model. 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 Financial Services AG enjoys a broad diversification across all vehicle segments (see following diagram) based on a large range of vehicles from the different brands in the Volkswagen Group.

COLLATERAL STRUCTURE AS OF DECEMBER 31, 2025
In %



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 AND 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 Financial Services AG, in its role as a provider of financial products across Europe serving the automotive and individual mobility markets, sees sustainability as a business responsibility and critical strategic success factor.

Based on the objectives of the sustainability dimension as part of the MOBILITY2030 corporate strategy formulated for Volkswagen Financial Services AG, the risk strategy stipulates the fundamental understanding of how to manage ESG risks and sets out risk strategy guidelines for the operational

framework in this area. These strategies are complemented by the separate sustainability strategy updated at the beginning of 2025.

Volkswagen Financial Services AG attaches high importance to the treatment of sustainability risks that could have negative consequences for the financial position, financial performance and the reputation of a financial services institution 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 reflect the changing stakeholder demands on sustainability at Volkswagen Financial Services AG, the Company has gradually integrated ESG risks as an integral element of the risk management framework in recent years in a comprehensive sustainability project.

Over the course of the restructuring, a plan was drawn up for Volkswagen Financial Services AG to meet the ECB and BaFin ESG requirements, based on which the requirements were rolled out across Volkswagen Financial Services AG as a whole and its international subsidiaries in 2025.

Volkswagen Financial Services AG does not treat ESG risks as a separate risk category, but rather as a risk driver of existing risk categories. Climate- and environment-specific risk drivers are particularly important for Volkswagen Financial Services AG, but social and governance risks are also taken into account in the identification, assessment and management of ESG risks.

To ensure that ESG risks are appropriately identified, quantified, managed and monitored, a qualitative and quantitative assessment of the ESG risk drivers within the existing risk categories was carried out for the first time for Volkswagen Financial Services AG in 2025 as part of an annual materiality assessment. Starting from the results of the materiality assessment, scenarios were devised, which were quantified as part of an internal climate stress test. The definition of ESG key risk indicators integrates them into the risk strategy so that they can be managed. These are intended to limit the agreed ESG KPIs on the risk side and cover the most relevant ESG risk drivers. To ensure appropriate monitoring, ESG risks were integrated into the quarterly risk management report in 2025.

To address material ESG risks, Volkswagen Financial Services AG has already established tools to take ESG aspects into account in the lending processes. During the loan origination process, ESG risks are assessed at Volkswagen Financial Services AG on the basis of the comprehensive expertise of the front and back offices. Relevant ESG factors are considered when determining residual values.

As a captive, Volkswagen Financial Services AG focuses on financing and leasing passenger cars for retail and corporate customers as well as individual mobility. A material risk for Volkswagen Financial Services AG therefore arises from the transformation of the automotive sector and the impacts on both vehicle dealers and vehicle residual values.

On the funding side, however, the mobility revolution is being supported by the issuance of green bonds, which are backed by a positive ESG rating of Volkswagen Financial Services AG. To issue green bonds, Volkswagen Financial Services AG has established a Green Finance Framework on the basis of the ICMA-GBP-2021 and LMA/LSTA/APLMA-GLP-2023 standards. The objective here is to base funding overall to a greater extent on sustainability criteria.

Volkswagen Financial Services AG 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, cutting carbon emissions is a top priority.

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 Financial Services AG also has a tradition of supporting specific social and environmental protection projects through donations and sponsorship, such as wetland restoration projects run by NABU e. V. (Nature And Biodiversity Conservation Union in Germany).

RISK REPORTING

A detailed risk management report is submitted to the Board of Management and to the Supervisory Board of Volkswagen Financial Services AG 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 Board of Management 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 Financial Services AG 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 adjustment in line with current circumstances.

RECOVERY AND RESOLUTION PLANNING

During the course of fiscal year 2025, the Volkswagen Financial Services AG Group updated its Group-wide recovery plan and submitted it to the ECB (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. Specifically, recoverability is analyzed and evaluated on the basis of three different stress scenarios.

The recovery plan also sets out the responsibilities and the processes to be followed in the management of a crisis and specifies a Group-wide set of recovery indicators to support ongoing monitoring. The recovery indicators are spread over different corporate units so that a broad range of indicators are covered. The range includes capital, liquidity, profitability and market-based indicators, all of which are continually monitored. Both the Board of Management and the Supervisory Board are

notified on a quarterly basis of the status of the recovery indicators as of the reporting date in question in the risk management report.

Volkswagen Financial Services AG 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. This involves Volkswagen Financial Services AG providing the resolution authorities with information and analyses for this purpose in accordance with its supporting duties as defined in section 42 of the Recovery and Resolution Act (SAG). Formal submission of the Group resolution plan is expected during the first quarter of fiscal year 2026.

CURRENT REGULATORY FACTORS

After years of tightening the regulatory framework for institutional and financial holding groups, the focus of the current EU legislature is on competitiveness and cutting red tape by seeking to simplify the regulatory framework, against the backdrop of the European Union's declining competitiveness relative to China and the US. It remains to be seen whether this will have a positive effect on the regulatory framework requirements, aside from minor improvements. According to a letter from the European Commission dated October 1, 2025 to the European supervisory authorities, an analysis in the area of supervisory and financial regulation has identified mandates for 430 delegated acts, of which 115 are to be deprioritized at the suggestion of the European Commission. This is likely to slow down the pace of delegated acts, but will not effectively reverse the trend unless measures of significantly greater scope are taken. Experience shows that the draft legislation may contain significant, but as yet unforeseen, tightening that will need to be identified and highlighted by the associations during the expected consultation processes. This also applies in the context of the desired simplifications, which may lead to significant tightening in a number of important areas. Volkswagen Financial Services AG, for the financial holding group, and Volkswagen Bank GmbH (group), as part of the Volkswagen Financial Services AG financial holding group, will consider these and implement and incorporate the final drafts. This may also have implications for business and risk strategies.

CRR III, which is concerned primarily with the implementation of Basel IV (also referred to by the Basel Committee as the completion of Basel III), came into force on July 9, 2024. In addition, the definition criteria were expanded. This expansion led to a widening of the prudential scope of consolidation at the level of the financial holding group. This relates to the statutory definition of providers of ancillary services undertakings in Article 4(1)(18) of CRR III, which resulted in two additional companies having to be included in the prudential scope of consolidation of the Volkswagen Financial Services AG financial holding group. In addition, the reporting requirements and specific requirements for the individual risk categories that must be backed by capital are governed by the delegated regulations. Most of the CRR III requirements are applicable as of January 1, 2025, although the CRR III reporting requirements were required to be implemented by June 30, 2025, with the following exceptions. The requirements for determining and reporting own funds requirements for market risk were deferred to January 2, 2027, by Delegated Regulation (EU) 2025/1496.

In terms of credit risk, the final European Banking Authority (EBA) report with a draft delegated regulation on the allocation and determination of risk weights for off-balance sheet exposures has been available since August 2025. This also contains guidance on how, in the future, to assess the circumstances under which a commitment cannot be assumed to be irrevocably terminable and a higher standard credit conversion factor therefore has to be applied. This may result in higher capital requirements.

The EBA published its final guidelines on ancillary services undertakings on January 9, 2026. The EBA did not address the criticism expressed by the banking associations that some of the criteria developed

by the EBA for determining whether an entity is an ancillary services undertaking are no longer covered by the legal definition in Article 4(1)(18) of CRR III. In addition to the very extensive clarification of terminology in Article 4(1)(18) of CRR III, the final EBA guidelines also stipulate that financing interconnectedness and dependencies on banking products must be considered as criteria for classification as an ancillary services undertaking. On the basis of the final EBA guidelines that have now been published, we are currently examining which companies may need to be included in the prudential scope of consolidation. If further companies were required to be included in the prudential scope of consolidation of Volkswagen Financial Services AG, these would mainly be smaller companies, meaning that no material adverse effects on meeting capital and liquidity requirements are to be expected.

In addition, in August 2025, the EBA published its final report with drafts of three delegated regulations about collecting and recording operational risk losses, two of which are relevant to the Volkswagen Financial Services AG financial holding group. On the one hand, this relates to the final draft of a risk taxonomy for operational risk, which contains a list of the types, categories and attributes of operational risk events that institutions must use when recording operational risk losses. On the other, this concerns the draft amendments to the loss data set by estimating the annual operational risk losses using a specified methodology if, as in the case of Volkswagen Financial Services AG, new undertakings are added to the prudential scope of consolidation as a result of the establishment of a financial holding group effective July 1, 2024.

In order to implement CRD VI, which also 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. The law still requires the approval of the Federal Council. A final version of the law is expected in the first quarter of 2026, and it is scheduled to come into force on April 1, 2026. The law contains numerous new requirements and will lead to a significant tightening of the sanctions regime and the expansion of the powers of the supervisory authorities. One focus is the future obligation on Volkswagen Financial Services AG to approve a Group ESG risk plan, which must be reported to the supervisory authority without undue delay and will describe how Volkswagen Financial Services AG intends to manage and monitor its transition to a sustainable economy. Volkswagen Bank GmbH has a corresponding obligation in respect of the Volkswagen Bank GmbH Group. Volkswagen Financial Services AG, Volkswagen Bank GmbH, and Volkswagen Leasing GmbH are currently analyzing the legal changes and are in the process of developing the necessary implementation measures and will implement them accordingly.

As a significant financial holding company and the parent company of the Volkswagen Financial Services AG financial holding group, Volkswagen Financial Services AG has been subject to direct supervision by the ECB since July 1, 2024. As a result, it must comply with the EBA guidelines, the requirements of the ECB and the requirements of the German Federal Financial Supervisory Authority (BaFin), including the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management) insofar as BaFin has not limited the scope of its requirements to less significant institutions. The Volkswagen Financial Services AG (Group) is also subject to the ECB's Supervisory Review and Evaluation Process (SREP) for the Volkswagen Financial Services AG Group. The EBA has published guidelines concerning SREP implementation and assessment and updates them from time to time. The EBA published its most recent set of revised guidelines on SREP and supervisory stress testing on March 18, 2022; they have been in effect since January 1, 2023. The revised SREP guidelines serve largely to implement requirements of CRD V, incorporate the stipulations of various new and revised EBA guidelines, and are intended to help refine supervisory practice. The changes being introduced also include a requirement that ESG risks be incorporated into business model analysis. ESG

risks and their consequences are to be assessed in this context with regard to the viability and sustainability of the business model and the long-term resilience of the financial holding group. In future, this assessment will probably have an increased effect on the level of the overall SREP score. On October 25, 2025, the EBA published a consultation paper on changes to the SREP and supervisory stress tests, in particular to reflect changes in regulatory requirements that have since come into effect, including aspects such as resilience. Following completion of the SREP, Volkswagen Financial Services AG (Group) will be notified of the additional capital requirements and expectations required under Pillar II, as well as implementation recommendations that Volkswagen Financial Services AG (Group) must comply with.

In light of the fact that subsidiaries of Volkswagen Financial Services AG, in particular Volkswagen Bank GmbH and Volkswagen Leasing GmbH, are large-scale originators of securitizations, the provisions of the German Securitization Regulation and compliance with the requirements for STS securitizations are also highly relevant for these companies. In June 2025, the European Commission presented proposals for reviving the securitization framework, on which the Council formulated its position on December 19, 2025, and the rapporteur of the ECON Committee of the European Parliament presented their report with proposed amendments for discussion in the European Parliament's ECON Committee on December 11, 2025. While the Commission's draft would result in significantly higher capital requirements for bank investors in triple-A-rated senior STS auto ABS securitization tranches, the Council's position would lead to a significant reduction in capital requirements for these securitization tranches, which are important for refinancing. The proposal by the European Parliament's rapporteur also envisages capital relief for these securitization tranches. Due to its significance, the legislative process is being closely monitored and tracked by the industry associations.

The provisions of the Prudential Backstop Regulation for nonperforming loans as described in Article 47a of the CRR, which entered into force on April 26, 2019, also have a regulatory effect on the capital requirement for credit risk. Regulatory minimum capital requirements for risk exposures that have been nonperforming for more than two years have been in force since 2021. Failure to comply in full with the regulatory minimum capital requirement necessitates a deduction from Common Equity Tier 1 capital. There are deductions from equity in light of the fact that vehicle collateral is currently not eligible for prudential purposes for the Volkswagen Financial Services AG (Group) financial holding group, which applies the CRSA. This deduction from equity also affects Pillar 2.

The Volkswagen Financial Services AG financial holding group must also ensure that its management of nonperforming loans complies with the EBA Guidelines on the management of nonperforming and forborne exposures, the ECB's Guidance to banks on nonperforming loans and the revised MaRisk published in August 2021. More significant implications for the credit risk strategy can arise should the proportion of nonperforming risk exposures reach or exceed 5% at the level of the Volkswagen Financial Services AG financial holding group or at the level of the Volkswagen Bank GmbH Group. The Volkswagen Financial Services AG financial holding group must additionally comply with the EBA Guidelines on Loan Origination and Monitoring, which define wide-ranging requirements for the assessment of lending operations and thus have implications for credit decisions.

Regulatory influences result from the requirements relating to interest rate risks. These include, first, the guidelines on interest rate risk in the banking book (IRRBB) and, second, the credit spread risk in the banking book (CSRBB) from non-trading book activities. The adopted delegated act regarding CRD V on the supervisory IRRBB outlier test specifies the six supervisory shock scenarios plus the criteria to be used to assess whether there is a strong decline in net interest income or in the economic value of equity that could trigger supervisory measures. The IRRBB package is rounded off by extensive reporting requirements on interest rate risk, which were required to be implemented by September 30, 2024. The necessary IT is currently being implemented on an ongoing basis as part of the LiMA project.

Other regulatory effects on risk management in Pillar 2 stem in particular from the supervisory requirements for IT in financial institutions (BAIT), which were republished in a somewhat reduced form on January 10, 2025, the EBA Guidelines on information and communications technology (ICT) and security risk management, and the EBA Guidelines on outsourcing arrangements, which are also considered in the MaRisk published in August 2021.

In addition, the Digital Operational Resilience Act (DORA) for the financial sector is highly relevant for the requirements for IT. It will also significantly shape the relationship with ICT service providers. DORA establishes a standardized framework for the effective and all-inclusive management of cybersecurity and ICT risk for financial market participants and critical ICT service providers as defined in the regulation. The aim is to sustain resilient operations in the event of a serious business interruption that could jeopardize the security of the network and information systems. This is designed to ensure that financial market participants can continue to operate securely and reliably even in the event of major incidents impacting ICT.

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. A large proportion of the requirements were already familiar from the EBA Guidelines on ICT and security risk management and EBA Guidelines on outsourcing arrangements and 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. In order to avoid duplicate regulation, BaFin has excluded financial services companies that are directly subject to the DORA regulation from the scope of application of the BAIT. This means that the Volkswagen Bank GmbH and Volkswagen Leasing GmbH subsidiaries are no longer directly governed by the BAIT. However, the BAIT continues to apply to Volkswagen Financial Services as the parent company of the Volkswagen Financial Services AG Group.

In addition, 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. Of particular importance for risk management at the Volkswagen Financial Services AG Group is the delegated regulation for the further harmonization of ICT risk management instruments, methods, processes and strategies.

The requirements of DORA and the associated delegated regulations were implemented by December 31, 2025, as part of a project to strengthen the resilience of the Volkswagen Financial Services AG Group. Remaining tasks were transferred to line functions and will be implemented there. Based on current planning, this work is expected to be completed by the end of 2026.

Additionally, the ECB published its Guide on outsourcing cloud services to cloud service providers on July 16, 2025. The ECB guide scrutinizes the requirements of DORA in the context of outsourcing cloud services to cloud service providers, which in many cases are also likely to be critical ICT service providers within the meaning of DORA, and sets out expectations regarding the implementation of DORA in this regard.

In July 2025, the EBA also published its consultation paper on new guidelines for third-party risk management for non-ICT-related services, which also includes subcontracting to other service providers. This will extend the scope to include the outsourcing of services, including outsourcing agreements as a subset of outsourced services. A consultation on this was held until October 2025. A particular focus in this respect is on the provision of services for critical or important functions. The draft guidelines are intended to replace the previous EBA guidelines on outsourcing and to be aligned as far as possible with the requirements of DORA. In addition, the information requirements for the information register will also be aligned with the requirements of DORA, making it possible to maintain only a single information

register in the future. If these new guidelines are implemented as proposed, they are likely to result in considerable additional effort. Institutions will therefore be given a period of two years for existing service contracts to review and modify existing third-party service agreements and to update the information register in line with new and amended information requirements. The credit industry associations have called for a stronger focus of the requirements on critical and important functions and harmonization with DORA requirements, as far as this is reasonable and justifiable in terms of the effort involved. It therefore remains to be seen to what extent the proposals by the credit industry associations for a less bureaucratic implementation will be incorporated.

In May 2024, the ECB published its guide on effective risk data aggregation and risk reporting (RDARR) in which it emphasizes quite clearly the importance it attaches to this topic. The Guide is primarily concerned with the consistent implementation of the principles for effective risk data aggregation and risk reporting issued by the Basel Committee (BCBS 239).

It focuses on seven key areas: a) the responsibilities of the management body, b) the scope of application of the data governance framework, c) key roles and responsibilities for data governance, d) the implementation of an integrated data architecture at group level, e) the effectiveness of data quality controls, f) the timeliness of internal risk reporting and g) implementation programs. Risk reports must be submitted within 20 working days. Volkswagen Financial Services AG is taking this topic very seriously and is implementing the individual elements in line with a plan presented to the Board of Management. The CRO of Volkswagen Financial Services AG is the Head of Data Governance.

Considering climate and environmental risks in risk management, including transition risks, will continue to be important in the future. This will also require the Volkswagen Financial Services AG Group to address these risks in the future, as these risks can act as drivers of existing risk types and must be taken into account in the identification, assessment, monitoring and management of those risk types. Whereas large amounts of data are already being collected to identify and assess potential climate and environmental risks, whether for internal risk management or for public disclosure purposes, the issue of the relevance and quality of this data for managing transition plans will also be important in future.

Of particular importance is 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 establishment of the financial holding group. This plan also included the new Volkswagen Bank GmbH Group, with Volkswagen Leasing GmbH as a subsidiary of Volkswagen Bank GmbH.

It is worth noting that ESG risks must not only be taken into account comprehensively in risk management; a comprehensive disclosure of ESG risks is now required. For example, the Volkswagen Financial Services AG financial holding group's Pillar 3 Disclosure Report as of December 31, 2024 was required to disclose comprehensive sustainability-related information for the first time. In particular, this concerns information on CO₂ emissions, including those related to vehicle financing (Scope 3 emissions).

It can be expected that the emissions intensity will decline with an increase in the proportion of battery-powered vehicles financed, i.e., leased CO₂ emissions are likely to fall relative to the portfolio of loans and receivables over the next few years.

The EBA published its guidelines on the management of ESG risks on January 9, 2025 with the aim of ensuring that the CRD VI requirements for managing ESG risks are implemented consistently across the EU, and the requirements were to be implemented by January 11, 2026. Whereas a large part of the requirements for managing ESG risks is known from the EBA Guidelines on climate-related and environmental risks and from the MaRisk published at the end of June 2023, these guidelines are noteworthy for the fact that they define standards that are quite binding in some cases; these can be used in the future to measure and verify whether the relevant requirement for managing ESG risks has been

met, even though the EBA has somewhat broadened the scope for appropriate, proportional implementation in some areas 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 in a range of cases 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, following implementation at the national level, be responsible for the development of specific plans with quantifiable objectives to monitor and mitigate physical and transition risks resulting over the short, medium and long term from the business model and strategy of Volkswagen Financial Services AG not being consistent with the relevant political objectives of the European Union or more general trends to transition to a more sustainable economy with regard to ecological, social and governance factors. The long-term time horizon should 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 Volkswagen Financial Services AG 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. In December 2025, Volkswagen Financial Services AG adopted a transition plan for the Group, which it submitted to the supervisory authorities in January 2026.

In July 2024, the ECB put a "Draft guide on governance and risk culture" out for consultation. By way of a background, in the context of the crisis on the financial markets, the problems faced by Credit Suisse and the insolvency of major banks in the USA in 2023, governance and risk culture issues are now among the top priorities of regulators around the world, according to the ECB. This consultation paper has also been prompted by the entry into force of CRD VI in July 2024 as part of the so-called banking package, which is due to be transposed into national law by January 2026 in order to ensure the national implementation of CRD VI is uniform across the major supervised institutions and groups in the eurozone.

The significance of the ECB guide on governance and risk culture lies in the fact that the ECB is specifying and clarifying its supervisory expectations regarding governance and risk culture on the basis of existing regulatory requirements. The ECB guide focuses on the following topics:

- > Requirements related to risk culture
- > The functioning and effectiveness of the management bodies of the supervised institution (including the committees of the supervisory board and the independent members)
- > The functioning and effectiveness of the internal control functions, comprising the risk management function, the compliance function and the internal audit function, as well as
- > The design and implementation of the risk appetite framework

The ECB describes observed good practices for each of these topics.

In terms of the policies on the composition and functioning of the governing bodies, a suitability policy and a diversity policy in particular are expected in the future.

A large number of expectations and recommendations set out in the consultation paper were heavily criticized by the banks, as some of them go well beyond existing regulatory requirements and it is questionable whether they will really strengthen governance as intended, although this would be

welcomed in principle. It therefore remains to be seen what the final ECB guide on governance and risk culture will look like. Volkswagen Financial Services AG and Volkswagen Bank GmbH will scrutinize the final ECB guide and derive any need for action and any measures to be taken, where applicable.

Finally, in August 2025, the EBA published a consultation paper on revised guidelines on internal governance that serve to clarify the implementation of CRD VI. In particular, these include extensive additional detailed requirements for documenting the organization by mapping tasks in the form of an overview, including details of reporting lines and the areas of responsibility of the persons who are part of the corporate governance arrangements, so as to identify and close organizational gaps. These will be required to be supplemented by signed individual statements of responsibility for the governing body, consisting of the board of management and supervisory or administrative board, for key function holders and members of senior management, in order to strengthen accountability and responsibility. These requirements will apply at the level of the individual company as well as on a subconsolidated and consolidated basis. Even though strengthening governance is generally to be welcomed, the documentation requirements should be proportionate to the strengthening of internal governance and take greater account of the already extensive internal rules governing the organization. The associations therefore criticized the partially highly detailed requirements for documenting the organization as disproportionate.

In addition, the revised draft of the EBA guidelines on internal governance sets out the following significant changes: the network and information systems are expected to be configured and managed in accordance with the requirements of DORA. This will then also apply across the entire Group. Group-wide implementation is already underway as part of the DORA project. In addition, business and continuity management is also expected to comply with the DORA requirements. This also applies Group-wide. The EBA guidelines now also take ESG risks into account in corporate governance processes, which are described in much greater detail in the EBA guidelines on ESG risk management. Internal control functions should be strengthened and given direct access and a reporting line to the Supervisory Board. In addition, the remuneration of the heads of internal control functions should, in future, be overseen directly by the Supervisory Board. Potential conflicts of interest involving a head of an internal control function who is also a member of the Board of Management should be effectively mitigated through appropriate safeguards and risk mitigation measures. In the future, corporate culture should also incorporate diversity and inclusion. In addition, institutions should also aim to establish a culture of equality, diversity, and inclusion, and prevent discrimination and harassment as part of their risk culture. Volkswagen Financial Services AG is already committed to these values as part of its corporate culture.

Volkswagen Financial Services AG will continue to study the draft EBA guidelines on internal governance and, once they have been published in their final form, will determine whether any action is required and what measures need to be taken to implement them.

NEW PRODUCT AND NEW MARKET 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 relevant members of the Board of Management of Volkswagen Financial Services AG or those with delegated authority from the Board of Management, and, in the case of new markets, also with the members of the Supervisory Board.

Volkswagen Financial Services AG 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

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 Financial Services AG Group, counterparty default risk encompasses the following risk categories: credit risk, counterparty risk, issuer risk, country risk and shareholder risk.

Credit risk

Credit risk describes the risk of losses due to defaults in customer transactions (retail and corporate), specifically by the borrower or lessee. Loans to and receivables from Volkswagen Group companies are also included in the analysis. Default occurs when the borrower or 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 systematic credit risk monitoring is to identify potential borrower or lessee insolvencies at an early stage, initiate any corrective action to prevent 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 borrowers or 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

Lending or credit decisions at Volkswagen Financial Services AG are made primarily on the basis of the borrower 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 loan or a lease.

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

To quantify credit 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 Financial Services AG uses rating systems to assess the creditworthiness 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 creditworthiness. 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

Scoring systems are used in the processes for credit approval and for evaluating the existing portfolio to determine the creditworthiness of the retail customers. These scoring systems provide an objective basis for credit decisions. 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 and estimating credit conversion factors and the expected exposure at default.

A structured validation approach that can accommodate both central and local responsibilities is applied to the models and procedures used to assess credit quality in the retail and corporate areas. The validation focuses in particular on the discriminatory power and calibration of the models appropriate to the risk. If a need for action is identified, appropriate measures are derived and their implementation is monitored to ensure consistent application of the standards.

Collateral

The general rule is that credit 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 Financial Services AG are focused on retail financing, dealer financing and the leasing of vehicles, the vehicles themselves are hugely 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 Financial Services AG are also used to manage credit risk. These limits are specified separately for each individual subsidiary or their branches.

Trends

The volume of loans and receivables in Volkswagen Financial Services AG's loan portfolio increased continuously in fiscal year 2025 (+€21.1 billion in December 2025 compared with December 2024). Overall, credit risk was observed to remain stable at a moderate level. Nevertheless, the financial situation of individual corporate customers deteriorated, particularly in the German market, leading to a 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 (€+16.3 billion in December 2025 compared with December 2024). The main growth drivers are the markets in Germany, France and Italy, as well as the inclusion of the Danish market for the first time. The increase is primarily attributable to the operating lease and instalment of loan products. Overall, credit risk in Volkswagen Financial Services AG's retail portfolio was stable at a moderate level. The default rate remained stable at 2.6% in fiscal year 2025, and the percentage provision for credit risks remained stable at 1.5% in both December 2024 and December 2025.

Corporate portfolio

In Volkswagen Financial Services AG's corporate portfolio, an increase in the volume of loans and receivables was recorded in fiscal year 2025 (+€4.8 billion as of December 2025 compared with December 2024), driven primarily 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 3.2% as of December 2024 to 3.7% as of December 2025) and an increasing percentage provision for credit risks (1.5% as of December 2024 and 1.8% as of December 2025). The increase in the default rate is attributable to the default of individual dealers and fleet customers, particularly 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 %	54,106	24,531	78,638
	29.7%	13.5%	43.1%
> 1 % < 100 %	72,278	25,995	98,273
	39.6%	14.3%	53.9%
100%	3,441	1,957	5,398
	1.9%	1.1%	3.0%
Total	129,826	52,483	182,309
	71.2%	28.8%	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. Volkswagen Financial Services AG has to take into account country risk particularly in connection with funding and equity investment activities involving foreign companies and in connection with the lending business. Given the focus of business activities at Volkswagen Financial Services AG, only limited country risks could arise as the Group is not usually involved in cross-border lending business, with the exception of intercompany loans. Cross-border activities account for less than 1% of lending business in retail financing. The conventional country risk analysis is not applicable to intercompany lending because, if the difficulties described above were to occur, the funding of the entities through lending could be extended if necessary, thereby ensuring that the entities could continue to operate in the strategic market concerned. For these reasons, 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.

Shareholder risk

Shareholder risk refers to the risk that after contributions of capital or loans regarded as equity are made to a company, losses with negative effects on the carrying amount of the shareholding might occur (e.g., silent contributions). In principle, Volkswagen Financial Services AG only makes such equity investments to help it achieve its corporate objectives.

The investments must therefore support its own operating activities and are intended to be held on a long-term basis. If shareholder risk were to materialize in the form of a loss of fair value or even the complete loss of an equity investment, this would have a direct impact on relevant financial data. The net assets and financial performance of Volkswagen Financial Services AG would be adversely affected by write-downs recognized in profit or loss.

Risk identification and assessment

Shareholder risk is quantified on the basis of the carrying amounts of the equity investments and a probability of default and loss given default assigned to each equity investment using an ASRF model. Simulations are also carried out involving stress scenarios with rating migrations (downgrades) or complete loss of equity investments.

Risk monitoring and control

Equity investments are integrated into the annual strategy and planning process of Volkswagen Financial Services AG. It exercises influence over the business and risk policies of the equity investments through its representation on the relevant ownership or supervisory bodies. However, responsibility for the operational use of the risk management tools lies with the entities.

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 Financial Services AG. 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 Financial Services AG's indirect residual value risk becomes relevant in that the indirect residual value risk passes back to Volkswagen Financial Services AG and becomes a direct residual value risk. In other words, Volkswagen Financial Services AG 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 Financial Services AG 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). The EL equates to the difference between the contractual residual value specified at the inception of the lease for each vehicle and the latest forecast as of the measurement date of the remarketing proceeds. 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

Risk Management monitors direct residual value risk within Volkswagen Financial Services AG.

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.

The preparation of the risk management report includes a review of adequacy in which the level of existing direct residual value risk is compared against the level of the recognized provisions for risks.

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. With regard to new business, the residual value recommendation must take into account current market conditions and factors that might have an influence in future. Various sensitivities for direct residual value risks are also in place to create a comprehensive picture of the risk sensitivity of residual values. These sensitivities are applied under expert leadership with the involvement of the central and local risk specialists. Indirect residual value risks faced by Volkswagen Financial Services AG are subject to plausibility checks and are assessed from the perspectives of risk amount and significance.

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. If necessary, it takes measures to limit the indirect residual value risk.

Trends

CHANGES IN DIRECT RESIDUAL VALUE RISK

Direct residual value risk	Dec. 31, 2025	31.12.2024
Number of contracts	3,339,993	2,897,927
Guaranteed residual values (€ million)	64,112	52,478
Risk exposure in %	5.6	6.0

Despite a continued tense market situation in the reporting period, contract growth was recorded in 2025. At the same time, there was an increase in residual value risk, which was due in particular to the growing portfolio and the pressure on the residual values of first-generation used battery electric vehicles (BEVs). The reasons for this are both ongoing technological developments, which are leading to greater technological advances between generations, and the continuing political uncertainties surrounding tariffs, trade conflicts, and environmental premiums.

The residual values of vehicles with combustion engines remain above the level seen before the COVID-19 pandemic and are stable overall.

As part of the management of residual value risk, Volkswagen Financial Services AG 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. Secondly, it has established uniform requirements for the Group, which reflect the accounting standards governing the recognition of provisions for credit risks. 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 in the banking book (IRRBB) consists of potential present value and periodic losses arising as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items. Volkswagen Financial Services AG is exposed to interest rate risk in its banking book. Volkswagen Financial Services AG does not have a trading book.

The objective of interest rate risk management is to control the financial losses arising from this category of risk. With this in mind, the Board of Management has agreed risk limits or thresholds whose utilization is reported monthly or quarterly. If limits are exceeded, the situation is escalated on an ad hoc basis to the Board of Management and the Asset Liability Management Committee (ALM Committee), which discusses and recommends action to reduce risk.

Risk identification and assessment

For Volkswagen Financial Services AG, present value interest rate risk is calculated and reported in the context of the monthly monitoring process using the value at risk (VaR) method.

The model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations, a 365-day holding period and a 99.9% confidence level. Negative interest rates can also be factored into the historical simulation.

The VaR calculated for operational management purposes estimates potential losses under historical market conditions, but stress tests are also carried out in which interest rate positions are subject to exceptional interest rate changes and worst-case scenarios. The results from 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. The behavior of investors with indefinite deposits is analyzed using internal models and methods for managing and monitoring interest rate risk.

Supplementing the present value perspective, interest rate risk in the Volkswagen Financial Services AG Group is also measured from an earnings or periodic perspective on a quarterly basis. The earnings perspective relates to the periodic results and therefore establishes a direct connection to the income statement. A threshold is used to monitor periodic interest rate risks.

Risk monitoring and control

The strategic direction of interest rate risk management is decided by the ALM committee and implemented by Treasury. Interest rate risk is managed on the basis of limits and target structures. 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 Board of Management of Volkswagen Financial Services AG receives a report on the latest interest rate risk position each month.

Trends

Interest rate risk in the banking book remains high at the level of Volkswagen Financial Services AG due to pronounced interest rate volatility.

Credit spread risk in the banking book (CSRBB)

The credit spread risk in the banking book (CSRBB) as defined by the EBA is the risk driven by changes of the market price for credit risk and liquidity risk. Volkswagen Financial Services AG has developed and implemented methods for measuring CSRBB from the present value and periodic perspective to comply with the EBA requirements (EBA/GL/2022/14). Volkswagen Financial Services AG regularly assesses the CSRBB for its securities portfolios.

For Volkswagen Financial Services AG, the CSRBB is calculated and reported in the context of the monthly monitoring process using the value at risk (VaR) method. The model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations, a 365-day holding period and a 99.9% confidence level. The VaR for CSRBB is subject to limits agreed by the Board of Management. If limits are exceeded, the situation is escalated on an ad hoc basis to the Board of Management and the Asset Liability Management Committee (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 Financial Services AG is exposed to structural currency risks. These risks arise from the equity investments in the relevant local currency in the foreign subsidiaries or their branches.

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 Financial Services AG 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). Volkswagen Financial Services AG has undertaken to meet these pension obligations to employees if the employees' guaranteed entitlements can no longer be satisfied from the pension trust and 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 Board of Management has agreed limits for this category of risk. As part of risk management activities, currency risk and fund price risk 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 Volkswagen Financial Services AG.

The VaR model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations (volatility), a 365-day holding period and a 99.9% confidence level.

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 Financial Services AG is to safeguard the ability of the Group to meet its payment obligations at all times. To this end, Volkswagen Financial Services AG holds liquidity reserves in the form of securities deposited in its operational safe custody account with a number of banks, including Deutsche Bundesbank.

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 consequence of illiquidity risk in the worst-case scenario is insolvency caused by illiquidity. Volkswagen Financial Services AG manages liquidity risk to prevent this situation from arising.

Risk identification and assessment

In line with the requirements of the ECB's Supervisory Review and Evaluation Process (SREP), Volkswagen Financial Services AG has an internal liquidity adequacy assessment process (ILAAP). In addition, Volkswagen Financial Services AG has a comprehensive range of tools appropriate to its business model and business strategy to enable it to measure, monitor and control liquidity risk and the relevant risk subcategories.

In conjunction with various ILAAP metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. Measuring and limiting the ILAAP metrics ensures that the liquidity position is adequate at all times. In the normative perspective, the liquidity coverage ratio (LCR) is used to assess the short-term liquidity risk; this approach is complemented by an analysis of the net stable funding ratio (NSFR), which is a longer-term structural liquidity ratio. The economic perspective also distinguishes between the analysis time horizons. For the purposes of safeguarding solvency at all times, utilization limits are specified for potential funding over the short- and medium-term time horizons. In this regard, the survival period functions as a key indicator as part of the recovery plan. Unexpected funding risks are quantified in order to manage the medium- to long-term funding structure. Liquidity adequacy is evaluated using a baseline scenario and multiple adverse scenarios, and is complemented by reverse stress tests. 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. Two approaches are used 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. A risk assessment is a key component in the system to ensure appropriate liquidity adequacy at all times. All ILAAP metrics are linked with other elements of the ILAAP (including liquidity contingency plan, recovery plan) to ensure that an effective overall process is in place. Funding risk is also included in the calculation of risk-bearing capacity for the Volkswagen Financial Services AG Group.

In addition to ensuring appropriate liquidity management, Volkswagen Financial Services AG prepares funding matrices, carries out cash flow forecasts and uses this information to determine the relevant range of liquidity coverage.

Risk monitoring and control

The Volkswagen Bank GmbH Treasury function is responsible for operational management of the Volkswagen Financial Services AG Group's liquidity. To this end, it 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.

Risk Management communicates the main risk management information and relevant early warning indicators relating to illiquidity risk and funding risk. 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.

Risk communication

The ILAAP is a permanent component of the management framework. There is thus regular reporting on all key elements of the ILAAP to the Board of Management.

Trends

Liquidity risk at the level of Volkswagen Financial Services AG remained stable. The prevailing global uncertainty did not result in any unanticipated liquidity outflows. Funding instruments remained available and stable at all times. The main ILAAP metrics remained within the specified limits at all times.

Business risk

Volkswagen Financial Services AG 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

Volkswagen Financial Services AG 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) and direct financial losses such as penalties or litigation costs.

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 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 (also referred to as the risk from general business activities) 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 Volkswagen Financial Services AG is to manage its acceptance of strategic risk enabling it to systematically leverage earnings potential. 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 and also 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 in the climate stress test simulates the risks of the transformation to a provider of emission-free mobility, which is supplemented by additional rising 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.

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 risk.

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 context, it is important to observe the central requirements of risk management with regard to methodology and procedures (central operational risk unit) and the operational risk units responsible for specific risk categories (governance functions with expert knowledge, risk owners for individual causes of risk), which act as the 2nd 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 1st line of defense working in pairs (assessor and approver) with the help of two 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 determined quarterly by the central operational risk unit using a loss distribution approach (LDA) that incorporates the results of risk self-assessments and losses incurred.

Risk monitoring and control

Operational risk is managed by the operational risk units (1st line of defense) on the basis of the provisions in force and the requirements laid down by the special operational risk units responsible for specific risk categories (2nd 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).

The central operational risk unit assesses the validity of the information from the risk self-assessments and the reported losses, monitors the proper functioning of the operational risk system and, if necessary, makes appropriate adjustments. 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 Volkswagen Financial Services AG. The quarterly details are supplemented by the annual operational risk report of Volkswagen Financial Services AG 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

Operational risk generally developed in line with the strategic requirements. Legal risks are an exception. At Volkswagen Financial Services (UK) Ltd., Milton Keynes, there was an unexpected need to recognize a provision for credit risks that was triggered by investigations by the Financial Conduct Authority (FCA) into financing commissions at all market participants. Irrespective of this development, legal risk (within the litigation risk category) accounts 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 topic of technology risks – information and communication technology (in particular due to the generally growing number of cyber attacks and the increasing importance of implications from artificial intelligence) continues to constitute a high risk potential.

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

Process risks – compliance risk

At Volkswagen Financial Services AG, compliance risk encompasses all risks that could arise from non-compliance with statutory rules and regulations or other official or regulatory requirements, or that could be caused by a breach of internal company regulations.

This differs from conduct risk, which is defined as the risk arising from inadequate conduct by Volkswagen Financial Services AG 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.

Volkswagen Financial Services AG 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 a component of the compliance function, the role of the compliance officer is to work toward implementing effective procedures to ensure compliance with key and core legal rules and regulations for Volkswagen Financial Services AG 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 at the middle, face-to-face training, e-learning programs, other media-based activities), carrying out 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:

- > 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
- > Antitrust law and
- > IT security law

The compliance requirements for Volkswagen Financial Services AG are specified centrally and must be implemented autonomously in the subsidiaries or their branches. Any deviation from the minimum requirements or guidelines is 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 Compliance Officer of Volkswagen Financial Services AG.

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 – is used to assess compliance and integrity aspects in the subsidiaries or branches of Volkswagen Financial Services AG. 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 Board of Management 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 Board of Management 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 key and core legal regulations and requirements.

For its part, the Board of Management has entered into its own voluntary undertaking regarding compliance and integrity. This ensures that compliance and integrity issues are always discussed and taken into account in connection with all decisions made by the Board of Management.

External risks – external services and outsourced tasks

Outsourcing describes a situation in which another entity (the outsourcing provider) is engaged to carry out activities and processes in connection with the provision of banking activities, 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 Group subgroups implemented in the previous year, internal outsourcing agreements were entered into in various functions. As Volkswagen Financial Services AG itself acts as a key IT service provider within the Group, numerous software services from external providers that are essential for risk-relevant or financial processes are outsourced.

However, nonrecurring or occasional outsourcing of services and services that cannot be provided by the institution itself due to legal or actual circumstances are not considered outsourcing. Simply purchasing software without accompanying services is also not generally classified as outsourcing.

The goal of outsourcing risk management is to identify and mitigate all risks associated with outsourcing at an early stage. If elevated risks are identified, measures such as changing service providers or insourcing tasks can be considered. The legal bases for the approach are derived from the German Banking Act (KWG), the Minimum Requirements for Risk Management (MaRisk) and the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02).

Risks are identified by a risk-based examination of the circumstances. The first step is to determine whether the outsourcing involves a third party or other procurement from a third-party supplier whether the outsourcing is allowed. A risk assessment is then carried out, leading to the outsourcing being classified as “significant” or “not significant”. Depending on the level of risk, different requirements apply to management, control and contract arrangements.

To ensure effective management, a framework policy was introduced to govern the outsourcing process. A risk-based examination of the circumstances must be carried out before any outsourcing. In particular, the responsible outsourcing manager checks the quality of the services provided and initiates appropriate measures in the event of discrepancies. All outsourcing activities must be coordinated with the central outsourcing coordination unit, which is informed of all risks and reports regularly to senior management. The central outsourcing manager has overall responsibility for all outsourcing activities.

Technology risks – Information technology

Information and communication technology (ICT) is of pivotal importance to Volkswagen Financial Services AG in the context of advancing digital transformation and the increasing connectivity of business processes. Due to the development or expansion of new technologies, such as artificial intelligence, but also because of the tense geopolitical situation, the financial sector is facing a wide range of threats. 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 carry out more sophisticated, tailored attacks. This means that companies are increasingly dependent on stable, secure, resilient IT.

ICT risks are part of operational risk and refer to all potential threats and vulnerabilities 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 risks arise, for example, from cyberattacks, system failures, data loss or vulnerabilities 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 Financial Services AG. The focus here is on ensuring the confidentiality, integrity, authenticity and availability of information. The measures are based on various instruments of the “3 lines of defense” model to safeguard security, stability and compliance within the entire IT-based business operations.

We are continuously investing in ICT security measures and focusing on the ongoing monitoring of threats as well as sensitizing and training our employees. Identified potential vulnerabilities are systematically entered into the ICT risk process, assessed and managed in line with the risk appetite. In addition, the ICT risk control function, consisting of representatives from information security, IT compliance, ICT emergency management and ICT third-party management, among others, is responsible for ensuring the appropriate management and ongoing monitoring of ICT risk. The ICT risk management framework is regularly reviewed by the Company to identify any need for adjustments. Volkswagen Financial Services AG is taking these measures in response to the entry into force of the EU Digital Operational Resilience Act (DORA) in January 2025, which significantly increases the requirements for a standardized framework for the effective and comprehensive management of ICT risks for financial market participants and critical third-party ICT service providers. Addressing these requirements is intended to strengthen the Company's digital resilience in the long term and ensure the appropriate management of ICT risks.

SUMMARY

Volkswagen Financial Services AG 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 Financial Services AG 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 Financial Services AG as a going concern.

As of December 31, 2025, the regulatory own funds requirements amounted to €14.8 billion. The actual available own funds amounted to €33.0 billion and therefore exceeded the regulatory requirements.

Forecast of material risks

Credit risk forecast

The volume of loans and receivables subject to credit risk for Volkswagen Financial Services AG is expected to continue expanding in fiscal year 2026 (by +5% compared with December 2025, based on the 2026 budget). Overall, the geopolitical and macroeconomic environment is expected to lead to a challenging risk situation for selected Volkswagen Financial Services AG markets, 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 Financial Services AG 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

For 2026, the continuing economic and geopolitical uncertainties are expected to lead to a persistently tense risk situation. Volkswagen Financial Services AG's specific risk situation will depend significantly on further developments in inflation and purchasing power in the markets. The portfolios of Volkswagen Financial Services AG are expected to continue growing, particularly due to the implemented growth programs, the expansion of the fleet business and the ongoing trend away from financing towards leasing. First-generation BEVs remain under pressure in the short term, and BEV risk performance is reflected in reduced residual values for new business. However, it can 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. There is a general expectation that interest rate risk in the banking book will remain at a comparable level to the previous year in 2026. However, unexpected significant interest rate increases cannot be ruled out in light of the overall economic situation.

Liquidity risk forecast

The risk situation is considered to be stable. The established sources of funding remain available despite the prevailing geopolitical 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. 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 Financial Services AG 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 Financial Services AG 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 geo-economic 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.

From traditional financing and leasing to long- and short-term rental business and car subscription services, the companies of the Volkswagen Financial Services AG are already able to meet a large proportion of customer mobility needs through their partnership with the Europcar Mobility Group, a majority holding of Volkswagen AG.

As is the case with vehicles powered by combustion engines, the companies of the Volkswagen Financial Services AG Group are close partners of the Volkswagen Group brands in the marketing of electric vehicles. Attractive leasing products, complemented by maintenance and wear-and-tear packages, play an important role in the marketing of the Volkswagen Group's electric vehicles.

In this context, the Volkswagen Financial Services AG Group intends to continue offering its customers a one-stop shop, remaining true to the essence of its brand slogan "The Key to Mobility" in the future.

NEW MARKETS/INTERNATIONALIZATION/NEW SEGMENTS

The finance, leasing, insurance and mobility services segments are essential for acquiring customers and developing loyal, long-term customer relationships worldwide. The Volkswagen Financial Services AG Group evaluates market-entry concepts to systematically drive the roll-out of these business activities in additional European markets in its role as financial services provider and strategic partner for the Volkswagen Group brands. The objective of these efforts is to establish a solid foundation for profitable growth of the business volume.

SUMMARY OF EXPECTED DEVELOPMENTS

Increasing fragmentation of the global economy, accompanied by growing protectionist tendencies in the USA, is creating greater uncertainty about future economic growth in Europe. Growth prospects are also being clouded by ongoing geopolitical tensions and conflicts. The Russia-Ukraine conflict is particularly prominent here.

The Volkswagen Financial Services AG Group's business performance in 2026 will remain largely dependent on the development of the Volkswagen Group's unit sales. Increased collaboration with the Group brands, particularly through strategic joint projects, is planned. At the same time, the Volkswagen Financial Services AG Group will continue its efforts to fully leverage potential along the automotive value chain.

The Volkswagen Financial Services AG Group's overarching objective is to meet the needs and expectations of its customers as effectively as possible, together with the Group brands. Our customers expect flexible mobility services, which we provide through a range of leasing products, among other things. Advancing digitalization should stimulate business growth.

The established, successful product combinations and mobility offerings will be continually adapted to customer requirements and refined.

In parallel with its market-based activities, the Volkswagen Financial Services AG Group aims to further strengthen its position in the European competitive environment through strategic investment in structural projects as well as programs that focus on process optimization and productivity improvements.

OUTLOOK FOR 2026

The Board of Management of Volkswagen Financial Services AG expects economic growth in Europe to recover and accelerate in 2026. The primary source of risk is inflation, the future course of which will determine the development of interest rates to a very significant extent. 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.

The operating result for fiscal year 2026 is expected to be significantly higher than in the previous year. New contracts and penetration are expected to be on a level with the previous year.

Current contracts in 2026 are expected to be slightly above fiscal year 2025, and business volume will be noticeably higher than fiscal year 2025.

The return on equity is expected to be up significantly year-on-year in 2026 as a result of the forecast earnings performance and stable capital adequacy situation.

We are expecting the overhead ratio to be on a level with the previous year.

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)	56.7	= 56.7	in the range of previous year
Current contracts (thousands)	18,735	> 18,735	slightly up on previous year
New contracts (thousands)	6,897	= 6,897	in the range of previous year
Financial performance indicators			
Volume of business (€ million)	163.112	> 163,112	noticeably up on previous year
Operating result (€ million)	2.360	> 2,360	significantly up on previous year
Return on equity (percent)	7.6	> 7.6	significantly up on previous year
Overhead ratio (percent)	1.09	= 1.09	in the range of previous year

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



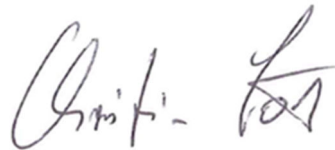
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

This annual report contains forward-looking statements on the future business development of Volkswagen Financial Services AG Group. 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 Financial Services AG 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.

Balance Sheet

of Volkswagen Financial Services AG, Braunschweig, as of December 31, 2025

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Assets		
A. Fixed Assets		
I. Intangible assets	43,846	60,462
II. Tangible assets	22,633	24,148
III. Financial assets	25,531,106	22,216,769
	25,597,585	22,301,379
B. Current Assets	–	–
I. Receivables and other assets	13,138,811	19,174,247
II. Cash-in-hand and bank balances	741	48,842
	13,139,552	19,223,089
C. Prepaid expenses	60,154	80,167
Total Assets	38,797,291	41,604,635
Equity and liabilities		
A. Equity		
I. Subscribed capital	250,000	250,000
II. Capital reserves	16,503,213	16,503,213
III. Retained earnings	–	–
IV. Net retained profits	–	–
	16,753,213	16,753,213
B. Provisions	479,095	532,863
C. Liabilities	21,564,983	24,318,103
D. Net retained profits	–	456
Total equity and liabilities	38,797,291	41,604,635

Income Statement

of Volkswagen Financial Services AG, Braunschweig,
for the period January 1 to December 31, 2025

€ thousand	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
Sales	602,993	830,772
Cost of sales	399,029	678,072
Gross profit on sales	203,964	152,700
General and administrative expenses	407,595	389,601
Other operating income	30,322	175,833
Other operating expenses	4,656	34,664
Net income from long-term equity investments	1,149,518	519,060
of which income under profit and loss transfer agreements	1,164,685	559,941
of which expenses from absorption of losses	16,853	40,881
Financial result	50,960	-47,162
of which income from affiliated companies	533,777	586,448
of which expenses from affiliated companies	207,696	281,379
Taxes on income (charged by parent € 324.960 thousand; previous year: € 34.210 thousand)	378,617	58,996
Result after tax	643,896	317,169
Other taxes	319	441
Profits transferred under a profit and loss transfer agreement	643,577	316,728
Losses absorbed under a profit and loss transfer agreement	-	-
Net income	-	-
Profit brought forward	-	-
Net retained profits	-	-

Notes

to the Annual Financial Statements of Volkswagen Financial Services AG, Braunschweig, as of December 31, 2025

1. General Information on the Annual Financial Statements

The Company is classified as a large corporation as defined by section 267(3) sentences 1 and 2 of the *Handelsgesetzbuch* (HGB – German Commercial Code). The annual financial statements have therefore been prepared in accordance with the financial reporting framework specified for large corporations by the HGB.

The registered office of Volkswagen Financial Services Aktiengesellschaft is Braunschweig. The Company is registered in the commercial register at the Local Court of Braunschweig (commercial register number HRB 210842).

The object of the Company is to develop, sell and settle its own and third-party financial services, with a focus within Europe, that are designed to promote the business of Volkswagen AG and Volkswagen AG's affiliated companies.

Volkswagen Financial Services AG provides IT services to other Group companies. The costs of these services are allocated according to usage. The income derived from the allocation of staff leasing costs is reported under sales revenue.

Individual line items have been aggregated in the balance sheet and income statement to improve the clarity of presentation. These items are presented separately in the notes.

The income statement has been prepared using the cost of sales format – the standard method used in the Volkswagen Group – to facilitate better international comparability.

2. Accounting Policies

Assets and liabilities are valued in accordance with sections 252 et seqq. of the HGB.

Purchased intangible assets and property and equipment are valued at cost less any depreciation and amortization. The useful life of intangible assets is three to five years and of property and equipment between three and thirteen years.

Shares in affiliated companies and other equity investments are measured at the lower of cost and fair value. Fair value is primarily determined using the discounted cash flow method on the basis of existing corporate plans or, if they are not available, on the basis of observable market prices. Under the discounted cash flow method, fair value is determined on the basis of management's current planning, which is based on expectations regarding future economic trends. The planning period generally covers five years. The discount rate used for the expected cash flows is the WACC (weighted average cost of capital).

Loans to affiliated companies and loans to other long-term investees and investors are measured at cost.

Write-downs are recognized if the loans measured in accordance with these principles are identified as impaired on the reporting date, i.e., their fair values are found to be lower than their carrying amounts, and this impairment is expected to be permanent.

Receivables and other assets are reported at their nominal amounts. Cash-in-hand and bank balances are recognized at their nominal values.

Prepaid expenses contain cash payments incurred before the reporting date if they represent expenses relating to a specified period after that date.

The Company has various pension commitments, which differ in terms of their structure. Some of these pension commitments are not externally funded, while others are funded through Volkswagen Pension Trust e.V.

The commitments funded through Volkswagen Pension Trust e.V. and MAN Pension Trust e.V. are measured at the fair value of the securities in the fund in accordance with section 253(1) sentence 3 of the HGB because the amount of the pension scheme obligations is determined exclusively by this value. The fair value of the securities is offset against the funded provisions in accordance with section 246(2) of the HGB.

Any other pension obligations are also linked to securities funds. The securities measured at fair value are offset as plan assets against the corresponding provisions.

The pension provision that is not externally funded is recognized at present value. The Heubeck 2018 G mortality tables (latest version) are used as the basis for the calculations.

The pension obligations are determined annually by an independent actuary using the projected unit credit method.

Pension obligations are discounted using the discount rate based on the past ten years determined in accordance with section 253(2) of the HGB.

In the year under review, the difference determined in accordance with section 253(6) of the HGB amounted to €5,207 (2,099) thousand for the pension provision not funded externally, €11,432 (4,355) thousand for the commitments funded through Volkswagen Pension Trust e.V. and €-34 (-15) thousand for the commitments funded through MAN Pension Trust e.V. There is no restriction on distribution due to the profit and loss transfer agreement with Volkswagen AG.

The main measurement assumptions and actuarial parameters applied in the calculation of the pension provisions were as follows:

>	Discount rate:	2.06%
>	Expected rate of salary increases:	2.15%
>	Expected rate of pension increases:	2.00%
>	Staff turnover rate:	1.69%

The share-based payment recorded in provisions relates to performance shares granted on the basis of preferred shares of Volkswagen AG. The obligations from share-based payments are accounted for as a cash-settled plan. These types of remuneration plans are measured at fair value during the plan term. Fair value is determined using recognized valuation techniques. The remuneration expense is part of the personnel expenses recorded under general and administrative expenses and is allocated over the vesting period.

Adequate provisions in the amount required to settle the estimated obligation are recognized to cover contingent liabilities and existing risks. Other long-term provisions were discounted using a discount rate determined on the basis of the average market interest rates of the past seven years published by Deutsche Bundesbank.

Liabilities are recognized at the settlement amount.

Foreign currency assets and liabilities are translated at the middle spot rate on the reporting date in accordance with section 256a sentence 1 of the HGB and in compliance with the historical cost

convention and the principle of imparity (under which unrealized losses are recognized but unrealized gains are not). For items with a residual maturity of one year or less, the net gains or losses from translation are recognized in full in the income statement in accordance with section 256a sentence 2 of the HGB. The hedge rate is used in the case of hedges.

Derivative financial instruments are used exclusively for hedging purposes. Derivative financial instruments (interest rate swaps) are measured in accordance with general HGB measurement requirements and hedge accounting is applied to the extent permissible.

Volkswagen Financial Services AG will not be subject to any impacts from the introduction of the global minimum level of taxation (Pillar 2). As a result, there is no current tax expense in connection with Pillar 2 income taxes. Volkswagen Financial Services AG has exercised the exception to recognize and disclose deferred taxes in connection with Pillar 2 income taxes.

3. Balance Sheet Disclosures

The breakdown of the fixed assets aggregated in the balance sheet and the changes in these assets in the reporting period are shown in the statement of changes in fixed assets. The list of the Company's shareholdings is enclosed as an appendix.

On the basis of an existing profit and loss transfer agreement, deferred taxes are recognized by Volkswagen AG, Wolfsburg, the controlling entity in the tax group.

Statement of changes in fixed assets of Volkswagen Financial Services AG, Braunschweig, for 2025

€ thousand	I. INTANGIBLE ASSETS			II. PROPERTY AND EQUIPMENT					III. FINANCIAL ASSETS				
	Purchased software	Advance payments made	Total	Operating and office equipment	Assets under construction	Total	Shares in affiliated companies	Loans to affiliated companies	Other long-term equity investments	Loans to other long-term investees and investors	Other loans	Total Financial Assets	Total fixed assets
Gross carrying amount													
Balance brought forward as of Jan. 1, 2024	169,504	19,652	189,156	103,331	–	103,331	17,369,745	4,186,873	168,706	618,629	179,802	22,523,755	22,816,242
Additions	9,653	–	9,653	8,489	–	8,489	1,600,000	4,074,918	427	3,000	190,992	5,869,337	5,887,479
Disposals	–	–	–	41	–	41	–	2,102,711	29,442	226,797	217,152	2,576,102	2,576,143
Transfers	19,652	–19,652	–	–	–	–	–	–	–	–	–	–	–
Balance as of Dec. 31, 2024	198,809	–	198,809	111,779	–	111,779	18,969,745	6,159,080	139,691	394,832	153,642	25,816,990	26,127,578
Write-Downs Balance brought forward as of Jan. 1, 2024	128,694	–	128,694	79,183	–	79,183	261,129	–	45,857	–	–	306,986	514,863
Additions	26,269	–	26,269	10,004	–	10,004	8,181	–	–	–	–	8,181	44,454
Disposals	–	–	–	41	–	41	–	–	10,183	–	–	10,183	10,224
Transfers	–	–	–	–	–	–	–	–	–	–	–	–	–
Write-ups	–	–	–	–	–	–	–	–	19,100	–	–	19,100	19,100
Balance as of Dec. 31, 2024	154,963	–	154,963	89,146	–	89,146	269,310	–	16,574	–	–	285,884	529,993
Net carrying amount as of Dec. 31, 2024	43,846	–	43,846	22,633	–	22,633	18,700,435	6,159,080	123,117	394,832	153,642	25,531,106	25,597,585
Net carrying amount as of Jan. 01, 2024	40,810	19,652	60,462	24,148	–	24,148	17,108,616	4,186,873	122,849	618,629	179,802	22,216,769	22,301,379

LOANS

None of the loans to affiliated companies amounting to €6,159,080 (4,186,873) thousand or loans to other long-term investees and investors amounting to €394,832 (618,629) thousand are subordinated loans.

The other loans amounting to €153,642 (179,802) thousand are subordinated.

RECEIVABLES AND OTHER ASSETS

The breakdown of receivables and other assets is as follows:

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Receivables from affiliated companies	11,137,082	12,604,890
of which from the shareholder (Volkswagen AG)	10,527	22,986
of which due in more than 1 year	1,282,655	7,397,169
Receivables from other long-term investees and investors	1,780,725	6,341,356
of which due in more than 1 year	446,398	1,496,052
Other assets	220,087	227,171
of which due in more than 1 year	9,795	6,188
Total	13,137,894	19,173,417

The receivables from affiliated companies include loan receivables and interest of €3,243,265 (5,032,073) thousand, receivables from fixed-term deposits and interest of €1,439,790 (1,639,845) thousand, receivables under existing profit and loss transfer agreements of €801,547 (404,393) thousand, receivables from tax allocations of €363,138 (153,304) thousand, receivables from a cash deposit at Volkswagen Bank AG of €4,379,466 (4,379,466) thousand and receivables from current account deposits of €854,571 (712,952) thousand.

The receivables from other long-term investees and investors include loans and interest receivables of €1,694,557 (3,484,748) thousand as well as fixed-term and overnight deposits and interest receivables amounting to €75,095 (2,855,978) thousand.

Other assets largely relate to receivables from interest rate and cross currency swap contracts in an amount of €150,911 (178,270) thousand.

PREPAID EXPENSES

Prepaid expenses include prepayments of rental and maintenance costs of €43,453 (56,847) thousand relating to the subsequent year. Prepaid expenses also include a difference of €16,165 (22,488) thousand determined in accordance with section 250(3) of the HGB.

EQUITY

The company's equity did not change in the fiscal year under review.

PROVISIONS

The provisions comprise the following items:

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Provisions for pensions and similar obligations	301,931	331,889
including the offsetting of the unit-linked pension obligation:	–	–
Provisions for pensions, funded	315,366	305,267
Fund assets as plan assets (cost €225,578 thousand)	–247,829	–210,779
Other provisions	177,164	200,974
including the offsetting of the employee time asset bond:	–	–
Provision for time asset bond	97,149	96,074
Fund assets as plan assets (cost € 86,849 thousand)	–97,149	–96,074
Total	479,095	532,863

1. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

In accordance with section 253(1) of the HGB, pension provisions were recognized at the settlement amount on the basis of the precautionary principle and reasonable commercial assessment.

2. OTHER PROVISIONS

The main items recognized within other provisions are provisions for personnel expenses amounting to €131,087 (147,074) thousand, provisions for expected losses amounting to €209 (436) thousand and provisions for outstanding invoices amounting to €45,868 (53,464) thousand.

LIABILITIES

The breakdown of liabilities is as follows:

>

€ thousand	Dec. 31, 2025	Dec. 31, 2024
Bonds	9,950,000	12,400,000
of which due within 1 year	1,550,000	2,450,000
of which due in more than 1 year	8,400,000	9,950,000
of which due in more than 5 year	650,000	2,150,000
Liabilities to banks	2,316,000	2,602,286
of which due within 1 year	386,000	286,286
of which due in more than 1 year	1,930,000	2,316,000
of which due in more than 5 year	–	–
Trade payables (due within 1 year)	3,519	8,353
Liabilities to affiliated companies	9,073,502	8,892,572
of which to the shareholder	3,795,462	3,122,803
of which due within 1 year	4,843,358	3,351,946
of which due in more than 1 year	4,230,144	5,540,626
of which due in more than 5 year	2,745,000	2,439,282
Liabilities to other long-term investees and investors (due within 1 year)	169	2,245
Other liabilities	221,793	412,647
of which taxes	4,622	3,669
of which relating to social security and similar obligations	983	1,058
of which due within 1 year	221,793	412,647
of which due in more than 1 year	–	–
of which due in more than 5 year	–	–
Total	21,564,983	24,318,103

The liabilities to the shareholder of €3,795,462 (3,122,803) thousand relate mainly to loans.

Other liabilities include interest payable of €106,327 (88,017) thousand on bonds issued and swap interest payable of €73,129 (112,816) thousand.

4. Income Statement Disclosures

SALES

Volkswagen Financial Services AG reports sales of €602,993 (830,772) thousand in accordance with section 277(1) of the HGB. Of this amount, €424,832 (664,531) thousand was generated in Germany and €178,161 (166,241) thousand abroad.

COST OF SALES

An amount of € 399,029 (678,073) thousand is reported under cost of sales.

Cost of materials within the meaning of section 275(2) no. 5 of the HGB was incurred for purchased services in an amount of €310,943 (388,855) thousand.

PERSONNEL EXPENSES

The breakdown of personnel expenses is as follows:

€ thousand	2025	2024
Salaries	241,012	427,656
Social security, post-employment and other employee benefit costs	58,878	79,601
of which for post-employment benefits	23,687	26,077
Total	299,890	507,257

OTHER OPERATING INCOME

Other operating income amounts to €30,322 (175,833) thousand. It includes prior-period income of €23,650 (116,359) thousand that is largely attributable to the reversal of provisions. Currency translation resulted in other operating income of €197 (139) thousand.

OTHER OPERATING EXPENSES

Other operating expenses include issue and rating costs of €1,587 (10,825) thousand for bonds issued and expenses of €25 (11,703) thousand for banking fees and commissions. Currency translation resulted in other operating income of €107 (455) thousand. Other operating expenses include prior-period expenses of €576 (463) thousand.

NET INCOME FROM LONG-TERM EQUITY INVESTMENTS

The breakdown of net income from long-term equity investments is as follows:

€ thousand	2025	2024
Expenses from absorption of losses	16,853	40,881
Income under profit and loss transfer agreements (from affiliated companies)	1,164,685	557,697
Income from other long-term equity investments	1,686	2,244
of which from affiliated companies	–	–
of which from investments in joint ventures	1,686	2,244
Total	1,149,518	519,060

Income of €1,164,685 (557,697) thousand under profit and loss transfer agreements mainly consists of profit transfers (including allocated income taxes) from Volkswagen Bank GmbH amounting to €815,395

thousand (for the first time in 2025), from Vehicle Trading International GmbH amounting to €137,903 (334,591) thousand, from Volkswagen Versicherung AG amounting to €110,466 (118,548) thousand, from Volkswagen Insurance Brokers GmbH amounting to €68,670 (74,770) thousand, from Volkswagen Versicherungsdienst GmbH amounting to €29,748 (27,845) thousand and from LOGPAY Financial Services GmbH amounting to €2,504 thousand (in the previous year loss of €14,850 thousand absorbed).

The expenses from the transfer and absorption of losses stem largely from the transfer and absorption of the losses of €15,780 (26,031) thousand incurred by EURO-Leasing GmbH and of €1,073 thousand (in the previous year profit of €1,941 thousand transferred) incurred by Volim Volkswagen Immobilien Vermietgesellschaft for VW-/Audi-Händlerbetriebe mbH.

Dividend income came in full from Volkswagen Autoversicherung Holding GmbH in an amount of €1,686 (2,244) thousand.

FINANCIAL RESULT

The following table shows the breakdown of the financial result:

€ thousand	2025	2024
Income from other securities and long-term loans	192,002	168,141
of which from affiliated companies	171,984	154,924
Other interest and similar income	524,249	719,050
of which from affiliated companies	361,793	431,525
of which interest income from discounting	–	–
Interest and similar expenses	676,210	931,639
of which to affiliated companies	199,515	281,379
of which from unwinding discount on provisions	1,124	1,820
Write-downs of financial assets (write-downs for permanent impairment at affiliated companies)	8,181	26,300
Write-ups of financial assets (from affiliated companies)	19,100	23,585
of which from affiliated companies	–	–
Total	50,960	–47,162

Interest expenses of €23,860 (24,490) thousand for funded pension provisions were offset against income of the same amount arising from the associated plan assets. The interest expense from unwinding discount on the provision for time asset bonds in the amount of €6,234 (8,981) thousand was offset against income of the same amount from the scheme fund assets.

5. Other Disclosures

HEDGING INSTRUMENTS

Volkswagen Financial Services AG has entered into derivative contracts to mitigate interest rate risk and currency risk. These derivatives are used solely for hedging purposes. The fair values are determined using market information as of the reporting date and with the help of suitable IT-based valuation techniques.

The breakdown of nominal values and market values is as follows:

€ thousand	NOMINAL VALUES		MARKET VALUES			
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025		Dec. 31, 2024	
			positive	negative	positive	negative
Interest rate swaps	9,543,135	11,243,135	92,443	242,298	111,743	339,628
Cross-currency/currency swaps	834,249	1,505,177	19,873	9,564	46,248	138
Currency forward contracts	120,182	1,744,879	4	1,155	291	1,110

The following table shows the amount of hedged items as of December 31, 2025 to which hedge accounting has been applied, together with the level of risk mitigated by this hedge accounting:

T. €		Assets	Liabilities	Total	Amount of hedged risks
Interest rate risks	Micro hedge	–	9,543,135	9,543,135	254,778
Currency risks	Micro hedge	954,431	–	954,431	21,251
Currency risks	Macro hedge	–	–	–	–
Total		954,431	9,543,135	10,497,566	276,029

The Company has been applying hedge accounting in accordance with the *Bilanzrechtsmodernisierungsgesetz* (BilMoG – German Accounting Law Modernization Act). The net hedge presentation method is used for hedge accounting.

The interest rate risk arising from issuing loans to Group companies is mitigated by micro hedges based on receiver swaps, whereby the changes in the value of the hedged item are offset by the changes in the value of the swap. Currency risk that arises from issuing foreign currency loans to FS companies outside the eurozone is generally hedged with currency forwards, cross-currency swaps, or cross-currency interest rate swaps in micro hedges. Hedge accounting is generally applied over the entire duration of the hedge. The Company therefore always satisfies the hedge accounting criterion, which requires an intention to maintain hedge accounting until the final maturity date. The prospective effectiveness test is performed using the critical term match method. Retrospective effectiveness tests are based on the cumulative dollar offset method.

As of December 31, 2025, a provision for expected losses of €209 (436) thousand was recognized in connection with interest rate and currency risks.

CONTINGENT LIABILITIES

Volkswagen Financial Services AG, as a legal entity participating in the spin-off of the European operation of Volkswagen Financial Overseas AG in fiscal year 2024 (operating at that time under the name

Volkswagen Financial Services AG), is liable as a joint and several debtor in accordance with section 133 (1) sentence 1 of the *Umwandlungsgesetz* (UmwG – German Transformation Act) for the liabilities incurred by the transferring legal entity, Volkswagen Financial Services Overseas AG, up to the effective date of the spin-off on July 1, 2024. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 and transferred to Volkswagen Financial Services AG with the European operation by way of the spin-off are recognized in the balance sheet of the Volkswagen Financial Services AG Group and are not included for the purposes of determining contingent liabilities. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 and remaining with Volkswagen Financial Services Overseas AG as of the reporting date result in contingent liabilities of €6,537 (22,733) thousand under the joint and several liability. In the unlikely event of a claim on the joint and several liability, it is possible that claims for reimbursement will be made against Volkswagen Financial Services Overseas AG.

The contingent liabilities under guarantees amount to €14,276,208 (17,010,221) thousand and are largely attributable to guarantees to creditors of affiliated companies and investees in the amount of €14,143,331 (16,857,598) thousand relating to short- and medium-term bonds (money and capital market) issued by these companies. The other contingent liabilities are attributable to a guarantee to a creditor of an affiliated company for future rental payments in the amount of €132,878 (152,623) thousand. The probability of these guarantees being called upon is generally low because the companies involved form part of the Group. Contingent liabilities under guarantees to affiliated companies amount to €7,197 (7,197) thousand.

To provide security for any claim for compensation by Volkswagen Bank GmbH against Volkswagen Financial Services AG, the Company has pledged a current account deposit of €4,379,466 thousand in the form of a cash deposit to Volkswagen Bank GmbH.

Volkswagen Financial Services AG has issued a letter of comfort to ensure that its Volkswagen Bank GmbH subsidiary is able to meet its current and future obligations by providing it with adequate financial resources.

In accordance with section 5(10) of the Statutes of the German Deposit Guarantee Fund, Volkswagen Financial Services AG undertakes to indemnify the Bundesverband deutscher Banken e.V. (Association of German Banks), Berlin, against any losses that may be incurred by a majority-owned credit institution as a result of its actions.

Other financial obligations (purchase order obligations) as specified in section 285 no. 3a of the HGB amount to €187,921 (119,632) thousand.

OTHER DISCLOSURES

The share capital of €250,000 thousand is divided into 250,000,000 no-par-value shares. All the shares are held by Volkswagen AG, Wolfsburg.

There is a control and profit and loss transfer agreement with Volkswagen AG as the controlling company and Volkswagen Financial Services AG as the controlled company.

Volkswagen Financial Services AG also has control and profit and loss transfer agreements with Volkswagen Bank GmbH (as of 2025 for the first time), Volim Volkswagen Immobilien Vermietgesellschaft für Volkswagen/Audi-Händlerbetriebe mbH, Volkswagen Versicherung AG, Volkswagen-Versicherungsdienst GmbH, Volkswagen Insurance Brokers GmbH, Vehicle Trading International GmbH, EURO-Leasing GmbH and LOGPAY Financial Services GmbH.

The annual financial statements of Volkswagen Financial Services AG are published in the German Federal Gazette.

The fee paid to the auditor is disclosed in the notes to the consolidated financial statements of Volkswagen AG, Wolfsburg, and in the consolidated financial statements of Volkswagen Financial Services AG.

The fee paid to the auditor for audit services in 2025 was mostly attributable to the audit of the consolidated financial statements of Volkswagen Financial Services AG and of annual financial statements of German Group companies as well as to reviews of interim financial statements of German Group companies. The auditor performed other services only to a minor extent in the reporting period.

The annual financial statements of the Company are included in the consolidated financial statements of Volkswagen Financial Services AG, Braunschweig, which are prepared in accordance with the International Financial Reporting Standards and published in the German Federal Gazette.

The annual financial statements of Volkswagen Financial Services AG are also included in the consolidated financial statements of Volkswagen AG, Wolfsburg, which are published in the German Federal Gazette.

Volkswagen Financial Services AG had 2,303 (1,199) employees, including 19 (10) senior executives and 103 (56) vocational trainees, on average in the reporting period. The 2,303 employees comprised 1,689 (885) full-time and 614 (315) part-time employees.

The remuneration of the Board of Management of Volkswagen Financial Services AG for 2025 amounted to €6,775 (5,636) thousand.

The total payments made to former members of the Board of Management and their surviving dependants amounted to €1,000 (1,100) thousand. The provisions recognized for this group of individuals to cover current pensions and pension entitlements amounted to €32,100 (25,500) thousand.

The remuneration system of the Board of Management comprises non-performance-related and performance-related components. The variable remuneration for the members of the Board of Management, 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 fiscal year 2025, another 721 performance shares with a fair value of €59 thousand at the grant date were granted from the forward-looking performance share plan (PSP). This component of variable compensation has been gradually replaced by the LTB since fiscal year 2024. No further performance shares are expected to be granted from fiscal year 2026 onward. At the beginning of the performance period, performance shares are allocated to the beneficiaries purely for calculation purposes. The number of allocated performance shares is calculated based on the individual target amount for the PSP at the grant date and the initial reference price of Volkswagen preferred shares. After the end of the three-year performance period, a cash settlement is made. The payment amount corresponds to the number of performance shares stipulated, multiplied by the closing reference price at the end of the period plus a dividend equivalent. The maximum payment amount is limited to 250%.

The Company paid the members of the Supervisory Board a total allowance of €177 (100) thousand.

6. Report on Post-Balance Sheet Date Events

There were no significant events in the period between December 31, 2025 and February 23, 2026.

7. Governing Bodies of Volkswagen Financial Services AG

The members of the Board of Management are as follows:

DR. CHRISTIAN DAHLHEIM (UNTIL DECEMBER 31, 2025)

Chair of the Board of Management

Corporate Management of Volkswagen Financial Services AG

Human Resources and Organization

ANTHONY BANDMANN

Sales and Marketing

Europe region (including Germany)

DR. INGRUN ULLA BARTÖLKE

Finance and Purchasing

FRANK FIEDLER (UNTIL SEPTEMBER 30, 2025)

Risk, Tax and Legal

DR. ALENA KRETZBERG

IT and Digital

CHRISTIAN LÖBKE (AS OF OCTOBER 1, 2025)

Risk Management of Volkswagen Financial Services AG

Anthony Bandmann took over as Chair of the Board of Management of Volkswagen Financial Services AG effective January 1, 2026, succeeding Dr. Christian Dahlheim.

The members of the Supervisory Board of Volkswagen Financial Services AG are as follows:

DR. ARNO ANTLITZ

Chair
Member of the Board of Management of
Volkswagen AG
Finance and Operations

JÜRGEN MAHNKOPF

Deputy Chair of the General and Group Works
Council of Volkswagen AG

DR. HANS PETER SCHÜTZINGER

Deputy Chair
Chief Executive Officer
of Porsche Holding GmbH Salzburg

LIESBETH RIGTER

Leadership Consultant at Soul Team NL VOF

ANDREAS KRAUß

Deputy Chair
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

JÜRGEN RITTERSBERGER

Member of the Board of Management of AUDI AG
Finance, Legal Affairs and IT

GARNET ALPS

Principal Representative of IG Metall
Braunschweig

SABINE SCHMITTROTH

Managing partner of sajós GmbH

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

HOLGER SIEDENTOPF

Chair of the Board of Management of the
Management Association of Volkswagen Financial
Services AG and Volkswagen Financial Services
Overseas AG

NINA BABIC (SINCE AUGUST 01, 2025)

Member of the Board of Management of
Aareal Bank AG
Chief Risk Officer

MIRCO THIEL

Executive Director 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

PHILIP LAUCKS (UNTIL JANUARY 31, 2025)

Chair of the Management Board of
Fondsdepot Bank GmbH

The composition of the committees of the Supervisory Board of Volkswagen Financial Services AG was as follows:

MEMBERS OF THE AUDIT COMMITTEE

Nina Babic (Chair) (since September 05, 2025)
Philip Laucks (Chair) (until January 31, 2025)
Sarah Ameling-Zaffiro
Dr. Hans Peter Schützinger
Mirco Thiel

MEMBERS OF THE NOMINATION COMMITTEE

Dr. Arno Antlitz (Chair)
Andreas Krauß
Philip Laucks (until January 31, 2025)
Liesbeth Rigter (since February 13, 2025)

MEMBERS OF THE REMUNERATION COMMITTEE

Sabine Schmittroth (Chair)
Dr. Arno Antlitz
Andreas Krauß
Jürgen Rittersberger

MEMBERS OF THE RISK COMMITTEE

Liesbeth Rigter (Chair)
Sabine Schmittroth
Dr. Hans Peter Schützinger
Mirco Thiel

MEMBERS OF THE CREDIT COMMITTEE

Dr. Arno Antlitz (Chair)
Liesbeth Rigter
Holger Siedentopf

MEMBERS OF THE SPECIAL CREDIT COMMITTEE

Sabine Schmittroth (Chair)
Nina Babic (since September 05, 2025)
Philip Laucks (until January 31, 2025)
Liesbeth Rigter

Shareholdings

Shareholdings of Volkswagen Financial Services AG and the Volkswagen Financial Services AG Group in accordance with sections 285 and 313 of the HGB and presentation of the companies included in the consolidated financial statements of the Volkswagen Financial Services AG Group in accordance with IFRS 12 as of December 31, 2025.

Name and registered office of company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY	PROFIT/	Footnote	Year
		(1 EURO =)	IN %	IN %	IN %	IN THOU-SANDS	LOSS IN THOU-SANDS		
		Dec. 31, 2025	Direct	Indirect	Total	local currency	local currency		
I. PARENT COMPANY									
Volkswagen Financial Services AG									
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
EURO-Leasing GmbH	EUR	–	100.00	–	100.00	55,433	–	1)	2025
Vehicle Trading International (VTI) GmbH	EUR	–	100.00	–	100.00	2,763	–	1)	2025
Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH	EUR	–	100.00	–	100.00	57,051	–	1)	2025
Volkswagen Bank GmbH	EUR	–	100.00	–	100.00	14,509,850	–	1), 2)	2025
Volkswagen Insurance Brokers GmbH	EUR	–	100.00	–	100.00	54,829	–	1)	2025
Volkswagen Leasing GmbH	EUR	–	–	100.00	100.00	3,269,912	–	1)	2025
Volkswagen Versicherung AG	EUR	–	100.00	–	100.00	97,055	–	1)	2025
Volkswagen-Versicherungsdienst GmbH	EUR	–	100.00	–	100.00	54,369	–	1)	2025
2. International									
Autofinance S.A.	SEK	10.7997	–	–	–	350	–	3)	2024
Driver Master S.A.	EUR	–	–	–	–	31	–	3)	2024
Driver UK Master S.A.	GBP	0.8731	–	–	–	29	–	3), 4)	2024
Driver UK Multi-Compartment S.A.	GBP	0.8731	–	–	–	29	–	3), 4)	2024
MAN Financial Services España S.L.	EUR	–	–	100.00	100.00	55,449	29,723		2024
MAN Financial Services Poland Sp. z o.o.	PLN	4.2193	–	100.00	100.00	128,930	–210	5)	2024
MAN Location & Services S.A.S.	EUR	–	100.00	–	100.00	5,078	6,319		2024
Private Driver España 2020-1, Fondo de Titulización	EUR	–	–	–	–	–	–	3)	2024
Private Driver Italia 2020-1 S.r.l.	EUR	–	–	–	–	10	–	3)	2024
Private Driver Italia 2024-1 S.r.l.	EUR	–	–	–	–	10	–	3), 6)	2024
ŠkoFIN s.r.o.	CZK	24.1990	–	100.00	100.00	6,302,000	–51,000		2024
Trucknology S.A.	EUR	–	–	–	–	31	–	3)	2024
VCL Master Poland DAC	EUR	–	–	–	–	8	4	3)	2024
VCL Master Residual Value S.A.	EUR	–	–	–	–	31	–	3)	2024
VCL Master S.A.	EUR	–	–	–	–	31	–	3)	2024
VCL Master Sweden S.A.	SEK	10.7997	–	–	–	320	–	3)	2024
VCL Multi-Compartment S.A.	EUR	–	–	–	–	31	–	3)	2024
Volkswagen Finance Belgium S.A.	EUR	–	–	100.00	100.00	53,956	22,035		2024
Volkswagen Finance Europe B.V.	EUR	–	100.00	–	100.00	4,657,405	–7,273		2024
Volkswagen Financial Services (UK) Ltd.	GBP	0.8731	–	100.00	100.00	3,074,741	110,326		2024

Name and registered office of the company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY	PROFIT /	Footnote	Year
		(1 EURO =)	Direct	Indirect	Total	IN THOU-SANDS	LOSS IN THOU-SANDS		
		Dec. 31, 2025				local currency	local currency		
Volkswagen Financial Services Ireland Ltd.	EUR	–	–	100.00	100.00	–29,536	15,185		2024
Volkswagen Financial Services N.V.	EUR	–	–	100.00	100.00	2,722,311	78,131		2024
Volkswagen Financial Services Polska Sp. z o.o.	PLN	4.2193	–	100.00	100.00	2,598,137	351,574	5)	2024
Volkswagen Finans Sverige AB	SEK	10.7997	–	100.00	100.00	1,470,030	1,061		2024
Volkswagen Insurance Services, Correduria de Seguros, S.L.	EUR	–	–	100.00	100.00	61,673	13,863		2024
Volkswagen Renting S.A.	EUR	–	–	100.00	100.00	89,121	4,332		2024
Volkswagen Renting, Unipessoal, Lda.	EUR	–	–	100.00	100.00	3,172	301		2024
Volkswagen Serwis Ubezpieczeniowy Sp. z o.o.	PLN	4.2193	–	100.00	100.00	113,726	29,102		2024
B. Unconsolidated companies									
1. Germany									
LOGPAY Financial Services GmbH	EUR	–	100.00	–	100.00	12,674	–	1)	2025
Mobility Trader GmbH, in Liquidation	EUR	–	–	100.00	100.00	–15,260	–4,467	7)	2024
Mobility Trader Holding GmbH, in Liquidation	EUR	–	77.76	–	77.76	26,553	–29,408	7)	2024
The Key to Mobility Services GmbH	EUR	–	–	100.00	100.00	20	–	1)	2024
2. International									
Euro-Leasing A/S, in Liquidation	DKK	7.4689	–	100.00	100.00	35,205	–1,132	7)	2024
INIS International Insurance Service s.r.o.	CZK	24.1990	–	100.00	100.00	55,477	49,977		2024
Mobility Trader France S.A.S.	EUR	–	–	100.00	100.00	–51	–13,587		2024
Mobility Trader UK Ltd.	GBP	0.8731	–	100.00	100.00	13,953	–22,478		2023
Softbridge - Projectos Tecnológicos S.A.	EUR	–	–	70.00	70.00	12,888	5,195		2024
Volkswagen Financial Services DS (UK) Limited	GBP	0.8731	–	100.00	100.00	–	–	6), 8)	2025
Volkswagen Financial Services Hellas A.E.	EUR	–	100.00	–	100.00	1,742	–1,327		2024
Volkswagen Financial Services Schweiz AG	CHF	0.9309	–	100.00	100.00	12,220	4,993		2024
Volkswagen Insurance Brokers, Agente de Seguros y de Fianzas, S.A. de C.V.	MXN	21.1008	–	100.00	100.00	117,406	113,789		2024
Volkswagen Insurance Company DAC	EUR	–	100.00	–	100.00	70,224	3,942		2024
Volkswagen Insurance Service (Great Britain) Ltd.	GBP	0.8731	–	100.00	100.00	2,831	112		2023
Volkswagen Insurance Services Korea Co., Ltd.	KRW	1,695.3050	–	100.00	100.00	7,918,955	1,282,402		2024
Volkswagen Service Sverige AB	SEK	10.7997	–	100.00	100.00	31,297	5,079		2024
VTXRM - Software Factory Lda.	EUR	–	–	90.00	90.00	14,294	5,778		2024
VTXRM Software Factory US LLC	USD	1.1748	–	100.00	100.00	–	–		2024
VTXRM Software Technology (Chengdu) Co., Ltd.	CNY	8.2249	–	100.00	100.00	142	–204	6)	2024
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
Volkswagen Autoversicherung Holding GmbH	EUR	–	51.00	–	51.00	148,163	3,306		2024
2. International									
Volkswagen D'leteren Finance S.A.	EUR	–	–	50.00	50.00	152,357	–514		2024
Volkswagen Møller Bilfinans A/S	NOK	11.8169	–	51.00	51.00	4,058,674	325,565	5)	2024
Volkswagen Pon Financial Services B.V.	EUR	–	–	60.00	60.00	647,873	68,252	2), 9)	2024
Volkswagen Semler Finans Danmark Holding A/S	DKK	7.4689	–	51.00	51.00	–	–	6)	2024

Name and registered office of the company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY	PROFIT/	Footnote	Year
		(1 EURO =)	IN %	IN %	IN %	IN THOU-SANDS	LOSS IN THOU-SANDS		
		Dec. 31, 2025	Direct	Indirect	Total	local currency	local currency		
B. Companies accounted for at cost									
1. Germany									
MyDigitalCar GmbH	EUR	–	50.00	–	50.00	1,833	–145		2024
2. International									
Collect Car B.V.	EUR	–	–	60.00	60.00	4,292	–348		2024
movon AG	CHF	0.9309	–	50.00	50.00	71,989	930		2024
Shuttel B.V.	EUR	–	49.00	–	49.00	5,064	1,819		2024
Staymo S.A.S.	EUR	–	–	51.00	51.00	696	–2,158		2024
Volkswagen Losch Financial Services S.A.	EUR	–	60.00	–	60.00	9,103	345		2024
IV. ASSOCIATED COMPANIES									
A. Equity-accounted associates									
1. Germany									
2. International									
Bike Mobility Services Group B.V.	EUR	–	–	49.00	49.00	79,869	26,848		2024
B. Associates accounted for at cost									
1. Germany									
Digital Mobility Leasing GmbH	EUR	–	26.00	–	26.00	9,024	–1,128		2024
Euromobil GmbH	EUR	–	–	49.00	49.00	3,626	–6,122		2024
Verimi GmbH	EUR	–	38.14	–	38.14	1,282	–119,491		2024
2. International									
Credi2 GmbH	EUR	–	–	32.47	32.47	154	–2,848		2024
V. EQUITY INVESTMENTS									
1. Germany									
2. International									
Society for Worldwide Interbank Financial Telecommunications SCRL	EUR	–	–	0.01	0.01	871,200	132,900	5), 9)	2024
1) Profit--and--loss transfer agreement									
2) Matter within the meaning of section 1 of the UmwG									
3) Structured company in accordance with IFRS 10 and IFRS 12									
4) Different fiscal year									
5) Figures in accordance with IFRS									
6) Short fiscal year									
7) In liquidation									
8) Newly established company/Spin-off									
9) Consolidated financial statements									

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



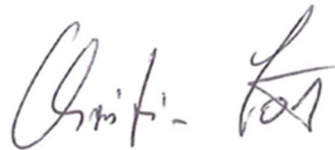
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Financial Services AG, and the management report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Financial Services AG.

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



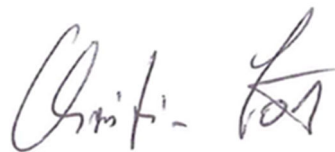
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

Independent Auditor's Report¹

To Volkswagen Financial Services AG, Braunschweig

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

OPINIONS

We have audited the annual financial statements of Volkswagen Financial Services AG, Braunschweig, which comprise the balance sheet as at 31 December 2025, and the income statement for the fiscal year from 1 January to 31 December 2025, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Volkswagen Financial Services AG, Braunschweig, which is combined with the group management report, for the fiscal year from 1 January 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 annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2025 and of its financial performance for the fiscal year from 1 January to 31 December 2025 in compliance with German legally required accounting principles, and
- > the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual 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 annual financial statements and of the management report.

¹ Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the 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 annual financial statements and of the management report” section of our auditor’s report. We are independent of the Company 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 annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual 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 annual 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:

Valuation of shares in affiliated companies and equity investments

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

As a holding company, Volkswagen Financial Services AG holds shares in financing companies and leasing companies in Germany and other countries. The net realizable values of shares in affiliated companies and equity investments are determined using recognized valuation methods, in particular the capitalization of earnings method. The valuation methods applied are subject to judgment with regard to the valuation parameters used and expectations of future business development. They consider assumptions on future market developments and the development of macroeconomic factors as well as the growth rates and risk-adjusted capitalization rates used. The exercise of judgment for the carrying amounts and the assessment of whether permanent impairment exists can have a considerable effect on the amounts stated in the annual financial statements.

In light of the uncertainties regarding the parameters used for the valuation and the judgment applied, the valuation of shares in affiliated companies and equity investments was a key audit matter.

AUDITOR’S RESPONSE

We assessed the Company’s accounting policies for determining the net realizable values of the shares in affiliated companies and equity investments and for assessing impairment as likely to be permanent in order to determine whether they are consistent with the professional pronouncements of the Institut

der Wirtschaftsprüfer (IDW) on the valuation of companies and equity investments (IDW AcP HFA 10 in conjunction with IDW S1).

Based on the calculations performed by the Company using the capitalization of earnings method and alternative valuation methods, we obtained an understanding of the application of the valuation method and the determination of the key planning assumptions and valuation parameters and reperformed the calculations for a risk-based sample of affiliated companies and equity investments. Where the capitalization of earnings method was used, our focus was on assessing the key planning assumptions. We compared the budget with the prior fiscal year's budget and with the actual results achieved and analyzed deviations. We also assessed the consistency of the significant assumptions made in the budget. Furthermore, we examined the extent to which the assumptions on the economic development are within a range of externally available forecasts. We examined the valuation parameters used for the estimate of the net realizable values, such as estimated growth rates, cost of capital rates and tax rates, in comparison to externally available parameters.

To audit the valuation of shares in affiliated companies and equity investments, we consulted internal specialists who have particular expertise in the area of business valuation.

Our audit procedures did not lead to any reservations relating to the valuation of shares in affiliated companies and equity investments.

REFERENCE TO RELATED DISCLOSURES

The Company's disclosures on the valuation of the shares in affiliated companies and equity investments are contained in section 2 "Accounting Policies," section 3 "Balance Sheet Disclosures" and section 4 "Income Statement Disclosures" of the notes to the financial statements.

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 "Corporate Governance Declaration" section (disclosure in accordance with Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB (disclosures on the quota for women on executive boards) of the management report and the "Responsibility Statement," "Human Resources Report" 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 annual financial statements and on the 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 annual financial statements, with the 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 ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual 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 annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 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 management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual 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 annual financial statements and on the 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 annual financial statements and this 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 annual financial statements and of the 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 annual financial statements and of arrangements and measures relevant to the audit of the 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 Company'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 Company'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 annual financial statements and in the 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 Company to cease to be able to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- > Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law and the view of the Company's position it provides.
- > Perform audit procedures on the prospective information presented by the executive directors in the 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 annual 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 annual financial statements and the 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 annual financial statements and the management report (hereinafter the "ESEF documents") contained in "Volkswagen Financial Services_AG_JA+LB_ESEF-2025-12-31.zip" 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 annual financial statements and the 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 annual financial statements and the 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 annual financial statements and the accompanying management report for the fiscal year from 1 January 2025 to 31 December 2025 contained in the "Report on the audit of the annual financial statements and of the 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 annual financial statements and the 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 "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 annual financial statements and the management report in accordance with Sec. 328 (1) Sentence 4 No. 1 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.

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 annual financial statements and to the audited management report.

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the Annual General Meeting on 28 March 2025 and were engaged by the Supervisory Board on 13 May 2025. We have been the auditor of Volkswagen Financial Services AG, Braunschweig, 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 the Company the following services that are not disclosed in the annual financial statements or in the management report:

- > Issue of a comfort letter in connection with the update of the EUR 50b debt issuance program of Volkswagen Financial Services AG, Braunschweig, Volkswagen Bank GmbH, Braunschweig, and Volkswagen Financial Services N.V., Amsterdam, Netherlands

- > Reasonable assurance engagement relating to the description of internal controls at the service organization Volkswagen Financial Services AG, Braunschweig, regarding the suitability of the criteria applied and the derived control objectives and the design and operating effectiveness of the controls to achieve the control objectives stated in the description in accordance with IDW AsS 951 (Revised) Type 2
- > 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 Financial Services AG for the period from 1 January 2025 to 31 December 2025

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The annual financial statements and the 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 annual financial statements and the audited 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, 25 February 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Koch
Wirtschaftsprüfer
[German Public Auditor]

Hölscher
Wirtschaftsprüfer
[German Public Auditor]

Human Resources Report

Our people are key.

EMPLOYEES

The Volkswagen Financial Services AG Group had a total workforce of 10,414 (10,340) employees as of December 31, 2025. Of these, 6,321 (6,387), or 61%, were employed in Germany and 4,093 (3,953), or 39%, at European sites.

HUMAN RESOURCES STRATEGY

The MOBILITY2030 corporate strategy reinforces the objective of leveraging a mobility platform to establish Volkswagen Financial Services AG as a provider of a wide range of mobility services and thereby enable it to play a central role in the Volkswagen Group as the “Key to Mobility”. MOBILITY2030 sets out to realize this vision by focusing on the strategic dimensions of customer loyalty, vehicles, profitability, data and technology, and sustainability.

The future success of Volkswagen Financial Services AG will be founded on the global team comprising every single employee. This pivotal role is expressed in the cornerstone of MOBILITY2030, “Our team, our values”, which emphasizes the importance of employees for all the strategic dimensions. The values this embeds – courage, trust and customer centricity – are intended to guide employees in their everyday activities and help motivate them to do their best.

In the past fiscal year, HR developed or refined ten initiatives as part of the “Hello.PEOPLE” framework to place even greater focus on people in MOBILITY2030 and provide the Company with the best possible support in implementing MOBILITY2030, thereby contributing to the development of a high-performance organization through targeted measures. These measures are intended to jointly shape the upcoming challenges and transform the Company. Change becomes an opportunity for sustainable success. A strategy that enables everyone to fully realize their potential – where it has the greatest impact. “Our Transformation” is the core initiative. It safeguards the sustainable development of our workforce. Future skills are specifically identified, data-based decisions are enabled, and resources are efficiently allocated. These objectives are being pursued through initiatives in the areas of diversity, health, employee loyalty, leadership, values, collaboration, new learning, change management, and digital HR. Progress towards our targets is determined, among other things, by the results of surveys on external and internal employee and customer satisfaction.

Skilled and committed employees who are open to change are the cornerstones of any company’s success, and Volkswagen Financial Services AG empowers its employees to continuously develop and gain new qualifications. Knowledge and experience are becoming more critical all the time, especially in the field of digitalization and automation. Accordingly, the focus of professional development in the reporting year again was on teaching digital, data and AI skills, delivered through a variety of learning opportunities, from self-service learning, through the use of an AI-based learning platform, down to customized training and degree programs for selected target groups.

For the reporting year, the topics of strategic workforce planning, diversity, culture and leadership are particularly noteworthy.

For the first time, Volkswagen Financial Services AG performed strategic workforce planning across all departments at the German location. The result is an important indication of how quantitative personnel requirements and job profiles will develop in the future and what qualifications will be necessary to achieve the Company's long-term goals.

Targeted activities promoting gender diversity, particularly in appointment decisions, succeeded in increasing the proportion of women in management to 22.7% in the reporting year (previous year: 22.3%). One special measure worthy of mention is the pilot training program on unconscious bias that was conducted for managers in the IT area.

Our leaders have a significant influence on the mood and satisfaction of their staff and therefor also on their motivation, willingness to change and commitment.

A Leadership Day was held at the Braunschweig site during the reporting period, providing an opportunity for active discussion of people-centric initiatives and the challenges and opportunities of leadership. Supported by input from external presenters, participating leaders were given valuable insights for their day-to-day leadership roles. The cultural initiatives introduced in the previous year were systematically continued in the reporting period to continuously strengthen the corporate culture. For example, another employee survey on the VW FS Values Index was conducted to enable differentiated statements on how the FS values are perceived in the teams and to identify potential action areas and strategic value initiatives. The VW FS Values Awards were also presented for the second time. The VW FS Values Awards recognize projects and initiatives that make our values visible and tangible in our daily lives.

REGULATORY REQUIREMENTS RELATING TO REMUNERATION SYSTEMS

Volkswagen Financial Services AG was directly supervised by the European Central Bank in the reporting period and implemented the latest version of the Remuneration Regulation for Institutions (Institutsvergütungsverordnung) across the entire Group. The special regulatory requirements relating to remuneration systems applied in addition to the general requirements.

Strategies and instruments already introduced, such as the Works Council agreement on variable remuneration, the variable remuneration ceiling, national and international risk-taker identification and the reporting system using a remuneration report, continued to be applied, adapted and enhanced in fiscal year 2025. Furthermore, special governance functions (Remuneration Committee and Remuneration Officer) were used to ensure that the adequacy of the remuneration systems was continuously monitored. The remuneration strategy – and hence the remuneration systems – of Volkswagen Financial Services AG are informed by and help to implement the institution's business and risk strategy and are geared toward ensuring sustainability and constancy. This fosters a responsible and risk-conscious approach among staff and contributes materially to the lasting success of its business.

WORK-LIFE BALANCE

Volkswagen Financial Services AG works proactively to provide a family-friendly working environment and is constantly adding new options to help employees improve their work-life balance. Examples include a variety of working time models and the "Frech Daxe" company childcare facility, which is located next to the company's site in Braunschweig and offers both flexible care hours and vacation care.

Report of the Supervisory Board

of Volkswagen Financial Services AG

In the year under review, the Supervisory Board gave regular and thorough consideration to the position and development of Volkswagen Financial Services AG and the Volkswagen Financial Services AG Group.

During the reporting period, the Board of Management informed the Supervisory Board promptly and comprehensively at all times, in writing or verbally, regarding material aspects of the Company's planning and position, including the risk situation and the risk management system, and also regarding business development and any deviations from planning and targets. There are regular exchanges between the Chair of the Supervisory Board and the Management Board even outside of meetings. Based on these reports of the Board of Management, the Supervisory Board constantly monitored the management of the Company's and the Group's business and was thus able to carry out without limitation the functions assigned to it by law and under the articles of association. All decisions of fundamental importance for the Company and other transactions requiring the approval of the Supervisory Board under the rules of procedure were reviewed and discussed with the Board of Management before the relevant resolution was adopted.

The Supervisory Board consists of twelve members in accordance with the Articles of Association. In the period February 1, 2025 to July 31, 2025, the Supervisory Board had only eleven members. Changes in the reporting period are disclosed in the information on governing bodies.

The Supervisory Board held six regular meetings and one extraordinary meeting in the reporting period. The average attendance rate was 87%. Four meetings were held in person and three via video conference. One member in each case joined each of the in-person meetings on February 28, 2025 and September 5, 2025 via video conference. The Supervisory Board adopted one resolution by written circular resolution. No decisions were made by the Chair of the Supervisory Board via the expedited procedure.

The Audit Committee and the Risk Committee each held four meetings, the Remuneration Committee held five meetings and the Nomination Committee held three meetings. The Credit Committee and the Special Credit Committee adopted their resolutions outside of meetings by means of written resolutions or using electronic credit applications.

The main issues discussed at the meetings of the Supervisory Board and its committees are presented below.

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on February 28, 2025, the Supervisory Board approved the 2024 annual financial statements of Volkswagen Financial Services AG prepared by the Board of Management on the recommendation of the Audit Committee and after thorough examination by the auditor. On the recommendation of the Audit Committee, it also submitted a proposal to the Annual General Meeting for the appointment of the auditor for 2025. The Supervisory Board also addressed key topics for 2025, including the development of top key performance indicators, the status of top key results for 2024 and the People Strategy. It adopted resolutions on the capital resources of Volkswagen Bank GmbH, elected a member of the Supervisory Board as an alternate member of the Special Credit Committee and

approved the appointment of the Group Compensation Officer of Volkswagen Financial Services AG (Group), including Volkswagen Bank GmbH. It also adopted further resolutions on remuneration issues. At its meeting on March 17, 2025, the Supervisory Board dealt exclusively with the investment in the Mobility Trader Group.

At its meeting on April 11, 2025, the Supervisory Board discussed the fixed and variable remuneration of the Board of Management and passed resolutions on these matters.

At the meeting on May 9, 2025, the Board of Management informed the Supervisory Board about the status of the reporting capabilities. The Supervisory Board resolved to merge Volkswagen Financial Services S.p.A., Milan, Italy, with Volkswagen Bank GmbH and adopted further resolutions on matters relating to company law. In addition, the Supervisory Board decided to extend the contract of one member of the Management Board by five years.

At its extraordinary meeting on June 30, 2025, the Supervisory Board acknowledged the resignation of Frank Fiedler from the Board of Management effective September 30, 2025. Furthermore, after consultation with the ECB, the Supervisory Board recommended to the Annual General Meeting that Nina Babic be appointed as a further member of the Supervisory Board to succeed Philip Laucks for the remainder of his term of office.

At its meeting on September 5, 2025, Christian Løbke was appointed to the management board as Frank Fiedler's successor, effective October 1, 2025. The Supervisory Board also elected Nina Babic as a member and Chair of the Audit Committee and as a member of the Special Credit Committee. In addition, the Supervisory Board confirmed the suitability of two members of the Board of Management with regard to their availability as a result of taking on additional secondary activities. After reviewing the remuneration system for the control units, the Remuneration Control Committee concluded that the remuneration system for the control units complies with the requirements of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). Additionally, the Supervisory Board approved the transfer of the 51% interest held by Volkswagen Europe B.V., Amsterdam, Netherlands, in Volkswagen Semler Finans Danmark A/S, Brøndby, Denmark, to Volkswagen Semler Finans Danmark Holding A/S, Brøndby, Denmark, as part of a restructuring in the Danish market. The Board of Management also updated the Supervisory Board on the IT and resilience strategy.

At its meeting on November 28, 2025, the Supervisory Board was briefed on the results of the Supervisory Review and Evaluation Process (SREP). The key areas, principal concerns and overall assessment results were presented and discussed. The key concerns related to the topics of risk data aggregation, residual value risks, ICAAP and operational risks. At the same meeting, the Supervisory Board also acknowledged the resignation of Dr. Christian Dahlheim from the Board of Management effective December 31, 2025, and resolved to appoint Board of Management member Anthony Bandmann as his successor and new Chair effective January 1, 2026. In addition, the Supervisory Board approved the granting of general power of attorney, confirmed the suitability of a Supervisory Board member following the assumption of additional secondary activities, and decided that the remuneration system for the Board of Management was considered appropriate in accordance with the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). The Supervisory Board also approved the investment program for Volkswagen Financial Services AG and its subsidiaries presented by the Board of Management, as well as the appointment of a new member of the Board of Management for Volkswagen-Versicherungsdienst GmbH and other resolutions of the Board of Management relating to corporate law matters. Additionally, the Board of Management provided the Supervisory Board with an update on artificial intelligence as part of the IT and resilience strategy.

At the meetings on February 28, May 9, September 5, 2025, and November 28, 2025, the Board of Management presented the Supervisory Board with comprehensive reports about the economic and

financial position of the Company and the Volkswagen Financial Services AG subgroup and the Company's latest position. Key topics included the development of key performance indicators, business development, strategic issues and the strategic streamlining of the investment portfolio. The chairs of the committees reported extensively to the Supervisory Board on the content of the committee meetings at all three meetings and presented recommendations for resolutions to the Supervisory Board

COMMITTEE ACTIVITIES

In order to perform its duties efficiently, the Supervisory Board of Volkswagen Financial Services AG has established six committees, four of which are in accordance with section 25d of the KWG. The duties and responsibilities of the various committees are regulated in the relevant committee rules of procedure.

Audit Committee

The Audit Committee held four meetings during the reporting period. The Committee has four members. The Audit Committee had three members during the period February 1, 2025 to September 4, 2025. After Mr. Laucks left the Supervisory Board on January 31, 2025, his successor, Nina Babic, took over as Chair of the committee effective September 5, 2025. The attendance rate was 100%. There were no urgent transactions during the reporting period that would have required a decision by circulation of written resolutions for approval.

At its meeting on February 28, 2025, the committee examined the annual financial statements, the management report, the consolidated financial statements and the group management report, which is combined with the management report, of Volkswagen Financial Services AG for fiscal year 2024. As part of this review, the Audit Committee discussed with the auditor the reports on the audit of the annual financial statements, the management report, the consolidated financial statements and the group management report, which is combined with the management report, as well as material transactions and issues related to financial reporting. Following a detailed consultation, the Audit Committee requested the Supervisory Board to approve the annual financial statements, the management report, the consolidated financial statements and the Group management report, which is combined with the management report, and to make a recommendation to the Annual General Meeting regarding the election of the auditor for fiscal year 2025. Furthermore, the committee passed a resolution to amend the Audit Committee's policy on the services provided by the auditor network. The Head of Internal Audit additionally provided further information relating to the unit's 2024 annual report for the Volkswagen Financial Services AG Group for the benefit of the Audit Committee. Further, the committee members discussed the current status of reporting capabilities.

At its meeting on July 3, 2025, the committee was briefed on and discussed the current financial performance of Volkswagen Financial Services AG (Group) in light of the upcoming half-year financial statements. In addition, the committee reviewed the compliance report, including the 2024 annual compliance report, and discussed its contents.

At its meeting on September 5, 2025, the committee addressed the quality of the 2024 annual audit and the current status of reporting capabilities.

At the meeting on November 28, 2025, the Committee was briefed on the current financial performance of Volkswagen Financial Services AG (Group) and discussed this matter. The Committee also discussed the audit planning and the areas of emphasis of the forthcoming audit of the 2025 annual financial statements with representatives of the auditors. The committee was also presented with the status report from Internal Audit and an update on reporting capabilities.

Risk Committee

The Risk Committee also had four meetings in the reporting period. During the reporting period, there were no urgent transactions that would have required a decision by circulation of written resolutions for approval. The Committee has four members. The average attendance rate was 93.5%.

At its meeting on February 28, 2025, the Risk Committee discussed the business and risk strategy, risk tolerance, risk appetite and risk limits of Volkswagen Financial Services AG (Group). The committee also reviewed the risk management report dated December 31, 2024, and the appropriateness of the incentives in the remuneration system. Following an appropriate review, the Risk Committee confirmed that the incentives set by the remuneration system do factor in the Company's risk, capital and liquidity structure and the probability and timing of income.

At its meeting on May 9, 2025, the committee was presented with the 2025 risk inventory of Volkswagen Financial Services AG (Group) and the funding from the perspective of treasury and risk management. The committee was also informed about the contents of the Group recovery plan of Volkswagen Financial Services AG.

At its meeting on September 5, 2025, the committee discussed the results of the 2025 EBA/ECB stress test and the status of implementation of the EBA and ECB ESG requirements at Volkswagen Financial Services AG (Group). The project status of "Risk Data Aggregation and Risk Reporting (RDARR)" was also presented

At its meeting on November 27, 2025, the committee discussed the risk analysis of the impact of biodiversity on sectors of Volkswagen Financial Services AG (Group), the results of the BCBS 239 Compliance Report and geopolitical risks and their relevance for Volkswagen Financial Services AG (Group).

Remuneration Committee

The Remuneration Committee held five meetings in the reporting period. The Committee has four members. The Remuneration Committee had three members in the period January 1, 2025 to January 21, 2025. The attendance rate was 100%. During the reporting period, an advance resolution was adopted for loans to members of governing bodies by circulation of a written resolution.

At its meeting on February 28, 2025, the Remuneration Committee dealt with the appointment of the remuneration officer for Volkswagen Financial Services (Group), including Volkswagen Bank GmbH. It also discussed the variable remuneration of the Board of Management, specifically the calculation of the bonus pool and the determination that the additional conditions had been met. In addition, the committee assessed the impact of remuneration systems on the risk, capital and liquidity situation, examined any circumstances that could trigger a bonus reduction and evaluated the Company's bonus reduction policy itself. The Remuneration Committee determined the targets to be achieved for variable remuneration for 2024 (bonus key performance indicators), clarified the target pathway for 2025 and, in some cases, beyond, and recommended that the Supervisory Board make the necessary adjustments to the remuneration agreements.

At its meeting on April 8, 2025, the committee dealt exclusively with the remuneration of the Board of Management and made specific recommendations to the Supervisory Board for determining the payout factors based on individual performance and target achievement.

On May 9, 2025, the Remuneration Committee addressed a proposal from the Board of Management to make its own contribution to securing the future of the Company.

At its meeting on September 5, 2025, the Committee reviewed the Company's remuneration report for 2024 and conducted its regular review of the remuneration of the control units. In addition, it issued the Supervisory Board with a specific recommendation for determining Christian Löbke's remuneration

and for granting fringe benefits in the form of security arrangements for another member of the Board of Management. On November 28, 2025, the 2024/2025 remuneration report was presented to the Remuneration Committee, which was presented with the results of the Group-wide risk analysis to identify risk takers and received a report on the appropriateness of employee remuneration. The committee dealt comprehensively with the remuneration system for the Board of Management, its appropriateness, and potential alternative structures. As a result, it recommended that the Supervisory Board consider the remuneration system for the Board of Management to be appropriate in accordance with sections 12 and 15(2) of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). It also issued a specific recommendation to the Supervisory Board regarding the determination of Anthony Bandmann's remuneration.

Nomination Committee

The Nomination Committee held three meetings during the fiscal year, each of which was attended by all three members. The attendance rate was 100%. The Nomination Committee had two members during the period February 1, 2025 to February 12, 2025. Four written resolutions were circulated in the reporting period. The Nomination Committee decided by circulation of a written resolution to recommend to the Supervisory Board the appointment of a member of the Board of Management responsible for risk management. It also recommended by circulation of a written resolution that a new member should be elected to the Special Credit Committee, that a new member to the Nomination Committee should be elected and that the availability of two members of the Management Board should be considered to be sufficient due to their assumption of additional mandates.

At its meeting on May 9, 2025, the committee discussed a proposal for the recruitment of new members to the Supervisory Board and issued a recommendation in this regard. In addition, it decided to recommend to the Supervisory Board that the appointment of a member of the Board of Management should be extended. The committee also reviewed and discussed the Company's strategy for encouraging the underrepresented gender and the internal principles governing the selection and appointment of senior management.

At its meeting on November 10, 2025, the committee issued a recommendation on the issue of sufficient availability of a Supervisory Board member, among other things. It also addressed the annual assessment of the Board of Management and Supervisory Board. After evaluating the feedback, the committee confirmed the suitability of the Board of Management and Supervisory Board as part of the annual assessment and made recommendations on training and process improvements. Finally, it recommended that the Supervisory Board approve the granting of general power of attorney.

At its meeting on November 27, 2025, the Nomination Committee took note of the CEO's announcement of his resignation and discussed his succession. Ultimately, the committee recommended a succession solution to the Supervisory Board. In addition, the committee recommended to the Supervisory Board that it consider the availability of a member of the Supervisory Board to be sufficient due to the assumption of an additional mandate.

Credit Committee

The Credit Committee is responsible for approving issues that the Supervisory Board has to deal with by law and under the articles of association and rules of procedure relating to loan commitments, the assumption of sureties, guarantees and similar liabilities, Bank borrowings, the purchasing of receivables (factoring) and for master agreements governing the assumption of receivables. The Credit Committee is composed of three members of the Supervisory Board and an additional representative and makes its

decisions by circulation of written resolutions or on the basis of electronic credit applications. The activities of the committee were reported at the plenary meetings of the Supervisory Board.

Special Credit Committee

The Special Credit Committee decides on the approval of loans if at least one member of the regular Credit Committee has a conflict of interest. It consists of three members of the Supervisory Board who have no conflicts of interest. The Special Credit Committee had two members during the period February 1, 2025, to September 4, 2025. The decisions are made in writing by circulating the relevant documents. The Special Credit Committee approved three lending decisions in the past fiscal year.

The members of the committees also consulted each other on several occasions and were in constant contact with the Board of Management.

EDUCATION AND TRAINING

The Supervisory Board received training on the Digital Operational Resilience Act (DORA) on May 9, 2025, and on the risks of information and communication technology (ICT) on November 17, 2025, and December 11, 2025. On September 4, 2025, the Supervisory Board discussed corporate strategy issues in detail. This took place in a workshop in which members of the Board of Management and internal experts had previously given in-depth presentations on the topics of “ESG risks at Volkswagen Financial Services AG”, “Residual values and marketing”, “Diversity”, “Management concept for direct bank deposits and liquidity”, “Sustainability strategy” and “Corporate strategy”.

The members of the Supervisory Board also independently completed the education and training necessary to perform their tasks.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft was appointed to audit both the consolidated financial statements of the Volkswagen Financial Services AG Group in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services AG in accordance with the HGB for the year ended December 31, 2025, including the bookkeeping system and management reports.

The consolidated financial statements of the Volkswagen Financial Services AG Group completed in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services AG completed in accordance with HGB for the year ended December 31, 2025 were submitted to the Audit Committee and the Supervisory Board together with the management reports. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, audited these financial statements, including the bookkeeping system and the management reports, and issued an unqualified auditor’s opinion in each case.

The reviews of the consolidated financial statements and the annual financial statements, including the management reports, by the Audit Committee and the Supervisory Board did not result in any reservations. The auditors were present when this agenda item was addressed at the meeting of the Audit Committee and the Supervisory Board, reported on the main findings of their audit and made themselves available to take questions.

At its meeting on February 26, 2026, the Audit Committee commented on the consolidated financial statements and annual financial statements of Volkswagen Financial Services AG prepared by the Board of Management and, following a detailed examination, recommended to Supervisory Board to approve the annual financial statements for 2025 and to approve the consolidated financial statements. At its meeting on February 26, 2026, the Supervisory Board approved both the consolidated financial statements prepared by the Board of Management as well as the annual financial statements of Volkswagen Financial Services AG. The consolidated financial statements and annual financial statements have thus been adopted. On the basis of the current control and profit-and-loss transfer

agreement, the profit reported by Volkswagen Financial Services AG in accordance with the HGB for fiscal year 2025 was transferred to Volkswagen AG.

The Supervisory Board would like to take this opportunity to express its gratitude and appreciation for the work of the members of the Board of Management, the Works Council, the managerial staff and all employees of Volkswagen Financial Services AG and its affiliated companies. The high level of commitment from all of you has helped to sustain the ongoing growth of Volkswagen Financial Services AG.

Braunschweig, February 26, 2026

A handwritten signature in black ink, appearing to read 'A. Antlitz', written over a light blue horizontal line.

Dr. Arno Antlitz
Chair of the Supervisory Board

PUBLISHED BY

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INVESTOR RELATIONS

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This annual report is also available in German at <https://www.vwfs.com/gbvdfsag25>.