VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

PILLAR 3 DISCLOSURE REPORT
IN ACCORDANCE WITH THE CAPITAL REQUIREMENTS REGULATION
AS OF JUNE 30

2025

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In the absence of any indication to the contrary, all figures shown in the tables have been rounded in accordance with standard commercial practice. Accordingly, minor discrepancies may arise if they are aggregated. A hyphen "-" in the table denotes the absence of any figure for the item in question. If the figure is less than €1 million after rounding, a zero is inserted.

Foreword

The Pillar 3 Disclosure Report for the period ended March 31, 2025 is published in accordance with the supervisory law requirements of the Basel III framework (Regulation (EU) No. 2024/1623 – the Capital Requirements Regulation or "CRR III" – of the European Parliament and the Council of May 31, 2024 to amend Regulation (EU) 2024/1623 (CRR)).
As Regulation (EU) 2019/876 is an amendment to Regulation (EU) 575/2013, this document uniformly uses the term CRR. Unless otherwise specified, the term CRR always refers to the current version that was amended by the above-mentioned regulation and has been in force since January 1, 2025.
The Regulation is supplemented with the Implementing Technical Standards issued by the European Banking Authority (EBA) EBA/ITS/2021/637 of June 28, 2021 and the corresponding Commission Implementing Regulation (EU) 2024/3172 of November 29, 2024, which provides further information on the tables included in the report. This Report is based on the legal requirements in force as of the reporting date.
The entry into force of the CRR provided in large measure a uniform legal basis for European banking supervisory law. The requirements of the CRR largely replaced the disclosure obligations regulated at national level.
Volkswagen Financial Services AG acts as the parent of the institution group for supervisory law purposes and is responsible for implementing the requirements of supervisory law within the Group. This also includes the obligation to make regular disclosures in accordance with Article 433 of the CRR. Volkswagen Financial Services AG is classed as a large institution in accordance with Article 4 (1) 146 of the CRR and therefore observes the frequency requirements stipulated in Art. 433a of the CRR.
In accordance with Article 433 of the CRR, the Pillar 3 Disclosure Report is updated regularly to meet the requirements and published shortly thereafter as a separate report on Volkswagen Financial Services AG's website in the Investor Relations section. All requisite disclosures are made solely in this report.
Where available, the format templates stipulated by the EBA guidelines as well as the implementation and regulation standards for the disclosure of the information in accordance with Section 8 of the CRR have been utilized.
The Pillar 3 report complies with applicable legal and regulatory requirements and has been prepared in accordance with the internal policies, procedures, systems and checks.
The Board of Management has approved this report for publication and confirmed that Volkswagen Financial Services AG has complied with the requirements of Article 431 (3) of the CRR.

Braunschweig, September 2024

The Board of Management

Disclosure of key metrics

The necessity of regulating the banking sector is derived from the objectives of banking supervision. The main objective of government regulation by supervisory authorities is to ensure the proper functioning of the financial system. In particular, minimum capital and liquidity requirements for banks have been defined in an EU regulation (CRR). In addition, this regulation defines maximum leverage levels.

To monitor its equity ratios, Volkswagen Bank GmbH has a capital planning process which ensures compliance with the minimum regulatory ratios including in the event of increasing business volumes. Monitoring of the leverage ratio is also embedded in this capital planning process. Observance of the liquidity ratios is safeguarded through liquidity management.

The relevant key parameters for determining the minimum ratios for equity, liquidity and leverage as well as other relevant information are summarized in the table below. This table sets out information from the COREP report on regulatory own funds, total risk exposure and the capital ratios as well as the combined capital buffer and total capital requirements. In addition, it shows the leverage ratio, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

Volkswagen Financial Services AG is required to publish the Disclosure Report on a quarterly basis. Accordingly, the key metrics presented in the table relate to the current reporting period ending June 30, 2025 (Column A) and the previous quarters (Columns B to E).

TABLE 1: EU KM1 – KEY METRICS TEMPLATE

	in € millions	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	30,425.6	30,475.4	29,904.9	27,703.5	
2	Tier 1 capital	30,425.6	30,475.4	29,904.9	27,703.5	
3	Total capital	33,172.5	33,221.6	32,650.9	30,449.8	
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	181,918.2	178,928.2	164,779.5	166,512.1	
4a	Total risk exposure pre-floor	181,918.2	178,928.2	164,779.5	166,512.1	
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	16.72%	17.03%	18.15%	16.64%	
5b	Common Equity Tier 1 ratio considering unfloored TREA (%)	16.72%	17.03%	18.15%	16.64%	
6	Tier 1 ratio (%)	16.72%	17.03%	18.15%	16.64%	
6b	Tier 1 ratio considering unfloored TREA (%)	16.72%	17.03%	18.15%	16.64%	
7	Total capital ratio (%)	18.23%	18.57%	19.81%	18.29%	
7b	Total capital ratio considering unfloored TREA (%)	18.23%	18.57%	19.81%	18.29%	
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7d	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.25%	
EU 7e	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	
EU 7f	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	
EU 7g	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	
9	Institution specific countercyclical capital buffer (%)	0.99%	0.99%	0.97%	0.96%	
EU 9a	Systemic risk buffer (%)	0.04%	0.04%	0.04%	0.04%	
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	
EU 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%	0.00%	
11	Combined buffer requirement (%)	3.52%	3.53%	3.51%	3.50%	
EU 11a	Overall capital requirements (%)	13.77%	13.78%	13.76%	13.75%	
12	CET1 available after meeting the total SREP own funds requirements (%)	7.98%	8.32%	9.56%	8.02%	
	Leverage ratio					
13	Total exposure measure	212,136.2	201,757.6	201,214.6	210,611.5	
14	Leverage ratio (%)	14.34%	15.10%	14.86%	13.15%	
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	17,580.1	19,739.0	23,284.6	26,310.6	21,200.8
EU 16a	Cash outflows - Total weighted value	15,006.1	14,766.4	14,383.3	14,401.0	9,639.5
EU 16b	Cash inflows - Total weighted value	7,522.6	7,163.4	6,665.7	6,490.8	3,256.7

	in € millions	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2024
16	Total net cash outflows (adjusted value)	7,483.5	7,603.1	7,717.6	7,910.2	6,382.9
17	Liquidity coverage ratio (%)	234.62%	260.92%	305.80%	334.48%	320.3%
	Net Stable Funding Ratio					
18	Total available stable funding	140,005.4	135,107.2	138,032.1	136,940.1	63,215.9
19	Total required stable funding	126,555.0	126,182.1	117,298.7	115,285.8	45,629.3
20	NSFR ratio (%)	110.63%	107.07%	117.68%	118.78%	138.5%

Volkswagen Financial Service AG's total capital of €33,172.5 million is composed of Common Equity Tier 1 (CET1) capital of €30,425.6 million and Tier 2 (T2) capital of €2,746.9 million. The increase in own funds compared with December 31, 2024 is described in a separate chapter.

The total risk exposure amount of €181,918.2 million increased by €2,990.0 million compared to March 31, 2025 for volume-related reasons in connection with ordinary business operations.

The leverage ratio fell by 0.76 percentage points compared to March 31, 2025 to 14.34%, primarily due to the increase in the total risk exposure amount. This is primarily due to an increase in central bank balances.

The liquidity coverage ratio (LCR) reflects the ratio between existing highly liquid assets and Volkswagen Financial Services AG's net liquidity outflows (difference between cash outflow and cash inflow) over a 30-day horizon. The liquidity coverage ratio must not be any less than 100%. The data contained in the table above shows the amounts applicable on the respective reference dates.

The net stable funding ratio (NSFR) indicates Volkswagen Financial Services AG's funding over a horizon of more than one year. NSFR is the ratio of the available amount of stable funding to the required amount of stable funding. It must not be any less than 100%. The data contained in the table above shows the amounts applicable on the respective reference dates.

Separate consideration for exclusion due to materiality – regulatory view

Contrary to the requirements of Art. 433a of the CRR in connection with Art. 434a of the CRR, the following information is not disclosed:

The capital ratios are not calculated with the assistance of own funds components in any other way than on the basis of the CRR. Accordingly, disclosure in accordance with Art. 437 (f) of the CRR can be dispensed with.

As the institution group is not subject to the requirements of Art. 92 or 92b of the CRR, no information is disclosed in accordance with Art. 437a of the CRR.

As there is no specialized lending as defined in Art. 438 (e) of the CRR, no information is disclosed on this (EU CR10).

The information referred to in Art. 438 (f) and (g) of the CRR is not relevant for the institution group. Accordingly, this information is not disclosed (EU INS1, EU INS2).

As no internal models are used for risk-weighted exposure amounts, disclosure in accordance with Art. 438 (h) is dispensed with (EU CR8, EU CCR7, EU MR2-B, EU CCR6).

The Volkswagen Financial Services AG institution group does not conduct transactions in credit derivatives. It has not made use of the option to conclude netting agreements for derivatives. Accordingly, disclosure in accordance with Art. 439 (j) of the CRR is dispensed with.

The requirements with respect to the disclosure of information in accordance with Art. 439 (k) of the CRR do not apply. Accordingly, no information is disclosed (EU CCR1).

No information in accordance with Art. 439 (l) of the CRR in connection with Art. 452 of the CRR is disclosed as the institution group does not apply the IRB approach to calculate risk-weighted exposure

amounts (EU CCR4, EU CR6, EU CR6-A, EU CR9, EU CR9.1). Accordingly, disclosure in accordance with Art. 453 (j) of the CRR (EU CR7) and Art. 453 (g) of the CRR (CR7-A) is dispensed with.

As Volkswagen Financial Services AG is not a globally system-relevant institution (G-SRI), disclosure in accordance with Art. 441 of the CRR is omitted.

With an NPL ratio of 2.81% (FINREP), Volkswagen Financial Services AG is below the 5% threshold. Accordingly, the quantitative information required under Art. 442 of the CRR is only disclosed in accordance with the disclosure requirements (templates EU CQ7, EU CR2a, EU CQ2, EU CQ6, EU CQ8 not used).

No advanced measurement approach is used; nor is it used in part for operational risks. Accordingly, no information is disclosed in accordance with Art. 446 (b) and (c) of the CRR.

Disclosure in accordance with Art. 449 (k) and (i) of the CRR is omitted for materiality reasons in accordance with Art. 432(1) of the CRR (EU SEC2).

The quantitative data on the remuneration policy in accordance with Art. 450 of the CRR will be published as soon as this data is available (EU REM1, EU REM2, EU REM3, EU REM4, EU REM5).

Disclosure in accordance with Art. 451 (2) of the CRR is not necessary (EU LR2).

As an advanced measurement approach is not used for operational risk, no disclosure in accordance with Art. 454 of the CRR is required (EU OR1). Similarly, disclosure in accordance with Art. 455 of the CRR can be dispensed with as no internal models for market risk are used (EU MR2-A, EU MR3, EU MR4).

Volkswagen Financial Services AG does not provide information on the energy efficiency of the real estate assets pledged as collateral due to the immaterial proportion of real-estate-backed collateral in Volkswagen Financial Services AGs overall portfolio of collateral (Art. 432 (1) of the CRR – template 2 of EBA/ITS/2022/01).

As of June 30, 2025, Volkswagen Financial Services AG waives disclosure of the following tables defined in Commission Implementing Regulation (EU 2024/3172): 6 – Overview of key performance indicators (KPIs) for taxonomy-aligned exposures, 7 – Risk-mitigating actions: Assets for the calculation of GAR, 8 – GAR (%), 9 – Risk-mitigating actions: BTAR, and 10 – Other climate protection actions not covered by Regulation (EU) 2020/852, as well as the disclosure of column c, specifically environmentally sustainable (CCM), in the table – Non-trading book – Indicators of potential transition risks from climate change: Credit quality of exposures by sector, emissions and residual maturity, and in the table – Non-trading book – Indicators of potential transition risks from climate change: Exposures to the 20 most CO_2-intensive companies.

This is done by reference to the no-action letter (EBA/DC/498) with regard to the application of the disclosure requirements under ESG Pillar 3 in connection with the EBA implementation standards issued by the EBA on August 5, 2025.

Own funds

PILLAR 1 REQUIREMENTS

Own funds are measured on the basis of the regulatory capital ratios. In this connection, Volkswagen Financial Services AG must observe the minimum capital ratios defined in Article 92 of the CRR. According to this, a Common Equity Tier 1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6% and a total capital ratio of at least 8% are required.

Moreover, Volkswagen Financial Services AG must also meet regulatory capital buffer requirements. These provide for a capital conservation buffer of 2.5% and the institution-specific, countercyclical capital buffer. The countercyclical capital buffer is normally between 0% and 2.5%. It is calculated as a weighted average of the countercyclical buffer rates determined in the individual countries in which the relevant exposures are located.

The capital buffers for globally or otherwise systemically important institutions do not apply to Volkswagen Financial Services AG.

PILLAR 2 REQUIREMENTS

In its capacity as the competent supervisory authority for Volkswagen Financial Services AG, the European Central Bank (ECB) can decide in the Supervisory Review and Evaluation Process (SREP) to impose a capital add-on that must be satisfied in addition to the statutory minimum capital ratios and the capital buffer requirements. The legal basis for this capital add-on, or Pillar 2 requirement (P2R), is Art. 16 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. The decision of the ECB requires Volkswagen Bank GmbH to satisfy, at a consolidated level, a total SREP capital requirement (TSCR) of at least 10.25% and a Pillar 2 requirement of 2.25%. The Pillar 2 requirement calls for the provision of CET1 of at least 56.25%. The remainder of the Pillar 2 requirement can be met with Additional Tier 1 (AT1) capital and Tier 2 (T2) capital.

As a result, the Pillar 2 requirements of 2.25% in the form of CET1 of 1.27% and/or in the form of T1 of 1.69% must be observed. In a letter dated July 16, 2024, the ECB informed Volkswagen Financial Services AG in connection with a decision on the determination of prudential requirements that the Pillar 2 requirement applicable to Volkswagen Bank GmbH is also to be applied by Volkswagen Financial Services AG in the same amount.

Structure of own funds

DISCLOSURE OF OWN FUNDS

The obligation to disclose own funds with the aim of increasing market discipline is derived from the CRR disclosure requirements. Disclosure of own funds and own funds requirements allows market participants to gain an insight into Volkswagen Financial Services AG's risk profile and capital adequacy.

The own funds in accordance with Article 72 of the CRR consist of Common Equity Tier 1 capital and Tier 2 capital. No additional Tier 1 capital has been issued by Volkswagen Financial Services AG or any of the group entities included in the prudential scope of consolidation.

Volkswagen Financial Services AG is currently not utilizing the "quick fix" regulatory transitional provisions governing the initial effects from first-time application of IFRS 9 under Article 473a of the CRR. The disclosures on own funds and the capital and leverage ratios take account of the full impact of the introduction of IFRS 9.

COMPOSITION OF OWN FUNDS

The individual own funds components as well as the regulatory adjustments as of the latest reporting date are shown in the table.

The information in the table refers to the Volkswagen Financial Services AG institution group and is based on IFRS accounting.

TABLE 2: EU CC1 – COMPOSITION OF REGULATORY OWN FUNDS

		A	B
in € millions		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	13,223.5	a)
	of which: Instrument type 1	0.0	n/a
	of which: Instrument type 2	0.0	n/a
	of which: Instrument type 3	0.0	n/a
2	Retained earnings	14,247.3	b)
3	Accumulated other comprehensive income (and other reserves)	3,575.0	c)
EU-3a	Funds for general banking risk	0.0	n/a
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase out from CET1	0.0	n/a
5	Minority interests (amount allowed in consolidated CET1)	0.0	n/a
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.0	n/a
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	31,045.9	n/a
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–11.1	n/a
8	Intangible assets (net of related tax liability) (negative amount)	–229.6	d)
9	Not applicable		X

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	0.0	e)
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	–13.3	n/a
12	Negative amounts resulting from the calculation of expected loss amounts	0.0	n/a
13	Any increase in equity that results from securitised assets (negative amount)	0.0	n/a
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0.0	n/a
15	Defined-benefit pension fund assets (negative amount)	0.0	n/a
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0.0	n/a
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	–20.7	n/a
20	Not applicable		X
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0.0	n/a
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0.0	n/a
EU-20c	of which: securitisation positions (negative amount)	0.0	n/a
EU-20d	of which: free deliveries (negative amount)	0.0	n/a
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	0.0	f)
22	Amount exceeding the 17,65% threshold (negative amount)	0.0	n/a
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0.0	n/a
24	Not applicable		X
25	of which: deferred tax assets arising from temporary differences	0.0	n/a
EU-25a	Losses for the current financial year (negative amount)	0.0	n/a
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0.0	n/a
26	Not applicable		X
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0.0	n/a
27a	Other regulatory adjusments	–345.5	n/a
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	–620.3	n/a
29	Common Equity Tier 1 (CET1) capital	30,425.6	n/a
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0.0	n/a
31	of which: classified as equity under applicable accounting standards	0.0	n/a
32	of which: classified as liabilities under applicable accounting standards	0.0	n/a

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
33	Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase out from AT1	0.0	n/a
EU-33a	Amount of qualifying items referred to in Art. 494a(1) subject to phase out from AT1	0.0	n/a
EU-33b	Amount of qualifying items referred to in Art. 494b(1) subject to phase out from AT1	0.0	n/a
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0.0	n/a
35	of which: instruments issued by subsidiaries subject to phase out	0.0	n/a
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0.0	n/a
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0.0	n/a
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.0	n/a
41	Not applicable		X
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0.0	n/a
42a	Other regulatory adjustments to AT1 capital	0.0	n/a
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0.0	n/a
44	Additional Tier 1 (AT1) capital	0.0	n/a
45	Tier 1 capital (T1 = CET1 + AT1)	30,425.6	n/a
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	2,746.9	g)
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase out from T2 as described in Art. 486 (4) CRR	0.0	n/a
EU-47a	Amount of qualifying items referred to in Art. 494a (2) subject to phase out from T2	0.0	n/a
EU-47b	Amount of qualifying items referred to in Art. 494b (2) subject to phase out from T2	0.0	n/a
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0.0	n/a
49	of which: instruments issued by subsidiaries subject to phase out	0.0	n/a
50	Credit risk adjustments	0.0	n/a
51	Tier 2 (T2) capital before regulatory adjustments	2,746.9	n/a
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0.0	n/a
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
54a	Not applicable		X

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.0	n/a
56	Not applicable		X
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0.0	n/a
EU-56b	Other regulatory adjusments to T2 capital	0.0	n/a
57	Total regulatory adjustments to Tier 2 (T2) capital	0.0	n/a
58	Tier 2 (T2) capital	2,746.9	n/a
59	Total capital (TC = T1 + T2)	33,172.5	n/a
60	Total risk exposure amount	181,918.2	n/a
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	16.72%	n/a
62	Tier 1	16.72%	n/a
63	Total capital	18.23%	n/a
64	Institution CET1 overall capital requirements	9.29%	n/a
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.99%	n/a
67	of which: systemic risk buffer requirement	0.04%	n/a
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	n/a
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	n/a
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7.98%	n/a
69	Not applicable		X
70	Not applicable		X
71	Not applicable		X
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	112.9	n/a
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	627.2	n/a
74	Not applicable		X
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Art. 38 (3) are met)	1,225.7	n/a
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0.0	n/a
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	1,964.2	n/a
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0.0	n/a
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0.0	n/a

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	0.0	n/a
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.0	n/a
82	Current cap on AT1 instruments subject to phase out arrangements	0.0	n/a
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0.0	n/a
84	Current cap on T2 instruments subject to phase out arrangements	0.0	n/a
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.0	n/a

COMMON EQUITY TIER 1 CAPITAL

Common Equity Tier 1 capital primarily consists of equity reported in the balance sheet as defined in IFRS. In turn, the equity reported in the balance sheet is composed of ordinary share capital and disclosed reserves. Volkswagen Bank GmbH's share capital is fully paid up and unrestricted.

The disclosed reserves consist of the capital reserves and retained earnings. Moreover, Common Equity Tier 1 capital includes retained profits which have not yet been approved and are not tied to planned dividend payouts or foreseeable expenses (e.g. tax expenses). A special reserve for general banking risks recognized by Volkswagen Bank GmbH in accordance with section 340g of the *Handelsgesetzbuch* (HGB – German Commercial Code) is reported in the eligible disclosed reserves.

The decline of €12.9 million in Common Equity Tier 1 capital since December 31, 2024 is primarily due to the increase in the amount deducted from Common Equity Tier 1 to allow for non-performing exposures.

Tier 2 capital

Tier 2 capital comprises long-term subordinated liabilities less amortization in accordance with Article 64 of the CRR.

The subordinated liabilities, which are subject to interest at market rates, have original maturities of 20 years and are due for settlement no later than 2032.

MAIN CHARACTERISTICS OF OWN FUNDS INSTRUMENTS

The conditions set out in Art. 28 of the CRR must be satisfied for Common Equity Tier 1 instruments to be included. Volkswagen Financial Services AG currently includes its ordinary share capital and subordinate loans in its own funds.

Own funds requirements

DISCLOSURE OF OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

The basis for the provisions concerning own funds requirements is formed by the regulatory provisions contained in Article 92 of the CRR. In this connection, it is necessary to calculate total risk exposure, which is derived from the calculation of the risk-weighted assets (RWA) for the credit risk including the counterparty credit risk as well as operational risk, market risk and for the credit valuation adjustments (CVA). The credit risk excluding the counterparty credit risk accounts for 85.8% of the total risk exposure amount, thus constituting the largest risk type.

The following table provides an overview of the breakdown of the total risk exposure amount and the own funds requirements. As Volkswagen Financial Services AG is subject to a quarterly disclosure duty, the figures in the table refer to the current reporting period ending June 30, 2025 as well as the previous quarter ending March 31, 2025.

TABLE 3: EU OV1 – OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

		RISK WEIGHTED EXPOSURE AMOUNTS (RWEAS)		TOTAL OWN FUNDS REQUIREMENTS
		a	b	c
	in € millions	Jun 30, 2025	Mar 31, 2025	Jun 30, 2025
1	Credit risk (excluding CCR)	156,119.1	153,064.5	12,489.5
2	Of which the standardised approach	156,119.1	153,064.5	12,489.5
3	Of which the Foundation IRB (F-IRB) approach	0.0	0.0	0.0
4	Of which: slotting approach	0.0	0.0	0.0
EU 4a	Of which: equities under the simple riskweighted approach	0.0	0.0	0.0
5	Of which the Advanced IRB (A-IRB) approach	0.0	0.0	0.0
6	Counterparty credit risk - CCR	1,019.0	1,098.8	81.5
7	Of which the standardised approach	1,010.0	1,095.2	80.8
8	Of which internal model method (IMM)	0.0	0.0	0.0
EU 8a	Of which exposures to a CCP	9.0	3.5	0.7
9	Of which other CCR	0.0	0.0	0.0
10	Credit valuation adjustments risk - CVA risk	2,517.3	2,389.6	201.4
EU 10a	Of which the standardised approach (SA)	0.0	0.0	0.0
EU 10b	Of which the basic approach (F-BA and R-BA)	2,517.3	2,389.6	201.4
EU 10c	Of which the simplified approach	0.0	0.0	0.0
11	Not applicable	X	X	X
12	Not applicable	X	X	X
13	Not applicable	X	X	X
14	Not applicable	X	X	X
15	Settlement risk	0.0	0.0	0.0
16	Securitisation exposures in the non-trading book (after the cap)	0.0	0.0	0.0
17	Of which SEC-IRBA approach	0.0	0.0	0.0
18	Of which SEC-ERBA (including IAA)	0.0	0.0	0.0
19	Of which SEC-SA approach	0.0	0.0	0.0
EU 19a	Of which 1250%	0.0	0.0	0.0
20	Position, foreign exchange and commodities risks (Market risk)	6,344.4	6,456.8	507.6
21	Of which the Alternative standardised approach (A-SA)	0.0	0.0	0.0
EU 21a	Of which the Simplified standardised approach (S-SA)	0.0	0.0	0.0
22	Of which the Alternative Internal Models Approach (A-IMA)	0.0	0.0	0.0
EU 22a	Large exposures	0.0	0.0	0.0
23	Reclassifications between trading and non-trading books	0.0	0.0	0.0
24	Operational risk	15,918.5	15,918.5	1,273.5
EU 24a	Exposures to crypto-assets	0.0	0.0	0.0
25	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	4,632.4	4,719.7	370.6
26	Output floor applied (%)	0.00%	0.00%	X
27	Floor adjustment (before application of transitional cap)	0.0	0.0	X
28	Floor adjustment (after application of transitional cap)	0.0	0.0	X
29	**Total**	**181,918.2**	**178,928.2**	**14,553.5**

The credit risk excluding the counterparty credit risk stood at €156,119.1 million as of June 30, 2025 and was therefore up by €3,054.6 million over the previous quarter. Volkswagen Financial Services AG uses the Credit Risk Standardized Approach (CRSA) to quantify credit risks. Further information on the composition of credit risk excluding counterparty credit risk can be seen in tables 13 and 14.

The decrease in counterparty credit risk from €1,098.8 million to €1,019.0 million is primarily attributable to the credit valuation adjustment (CVA) as well as lower SA-CCR replacement costs resulting from changed market values. Further information on the composition of counterparty credit risk can be found in Tables 16 through 19.

At €15,918.5 million, operational risk was unchanged over the previous quarter due to the application of the static principle. Volkswagen Financial Services AG applies the standardized approach in this connection.

Further information on market risk and the securitization positions is provided in a separate chapter. A breakdown by approach is dispensed with until the new market risk standardized approach takes effect in connection with the fundamental review of the trading book.

DISCLOSURE OF COUNTERCYCLICAL CAPITAL BUFFERS

The countercyclical capital buffer (CCyB) has been introduced as a macro-prudential instrument for banking supervision. Its purpose is to increase credit institutions' resilience by stipulating additional capital requirements. To this end, banks are to accumulate an additional capital buffer in times of excessive lending growth which may be used to cover losses arising in a crisis. The accumulation of a capital buffer is intended to slow excessive credit growth and to avert a credit crunch, which would further aggravate a crisis, during a downswing. Accordingly, the capital buffer is determined on a countercyclical basis.

The capital buffer requirements are based on the provisions of CRD IV, which have been transposed into German law in Section 10d of the German Banking Act (KWG). The competent authority sets the capital buffer at between 0% and 2.5%. However, it is calculated separately for each individual credit institution. This means that each credit institution calculates the percentage of the institution-specific countercyclical capital buffer as the weighted average of the capital buffer rates for the countries in which the relevant credit risk exposures are located. This is based on the borrower's domicile and not the credit institution's domicile.

The following table shows the geographical distribution of the credit exposures relevant for the calculation of the countercyclical capital buffer.

TABLE 4: EU CCYB1 – GEOGRAPHICAL DISTRIBUTION OF CREDIT EXPOSURES RELEVANT FOR THE CALCULATION OF THE COUNTERCYCLICAL CAPITAL BUFFER

		A	B	C	D	E	F	G	H	I	J	K	L	M
	in € millions	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
010	Breakdown by country:	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Securitisation exposures Exposure value for non-trading book	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	BE	3,750.7	0.0	0.0	0.0	0.0	3,750.7	285.3	0.0	0.0	285.3	3,566.1	2.3%	1.00%
	CZ	2,707.9	0.0	0.0	0.0	0.0	2,707.9	192.0	0.0	0.0	192.0	2,400.6	1.6%	1.25%
	DE	84,344.1	0.0	0.0	0.0	0.0	84,344.1	5,252.9	0.0	0.0	5,252.9	65,661.5	43.3%	0.75%
	DK	2,608.9	0.0	0.0	0.0	0.0	2,608.9	205.9	0.0	0.0	205.9	2,573.3	1.7%	2.50%
	ES	8,614.6	0.0	0.0	0.0	0.0	8,614.6	542.2	0.0	0.0	542.2	6,777.3	4.5%	0.00%
	FR	14,577.9	0.0	0.0	0.0	0.0	14,577.9	999.5	0.0	0.0	999.5	12,494.0	8.2%	1.00%
	GB	30,431.7	0.0	0.0	0.0	0.0	30,431.7	1,688.6	0.0	0.0	1,688.6	21,106.9	13.9%	2.00%
	IE	1,848.5	0.0	0.0	0.0	0.0	1,848.5	146.8	0.0	0.0	146.8	1,835.3	1.2%	1.50%
	IT	14,697.8	0.0	0.0	0.0	0.0	14,697.8	910.6	0.0	0.0	910.6	11,382.6	7.5%	0.00%
	NL	10,789.9	0.0	0.0	0.0	0.0	10,789.9	767.3	0.0	0.0	767.3	9,590.7	6.3%	2.00%
	NO	1,567.7	0.0	0.0	0.0	0.0	1,567.7	121.5	0.0	0.0	121.5	1,519.0	1.0%	2.50%
	PL	8,210.4	0.0	0.0	0.0	0.0	8,210.4	513.9	0.0	0.0	513.9	6,423.7	4.2%	0.00%
	SE	4,411.9	0.0	0.0	0.0	0.0	4,411.9	271.9	0.0	0.0	271.9	3,399.0	2.2%	2.00%
	Others	3,247.2	0.0	0.0	0.0	0.0	3,247.2	246.5	0.0	0.0	246.5	3,081.2	2.0%	0.21%
020	**Total**	**191,809.2**	**0.0**	**0.0**	**0.0**	**0.0**	**191,809.2**	**12,144.9**	**0.0**	**0.0**	**12,144.9**	**151,811.1**	**100.0%**	

At 43.3%, the own funds requirements for Germany of €5,252.9 million constitute the greatest proportion in the calculation of the countercyclical capital buffer. The countries listed cover more than 98% of Volkswagen Financial Services AG's own funds requirements. A further disaggregation of the countries listed under "Other" has been dispensed with for materiality reasons.

TABLE 5: EU CCYB2 – AMOUNT OF THE INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

	in € millions	a
1	Total risk exposure amount	181,918.2
2	Institution specific countercyclical capital buffer rate	0.9859%
3	Institution specific countercyclical capital buffer requirement	1,793.6

Volkswagen Financial Services AG's institution-specific countercyclical capital buffer rose only marginally from 0.9704% as of December 31, 2024 to 0.9859% as of June 30, 2025 at a consolidated level.

Credit risk and credit risk mitigation

QUANTITATIVE DISCLOSURE OF CREDIT AND DILUTION RISK

Table EU CR1-A shows the net credit exposure for loans and advances as well as bonds by maturity as of June 30, 2025.

TABLE 6: EU CR1-A – MATURITY OF EXPOSURES

		A	B	C	D	E	F
		Net exposure value					
	in € millions	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	5,172.6	26,821.5	71,207.8	6,406.2	13,754.6	123,362.7
2	Debt securities	0.0	484.6	2,054.5	771.9	610.7	3,921.7
3	Total	5,172.6	27,306.1	73,262.3	7,178.2	14,365.3	127,284.4

Nonperforming and forborne exposures

At 2.43%, Volkswagen Bank GmbH's NPL ratio (FINREP) is below the 5% threshold.

TABLE 7: EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

		A	B	C	D	E	F	G	H
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
	in € millions	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	**Cash balances at central banks and other demand deposits**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**343.0**	**144.3**	**142.3**	**142.3**	**–1.6**	**–55.5**	**231.1**	**69.5**
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	0.0	-	-	-	0.0	-	0.0	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	0.1	0.1	0.1	0.1	0.0	–0.0	0.1	0.1
060	Non-financial corporations	300.0	105.2	104.0	104.0	–1.2	–32.1	216.3	56.9
070	Households	42.8	39.1	38.3	38.3	–0.4	–23.5	14.8	12.5
080	**Debt Securities**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
090	**Loan commitments given**	**49.2**	**49.2**	**49.1**	**49.1**	**0.0**	**4.1**	**6.2**	**6.2**
100	**Total**	**392.1**	**193.5**	**191.5**	**191.5**	**–1.6**	**–51.4**	**237.3**	**75.6**

The table provides an overview of the credit quality of the forborne exposures of Volkswagen Bank GmbH. It shows the gross carrying amounts of the exposures as well as the related credit risk adjustments, provisions and collateral received.

TABLE 8: EU CQ3 – CREDIT QUALITY OF PERFORMING AND NON-PERFORMING EXPOSURES BY PAST DUE DAYS

		A	B	C	D	E	F	G	H	I	J	K	L
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
	in € millions		Not past due or Past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past-due or past-due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**10,598.2**	**10,596.5**	**1.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	**Loans and advances**	**123,653.4**	**122,686.8**	**966.6**	**3,078.3**	**1,684.3**	**461.4**	**399.8**	**309.1**	**190.0**	**13.1**	**20.7**	**3,027.6**
020	Central banks	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	439.1	437.1	2.0	5.6	4.0	0.7	0.5	0.4	0.0	0.0	0.0	5.2
040	Credit institutions	435.8	435.5	0.2	0.4	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.4
050	Other financial corporations	6,232.0	6,226.2	5.8	18.5	12.8	2.9	1.3	0.9	0.5	0.2	0.0	17.4
060	Non-financial corporations	51,889.7	51,255.9	633.8	1,611.9	1,021.2	187.7	178.3	139.4	64.4	4.2	16.6	1,570.8
070	Of which SMEs	7,191.2	7,125.8	65.4	210.4	119.7	30.9	18.4	17.8	23.3	0.3	0.0	209.3
080	Households	64,656.4	64,331.6	324.8	1,442.0	646.4	270.1	219.5	168.4	125.0	8.6	4.0	1,433.8
090	**Debt Securities**	**3,921.7**	**3,921.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
100	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	General governments	2,440.0	2,440.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	541.6	541.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	545.7	545.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	394.4	394.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Off-balance sheet exposures**	**18,441.4**	**X**	**X**	**322.7**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**246.3**
160	Central banks	0.0	X	X	-	X	X	X	X	X	X	X	0.0
170	General governments	10.3	X	X	0.5	X	X	X	X	X	X	X	0.5
180	Credit institutions	1	X	X	-	X	X	X	X	X	X	X	–
190	Other financial corporations	386.9	X	X	3.1	X	X	X	X	X	X	X	2.7
200	Non-financial corporations	14,225.9	X	X	300.2	X	X	X	X	X	X	X	228.8
210	Households	3,817.1	X	X	18.9	X	X	X	X	X	X	X	14.4
220	**Total**	**156,614.8**	**137,205.1**	**968.3**	**3,401.0**	**1,684.3**	**461.4**	**399.8**	**309.1**	**190.0**	**13.1**	**20.7**	**3,274.0**

The table provides an overview of the gross carrying amounts of performing and non-performing risk exposure of Volkswagen Bank GmbH broken down by past due days.

TABLE 9: EU CQ4 – QUALITY OF NON-PERFORMING RISK EXPOSURES BY GEOGRAPHY

		A	B	C	D	E	F	G
				Gross carrying/Nominal amount		Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing					
	in € millions			of which: defaulted	of which: subject to impairment			
010	**On balance sheet exposures**	**141,251.7**	**3,078.3**	**3,027.6**	**141,251.7**	**–3,369.1**	**X**	**0.0**
020	Germany	61,661.4	1,751.4	1,745.5	61,661.4	–1,664.9	X	0.0
030	United Kingdom	24,919.2	197.9	194.4	24,919.2	–273.8	X	0.0
040	Italy	9,752.8	86.8	74.3	9,752.8	–115.5	X	0.0
050	France	8,954.3	397.3	394.5	8,954.3	–548.2	X	0.0
060	Spain	6,392.8	97.8	97.7	6,392.8	–175.2	X	0.0
070	Others	29,571.2	547.2	521.3	29,571.2	–591.5	X	0.0
080	**Off balance sheet exposures**	**18,764.1**	**322.7**	**246.3**	**X**	**X**	**55.1**	**X**
090	Germany	6,842.9	169.0	124.7	X	X	42.9	X
100	France	2,557.9	48.0	38.0	X	X	0.8	X
110	United Kingdom	2,496.4	2.0	2.0	X	X	2.1	X
120	Italy	2,177.1	33.0	21.0	X	X	2.5	X
130	Netherlands	1,689.0	47.7	47.4	X	X	3.5	X
140	Others	3,000.8	23.0	13.3	X	X	3.4	X
150	**Total**	**160,015.9**	**3,401.0**	**3,274.0**	**141,251.7**	**–3,369.1**	**55.1**	**0.0**

The table sets out non-performing risk exposures by geographical regions. Most of these exposures are related to the Germany region.

TABLE 10: EUR CQ5 – CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

		A	B	C	D	E	F
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
	in € millions						
010	Agriculture, forestry and fishing	353.5	22.1	21.6	353.5	–24.6	0.0
020	Mining and quarrying	60.9	2.7	2.7	60.9	–3.5	0.0
030	Manufacturing	4,859.7	102.0	101.9	4,859.7	–125.5	0.0
040	Electricity, gas, steam and air conditioning supply	179.8	6.9	6.8	179.8	–5.0	0.0
050	Water supply	262.3	9.2	9.2	262.3	–10.2	0.0
060	Construction	3,966.4	159.0	158.5	3,966.4	–177.5	0.0
070	Wholesale and retail trade	28,035.2	694.4	693.8	28,035.2	–595.4	0.0
080	Transport and storage	1,982.7	181.6	181.3	1,982.7	–162.7	0.0
090	Accommodation and food service activities	469.8	21.3	20.4	469.8	–24.1	0.0
100	Information and communication	996.7	23.5	22.5	996.7	–27.3	0.0
110	Real estate activities	0.0	0.0	0.0	0.0	0.0	0.0
120	Financial and insurance actvities	1,005.9	38.0	37.8	1,005.9	–98.8	0.0
130	Professional, scientific and technical activities	3,392.7	69.5	69.2	3,392.7	–177.1	0.0
140	Administrative and support service activities	5,438.6	215.3	214.8	5,438.6	–194.8	0.0
150	Public administration and defense, compulsory social security	0.0	0.0	0.0	0.0	0.0	0.0
160	Education	328.6	12.2	11.6	328.6	–11.6	0.0
170	Human health services and social work activities	952.4	28.0	27.6	952.4	–28.5	0.0
180	Arts, entertainment and recreation	260.8	6.1	6.0	260.8	–8.5	0.0
190	Other services	955.7	20.2	20.2	955.7	–24.4	0.0
200	**Total**	**53,501.6**	**1,611.9**	**1,606.0**	**53,501.6**	**–1,699.3**	**0.0**

With respect to non-financial corporations, the table sets out the proportion of non-performing exposures and corresponding credit risk adjustments by industry. Most of these are attributable to wholesale and retail trade.

The change in the stock of non-performing loans and advances are as follows:

TABLE 11: EU CR2 – CHANGE IN THE STOCK OF NON-PERFORMING LOANS AND ADVANCES

		A
	in € millions	Gross carrying amount
010	Initial stock of non-performing loans and advances	2,981.6
020	Inflows to non-performing portfolios	346.0
030	Outflows from non-performing portfolios	–249.2
040	Outflows due to write-offs	0.0
050	Outflow due to other situations	–249.2
060	Final stock of non-performing loans and advances	3,078.3

Volkswagen Bank GmbH's performing and non-performing exposures and related provisions break down as follows:

TABLE 12: EU CR1 – PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
in € millions			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		On performing exposures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	**10,598.2**	**10,328.4**	**269.9**	**0.0**	**-**	**0.0**	**–0.1**	**–0.0**	**–0.1**	**0.0**	**-**	**0.0**	**-**	**–0.0**	**0.0**
010	**Loans and advances**	**123,653.4**	**48,294.0**	**70,481.0**	**3,078.3**	**314.8**	**2,571.0**	**–1,767.1**	**–356.7**	**–1,414.6**	**–1,602.0**	**–46.0**	**–1,494.9**	**–19.3**	**65,055.6**	**1,214.4**
020	Central banks	0.4	-	0.4	-	-	-	0.0	-	0.0	-	-	-	-	0.3	-
030	General governments	439.1	12.7	426.2	5.6	1.4	4.2	–6.0	–0.1	–5.9	–1.3	–0.1	–1.1	-	309.9	2.6
040	Credit institutions	435.8	369.6	66.1	0.4	-	0.4	–1.3	–0.4	–0.9	–0.1	-	–0.1	-	37.7	0.0
050	Other financial corporations	6,232.1	502.5	989.9	18.5	3.6	14.0	–20.1	–2.6	–17.5	–10.5	–0.6	–9.4	–0.0	426.1	6.3
060	Non-financial corporations	51,889.7	19,490.4	32,276.2	1,611.9	192.3	1,258.2	–953.1	–223.5	–729.3	–746.2	–23.4	–675.8	–8.6	30,149.4	697.7
070	Of which: SMEs	7,191.2	2,797.5	4,389.5	210.4	23.2	172.1	–125.5	–32.4	–93.0	–96.6	–3.4	–83.6	–0.4	3,834.8	88.2
080	Households	64,656.4	27,918.8	36,722.1	1,442.0	117.6	1,294.3	–786.6	–130.2	–661.0	–843.9	–21.8	–808.5	–10.7	34,132.1	507.7
090	**Debt Securities**	**3,921.7**	**3,062.0**	**314.0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,440.0	2,125.9	314.0	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	541.6	541.6	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	545.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	394.4	394.4	-	-	-	-	-	-	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**18,441.4**	**8,263.5**	**10,177.9**	**322.7**	**65.7**	**252.3**	**30.8**	**13.3**	**17.5**	**24.3**	**0.2**	**24.1**	**-**	**902.2**	**20.1**
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	10.3	0.1	10.3	0.5	0.5	-	0.0	0.0	0.0	0.0	0.0	0.0	-	0.1	-

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated impairment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
in € millions			of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		On performing exposures	On non-performing exposures
180	Credit institutions	1.2	0.1	1.2	-	-	-	0.0	0.0	0.0	-	-	-	-	0.1	-
190	Other financial corporations	386.9	48.3	338.6	3.1	1.3	1.8	0.1	0.1	0.0	-	-	-	-	17.4	0.1
200	Non-financial corporations	14,225.9	6,276.4	7,949.6	300.2	55.7	243.3	23.5	7.7	15.8	23.7	0.2	23.5	-	801.6	19.4
210	Households	3,817.1	1,938.7	1,878.4	18.9	8.3	7.2	7.2	5.6	1.7	0.7	0.1	0.6	-	83.1	0.6
220	**Total**	**156,614.8**	**69,947.8**	**81,242.8**	**3,401.0**	**380.5**	**2,823.3**	**–1,736.4**	**–343.4**	**–1,397.1**	**–1,577.6**	**–45.8**	**–1,470.8**	**–19.3**	**65,957.7**	**1,234.5**

QUANTITATIVE DISCLOSURE OF THE USE OF THE STANDARDIZED APPROACH

The following table provides quantitative information on the use of the Credit Risk Standardized Approach.

For the purpose of determining the risk-weighted assets for quantifying counterparty credit risk, the risk exposures are weighted with a flat-rate risk weight depending on the respective exposure classes in accordance with Article 112 of the CRR. In the “Other items” exposure class, residual lease values are reported at their individual risk weight depending on the remaining duration of the lease in accordance with Art. 134 (7) of the CRR. The following table sets out credit exposures by exposure class and risk weight.

TABLE 13: EU CR5 – STANDARDIZED APPROACH

		RISIKOGEWICHT													
	in Mio. €	0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	Zwischen-summe
	Risikopositionsklassen	a	b	c	d	e	f	g	h	i	j	k	l	m	z
1	Central governments or central banks	1.285,9	,0	,0	,0	60,2	,0	,0	,0	,0	,3	,0	,0	,0	1.546,4
EU 2a	Non-central government public sector entities	1.227,0	0,0	0,0	0,0	166,1	0,0	0,0	0,0	0,0	7,7	0,0	0,0	0,0	1.400,7
EU 2b	Regional governments or local authorities	770,1	0,0	0,0	0,0	93,7	0,0	0,0	0,0	0,0	7,6	0,0	0,0	0,0	871,3
EU 2b	Public sector entities	456,9	0,0	0,0	0,0	72,4	0,0	0,0	0,0	0,0	0,1	0,0	0,0	0,0	529,4
3	Multilateral development banks	142,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	142,9
EU 3a	International organisations	167,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	167,8
4	Institutions	0,0	0,0	0,0	0,0	63,8	84,2	0,0	109,4	0,0	250,1	0,0	0,0	0,0	507,6
5	Covered bonds	0,0	0,0	0,0	0,0	86,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	86,8
6	Corporates	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
6.1	Of which: Specialised Lending	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
7	Subordinated debt exposures and equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 7 a	Subordinated debt exposures	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 7 b	Equity	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
8	Retail exposure	0,0	0,0	0,0	0,0	0,0	0,0	44,7	0,0	0,0	0,0	0,0	0,0	58.133,2	58.177,8
9	Secured by mortgages on immovable property and ADC exposures	0,0	0,0	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0	13,1	0,0	9,4	22,8
9.1	Secured by mortgages on residential immovable property - non IPRE	0,0	0,0	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4,8	5,1
9.1.1	1. No loan splitting applied	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4,8	4,8
9.1.2	2. loan splitting applied (secured)	0,0	0,0	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3
9.1.3	3. loan splitting applied (unsecured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.2	Secured by mortgages on residential immovable property - IPRE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.3	Secured by mortgages on commercial immovable property - non IPRE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	13,1	0,0	4,6	17,7
9.3.1	4. No loan splitting applied	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	4,6	4,6
9.3.2	5. loan splitting applied (secured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	13,1	0,0	0,0	13,1

		RISIKOGEWICHT													
	in Mio. €	0%	2%	4%	10%	20%	30%	35%	40%	45%	50%	60%	70%	75%	Zwischen-summe
	Risikopositionsklassen	a	b	c	d	e	f	g	h	i	j	k	l	m	z
9.3.3	6. loan splitting applied (unsecured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.4	Secured by mortgages on commercial immovable property - IPRE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.5	Acquisition, Development and Construction (ADC)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
10	Exposures in default	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 10a	Claims on institutions and corporates with a short-term credit assessment	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 10b	Collective investment undertakings (CIU)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 10c	Other items	1.744,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1.744,6
11	not applicable	x	x	x	x	x	x	x	x	x	x	x	x	x	x
11 c	TOTAL	**14.568,3**	**0,0**	**0,0**	**0,0**	**577,1**	**84,2**	**44,7**	**109,4**	**0,0**	**258,0**	**13,1**	**0,0**	**58.142,6**	**73.797,4**

		RISIKOGEWICHT													
	in Mio. €	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1.250%	Sonstige	Summe	Ohne Rating
	Risikopositionsklassen	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
1	Central governments or central banks	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1.225,7	0,0	0,0	0,0	0,0	12.772,2	0,0
EU 2a	Non-central government public sector entities	0,0	0,0	124,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	1.525,6	124,9
EU 2b	Regional governments or local authorities	0,0	0,0	124,8	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	996,2	124,8
EU 2b	Public sector entities	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	529,4	0,0
3	Multilateral development banks	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	142,9	142,9
EU 3a	International organisations	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	167,8	167,8
4	Institutions	0,0	0,0	0,0	0,0	0,0	0,0	548,4	0,0	0,0	0,0	0,0	0,0	1.056,0	548,4
5	Covered bonds	0,0	0,0	105,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	28,3	220,9	105,9
6	Corporates	0,0	0,0	58.485,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	58.485,3	58.485,3
6.1	Of which: Specialised Lending	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
7	Subordinated debt exposures and equity	0,0	0,0	77,7	0,0	0,0	0,0	0,0	765,7	0,0	0,0	0,0	0,0	843,4	843,4
EU 7 a	Subordinated debt exposures	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 7 b	Equity	0,0	0,0	77,7	0,0	0,0	0,0	0,0	765,7	0,0	0,0	0,0	0,0	843,4	843,4
8	Retail exposure	0,0	0,0	220,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	58.398,3	58.398,3
9	Secured by mortgages on immovable property and ADC exposures	0,0	0,0	3.210,2	0,0	0,0	0,0	4,2	0,0	0,0	0,0	0,0	0,0	3.237,1	3.237,1
9.1	Secured by mortgages on residential immovable property - non IPRE	0,0	0,0	7,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	12,6	12,6
9.1.1	No loan splitting applied	0,0	0,0	7,5	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	12,3	12,3
9.1.2	loan splitting applied (secured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,3
9.1.3	loan splitting applied (unsecured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.2	Secured by mortgages on residential immovable property - IPRE	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
9.3	Secured by mortgages on commercial immovable property - non IPRE	0,0	0,0	3.202,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3.220,4	3.220,4
9.3.1	No loan splitting applied	0,0	0,0	3.202,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3.206,9	3.206,9
9.3.2	loan splitting applied (secured)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	13,1	13,1
9.3.3	loan splitting applied (unsecured)	0,0	0,0	0,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	0,4
9.4	Secured by mortgages on commercial immovable property - IPRE	0,0	0,0	0,0	0,0	0,0	0,0	3,8	0,0	0,0	0,0	0,0	0,0	3,8	3,8

		RISIKOGEWICHT													
	in Mio. €	80%	90%	100%	105%	110%	130%	150%	250%	370%	400%	1.250%	Sonstige	Summe	Ohne Rating
	Risikopositionsklassen	n	o	p	q	r	s	t	u	v	w	x	y	z	aa
9.5	Acquisition, Development and Construction (ADC)	0,0	0,0	0,0	0,0	0,0	0,0	0,3	0,0	0,0	0,0	0,0	0,0	0,3	0,3
10	Exposures in default	0,0	0,0	759,6	0,0	0,0	0,0	1.394,1	0,0	0,0	0,0	0,0	0,0	2.153,6	2.153,6
EU 10a	Claims on institutions and corporates with a short-term credit assessment	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 10b	Collective investment undertakings (CIU)	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EU 10c	Other items	0,0	0,0	4.991,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	61.734,9	68.470,6	68.470,6
11	not applicable	x	x	x	x	x	x	x	x	x	x	x	x	x	x
11 c	**TOTAL**	**0,0**	**0,0**	**67.975,0**	**0,0**	**0,0**	**0,0**	**1.946,7**	**1.991,4**	**0,0**	**0,0**	**0,0**	**61.763,1**	**207.473,6**	**192.678,1**

The following table presents the credit risk and the effect of credit mitigation techniques. To this end, on- and off-balance sheet exposures before credit conversion factors and credit risk mitigation are compared with the corresponding figures after credit conversion factors and credit risk mitigation. This information is supplemented with figures on risk-weighted assets (RWA) and RWA density. RWA density refers to the average risk weight of an exposure per exposure class.

TABLE 14: EU CR4 – STANDARDIZED APPROACH – CREDIT RISK EXPOSURE AND CRM EFFECTS

		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAS AND RWAS DENSITY	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	12,771.4	1.9	12,771.4	0.7	3,116.6	24.4%
2	Non-central government public sector entities	1,520.1	10.9	1,521.3	4.3	161.9	10.6%
EU 2a	Regional government or local authorities	992.0	10.4	992.0	4.2	147.3	14.8%
EU 2b	Public sector entities	528.1	0.4	529.3	0.2	14.6	2.7%
3	Multilateral development banks	142.9	0.0	142.9	0.0	0.0	0.0%
EU 3a	International organisations	167.8	0.0	167.8	0.0	0.0	0.0%
4	Institutions	1,051.8	34.2	1,051.8	4.2	1,029.5	97.5%
5	Covered bonds	220.9	–	220.9	–	127.4	57.7%
6	Corporates	58,833.0	12,589.2	57,308.0	1,177.4	58,061.0	99.3%
6.1	Of which: Specialised Lending	–	–	–	–	–	0.0%
7	Subordinated debt exposures and equity	843.4	0.0	843.4	0.0	1,991.9	236.2%
EU 7a	Subordinated debt exposures	–	–	–	–	–	0.0%
EU 7b	Equity	843.4	0.0	843.4	0.0	1,991.9	236.2%
8	Retail	57,690.9	4,103.4	57,690.9	707.4	42,968.1	73.6%
9	Secured by mortgages on immovable property and ADC exposures	3,227.0	1,682.3	3,227.0	10.2	3,230.7	99.8%
9.1	Secured by mortgages on residential immovable property - non IPRE	12.5	0.2	12.5	0.0	11.1	88.7%
9.2	Secured by mortgages on residential immovable property - IPRE	0.0	0.0	0.0	0.0	0.0	0.0%
9.3	Secured by mortgages on commercial immovable property - non IPRE	3,210.3	1,682.2	3,210.3	10.1	3,213.3	99.8%
9.4	Secured by mortgages on commercial	3.8	0.0	3.8	0.0	5.7	150.0%

		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAS AND RWAS DENSITY	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
	immovable property - IPRE						
9.5	Acquisition, Development and Construction (ADC)	0.3	–	0.3	–	0.5	150.0%
10	Exposures in default	2,115.4	267.4	2,115.4	38.2	2,850.6	132.4%
EU 10a	Claims on institutions and corporates with a short-term credit assessment	–	–	0.3	0.3	1.0	150.0%
EU 10b	Collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0%
EU 10c	Other items	66,946.8	0.0	68,470.6	0.0	42,581.3	62.2%
11	Not applicable	x	x	x	x	x	x
12	**TOTAL**	**205,531.3**	**18,689.4**	**205,531.3**	**1,942.3**	**156,119.1**	**75.2%**

Credit risk mitigation techniques are only used in specific cases for capital backing purposes. Compliance with the minimum requirements for recognizing this credit risk mitigation technique in accordance with the CRR is ensured in such cases.

At present, credit risk mitigation within the meaning of Article 192ff. of the CRR is applied in the following cases:

- Bareinlagen bei Kreditengagements der Volkswagen Financial Services AG im Sinne des Art. 197 Abs. 1 Bst. a) CRR
- Sicherheiten beziehungsweise Haftungsanteile der KfW im Rahmen der Kreditvergabe von Corona-Schnellkrediten

Limited use is made of the option to enter into netting agreements within the meaning of Article 205 ff. of the CRR for mitigating credit risk in the calculation of own funds.

USE OF CREDIT RISK MITIGATION TECHNIQUES

The following table EU CR3 shows the level of collateralization according to the type of exposure. There is a breakdown by type of collateral.

TABLE 15: EU CR3 – CRM TECHNIQUES OVERVIEW: DISCLOSURE OF THE USE OF CREDIT RISK MITIGATION TECHNIQUES

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
	in € millions	a	b	c	d	e
1	Loans and advances	57,859.6	66,269.9	66,098.0	172.0	0.0
2	Debt securities	3,921.7	0.0	0.0	0.0	0.0
3	Total	61,781.3	66,269.9	66,098.0	172.0	0.0
4	Of which non-performing exposures	262.0	1,214.4	1,208.3	6.1	0.0
EU-5	Of which defaulted	X	X	X	X	X

Counterparty credit risk (CCR)

QUANTITATIVE DISCLOSURE OF COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk of a business partner being unable to repay amounts of principal or interest owed in accordance with the contract. This risk forms part of credit risk and must be backed by own funds under the CRR requirements.

Volkswagen Bank GmbH hedges its counterparty credit risk from derivative transactions by entering into margin agreements with its business partners. The amount of the initial margins and variation margins are calculated on a daily basis. The necessary cash collateral is made available to or by the business partners on this basis.

The following table shows the composition of the collateral provided or deposited to cover or reduce the counterparty credit risk in connection with derivative transactions.

TABLE 16: EU CCR5 – COMPOSITION OF COLLATERAL FOR CCR EXPOSURES

		A	B	C	D	E	F	G	H
		Collateral used in derivative transactions				Collateral used in SFTs			
	in € millions	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0.0	808.2	0.0	697.4	0.0	0.0	0.0	0.0
2	Cash – other currencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Domestic sovereign debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Other sovereign debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Government agency debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Corporate bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Equity securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Other collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	**Total**	**0.0**	**808.2**	**0.0**	**697.4**	**0.0**	**0.0**	**0.0**	**0.0**

Under the revised Capital Requirements Regulation (CRR II), the methodology for calculating the risk exposure amount for counterparty credit risk for derivative transactions was applied in accordance with the new Standardized Approach (SA-CCR) among other things. SA-CCR still entails replacement expense and the potential future replacement value as well as a multiplier. In addition, a distinction is drawn between margin and non-margin transactions as well recognized netting, hedging and collateralization. As of June 30, 2021, Volkswagen Bank GmbH applies solely SA-CCR for calculating risk exposure for derivatives. The following table shows the composition of the risk exposure determined in accordance with SA-CCR.

Risk exposures that are cleared via central counterparties (CCP) are presented separately in Table 7.

TABLE 17: EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

		A	B	C	D	E	F	G	H
	in € millions	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	0.0	0.0	X	1.4	0.0	0.0	0.0	0.0
EU2	EU - Simplified SA-CCR (for derivatives)	0.0	0.0	X	1.4	0.0	0.0	0.0	0.0
1	SA-CCR (for derivatives)	793.6	1,304.7	X	1.4	2,938.0	2,938.0	2,910.6	1,010.0
2	IMM (for derivatives and SFTs)	X	X	0.0	0.0	0.0	0.0	0.0	0.0
2a	Of which securities financing transactions netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
2b	Of which derivatives and long settlement transactions netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
2c	Of which from contractual cross-product netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
3	Financial collateral simple method (for SFTs)	X	X	X	X	0.0	0.0	0.0	0.0
4	Financial collateral comprehensive method (for SFTs)	X	X	X	X	0.0	0.0	0.0	0.0
5	VaR for SFTs	X	X	X	X	0.0	0.0	0.0	0.0
6	**Total**	**X**	**X**	**X**	**X**	**2,938.0**	**2,938.0**	**2,910.6**	**1,010.0**

Within the Volkswagen Financial Services AG financial holding group, Volkswagen Bank GmbH handles part of its interest rate derivatives indirectly via clearing members or via EUREX. EUREX is recognized as a qualifying central counterparty in accordance with Article 4 (88) of the CRR. The scope of these transactions breaks down as follows as of the reporting date:

TABLE 18: EUR CCR8 – EXPOSURES TO CCPS

		A	B
	in € millions	Exposure value	RWEA
1	**Exposures to QCCPs (total)**	**X**	**9.0**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	450.0	9.0
3	(i) OTC derivatives	450.0	9.0
4	(ii) Exchange-traded derivatives	0.0	0.0
5	(iii) SFTs	0.0	0.0
6	(iv) Netting sets where cross-product netting has been approved	0.0	0.0
7	Segregated initial margin	0.0	X
8	Non-segregated initial margin	0.0	0.0
9	Prefunded default fund contributions	0.0	0.0
10	Unfunded default fund contributions	0.0	0.0
11	**Exposures to non-QCCPs (total)**	**X**	**0.0**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	0.0	0.0
13	(i) OTC derivatives	0.0	0.0
14	(ii) Exchange-traded derivatives	0.0	0.0
15	(iii) SFTs	0.0	0.0
16	(iv) Netting sets where cross-product netting has been approved	0.0	0.0
17	Segregated initial margin	0.0	X
18	Non-segregated initial margin	0.0	0.0
19	Prefunded default fund contributions	0.0	0.0
20	Unfunded default fund contributions	0.0	0.0

All counterparties with which the companies of the Volkswagen Financial Services AG financial holding group have transacted derivatives are assigned to the regulatory exposure class “Institutions”. The following table shows risk exposure by credit risk mitigation, broken down by risk weight and regulatory exposure class.

TABLE 19: EU CCR3 – STANDARDIZED APPROACH – CRR RISK EXPOSURES BY REGULATION RISK EXPOSURE CLASS AND RISK WEIGHTS

		RISK WEIGHT											
	in € millions	a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Regional government or local authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Public sector entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Multilateral development banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	International organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Institutions	0.0	450.0	0.0	0.0	33.6	457.4	0.0	0.0	0.0	20.4	2,399.1	3,360.5
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Retail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	**Total exposure value**	**0.0**	**450.0**	**0.0**	**0.0**	**33.6**	**457.4**	**0.0**	**0.0**	**0.0**	**20.4**	**2,399.1**	**3,360.5**

Market risk

All companies in the Volkswagen Financial Services AG institution group are classified as non-trading book institutions. The financial holding group does not run a trading book. In the area of market risk, the financial holding group currently enters into currency risk. Own funds requirements stand at €507.6 million. Own risk models are not in use at this time. As the introduction of the new market risk standardized approach has been postponed until the fundamental review of the trading book has been completed, the existing market risk standardized approach will continue to be used to calculate own funds requirements.

Market risk as part of total risk exposure must be quantified in accordance with Article 92 (3) (c) of the CRR and backed by own funds. With respect to the calculation of own funds requirements for market risk, Volkswagen Financial Services AG is only required to provide backing for foreign-currency risks. As a non-trading book institution, the companies within the financial holding group of Volkswagen Financial Services do not have any trading-book transactions that require own-funds backing.

The own funds required for foreign-currency risks multiplied by a factor of 12.5 equal €6,344.4 million as of June 30, 2025, equivalent to 3.5% of total risk exposure.

TABLE 20: EU MR1 – MARKET RISK UNDER THE STANDARDIZED APPROACH

		A
	in € millions	RWEAs
	Outright products	**X**
1	Interest rate risk (general and specific)	0.0
2	Equity risk (general and specific)	0.0
3	Foreign exchange risk	6,344.4
4	Commodity risk	0.0
	Options	**X**
5	Simplified approach	0.0
6	Delta-plus approach	0.0
7	Scenario approach	0.0
8	Securitisation (specific risk)	0.0
9	**Total**	**6,344.4**

Foreign-currency risks primarily arise from the translation into euros of the capital resources of the two bank branches in Poland and the United Kingdom as well as the own funds of Volkswagen Financial Services (UK) Ltd. (United Kingdom), Volkswagen Møller Bilfinans AS (Norway), Volkswagen Finans Sverige AB (Sweden), Volkswagen Semler Finans Danmark A/S (Denmark), movon AG (Switzerland), Volkswagen Financial Services Polska Sp. z o.o. (Poland) and SkoFIN s.r.o. (Czech Republic).

Liquidity risk

Responsibility for liquidity planning lies with the Treasury department of Volkswagen Financial Services AG and Group companies.

The expected liquidity flows of the Volkswagen Financial Services AG Group are pooled and evaluated by Treasury. Daily liquidity requirements are calculated by Cash Management in the Treasury Back Office of Volkswagen Financial Services AG. Liquidity surpluses and shortfalls are eliminated by investing or raising cash with external banks as well as through ECB tenders.

QUALITATIVE DISCLOSURE OF LIQUIDITY REQUIREMENTS

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 in the Volkswagen Financial Services AG Group is to safeguard the ability of the Group to meet its payment obligations at all times. To this end, the Volkswagen Bank GmbH Group holds liquidity reserves in the form of securities deposited in its operational safe custody account with Deutsche Bundesbank. It also has at its disposal standby lines of credit at other banks to protect against unexpected fluctuations in cash flows. There are no plans to make use of these standby lines of credit; their sole purpose is to serve as backup to safeguard liquidity.

When funding the Group companies, the Volkswagen Financial Services AG Group aims to diversify the funding sources. In addition to direct bank deposits at Volkswagen Bank GmbH, these mostly comprise money and capital market programs as well as asset-backed security transactions within various Volkswagen Financial Services AG Group entities. This diversification of funding instruments helps to improve the structure of the balance sheet and reduce dependence on individual markets and products.

To reduce the funding risk, the capital that the companies need is largely raised by matching maturities.

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

Composition of the liquidity buffer

The normative liquidity buffer (HQLA) of the Volkswagen Financial Services AG Group is composed of LCR Level1 securities and balances held with Deutsche Bundesbank. The economic view includes the unencumbered part of the ECB safe custody account in the liquidity buffer.

Concentration of liquidity and funding sources

The Volkswagen Financial Services AG Group is funded largely through direct banking deposits and by capital market and asset-backed security programs. Volkswagen Financial Services AG also participates opportunistically in the ECB's open market transactions.

In addition to a broadly diversified range of funding sources, the Volkswagen Financial Services AG Group has a funding concentration towards the Volkswagen Group (cash collateral and deposits from subsidiaries, in its function as house bank).

In addition to funding as such, the Volkswagen Financial Services AG Group pursues a central approach for creating liquidity reserves to ensure daily solvency and the observance of liquidity risk indicators and regulatory ratios (including LCR, NSFR) at all times.

Derivative exposures and potential collateral calls

Interest-rate and currency swaps are traded within the Volkswagen Financial Services AG Group and included in the calculation of the LCR. Some OTC derivative contracts are hedged via collateral for each individual counterparty. Derivatives handled by a central counterparty (CCP) are collateralized in the form of variation and initial margins.

Derivatives are expected to generate only minor liquidity effects.

Currency mismatch in the LCR

In accordance with the Commission Delegated Regulation (EU) 2015/61 of October 10, 2014, the Volkswagen Financial Services AG Group is required to hold sufficient high-quality liquid assets (HQLA) in the corresponding currency within the following 30 calendar days to cover the net liquidity outflows calculated for the LCR report. A perfect match between the currency of the HQLAs and the denomination of the net liquidity outflows is not sought. Corresponding fluctuations and currencies that are not identified as currencies to be bought are compensated for in euros via HQLAs.

Description of the degree of centralization of liquidity management and the interaction between the individual Group institutions

Within the Volkswagen Financial Services AG Group, the LCR is managed centrally by Group Treasury Volkswagen Bank GmbH. The HQLAs for the prudential scope of consolidation of the Volkswagen Financial Services AG Group are held centrally and also managed by Group Treasury.

Other items in the LCR calculation which are not included in the LCR disclosure template but which are considered to be relevant in view of the liquidity profile are planned liquidity inflows (e.g. ABSs or capital market issues) which are not classed as legal cash flows for LCR purposes.

The calculation of the liquidity coverage ratio (LCR), for quantitative information on the LCR, is based on simple averages of the end-of-month reports over the twelve months prior to the end of each quarter.

QUANTITATIVE DISCLOSURE OF LIQUIDITY REQUIREMENTS

The calculation of the liquidity coverage ratio (LCR), for quantitative information on the LCR, is based on simple averages of the end-of-month reports over the twelve months prior to the end of each quarter.

TABLE 21: EU LIQ1 – QUANTITATIVE DISCLOSURES ON LCR

		A	B	C	D	E	F	G	H
	in € millions	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
EU 1b	Number of data points used in the calculation of averages	12	9	6	3	12	9	6	3
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61	X	X	X	X	17,580,1	19,739.0	23,284.6	26,310.6
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	51,579.3	50,418.2	50,064.5	49,797.4	2,276.9	2,108.9	2,013.5	1,934.2
3	*Stable deposits*	15,372.5	14,362.6	14,246.5	13,519.0	768.6	718.1	712.3	675.9
4	*Less stable deposits*	13,727.2	12,931.5	12,320.2	11,853.9	1,482.0	1,368.8	1,280.5	1,237.5
5	Unsecured wholesale funding	11,664.8	11,392.6	11,086.5	9,956.9	6,851.0	6,802.1	6,701.1	6,088.1
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	*Non-operational deposits (all counterparties)*	10,810.2	10,402.2	10,199.2	9,181.0	5,996.4	5,811.6	5,813.7	5,312.2
8	*Unsecured debt*	854.6	990.5	887.4	775.9	854.6	990.5	887.4	775.9
9	*Secured wholesale funding*	X	X	X	X	0.0	0.0	0.0	0.0
10	Additional requirements	11,641.1	11,299.2	11,203.0	11,420.9	1,692.6	1,641.0	1,612.3	1,558.5
11	*Outflows related to derivative exposures and other collateral requirements*	356.4	339.4	331.0	328.3	356.4	339.4	331.0	328.3
12	*Outflows related to loss of funding on debt products*	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	*Credit and liquidity facilities*	11,284.7	10,959.8	10,872.0	11,092.6	1,336.2	1,301.6	1,281.3	1,230.2
14	*Other contractual funding obligations*	3,554.1	3,363.3	3,000.0	3,576.9	2,708.5	2,706.0	2,529.2	3,176.8
15	Other contingent funding obligations	15,038.5	15,331.3	15,472.3	16,501.7	1,477.1	1,508.3	1,527.3	1,643.5
16	TOTAL CASH OUTFLOWS	X	X	X	X	15,006.1	14,766.4	14,383.3	14,401.0
CASH - INFLOWS			0,0				0,0		
17	Secured lending (e.g. reverse repos)	10,299.4	0.0	0.0	0.0	5,883.1	0.0	0.0	0.0
18	Inflows from fully performing exposures	3,246.5	10,161.3	9,484.4	8,466.0	1,639.5	5,810.6	5,426.8	4,935.6
19	Other cash inflows	51,579.3	2,908.1	2,752.9	3,079.0	17,580.1	1,352.8	1,238.9	1,555.1

		A	B	C	D	E	F	G	H
	in € millions	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024	Jun 30, 2025	Mar 31, 2025	Dec 31, 2024	Sep 30, 2024
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	X	X	X	X	0.0	0.0	0.0	0.0
EU-19b	(Excess inflows from a related specialised credit institution)	X	X	X	X	0.0	0.0	0.0	0.0
20	TOTAL CASH INFLOWS	13,545.9	13,069.5	12,237.3	11,545.0	7,522.6	7,163.4	6,665.7	6,490.8
EU-20a	*Fully exempt inflows*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-20b	*Inflows subject to 90% cap*	0.0	0.0	0.0	0.0	0,0	0.0	0.0	0.0
EU-20c	*Inflows subject to 75% cap*	13,545.9	13,069.5	12,237.3	11,545.0	7,522.6	7,163.4	6,665.7	6,490.8
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER	X	X	X	X	17,580.1	19,739.0	23,284.6	26,310.6
22	TOTAL NET CASH OUTFLOWS	X	X	X	X	7,483.5	7,603.1	7,717.6	7,910.2
23	LIQUIDITY COVERAGE RATIO	X	X	X	X	234.62%	260.92%	305.80%	334.48%

Changes in LCR over time

The quarterly averages for LCR are at a high level and significantly exceed the required minimum ratio of 100% on every reference date. HQLAs decreased during the reporting period in the form of central bank balances and of LCR Level 1 securities. At the same time, there was an increase in inflows, while there were virtually no changes in outflows.

TABLE 22: EU LIQ2 – NET STABLE FUNDING RATIO

		A	B	C	D	E
		Unweighted value by residual maturity				Weighted value
	in € millions	No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	**Capital items and instruments**	**33,794.6**	**0.0**	**0.0**	**2,748.7**	**33,794.6**
2	*Own funds*	**33,794.6**	0.0	0.0	2,746.9	33,792.7
3	*Other capital instruments*	X	0.0	0.0	1.9	1.9
4	**Retail deposits**	**X**	**47,446.8**	**3,743.1**	**2,277.1**	**49,880.2**
5	*Stable deposits*	X	27,698.0	2,946.2	1,798.1	30,910.1
6	*Less stable deposits*	X	19,748.8	796.8	479.0	18,970.1
7	**Wholesale funding:**	**X**	**24,535.6**	**10,679.3**	**37,171.7**	**50,388.4**
8	*Operational deposits*	X	0.0	0.0	0.0	0.0
9	*Other wholesale funding*	X	24,535.6	10,679.3	37,171.7	50,388.4
10	**Interdependent liabilities**	**X**	**0.0**	**0.0**	**0.0**	**0.0**
11	**Other liabilities:**	**0.0**	**4,406.1**	**499**	**5,692.4**	**5,942.1**
12	*NSFR derivative liabilities*	**0.0**	X	X	X	X
13	*All other liabilities and capital instruments not included in the above categories*	X	4,406.1	499.4	5,692.4	5,942.1
14	**Total available stable funding (ASF)**	X	X	X	X	140,005.4
	Required stable funding (RSF) Items					
15	**Total high-quality liquid assets (HQLA)**	**X**	**X**	**X**	**X**	**0.0**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**	**X**	**960.3**	**0.0**	**0.0**	**0.0**
16	**Deposits held at other financial institutions for operational purposes**	**X**	**0.0**	**0.0**	**0.0**	**0.0**
17	**Performing loans and securities:**	**X**	**26,616.1**	**13,767.1**	**70,833.1**	**80,127.8**
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*	X	**0.0**	**0.0**	**0.0**	**0.0**
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*	X	**2,208.5**	**1,524.6**	**4,207.2**	**5,190.3**
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*	X	**22,246.2**	**10,591.1**	**59,543.5**	**67,013.5**

		A	B	C	D	E
		Unweighted value by residual maturity				Weighted value
	in € millions	No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	X	48.8	44.0	98.6	110.5
22	*Performing residential mortgages, of which:*	X	0.2	0.2	2.7	0.0
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	X	0.0	0.0	0.0	0.0
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*	X	2,161.3	1,651.2	7,079.7	7,924.0
25	**Interdependent assets**	**X**	0.0	0.0	0.0	0.0
26	**Other assets:**	**X**	13,323.4	9,085.5	33,305.9	44,361.0
27	*Physical traded commodities*	X	X	X	0.0	0.0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	X	0.0	0.0	0.0	0.0
29	*NSFR derivative assets*	X	32.4	X	X	32.4
30	*NSFR derivative liabilities before deduction of variation margin posted*	X	733.7	X	X	36.7
31	*All other assets not included in the above categories*	X	12,557.3	9,085.5	33,305.9	44,291.9
32	**Off-balance sheet items**	**X**	24,200.7	494.0	1,770.3	2,215.9
33	**Total RSF**	**X**	X	X	X	126,704.6
34	**Net Stable Funding Ratio (%)**	**X**	X	X	X	110.50%

Exposures to interest rate risk on positions not held in the trading book

Disclosure of interest rate risk on positions not held in the trading book

The impact of interest rate shocks on the economic value of the Group's banking books is calculated on a monthly basis and their impact on the periodic value on a quarterly basis in accordance with regulatory requirements. In accordance with the Banking Directive, BaFin and the ECB have, among other things, defined six scenarios for uniform, sudden and unexpected interest rate changes for all institutions (parallel and turnaround scenarios subject to an interest floor) and request quarterly reports on the results.

TABLE 23: EU IRRBB1 – INTEREST RATE RISKS ON BANKING BOOK ACTIVITIES

		A	B	C	D
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
	in € millions	Current period	Last period	Current period	Last period
1	Parallel up	–1,078.4	–1,169.3	–307.3	103.3
2	Parallel down	912.9	1,001.2	265.4	–103.1
3	Steepener	766.5	768.0	X	X
4	Flattener	–965.0	–981.2	X	X
5	Short rates up	–1,211.7	–1,255.9	X	X
6	Short rates down	1,263.7	1,306.0	X	X

The "Last period" presented corresponds to the figures as of December 31, 2024.

Exposure to securitization positions

QUALITATIVE DISCLOSURE OF THE RISK FROM SECURITIZATION POSITIONS

The Volkswagen Financial Services AG Group's securitization activities in accordance with Article 242ff. of the CRR are limited to the use of asset-backed securities transactions (ABS). Investments in securitizations of the Volkswagen Financial Services AG Group are carried out solely via the banking book. The investment policy of the Volkswagen Financial Services AG and members of the institution group precludes taking over or retaining resecuritization positions.

The Volkswagen Financial Services AG Group assumes clearly defined roles in the securitization process in the light of the legal framework for securitization transactions. Thus, it originates receivables in the form of finance contracts and leases as well as expectant rights. The structuring and selling process entails selecting and separating the portfolio and contacting external partners as well as the overall coordination of the transaction (attorneys, investment banks, rating agencies, swap partners, auditors, regulatory authorities). The entity also manages the contract pool that has been sold (collection and dunning procedures) and forwards the resulting payments to the special purpose vehicle (SPV, i.e. the servicer). Finally, responsibility is assumed for reporting to investors, banks and credit rating agencies as well as for the regulatory disclosure requirements. The Volkswagen Bank GmbH also invests in securitization positions under the ABS transactions of individual companies within the Volkswagen Financial Services AG Group to pledge these securities as collateral for funding from the ECB.

All securitization transactions in which the Volkswagen Financial Services Group is the originator or the investor are traditional securitizations.

QUANTITATIVE DISCLOSURE OF THE RISK FROM SECURITIZATION POSITIONS

The following table shows the securitization positions held. The columns for the originator and sponsor roles (a – k) also include amounts from retained exposures for securitizations for which no significant risk transfer (SRT) was achieved. These amounts represent the regulatory retention of our share in the volumes securitized as an originator or sponsor. The amounts shown are nominal amounts where no SRT was achieved and otherwise the regulatory exposure amounts.

TABLE 24: EU SEC1 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
	in € millions		of which SRT		of which SRT		of which SRT									
1	**Total exposures**	**5,220.9**	**0.0**	**2,403.8**	**0.0**	**0.0**	**0.0**	**7,624.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
2	Retail (total)	545.6	0.0	541.0	0.0	0.0	0.0	1,086.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	residential mortgage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	credit card	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	other retail exposures	545.6	0.0	541.0	0.0	0.0	0.0	1,086.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Wholesale (total)	4,675.3	0.0	1,862.8	0.0	0.0	0.0	6,538.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	loans to corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	commercial mortgage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	lease and receivables	4,675.3	0.0	1,862.8	0.0	0.0	0.0	6,538.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	other wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The following two tables show the securitization positions which have been retained (originator positions) or acquired (investor positions) broken down by risk weighting bands and regulatory approaches.

TABLE 25: EU SEC3 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY OWN FUNDS REQUIREMENTS – INSTITUTION ACTING AS AN ORIGINATOR OR SPONSOR

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	in € millions	≤20% RW	>20 % to 50 % RW	>50 % to 100 % RW	>100 % to <1250 % RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW
1	**Total exposures**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
2	Traditional transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Synthetic transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

TABLE 26: EU SEC4 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY OWN FUNDS REQUIREMENTS – INSTITUTION ACTING AS AN INVESTOR

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	in € millions	≤20% RW	>20 % to 50 % RW	>50 % to 100 % RW	>100 % to <1250 % RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW
1	**Total exposures**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
2	Traditional transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Synthetic transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The following table sets out all outstanding nominal amounts for which the financial holding group of Volkswagen Financial Services AG acts as an originator together with the risk exposures classified as in default in accordance with Article 178 of the CRR and the associated specific credit risk adjustments in accordance with Article 110 of the CRR.

TABLE 27: EU SEC5 – EXPOSURES SECURITIZED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

		A	B	C
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
	in € millions	Total outstanding nominal amount		
			Of which exposures in default	Total amount of specific credit risk adjustments made during the period
1	**Total exposures**	**44,060.8**	**239.0**	**311.2**
2	Retail (total)	10,195.8	105.0	127.5
3	residential mortgage	0.0	0.0	0.0
4	credit card	0.0	0.0	0.0
5	other retail exposures	10,195.8	105.0	127.5
6	re-securitisation	0.0	0.0	0.0
7	Wholesale (total)	33,865.0	134.0	183.7
8	loans to corporates	0.0	0.0	0.0
9	commercial mortgage	0.0	0.0	0.0
10	lease and receivables	33,865.0	134.0	183.7
11	other wholesale	0.0	0.0	0.0
12	re-securitisation	0.0	0.0	0.0

The outstanding total nominal amount for securitized exposures in the role as originator stands at €44.1 billion as of June 30, 2025. Of this, €239.0 million or 0.5% is classified as in default.

Environmental, social and governance risks (ESG risks)

QUALITATIVE REPORTING

TABLE 28: QUALITATIVE INFORMATION ON ENVIRONMENTAL RISKS (IN ACCORDANCE WITH ARTICLE 449A OF THE CRR)

Row number		Qualitative information - Free format
(a)	Institution's business strategy to integrate environmental factors and risks, taking into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning	Both the financial industry and the automotive industry are central sectors of the transformation of society and the economy towards greater sustainability. We as Volkswagen Financial Services AG are the largest automotive financial and mobility service provider in Europe. As a wholly owned subsidiary and sales promoter of the Volkswagen Group, we play a major role in the sustainable transformation of mobility. With the Volkswagen Group's ambition to actively shape the transformation of the automotive industry, the Group pursues "The Group Strategy – Mobility for Generations" and the sustain-ability strategy "regenerate+". The aim is to be a leading global provider of sustainable mobility and a role model in environmental protection. Sustainability means striving for economic, social and ecological goals at the same time. We want to create lasting value, offer good working conditions and treat the environment and re-sources with care. In addition, the Volkswagen Group's environmental policy provides the framework for the brands' environmental activities. For Volkswagen Financial Services, this joint environmental poli-cy means that we align our core business in particular with these principles and thus support the Group in implementing its environmental goals. We understand sustainability as a holistic concept. For us, sustainability is not a single goal or a one-time measure. It is a comprehensive strategy that permeates all aspects of our actions and decisions, ensuring the long-term success and value creation of our company. We view sustainability as an ongoing process. We do not act statically but adapt our path continuously and consistently. This is done not in isolation but based on internal and external assessments and validations – always in close coordination with the Volkswagen Group. Our sustainability strategy represents our response to the transformation to emission-free mobility: the goals we have set ourselves and the key performing indicators (KPIs) we use to measure the degree to which we achieve our goals. It describes our path to actively meet upcom-ming challenges, to proactively shape the changes ahead of us and to successfully take advantage of the opportunities that arise in the transformation. Our mission is to meet our customers' mobility needs with sustainable solutions throughout the entire vehicle lifecycle. Sustainability is thus an important element of our business activity. We are convinced that we can only successfully implement our business model in the future through responsible and forward-thinking actions. As a basis, our business activities and our commitment in all areas are guided by clear and immutable principles: > We protect and strengthen our environment. > We treat people with dignity and respect. > We act with integrity and in compliance with regulations. > We recognize our responsibility in society. > We enable sustainable mobility and business models. Our four sustainability dimensions Our sustainability strategy is structured into four dimensions > Nature > Employees > Society > Business This translates the classic ESG areas (Environmental, Social, and Governance) into concrete fields of action that reflect our corporate strategy. This section 1 (a) explains the dimensions Nature and Business. Further explanations of the dimensions Employees and Society are provided in section 2 (a).

Nature
Nature is not only our shared living space but also the foundation of our economy and actions. Healthy ecosystems provide essential resources such as clean water, fertile soil, and fresh air – and therefore require our special protection.
At Volkswagen Financial Services, we have committed ourselves to actively contribute to the protection of nature. We are convinced that protecting nature is not only our responsibility but also an opportunity. By consciously managing natural resources, sustainable value creation can be secured in the long term. Preserving nature protects supply chains, fosters innovation, and strengthens resilience to global challenges.
When looking at emissions within the automotive value chain, emissions from our own business operations and from the use phase of the vehicles we finance and lease are relevant for us. The CO2 emissions from vehicle production are anchored in the Group strategy and are the responsibility of the manufacturing units. Therefore production emissions are not considered in VWFS`s CO2 emissions.
In concrete terms, this means that we at Volkswagen Financial Services measure CO2 reduction targets both in terms of business operations and the vehicle portfolio we finance or lease.

Achieve net-carbon neutral direct emissions in our portfolio by 2030
Referring to the direct emissions of our portfolio means that we are focusing on the emissions of internal combustion engine (ICE) vehicles in our portfolio .
As a captive, we have the task of supporting the Group's brands in opening up market and the transformation to electric mobility. In addition, we have set ourselves the goal of equipping 50% of the Volkswagen carparc with a FS contract by 2030. The direct gross emissions of our portfolio are therefore dependent on Group sales.
A fundamental component of the decarbonization of our portfolio is therefore the development of the Volkswagen Group's new car fleet emissions.
By 2050 at the latest, we want to achieve 0t CO2 gross emissions in the direct emissions of our portfolio.
The balance sheet CO2 neutrality means that we control according to net emissions, including emissions compensation . To this end, the CO2 emissions of every new vehicle financing and leasing contract in the new and used car business will be offset from 2027 onwards. (For details, see 1 (c))

Design business operations net-carbon-neutral by 2030
We have it in our hands to make our business operations as climate-friendly as possible. By 2030, our business opera-tions are to become CO2-neutral in terms of balance . To this end, we want to reduce our gross emissions by 50% by 2025 and by 70% by 2030 compared to the base year 2021 through CO2 avoidance and reduction.
Since the largest CO2 emissions are caused by electricity consumption, company cars with combustion engines and business trips, the following levers are available for achieving the reduction targets set:
> Switching to electricity from renewable energies
> Conversion of the company car fleet to BEV
> Reduction of air travel
Comprehensive reporting enables transparency about the main emission drivers per country. Based on this analysis, the most effective measures are implemented locally. We will compensate for unavoidable residual emissions by offsetting. (For details, see 1 (c))
In addition, an ISO 14001-certified environmental management system has been implemented to record, evaluate and minimize the environmental impact of Volkswagen Bank GmbH's business operations at the Braunschweig site, our larg-est property.

Business
We drive our business towards sustainability and actively promote the decarbonization of mobility.
Shaping our business with a future-oriented approach and promoting the shift to sustainable mobility is complex – and at the same time, a unique opportunity. As a sales promoter of the Volkswagen Group and a partner of its brands, we have the opportunity – and thus a decisive lever – to actively advance the sustainable transformation of mobility.
Our products connect people, help spare resources, and make processes simple and efficient. We create mobility concepts, develop fleet management solutions, and offer attractive financ-ing and service options.
As part of our sustainability strategy, we have set clear goals for sustainably operating our business model:

We are driving the shift towards sustainable mobility
By 2030, the Volkswagen Group wants to electrify its entire model range. The future viability of environmentally friendly individual mobility depends decisively on the rapid market ramp-up of electric vehicles. Intelligent mobility solutions and financing concepts from Volkswagen Financial Services are an important building block in achieving this goal.
In order to drive the transition to sustainable mobility, 80% of the electric vehicles produced by the Volkswagen Group brands in Europe are to be leased or financed by Volkswagen Finan-cial Services AG by 2030 (in comparison: target for ICE vehicles: 50%).
In addition to enabling electric mobility for private customers through attractive leasing offers, the future-oriented and sustainable orientation of vehicle fleets plays a central role. For this reason, we develop fleet concepts for our customers and support them intensively in building their e-fleet – in close cooperation with the brands of the Volkswagen Group.
In addition, Volkswagen Financial Services AG is offering its customers the opportunity to expand their mobility mix with a company bike in close cooperation with the Lease-a-Bike brand.

We are increasing the share of sustainable refinancing in the capital market
By 2030, we want to increase the share of sustainable refinancing in the capital market to 40%. In 2040, the share of green bonds is expected to be 60%.
The Green Finance Framework of Volkswagen Financial Services AG is the foundation for the sustainable refinancing activities of Volkswagen Financial Services AG, supporting the current sustainability strategy and facilitating the development of a new investor base. The Green Finance Framework covers all refinancing products of Volkswagen Financial Services AG, from classical bonds to ABS (Asset Backed Securities), credit lines, commercial papers, and promissory notes. The funds generated under the framework are exclusively used for refinancing cred-it and leasing contracts for BEVs (Battery Electric Vehicles). An internal committee of specialists, the Green Finance Committee, oversees compliance with the rules and regulations set out in the Green Finance Framework.
Furthermore, Volkswagen Bank GmbH has developed a framework for green loans with its Green Loan Framework and at the same time created the basis for classifying the loan portfolio on the basis of specific sustainability criteria. Sustainable financing includes, for example, the energy-efficient renovation of buildings, the installation of solar systems or the construction of a charging park at our dealer partners. But this also includes the financing of our customers' electric vehicles.
Volkswagen Bank GmbH is mindful of its responsibility as a lender and has been a signatory of the voluntary code of conduct "Responsible Lending for Consumers" since 2010. This code sets standards for the granting of loans and applies to all instalment loans and lines of credit.
Volkswagen Bank GmbH has a fundamental interest in granting loans responsibly. Therefore, high standards apply to the granting of consumer loans. The code provides an overview of these standards and includes a series of consumer-friendly regulations that go beyond existing legal requirements.
VWFS's sustainability strategy is managed on the basis of concrete KPIs and target values for the year 2030. This control was integrated into the established strategy cycle and planning process. Detailing is given under 1 (e).

(b)	Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information about the design of business strategy and processes	Volkswagen Financial Services AG's sustainability goals (and KPIs) including decarbonization targets are described in 1(a). Table 46 (see below) provides a compact overview. The risk strategy derived from ESG-business strategy defines the basic understanding and lays the framework for ESG activities for the future by defining the main elements of the risk man-agement framework. At the same time, the focus area of sustainability has become a further component of the risk culture principles as sustainability risks are handled with greater awareness and employees become actively involved in the process at an early stage. The ECB's supervisory expectations published in its guide on climate-related and environmental risks are incorporated into the Bank's methodologies. VWFS AG (Group) has defined key risk indicators (KRIs) including limits in order to appropriately assess and manage sustainability risks. The ESG Key Risk Indicators (KRIs) shown in Table 47 are implemented as part of the risk strategy. The limits for ESG KRI are reviewed once a year as part of the review and adjustment process of the business and risk strategy. The review starting in Q3 is based on insights gained from the risk inventory of ESG risk drivers and analyses of the ESG-KRIs limits adequacy. In Q4 ESG-KRIs and their limits are adjusted and adopted as part of the resolution on the business and risk strategy at the beginning of the year. As part of the roll-out of ECB's requirement on climate-related and environmental risks for VWFS AG, a reporting and monitoring of KRIs will be implemented until Q3 2025. For further information on the management of ESG-KRIs see section 1 (g).

(c)	Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities	Our goal is for the direct emissions of our portfolio to be CO2-neutral by 2030 at the latest. We are actively driving this transformation to sustainable e-mobility through attractive product offerings for private and business customers (see 1 (a) for details). In addition, from 2027 onwards, we will offset the CO2 emissions of every new vehicle financing and leasing contract . As part of supporting international nature and climate protection projects, we work closely with Volkswagen Climate Partner. The joint venture between VW Kraftwerk AG GmbH and Climate Partner aims to develop high-quality projects focused on efficiently reducing greenhouse gas emissions. Additionally, the positive impact on biodiversity and local communities and their livelihoods is central. A comprehensive due diligence process ensures the high quality and concrete implementation of the projects. Our compensation portfolio excludes REDD+ projects . Rather, we are investing, for example, in two lighthouse projects in the field of agroforestry and reforestation in Brazil (Biriba) and South Africa (Eastern Cape). In order to achieve the goal of making our business operations CO2-neutral by 2030 at the latest, we want to reduce our gross emissions by 70% by 2030 compared to the base year 2021 through CO2 avoidance and reduction, and offset unavoidable residual emissions through offsets. For more than 15 years, Volkswagen Financial Services has been working together with Naturschutzbund Deutschland e.V. (NABU) to protect and restore peatlands. Peatlands play a crucial role in both climate protection and biodiversity. So far, Volkswagen Financial Services has invested around seven million euros in peatland protection projects. Additionally, Volkswagen Financial Services is involved in the restoration of rivers – for example, in the Schunteraue in Braunschweig, the Aller near Verden, and the Dosse and Temnitz in Brandenburg. The goal is to restore the original course of the rivers that have often been straightened, allowing typical species and habitat diversity to
(d)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks	Volkswagen Financial Services Group only grants financing for corporate customers after an accompanying ESG risk assessment. ESG risks are assessed in the Front Office and Back Office departments. The integration of ESG aspects in lending procedures started on July, 1st 2024 for corporate customers and became an integral part of the identification of ESG risks for all corporate customers. Various ESG instruments were included in the lending and decision-making processes. The entire implemented ESG instruments follow international standards, e.g. set by the UN Sustainable Development Goals (UN SDG's) and EU Taxonomy Regulation. For financing business within the Volkswagen Financial Service Group an ESG questionnaire entitled "ESG-Scoring light" was incorporated. For leasing business within the Volkswagen Financial Services Group an external ESG-Score was introduced. Following perspectives are covered in both scoring-instruments: > Climate protection (emission reduction and energy supplies) and environmental protection as well as the sparing use of raw materials and energy in the "Climate and Environment" segment. > Within "Social", it takes account of occupational health and safety as well as employee co-determination > The "Governance" pillar covers aspects related to good corporate governance and compliance as well as controversial business activities. The "ESG-Scoring light" for financing business is not a self-evaluation performed only by the customer. In accordance with our commitment to supporting corporate customers on their transformation journeys, the Front Office staff use the questionnaire as an opportunity for initiating close sustainability talks with corporate customers on ESG matters and on their future orientation and transformation towards a sustainability strategy. This is used as a basis for calculating an ESG score. Potential findings from these sustainability talks may find their way into corporate customers' transformation processes. The "ESG-Scoring light" is carried out on an annual basis or when changes during the year become known and became an integral part of the credit documentation. Most customers achieved an overall "green" or "amber" rating in the traffic-light system within the "ESG-Scoring light". The external ESG Score delivers total scores, and score results for the pillars "Environmental", "Social" and "Governance". Most lessees are ranked with a total score result of "3", which can be assessed as a medium risk. The external ESG Score became a mandatory part of the credit documentation which is carried out on an annual basis or when changes during the year become known. Additionally, as part of the corporate analysis performed by the Back Office departments, the credit analysts comment on the "ESG key questions" in the form of a further standardized questionnaire, which is included in the credit documentation, voting as a key assumption and finally in the decision. The "ESG key questions" have the aim to identify potential impacts, i.e. to present the impact on customers ESG risks. There are various questions on different pillars regarding climate & environment (divided into physical and transition), social and governance, which must be commented on individually in case a significant impact has been identified. Moreover, results of the "ESG-Scoring light" or external ESG Score results are to be considered in the assessment of the "ESG key questions". In addition, for corporate customers related to ESG disclosure sustainability strategies or sustainability reports are taken into account within the credit departments to ensure further ESG related information. Overall, the ESG due diligence process, which has been incorporated in the form of "ESG-Scoring light" and the external ESG-Score as well as the "ESG key questions", includes a discussion of critical issues with clients, definition on remediation actions and the identification of supporting opportunities. The approach is to navigate corporate customers on their sustainability journey by being deeply embedded in the transformation over the next coming years. The monitoring of corporate customer's progress towards agreed mitigation actions is also one of the main key activities within the ESG due diligence process of Volkswagen Financial Services Group.

A sufficient lending policy has been drawn up in connection with these instruments form a basis for employees' work and have been included in the European organization manuals. As part of the integration process, Volkswagen Financial Services holds several internal conferences and training sessions for target groups for the three lines of defense, including Front Office, financial risk (Back Office) and internal audit. The Volkswagen Financial Services Group follows high ethical principles in its business activities and complies with applicable German and European laws and regulations, for example on conflict management, anti-money laundering, anti-corruption and conflicts of interest and observes other regulatory requirements.

While lending and monitoring, the Volkswagen Financial Services Group defines exclusion criteria on controversial industries and business areas. Through an exclusion list selected high-risk controversial industries and business areas, apart from the defined intended uses that serve, among other things, to support transformation in line with the Green Loan Framework, are restricted. This ensures that strategic realignments are considered and that the Volkswagen Financial Services Group meets the requirements of a sustainable future. The entire Volkswagen Financial Services Group commits not to provide new loans outside the defined intended uses in the specified controversial industries and business areas. Financings provided to corporate customers that meet the defined intended uses below will not be restricted by the exclusion list, despite belonging to a controversial industry and business area:

- Vehicle-based financing and vehicle-based leasing, including vehicle financing, leasing, and dealer purchase lines
- Dealer financing, including working capital loans, spare parts financing, and investment loans for dealers, which will be assessed for suitability under the "Green Loan Framework" in the future
- Real estate financing, including new construction financing, energy-efficient construction and renovation, primarily for dealers
- Financing without a specific intended use (“Other”) in line with the "Green Loan Framework"

The Volkswagen Financial Services Group classifies the following industries and businesses as controversial:

- Coal-fired power production and mining
- Invasive intervention in ecology and biodiversity to extract oil and natural gas (fracking, oil, sand (etc.)
- Trawler fishing or other harmful fishing methods
- Non-sustainable palm oil production
- Deforestation and uncertified logging
- Stem cell research, animal testing
- Pornography, brothels
- Gambling, including related development and marketing activities
- Tobacco products and e-cigarettes

The industries and business areas classified as controversial are evaluated annually or on an ad-hoc basis to reflect their dynamic development.
Within the Volkswagen Financial Services Group, the avoidance of controversial business and economic activities is firmly integrated into the compliance frameworks. A binding Code of Conduct is already an integral part of the contracts between dealers and the VW Group. In addition, a supplementary compliance policy supports compliance with the sustainability requirements of the VW Group in business relationships.
A binding Code of Conduct is also part of the Volkswagen Financial Services Group for business relationships with customers, business partners, and suppliers. Requirements regarding national and international regulations and conventions, internal norms, and values, such as human rights, labor rights, and compliance aspects, are ensured. Applicable laws and regulations, such as anti-corruption, anti-money laundering, fraud prevention, and cybercrime, are considered and implemented within the Volkswagen Financial Services Group through work instructions and processes. Monitoring and reporting obligations, as well as communication channels and trainings, are also integrated for employees. This ensures the following areas:

- Compliance & Integrity, including the protection of economic and human rights
- Prevention of money laundering, terrorism financing, and criminal activities
- Anti-corruption and fraud prevention.

(e)	Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels	The primary responsibility for all sustainability issues lies with the Board of Management of Volkswagen Financial Services AG and the managing directors of its subsidiaries. In order to advise on the Group's orientation and decision-making on sustainability aspects, Volkswagen Financial Services AG relies on the active involvement of various management levels. For their part, the Board of Management and the Chief Representative for Human Resources and Organization of Volkswagen Financial Services AG have made a voluntary commitment to anchor the strategic sustainability goals, in which each sustainability goal is assigned to a board of directors as godparents. This ensures that the material aspects of the sustainability strategy are taken into account in all board decisions. The board sponsor has accepted the sustainability goals and KPIs (Key Performance Indicators) including interim targets. These goals and KPIs are monitored in an ongoing process, whereby they are constantly readjusted in cooperation with the corporate strategy and board sponsors and the associated initiatives are examined. The sustainability issues introduced by the specialist functions and the "Strategy & Sustainability" organizational unit to the Executive Board are integrated into the reporting of the Executive Board to the Supervisory Board. The Chief Sustainability Officer supports and advises the Board of Management of Volkswagen Financial Services AG on the integration of sustainability goals into strategic decisions and reports directly to the Chairman of the Board of Management. He heads the "Strategy & Sustainability" organizational unit (GH-GS), which is responsible, among other things, for the operational implementation of Volkswagen Financial Services AG's sustainability strategy in business operations and processes, the roll-out of Group-wide and cross-divisional ESG initiatives, and the achievement of our sustainability goals. The "Environment and Compliance Management System" (ECMS) is also the responsibility of the "Strategy & Sustainability" organizational unit with an outsourcing cooperation with the national company in the Netherlands with a focus on the sustainability aspect of "CO2-neutral business operations on the balance sheet". The sustainability strategy of the VWFS is managed on the basis of concrete KPIs and target values for the year 2030 (see 1 (b) above). This control was integrated into the established strategy cycle and planning process. As part of the annual strategy calendar, the strategic goals and KPIs are reported, discussed with relevant stakeholders and corrective measures are decided if necessary. Since 2024, the KPIs of the "nature" dimension, i.e. the CO2 emission targets (portfolio and operational emissions), have been integrated into our planning round process as top KPIs. This means that they are planned with annual targets in the respective planning rounds for the next 5 financial years and reported quarterly as part of the forecasting process. The Strategy Status Updates, which take place several times a year, report in detail on the development of the respective strategic annual goals as well as on the strategic top KPIs. Within the annual strategy review, it is important to discuss relevant influences on the strategy with the help of environmental analyses and, if necessary, to define appropriate countermeasures. To steer environmental risk factors within VWFS AG, its management body establishes a risk culture, has set an appropriate risk appetite, derived from the sustainability business strategy. The risk appetite framework integrates ESG goals into the risk management system, which are based on the ESG-risk drivers and their respective transmission channels identified as described in section 1 j. An implementation into a strong internal control framework, including an incorporation of ESG risks into existing risk categories and existing responsibilities of the management body and its committees (see section 1 f), will be carried out as part of the roll-out of ECB’s requirement on climate-related and environmental risks for VWFS AG until Q3 2025. The management’s knowledge of these risks is assessed and regularly trained.

(f)	Management body's integration of short-, medium- and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions	As described in 1(e), the ultimate responsibility for all sustainability issues lies with the Board of Management of Volkswagen Financial Services AG and the Managing Directors of its subsidiaries. The detailed governance structure and committee/line responsibility will be further detailed and elaborated until end of September 2025.
(g)	Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels	The Volkswagen Financial Services AG will incorporate ESG risks as an integral part of internal governance arrangements in risk management, such as the risk strategy, risk measurement, limitation, monitoring and management within the implementation of the ECB's Guide on Climate-related and environmental risks until September 2025. Given the interdependencies with all other types of risk, ESG risks will be included in the current governance structure and in committee/line responsibility. This avoids a duplication of structures and also involves all employees in ESG matters in their existing roles. As a major part of internal governance arrangement, corporate sustainability department draws up group policies for corporate sustainability and designs the institution's ESG strategy. Risk management department draws up the ESG risk strategy together with corporate sustainability department. The risk strategy sets a focus on addressing key risk drivers with the greatest impact on the portfolio, describing objectives, targets and management measures implemented. Methods for measuring a major share of ESG-risks are implemented and integrated into the existing framework across various risk types within risk management. The remaining measure-ments will be implemented within the implementation of the ECB's Guide on Climate-related and environmental risks until September 2025. On the one hand, ESG risks will be analyzed yearly starting in Q1 2025 in form of an ESG-materiality assessment as part of the regular risk inventory process. The materiality assessment comprises comprehensive portfolio assess-ments, as well as qualitative and quantitative assessments of all known environmental (including physical and transition risk), social and governance risk drivers based on defined trans-mission channels. For most relevant ESG risk drivers, key risk indicators including targets and limits will be defined and integrated in risk strategy and reporting. Regular reporting to the management body within risk management report ensures timely communication and monitoring of significant ESG-risks. Based on regular monitoring and to ensure that timely management actions are taken to adhere to the targets set in the business and risk strategy, also related to ESG risks, VWFS AG Group has established major committees, that involve related governance functions and business lines: > Equity and risk committee > Stress Test committee > European residual value advisory board > Asset Liability management committee > Green finance committee. For the committees shown above VWFS AG Group has defined separate rules and allocated tasks and responsibilities to participants. In particular, the "equity and risk committee", that is composed of decision-makers from finance-, risk-, treasury-, credit department and internal audit, coordinates equity and risk-related issues, discusses the current situation and the development of large volumes, including financing and leasing of battery-electric-vehicles. The stress test committee, involving decision-makers from risk, finance and strategy functions, facilitates information exchange between front and back offices, identifies, discusses current developments and formulates recommendations to the management board regarding scenarios analyzed, including climate-related scenarios within 2025. The European residual value advisory board (ERVAB) is composed of partic-ipants such as the Head of Region Europe (respectively Deputy Regional Manager), the Head of Remarketing, the Head of RV & RV Risk Management, the local RV Manager and optional the local Front- and Back-Office Managers as well as the Head of Brand Management. The ERVAB is the fundamental function of the Residual Value Risk Management Circle for the review of neutral Residual Value Forecasts on management level. The purpose of the ERVAB is to advise and align the neutral Residual Value Forecasts for European markets. The aligned neutral Residual Value Forecasts are the basis for the residual value pricing setting and portfolio assessment in the applicable European markets. The Asset Liability Management (ALM) Commit-tee, gathering decision makers from finance, treasury, controlling and risk management, discusses the liquidity risk indicators with regard to ESG aspects. The green finance committee is established to monitor compliance with the green finance framework that provides the framework for green refinancing activities such as green bonds issued to the capital market. This committee includes decision-makers and specialists from various business areas, including treasury, sustainability, legal, reporting & controlling. The committees play an essential role in managing various aspects of risk within the organization by including members of the board of management of Volkswagen Financial Services AG Group according to their functional responsibilities, as well as decision-makers from responsible business lines, ensuring that both financial and ESG considerations are integrated into relevant processes.
(h)	Lines of reporting and frequency of reporting relating to environmental risk	The expansion of risk reporting to include information on climate and environmental risks is another important issue in the ESG environment. Therefore, these aspects will be integrated into the existing risk reporting framework of the Volkswagen Financial Services AG Group in September 2025. The Board of Management of the Volkswagen Financial Services AG Group and the Supervisory Board will then be informed about climate and environmental risks as part of the quarterly risk management report. On the basis of this reporting, the management body can assess the impact of ESG risks on the risk profile of the Volkswagen Financial Services AG Group on the basis of the aggregated and up-to-date data.
(i)	Alignment of the remuneration policy with institution's environmental risk-related objectives	The ESG factor introduced in the 2024 financial year as a multiplier for the annual bonus is composed in equal parts of the components of the decarbonisation index (DKI) at Volkswagen Group level for the Environment (E) topic and the proportion of women in management at brand level for the social topic (S). The DKI serves as a measuring instrument for the CO2 emis-sions of brands producing passenger cars and light commercial vehicles throughout their entire life cycle. The aim is to sustainably reduce carbon and to offset carbon dioxide (CO2) emissions in order to create a CO2-free global economy in the long term. The product life cycle analysis (ecological balance sheet) analyzes the environmental impact of a product throughout its entire life cycle and is included in the DKI. This involves a holistic approach: from vehicle development via the required raw materials and logistics to production, from the first to the last kilometre on the road and from deregistration to recycling.
(j)	Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework	ESG risks are not treated as a separate risk type within the Volkswagen Financial Services AG. Rather, they are assigned to various risk types with their specific risk drivers. Climate and environmental risks in particular dominate sustainability risks, but social risks and governance risks are also considered when ESG risks are identified, evaluated and managed. In the case of climate and environmental risks, a difference is drawn between physical and transitional risks. Physical risks entail the direct impact of environmental changes on companies and their activities. They are linked to physical changes in the environment, such as climate change. Examples include natural disasters and environmental change. Transitional risks are related to the transition to a more sustainable economy and arise from changes in underlying political, technological, legal or economic conditions. They tend to reflect the ways in which companies respond to change and adapt. For example, new legislation and regulatory requirements pertaining to environmental and climate protection may influence companies' operations or, if consumers increasingly seek sustainable products and services, companies that are unable to respond sustainably may lose market share. Resulting from that, it is the task of each risk type owner to annually identify ESG risk drivers which, if they materialize, are expected to have short-, medium- and long-term effects on the Bank's net assets, financial condition and result of operations as well as its reputation. To gain a full and well-documented overview of the impact of these risk drivers, the associated transmission channels are reconciled with the risk types in existence and their potential financial impact. (Further details see 1 (l)) This materiality assessment is part of the annual risk inventory starting as of Q1 of the respective year in order to define material risks within Volkswagen Financial Services AG. In order to take ESG risks into account within the short term risk appetite, KRIs have also been defined in Volkswagen Financial Services AG with reference to various types of risk. These indicators are rooted within the Risk Appetite Framework and the ESG-specific risk appetite is expressed in thresholds or targets depending on the specific KRIs, similar to the limits in the individual risk types. ESG-KRIs are reviewed and adjusted as part of the annual business and risk strategy control process (Illustration 1). A climate stress-testing framework will be implemented until the end of Q3 2025 and provides for the standardized integration of climate and environmental risks in the stress testing program in order to get a better understanding about the medium and long-term effects of environmental factors and risks. The risk drivers and risk transmission channels to be considered are therefore identified and evaluated as part of the risk inventory. Climate scenarios and climate sensitivity analyses are defined on the basis of this analysis. First, ESG related sensitivity analyses were conducted within credit, residual value, operational and funding risks, with the results incorporated in the current risk inventory and capital resources. In terms of operational risks, based on the qualitative analysis, the risk drivers were evaluated, considering the ex-post and ex-ante data. In this context, a distinction is made between a short-, medium- and long-term time horizon. For the medium and long-term time horizon, scientific studies are used, if possible, to project changes for the years 2030 and 2050, such as the increase in the probability of occurrence of extreme weather events in the future. Due to this information, the materiality for every risk driver for the respective time horizon is determined. Instruments included in the lending and decision-making processes are described within 1 (d).

(k)	Definitions, methodol-ogies and international standards on which the environmental risk management frame-work is based	ESG risks are not treated as a separate risk type but are assigned to various risk types with specific risk drivers (1 (j)). Two different perspectives are taken to determine the financed and leased emissions of the portfolio and to monitor them as part of the business and risk strategy – see Section 1 a "the direct emissions of our portfolio will be climate-neutral on the balance sheet by 2030 at the latest". On the one hand, the procedure for the object view according to the PCAF standard and on the other hand the counterparty view analogous to the ECB climate stress test is described. The distinction between these views is based on the different requirements of the addressees, such as disclosure or risk management. To achieve carbon-neutral business operations by 2030 at the latest, we have implemented an environmental compliance management system (ECMS) in accordance with the DIN EN ISO 14001 and the auditing standard for compliance management systems IDW PS 980. The main focus of our efforts to reduce carbon emissions in operations is explained in 1 (a) and 1 (c). Methodologies in the lending and decision-making processes, also in terms of international standards are described within 1 (d).
(l)	Processes to identify, measure and monitor activities and expo-sures (and collateral where ap-plicable) sen-sitive to envi-ronmen-tal risks, covering rele-vant transmission channels	Instruments included in the lending and decision-making processes are described within 1 (d). The current portfolio structure is analyzed to identify the main portfolios in the light of Volkswagen Financial Services Group's business model and strategy as . Geographical risks for the individual portfolios are examined. This information is used to perform a relevance analysis of all ESG-risk drivers in the relevant risk types in the light of the transmission channels on the basis of qualitative expert opinions and quantitative information (materiality assessment) valid as of Q1 2025. A general risk assessment is performed for less relevant risk types. Finally, the materiality of the risk drivers is assessed in the short term (< 1 year), medium term (1 5 years) and long term (> 5 years). The materiality assessment for these risk drivers is performed as part of the Management Board's existing annual inventory process. The Volkswagen Financial Services Group has identified a few key transmission channels for physical and transitory risk drivers for the various risk types. These are shown in Table 48. From the perspective of Volkswagen Financial Services Group, automotive financing Group entails mobile assets, for which physical hazards are not a dominant risk driver and therefore play only a subordinate role in the alignment of its business policy. Even so, physical risks are included in risk management. An overall assessment indicates that Volkswagen Financial Services Group is primarily exposed to transitory climate and environmental risk drivers with respect to credit, residual value and business risk in the medium and long term. The following risk drivers in particular are of relevance: carbon transition/costs, technological change, and legislation and regulatory requirements. Social and governance risks are not considered to be material for most of the risk types (see also 2 (m)). Regarding the measurement and monitoring of environmental risks we refer to the stress testing framework and conducted sensitivity analyses to be implemented in 2025 as described within 1 (j) as well as the defined KRIs, their limits (section 1 (b)) and the integration of ESG into VWFS`s reporting (section 1 (h)).
(m)	Activities, commit-ments and exposures contrib-uting to miti-gate environ-mental risks	A risk for Volkswagen Financial Services AG arises from the transformation of the automotive sector and the impact on both vehicle dealers and the residual values of the vehicles. There-fore, on the one hand, supporting an environmentally friendly transformation process of dealers is the declared goal of Volkswagen Financial Services AG. Financing of charging infrastruc-ture and e-bicycles as well as energy-efficient construction and renovation will also be consistently expanded. On the other hand, the Volkswagen Group's mobility transition towards e-mobility is to be supported in the best possible way by attractive leasing offers for battery electric vehicles (BEVs) to retail and corporate customers. On the refinancing side, the mobility turnaround is supported by the issuance of green bonds. The aim here is to align refinancing as a whole more closely with sustainability criteria in the future. Volkswagen Financial Services AG is also making great efforts in its own operations to achieve extensive CO2 neutrality on the balance sheet and to avert physical hazards from acute envi-ronmental damage. Environmental protection measures such as reducing energy, water and paper consumption, CO2 emissions and waste generation are pursued with high priority. In ad-dition, potential hazards for employees, buildings or technology and their safeguards, especially from environmental influences, are continuously examined and included in impact analyses in order to define any countermeasures and, if necessary, implement them. Instruments included in the lending and decision-making processes which also include activities to mitigate environmental risks are described within 1 (d). Additionally Volkswagen Financial Services AG is part of the Volkswagen Group Environmental Compliance Management System (ECMS). The Volkswagen Group's ECMS is described in Group Guideline 17 and is based primarily on the environmental management standard ISO 14001 and the auditing standard for compliance management systems IDW PS 980. This in-cludes our own environmental policy statement. Initiatives to achieve strategic sustainability goals and commitments are stated within 1 (a).
(n)	Implementation of tools for identification, meas-urement and manage-ment of envi-ronmental risks	Instruments included in the lending and decision-making processes are described within 1 (d). Further tools for identification, measurement and management of environmental risks are described within 1 (j) and 1 (l).
(o)	Results and outcome of the risk tools imple-ment-ed and the esti-mated im-pact of envi-ronmental risk on capi-tal and liquidity risk profile	Results and outcome of the risk tools implemented are described within 1 (j) and 1 (l).
(p)	Data availability, qual-ity and accuracy, and efforts to improve these aspects	The reporting of climate and environmental risks primarily uses data from the central data warehouse, which is also the central data source for the preparation of reports in risk management and regulatory reporting. To this end, the necessary information on climate and environmen-tal risks was integrated into the existing delivery routes. In addition, methods and processes have been implemented to derive relevant data points (e.g. labelling of customers who are assigned to the top 20 polluters or who are not aligned with the requirements of the Paris Climate Agreement). This information will also be integrated into the central data warehouse in the future. The necessary interfaces are currently being created for this. This allows data delivery processes to be optimized and the central availability of the relevant data to be further improved. The Volkswagen Group Sustainability Report sets out further Group-wide regulations on environmental, social and governance issues and specifies additional specific requirements for dealing with these issues within the Group.
(q)	Description of limits to environmental risks (as drivers of prudential risks) that are set, and trigger-ing escalation and exclu-sion in the case of breaching these limits	Limits as well as escalation processes are described within 1 (b). In addition, exclusion criteria are listed within 1 (d).

(r)	Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	Transmission channels for material risk types within VW FS AG are described within 1 (l).

TABLE 29: QUALITATIVE INFORMATION ON SOCIAL RISKS (IN ACCORDANCE WITH ARTICLE 449A OF THE CRR)

Row number		Qualitative information - Free format
(a)	Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, busi-ness model, strategy and fi-nancial planning	As an outcome of the double materiality assessment, social risks include our own staff and our related parts of society. **Employees** We are committed to an excellent employee experience and promote a culture of appreciation, trust, and continuous development. Our employees are the heart of our company and crucial to our long-term success. Therefore, we strive to offer them an excellent working environment and comprehensively promote their personal and professional development. As part of our sustainability strategy, we have set clear goals in the areas of employee development, diversity, inclusion, and equality. We are committed to diversity and inclusion We are committed to a work environment characterized by openness, a sense of community, respect, and appreciation. Volkswagen Financial Services was one of the first companies to sign the “Charta der Vielfalt” in 2007, a German corporate initiative to promote diversity. We reject discrimination in any form, promote cooperative behavior in the workplace and are committed to inclusion. We are convinced that integrity and compliance can only be lived in a culture free of fear, and we create the conditions for this. We are particularly concerned about increasing the proportion of women at all levels of the workforce. As a concrete goal, we want to increase the proportion of women in management to at least 32.2% by 2030. To make it easier to reconcile work and private life, Volkswagen Financial Services AG founded its own company kindergarten "Frech Daxe" back in 2008. We strive for an excellent employee experience and high-performing teams The transformation to sustainable mobility makes our work more colourful, multifaceted and interesting. We want to exploit these advantages to provide a unique work experience for all employees. It is important to us that everyone can keep up with the change. To this end, intensive investments are being made in training and further education with the aim of increasing the average qualification hours of employees to 30 hours per year by 2030. In addition, the central principles of the management and corporate culture: courage, trust, and customer focus promote cooperation among all employees. Additionally, we offer various internal communication formats for dialogue within Volkswagen Financial Services AG: management conferences, dialogue events and direct exchange between employees and the board or management are well established. Furthermore, the mood barometer makes it possible to record the mood across the entire Volkswagen Group and aims to increase employee satisfaction through subsequent processes, particularly the discussions of results and the measures derived and implemented from them. **Society** We assume social responsibility and advocate for a just, social, and safe society. As a company, we see it as our duty to create added value not only for our employees, customers, and partners but also for society as a whole. We make a sustainable contribution to society.Therefore, the Volkswagen Financial Services AG engage in various projects to make a societal contribution, especially at our business locations in the areas culture, sports and social. In addition to its involvement in regional cultural projects, Volkswagen Financial Services AG sponsors professional soccer and basketball sports as well as individual young talents in a wide variety of sports. University cooperations with the Technical University of Braunschweig and the University of Hildesheim enable cooperation under the motto "Combining theory and practice". Furthermore, we support a wide range of projects for the education and support of socially disadvantaged children and young people in particular. One example of this is the Foundation – Unsere Kinder in Braunschweig, which we founded back in 2008. The protection of our data is our top priority Protecting sensitive data and defending against cyber threats are essential in an increasingly digitalized world to ensure the trust of our stakeholders. A robust cyber security strategy not only secures our own systems but also contributes to the stability and security of the entire economic environment. As Volkswagen Financial Services AG, we aim to remain leaders in the field of cyber security: Already today, 100% of our IT systems are ISO 27001 certified and thus state-of-the-art.
(b)	Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes	The sustainability goals of the VW Bank GmbH Group (incl. KPIs) related to the social dimension are described in Section 2 (a) and listed in 1 (b). Volkswagen Bank GmbH has been subject to reporting obligations under the German Supply Chain Due Diligence Act (LkSG) since January 1, 2024. It therefore publishes an annual policy statement with the most important content on risk management relating to human rights in its own business area and in the supply chain. Respect for hu-man rights is a central concern for Volkswagen Bank GmbH and its employees. We are convinced that sustainable business is only possible through ethical action and in-tegrity. Volkswagen Bank GmbH stands for individual freedom, fair working condition, open world trade, economic development and peaceful coexistence. Volkswagen Bank GmbH has anchored these expectations in all our relevant business processes as well as in internal and external regulations, such as > our Code of Conduct, > the Social Charta, > the VW Group Environmental Policy that also applies to Volkswagen Financial Services AG, > our Group guidelines, > our Code of Conduct for Business Partners, > in employee training on the Supply Chain Due Diligence Act (LkSG), > in contractual provisions with our business partners and > in our policy statement on human rights (German “Grundsatzerklärung”). Both the policy statement against the background of the Supply Chain Due Diligence Act and the Volkswagen Group's Social Charter, which was adopted a few years ago and also applies to Volkswagen Bank GmbH, are based on an international framework: > The Universal Declaration of Human Rights, codified in particular in the International Covenant on Civil and Political Rights and in the International Covenant on Economic, Social and Cultural Rights (in addition to other applicable human rights treaties under international law, for example the UN Convention on the Rights of the Child) > The ILO core labor standards > Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy of the ILO > The ten principles of the UN Global Compact > The UN Guiding Principles on Business and Human Rights, > The OECD Guidelines for Multinational Enterprises Risk management plays an overarching role within the Supply Chain Due Diligence Act, because the implementation of the obligations resulting from the Act is based on the results of this risk management (see table 2 (h)). The general business strategy is in line with the requirements of the law.

(c)	Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities	The policies and procedures described within 1 (d) also apply in context of the strategy of VW FS to mitigate and reduce socially harmful activities.
(d)	Responsibilities of the management body for setting the risk frame-work, supervising and managing the imple-mentation of the objec-tives, strategy and poli-cies in the context of social risk manage-ment covering counter-parties' approaches to:	Social risk management is embedded within the Governance structure as described within 1 (e) - (i) whose content applies to environmental, social and governance aspects. Responsibilities of management body are described especially within 1 (e) and (f). For the Sustainability Goals described under 1 (b) within Board of Management of VW FS AG sponsors have been defined (section 1 (e)). The success of Volkswagen Financial Services AG depends crucially on everyone, i.e. the Board of Management, managers and each individual employee, behaving honestly, with integrity and ethically correctly. This also means that Volkswagen Financial Services AG reports and communicates truthfully, comprehensively and in a timely manner, both internal-ly and externally. The common goal is to assume responsibility and protect the reputation of Volkswagen Financial Services AG. In line with the principle of sustainability, Volkswagen Financial Services AG is aware of its responsibility for the economic, social and ecological impact of its actions. Acting responsibly and with integrity also means ensuring that the rules applicable within the company are observed and complied with by all employees at all times and everywhere. Board members and managers have a special and responsible role to play here: they act as role models and must prevent irregular behavior within the company, protect their em-ployees and represent Volkswagen Financial Services AG with integrity both internally and externally.
(i)	Activities towards the community and society	
(ii)	Employee relationships and labour standards	
(iii)	Customer protection and product responsi-bil-ity	
(iV)	Human rights	By signing Volkswagen's Social Charter, Volkswagen Financial Services AG undertakes to continuously monitor compliance with it and to assess its application. With the entry into force of the German Supply Chain Due Diligence Act (LkSG), the monitoring of compliance with human rights obligations was implemented with a legally compliant risk management approach. This includes, among other things, the appointment of a Human Rights Officer who monitors this risk management and reports regularly (at least annually) to the Board of Management. For the anonymous reporting of suspicions and indications of violations, the whistleblower system has been expanded with regard to human rights. The whistleblower system serves to investigate and sanction as well as to remedy misconduct as well as to analyse the causes and prevent future incidents. The violations of the rules recorded in the whistleblower system are reported to the Board of Management responsible for Compliance and to the Chief Compliance Officer of the Volkswagen Group. This ensures continuous follow-up and evaluation of the effectiveness of the implemented measures. Volkswagen Financial Services AG uses the Volkswagen Group's responsible supply chain system to systematically carry out risk analyses and identify human rights and social risks in its value chain. On the basis of the analysis results, necessary and appropriate measures are derived. These aim to minimise possible or actual negative impacts on workers in the value chain. As part of its sustainability strategy, Volkswagen Financial Services AG will integrate the issue of human rights even more transparently into procurement and thus into the value chain. A description of the responsible supply chain system can be found on the Volkswagen Group's website in the section "Sustainability in the Supply Chain". In addition, the monitoring of compliance with and assessment of the application of the Social Charter takes place at least once a year within the framework of the meeting of the European/World Group Works Council. Volkswagen Financial Services AG has filled the position of Human Rights Officer in December 2022. The Human Rights Officer is the contact person for all stakeholders of the com-pany and acts in personal union for both the parent company Volkswagen Financial Services AG and the subsidiary Volkswagen Leasing GmbH, which is subject to reporting obliga-tions. He coordinates on human rights-related issues from authorities, politics and society via a dotted reporting line to the Human Rights Officer of the Volkswagen Group. His main tasks also include monitoring the appropriateness and effectiveness of risk management for compliance with the due diligence obligations of the LkSG and carrying out risk-based control measures. When it comes to human rights, various second-line functions are also involved, including: › Compliance department (especially for the whistleblower system) › HR Compliance › Occupational Health and Safety › Environmental Management (especially for the establishment of an Environmental Compliance Management System (ECMS)) and social concerns › Procurement (e.g. regarding the agreement of the CoC for business partners with suppliers and the granting of the obligation to cooperate in investigations of possible violations in the supply chain by direct suppliers). In addition to the resources used by Volkswagen Financial Services AG itself for the topic of human rights, there are the following resources at Group level that are also used for Volkswagen Financial Services AG: › Central Investigation Office of the Volkswagen Group, › Human Rights Officer of the Volkswagen Group and › Second line functions of the Volkswagen Group (including HR Compliance, Group Security, Occupational Health and Safety, Group Environmental Compliance, Procurement Sustainability). The measures to ensure compliance with human rights apply both to direct and indirect suppliers as well as to Volkswagen Bank GmbH's own business units within the scope of the LkSG. The responsibility for the implementation and monitoring of these obligations lies with the management.

Goals and parameters on the subject of human rights
Volkswagen Financial Services AG has introduced preventive measures to avoid possible human rights violations within its own business unit and in the value chain. In addition, Volkswagen Financial Services AG also wants to establish swift conclusion of investigations in the event of suspicions of human rights violations or environmental violations in its own business unit and supply chain. To date, no specific, measurable and results-orientated targets have been set outside the implementation of the requirements of the Supply Chain Due Diligence Act in connection with human rights.

Grievance mechanism
With its independent, impartial and confidential whistleblower system of Volkswagen AG, the Volkswagen Group has established a Group-wide and cross-thematic reporting system for internal and external complaints with various contact channels. Volkswagen Financial Services AG uses this whistleblower system. Information to the whistleblower system can be submitted at any time and in principle in any region.
Anyone can report or complain about potential grievances in the company and along the supply chain, including workers in their own workforce, workers in the value chain and affect-ed communities. Volkswagen Financial Services AG takes every incoming complaint seriously and treats it with the utmost care.
The whistleblower system also provides an independent complaint procedure for information on potential violations of the Supply Chain Due Diligence Act. The system (and with it the Volkswagen Group's Central Investigation Office) is available around the clock. It is accessible internally and externally and allows information to be transmitted (anonymously if desired) by telephone and e-mail, via an Internet-based communication platform, by post or in person. In addition, reports can be submitted to independent external lawyers (om-budsmen) while maintaining the anonymity of the whistleblower.
As part of this, potential violations of the Code of Conduct for Business Partners, including serious risks and human rights and environmental violations by direct and indirect suppli-ers, can be reported. This also applies to other reports that require immediate action by the company.
The Central Investigation Office in the Volkswagen Group informs the responsi-ble departments, which are processing the matter accordingly. This includes, in particular, necessary measures to minimise risks and/or put an end to violations.
Possible reporting channels and further information on the existing complaint procedures are made available to the public, for example, on the website of Volkswagen Financial Ser-vices AG and the Volkswagen Group and in the Code of Conduct. In addition, the information about suppliers is provided by the Code of Conduct for Business Partners, and employees can access the necessary information on the intranet. Availability and input channels are continuously checked for technical functionality.
The whistleblower system guarantees the greatest possible protection for whistleblowers and those affected. This also includes the possibility of anonymous reporting and communi-cation. Volkswagen Financial Services AG assures that it will not take any action to identify anony-mous whistleblowers who do not abuse the whistleblower system. Incoming reports will be treated confidentially. The whistleblower system is designed to ensure that complainants are not disadvantaged as a result of their reports. The persons entrusted with pro-cessing the information and discussing a matter are obliged to act impartially and to maintain confidentiality. They perform these tasks independently and without being bound by instructions.
The process for dealing with human rights-related complaints is described in the Volkswagen Group's Rules of Procedure. If a suspicion is assumed, it is examined which investigative or clarification measures (so-called follow-up measures) are necessary in the individual case. This includes, for example, conducting a formal internal investigation. If necessary, in-terim measures may be taken or ordered. In addition, it is examined to what extent the company may or should take further legal and factual measures on the basis of the complaint at this stage.
Depending on the outcome of the follow-up measures, business decisions are made to adequately counter any violation or risk that may have been identified, e.g. through personnel measures or adjustments to processes. This can lead to the dismissal of employees and the termina-tion of business relationships. If, in the case of complaints relevant to the Supply Chain Due Diligence Act, a grievance has been found in the company's own business area in Germany, countermeasures are taken and monitored in order to immediately end the risk or violation and avoid recurrence.
This principle also applies to the company's own business abroad – subject to conflicting national regulations. In order to ensure that the principle of equal treatment is also adhered to when follow-up measures are taken, both the works council and the equal opportunities officer act as a possible contact point for their own workforce to address suspicions of une-qual treatment or similar concerns.

(e)	Integration of measures to manage social factors and risks in internal governance arrangements, includ-ing the role of commit-tees, the allocation of tasks and responsibili-ties, and the feedback loop from risk manage-ment to the manage-ment body	Social risk management is embedded within the Governance structure as described within 1 (e) - (i) whose content applies to environmental, social and governance aspects. Integration of measures to manage social factors and risks are described especially within 1 (g). Measures to manage human rights and related social risks are described in section 2(d).
(f)	Lines of reporting and frequency of reporting relating to social risk	Social risk management is embedded within the Governance structure as described within (e) - (i) whose content applies to environmental, social and governance aspects. Lines of reporting as well as reporting frequency are described especially within 1 (h). An internal reporting, reflecting ESG-aspects, will be established until Q3 2025 within the roll-out of ECB's Guide to climate-related and environmental risks of the Volkswagen Financial Services AG, also taking the pillar "Social" into account. Lines of reporting and frequency regarding human rights and related risks are described in section 2(d).
(g)	Anpassung der Vergü-tungsrichtlinien an die mit sozialen Risiken verbundenen Ziele	The ESG factor introduced in the financial year 2024 as a multiplier for the annual bonus is composed in equal parts of the components of the decarbonisation index (DKI) at Volkswagen Group level for the Environment (E) and the proportion of women in management at brand level for the Social area (S). The Governance (G) criterion is already taken into account by the culture and integrity component. The proportion of women in management measures the proportion of women in management in relation to man-agement as a whole. Companies with diverse teams are more successful and generally generate higher returns. VW Bank GmbH Group is therefore striving to increase the proportion of women in management. The ESG factor ranges between 0.7 and 1.3. The target achievement for criterion S is determined by the management / the supervisory board on the basis of the previously defined target values.

(h)	Definitions, methodologies and international standards on which the social risk management framework is based	Social risk management is embedded within the risk management framework above whose content applies for many aspects to environmental, social and governance aspects. Definitions, methodologies and international standards on which the social risk management framework is based are described especially within 2 (b). Monitoring risk management for human rights is one of the core functions of the Human Rights Officer. The risk management approach comprises recurring steps for the following areas > Own business area > direct suppliers and > indirect suppliers. For all areas, the underlying risks are analysed in a fundamentally abstract manner. The business areas and the countries in which either subsidiaries or suppliers are located are analysed. With the help of international studies, internationally applicable indices and expert knowledge from our own employee network, a good abstract view of possible risks in our own area of activity and in the supply chain is created in the first step. The abstract risks can already be used to derive focus areas for specific risks. Concrete risks can be easily identified internally through interviews with various parties and hints from company's own whistleblower system. With regard to direct suppliers, specific risks can be provided on the basis of information from the company's own whistleblower system or from specific press reports. International press reports are checked annually by an external specialised service provider for possible indications of human rights or environmental violations. If the analysis reveals a suspected risk as a violation, the German law (LkSG) only recognises these possible scenarios > breaches in the own business area must be remedied (immediately) > in the case of suppliers, breaches must also either be remedied directly, a plan with a short time horizon must be drawn up in which the breaches are remedied or, if this does not help, the supply relationship must be terminated. The only difference between direct and indirect suppliers is the type of risk analysis. In the case of direct suppliers, risks must be analysed on an ongoing or recurring basis, whereas in the case of indirect suppliers, an event-driven risk analysis must be carried out. These occasions can relate to a report from the direct supplier as well as information from the whistleblower system or the press that the company becomes aware of. Volkswagen Financial Services AG is often not directly aware of the indirect suppliers and is therefore dependent on the assistance of the direct suppliers and on information from whistleblowers or the press.
(i)	Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels	Social risk management is embedded within the risk management framework as described within 1 (j) - (o) whose content applies to environmental, social and governance aspects. Processes to identify, measure and monitor activities and exposures sensitive to social risk are described especially within 1 (l). The policies and procedures described within 1 (d) apply also in context of social risks. In order to ensure sufficiently ESG-risks related to corporate customers Volkswagen Financial Services Group has incorporated “ESG key questions” within the Back Office departments covering the three pillars “Environmental”, “Social” and “Governance”. The purpose of the “ESG key questions” is to identify possible impacts, i.e. how is a counterparty exposed to ESG-risks. Social risks are therefore considered within the Back Office departments and documented within the credit application processes. An evaluation whether the corporate customer is exposed to social risks is done and is common practise since years. The “ESG key question” for the pillar “Social” includes human rights, social and working standards. Within the Back Office departments a consideration to which extend the corporate customer takes social actions and prepares oneself to contribute to safety at work, e.g. health protection, compliance with accident prevention regulations is ensured. Processes to identify measure and monitor human rights and related social risks are described in section 2(d).
(j)	Activities, commitments and assets contributing to mitigate social risk	For Volkswagen Financial Services AG, a whole set of avoiding and mitigation social risks is incorporated within the risk policies. Exclusions of controversial business and economic practices are therefore integrated into the compliance frameworks and in the lending policies (1 (d)). A binding Code of Conduct (CoC) is as well part of the contracts between the authorized dealer and the brand, and a supplementary compliance guideline flanks the Volkswagen Group's requirements for sustainability in its relationships with business partners. This ensures that requirements for national and international requirements and conventions, internal standards and values, such as human rights, labour rights, occupational health and safety and compliance aspects, are met. Moreover, sufficient monitoring, reporting obligations and mandatory trainings of the employees are incorporated. The behaviour and consideration in order to ensure social aspects are also considered. Activities towards the community and society. Volkswagen Financial Servies AG is fully committed to support society, culture, education and sport. In terms of culture, the company supports the Braunschweig International Film Festival, the “ART MOBIL” for schoolchildren and senior citizens and the concert series “GroßerHausBesuch” among others. In terms of sports, we support Eintracht Braunschweig, the Basketball Lions and talented young athletes. We cooperate with universities, such as the TU Braunschweig and the University of Hildesheim on the subject of artificial intelligence. The “Our Children in Braunschweig” foundation, established in 2008, we support disadvantaged children in education, music, exercise and nutrition. In addition to social and educational projects, an internal focus is on a comprehensive cyber security strategy to ensure the trust of all stakeholders and the stability of the economic system - 100% of the IT systems are ISO 27001 certified. Other projects are implemented directly by the local national company in the respective markets. Employees are guided in their daily work by a generally applicable organizational handbook (OHB). This organizational handbook serves as a guide for employees and is a group standard on national and international level. The organizational handbook covers various areas, such as structural and procedural organization as well as department-specific guidelines. It is accessible via an internal platform. An international version in English is available for our subsidiaries for process implementation in accordance with the specifications of headquarters. The Code of Conduct lays the foundation for integrity and compliant behavior in the Volkswagen Group. It is the core element to raise awareness of responsible behavior and decision-making, provides assistance and contact persons. In addition to the International Bill of Human Rights and the core labor standards of the International Labor Organization (ILO), the United Nations Convention against Corruption is also anchored in the CoC. Non-compliance with the Code of Conduct can lead to considerable damage, not only for Volkswagen Financial Services AG, but also for employees, business partners and other stakeholders. The Code of Conduct is supplemented by internal guidelines and regulations as well as contractual employment agreements. In addition, national and international regulations are followed. Volkswagen Financial Services AG does neither tolerate nor participate in activities that are based on fraud, embezzlement, blackmail, theft, embezzlement or other deliberate damage to the assets of customers or third parties. To anchor the national and international legal regulations in the company, the “Anti-Corruption” guidelines for employees are available at all times in the digital organization manual. In addition, the guideline on avoiding conflicts of interest and corruption in the OHB can be accessed. Together with its accompanying documents, this guideline also sets out the content of guest hospitality and the handling of invitations and gifts. These internal guidelines apply uniformly to all employees within the companies of Volkswagen Financial Services AG. The compliance function has implemented control measures to monitor compliance with the requirements within the companies (see section 2 (k)).

		Compliance trainings The contents of the CoC and other internal organizational topics related to governance are communicated to employees in various training sessions. Compliance training at Volkswagen Financial Services AG is based on statutory requirements and the Volkswagen Group's specifications. The Volkswagen Group defines minimum requirements for the essential content and process-related design of training formats. Preventive compliance work is based on employee training measures. We have implemented a risk-oriented and target group-specific training concept, which is updated on an annual basis. Volkswagen Financial Services AG thereby pursues the goal of preventing general compliance risks as well as risks of money laundering and fraud. Knowledge of the obligation to report serious violations of regulations and the disclosure of any conflicts of interest are also part of the certification. Business partners from sales and procurement are also trained on a risk-based basis. The Code of Conduct for Business Partners forms the basis for this. Communication for preventative compliance Communication is a key component of awareness work. Preventive compliance work is based on communication and awareness-raising measures for employees. As part of the existing communication and awareness-raising measures, the Board of Management ("Tone from the Top") and middle management ("Tone from the Middle") communicate the central importance of Integrity & Compliance (I&C) for the company and its employees to employees of Volkswagen Fiancial Services AG companies. The contents of the Code of Conduct are communicated to employees via the Intranet and to the public via the Internet. The Compliance Helpdesk has also established itself as a center of competence and key contact point. The Compliance Helpdesk ensures that employees receive appropriate advice on the Code of Conduct and all compliance-relevant topics. It can be contacted both personally and digitally (e.g. by email). The compliance team answers compliance related questions - for example regarding invitations and gifts as well as sponsoring and general questions from employees and provides support on the implementation of internal company requirements and guidelines. Tasks and case studies from consulting practice are addressed as part of compliance communication. The aim is to provide employees with specific recommendations for future, similar issues and to improve the internal control system. The internal responsibilities relating to the Compliance Helpdesk are anchored in the written rules. Investigation of complaints or incidents Compliance with laws, rules and internal regulations is a priority for the Volkswagen Group. Only if rules and standards are complied with we can avoid damage to the Volkswagen Group and Volkswagen Financial Services AG, employees and business partners. Misconduct must therefore be uncovered at an early stage, dealt with and combated immediately. For this reason, the Central Investigation Office (CIO) of Volkswagen AG has been commissioned to operate an independent, impartial and confidential whistleblower system. In addition to the whistleblower system and the Investigation Office, violations of the CoC, including cases of corruption and bribery, can be investigated decentrally and by Internal Audit, Corporate Security or Human Resources. The Compliance unit tracks the process of all cases related to corruption and bribery and mandates other units for investigation purposes if necessary. The compliance unit acts independently from the management and has the right to access all systems and information required for the investigation. The Responsible Supply Chain System (ReSC system) is in place for detection and prevention of violations of company principles within the supply chain. An additional option for reporting violations of the CoC, for example, is the Group-wide "Hot Topic" reporting. Hot topic reporting plays an important role in compliance work. It helps to pass on information on compliance-relevant, systemic incidents and escalate them throughout the organization. The involvement of the Legal department at Volkswagen Financial Services AG is governed by specific regulations at OHB based on the Volkswagen Group's specifications. In accordance with these regulations, the Legal department must be consulted in the event of legal issues affecting one of the aforementioned companies as well as in the event of criminal matters that could result in reputational damage. Internal reports are submitted to the Board of Management of Volkswagen Financial Services AG and the Group Chief Compliance Officer of Volkswagen AG at least once a year. In addition, the results of the annual compliance report of are passed on to the Supervisory Board. Commitments and activities to mitigate human rights and related social risks are described in section 2(d).
(k)	Implementation of tools for identification and management of social risk	ESG risks are not treated as a separate risk type within the Volkswagen Financial Services AG. Rather, they are assigned to various risk types with their specific risk drivers. Climate and environmental risks in particular dominate sustainability risks, but social risks and governance risks are also considered when ESG risks are identified, evaluated and managed (see table 1 (j) and 1 (l). In the case of social risks, identification is performed on portfolio level regarding their specific impact on country risk based on internationally accepted data and information sources such as S&P risk atlas, the International Labour Organisation or European Standards. On a more granular level, social risks are also part of a sector specific risk driver assessment. Measures relating to compliance Risk assessment in accordance with the internal compliance risk assessment Volkswagen Financial Services AG companies have implemented an internal compliance risk assessment (ICRA). It determines the compliance risks in the Group. As part of the ICRA assessment process, risk positions in connection with money laundering, fraud and general compliance risks are identified and aggregated into a risk at company level. The majority of the companies of Volkswagen Financial Services AG are in a low to medium risk range. The ICRA risk assessment is fully updated every three years. In the event of material changes in business operations (e.g. new companies or business areas), the risk assessment for the companies concerned is updated annually. Each controlled company must implement appropriate measures based on its risk profile. In addition, it defines ICRA standards in areas such as the Code of Conduct, whistleblower system, compliance training and communication. The Group Chief Integrity & Compliance Officer of Volkswagen AG reports on the implementation status to the "Group Board of Management Committee on Integrity and Compliance" on an ad hoc basis or at least once a year. The reporting also includes Volkswagen Financial Services AG. Measures to identify and manage human rights and related social risks are described in section 2(d). Further tools for identification, measurement and management of social risks are described within 2 (h) and 2 (i). On an exposure level, instruments included in the lending and decision-making processes are described within 1 (d).
(l)	Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits	Potential limits, controversial sectors and exclusion criteria are listed within 1 (d). Processes related to the ESG-Scoring KRIs, including social risk aspects, are described within 1(b). Further information to limit, manage and escalate human rights and related social risks are described in section 2(d).
(m)	Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework	Social risks are not material for the Group. As an exception corporate customers in certain sectors face challenges resulting from ageing workforce and changing social trends, which might have an impact in the long term. Car dealers might additionally be impacted by a change in the mobility behavior of customers in the long term. A climate stress test for VWFS AG will be computed until Q3 2025 within the roll-out of ECB's requirement on climate-related and environmental risks, which might integrate selected social risk drivers. Transmission channels for material risk types within VW FS AG are described within the following table and 2 (i).

TABLE 30: QUALITATIVE INFORMATION ON BUSINESS RISKS (IN ACCORDANCE WITH ARTICLE 449A OF THE CRR)

Row number		Qualitative information - Free format
(a)	Institution's integration in their governance arrangements of the governance performance of the counterparty, including committees of the highest governance body, committees responsible for deci-sion-making on economic, environmental, and social topics	The Volkswagen Financial Services Group offers a wide range of banking products, including financing and leasing vehicles from all brands of the VW Group. Therefore, most of the Volkswagen Financial Services Group's portfolio consists of vehicle financing and vehicle leasing. The remaining financing categories include dealer and real estate financing, as well as financing without a specific intended use. The Volkswagen Financial Services Group recognizes its economic and social responsibility as a financial institution and has incorporated the "Green Loan Framework" to promote and define sustainable financing. The strategic goal of the Volkswagen Financial Services Group is to drive the transition to emission-free mobility. The "Green Loan Framework" assesses whether the generated funds are used for sustainable purposes, such as refinancing credit and leasing contracts for more environmentally friendly electric and hybrid vehicles. Moreover, the Volkswagen Financial Services Group has implemented the “ESG-Scoring light “for financing business and an external ESG-Scores for leasing business as well as corresponding “ESG key questions” within the credit process to assess the sustainability of risk relevant customers. This enables the Volkswagen Financial Services Group to support corporate customers who adhere to sustainable practices and standards. Governance criteria like: > Precautions regarding data protection and defense cyber criminality > Reporting and persecuting compliance violations (money laundering etc.) > Equal rights (inclusion, development of gender neutral renumeration) > Corporate principles considering ESG aspects (environmental and climate improvement, social engagement, compliance, development of a sustainability strategy and their organizational incorporation) are checked and assessed by credit departments and any relevancies are considered within the credit documentation. Checking counterparties' governance aspects became a mandatory part of the credit documentation which is carried out on an annual basis or when changes during the year become known. Within the Volkswagen Financial Services Group, the avoidance of controversial business and economic activities is firmly integrated into the compliance frameworks. A binding code of conduct is already an integral part of the contracts between dealers and the VW Group. In addition, a supplementary compliance policy supports compliance with the sustainability requirements of the VW Group in business relationships. A binding Code of Conduct is also part of the Volkswagen Financial Services Group for business relationships with customers, business partners, and suppliers. Requirements regarding national and international regulations and conventions, internal norms, and values, such as human rights, labor rights, and compliance aspects, are ensured. Applicable laws and regulations, such as anti-corruption, anti-money laundering, fraud prevention and cybercrime, are considered and implemented within the Volkswagen Financial Services Group through work instructions and processes. Monitoring and reporting obligations, as well as communication channels and training, are also integrated for employees. This ensures the following areas: > Compliance & Integrity including the protection of economic and human rights > Prevention of money laundering, terrorism financing, and criminal activities > Anti-corruption and fraud prevention Against this background, the Volkswagen Financial Services Group has implemented an sectoral exclusion list for credit approvals, which will exclude financing to high-risk corporate customers in controversial industries and business areas outside of the defined intended uses. The policies and procedures described within 1 (d) apply also in context of governance risks.
(b)	Institution's accounting of the counterparty's highest governance body's role in non-financial reporting	The procedures described within 3 (a) also ensure the assessment of counterparties governance body's role.
(c)	Institution's integration in governance arrangements of the governance performance of their counterparties including:	(i) Criteria to exclude harmful industries are defined in 1 (d). (ii) The Volkswagen Financial Services Group has incorporated ESG risks step by step as an integral part of its risk management framework as described in 1 (j). (ii, iii – vi) The Volkswagen Financial Services Group follows high ethical principles in its business activities and complies with applicable German and European laws and regulations. Aspects like conflict management, inclusiveness, anti-corruption, anti-money laundering and conflict of interest are strictly observed, also on counterparty level.
(i)	Ethical considerations	Therefore, the checking and assessment of ESG aspects have been integrated into the lending procedures, for entire corporate customers.
(ii)	Strategy and risk management	Observing governance aspects play a significant role in the “ESG-Scoring light”, within the external ESG Score results as well as in the assessment of the “ESG key questions” Governance criteria like: > Precautions regarding data protection and defense cyber criminality
(iii)	Inclusiveness	> Reporting and persecuting compliance violations (money laundering etc.) > Equal rights (inclusion, development of gender neutral renumeration)
(iv)	Transparency	> Corporate principles considering ESG aspects (environmental and climate improvement, social engagement, compliance, develop-ment of a sustainability strategy and their organizational incorporation)
(v)	Management of conflict of interest	are checked and assessed by credit departments and any relevancies are considered within the credit documentation. Checking counterparties' governance aspects became a mandatory part of the credit documentation which is carried out on an annual basis or when changes during the year become known.
(vi)	Internal communication on critical concerns	Furthermore, governance risks aspects like management quality, i.e. skills, qualification, reliability of the management and succession plan-ning, are an immanent part of the corporate rating model. In addition, there are several override reasons of the calculated rating results, also for governance aspects, like legal breaches or acute successor problems.
(d)	Institution's integration in risk management arrangements the gov-ernance performance of their counterparties considering:	The procedures described within 3 (c) are also part of various guidelines.
(i)	Ethical considerations	

(ii)	Strategy and risk management
(iii)	Inclusiveness
(iv)	Transparency
(v)	Management of conflict of interest
(vi)	Internal communication on critical concerns

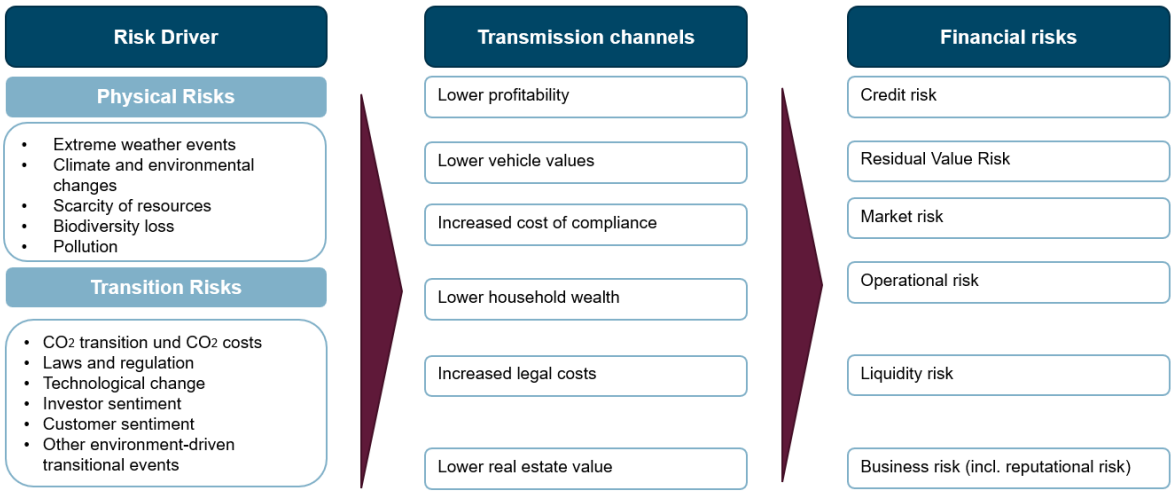

Figure 1 Figure 2: Risk drivers, transmission channels and financial impact

TABLE 31: RISK TYPES

Risk type	Transmission channel for physical risks (based on climate and environmental risks)	Transmission channel for transitory risks (based on climate and environmental risks)
credit risk risk	Natural disasters such as droughts, floods or storms are increasing in frequency under different climate scenarios, causing significant economic damage to homes and cars, which would result in rising repair costs or total loss of assets. The solvency of counterparties would be adversely affected, particularly those operating in sectors heavily dependent on natural resources or in particularly vulnerable locations. The risk of increasing car damage could be mitigated by (car) insurance. Environmental changes and resource scarcity can lead to rising costs for car repairs and negatively impact supply chains.	The solvency and the assets of counterparties could be adversely affected by changes in regulation and by the implementation of measures to reduce greenhouse gas emissions. For example, stricter standards for CO_2 emissions or higher CO_2 prices could lead to rising purchase and maintenance costs for cars or mean rising fuel costs. The EU regulation to only allow CO_2-free new cars from 2035 can result in a possible decrease in the collateral values of used cars.
residual value risk		The prices of used cars with combustion engine technologies could be affected by the transition to a zero-emission economy, e.g. by increasing the CO2 tax and additional costs for emission certificates. Differences in European markets help to mitigate/compensate for any impact. The discussion and a possible introduction of driving bans of ICEs in inner cities of major European cities impairs the attractiveness of these vehicles with a tendency to have rather negative effects on the residual values of ICEs (opposite effects on the residual values of BEVs).
interest rate risk/other market price risk	Extreme events and long-term climate trends such as desertification and sea-level rise could trigger instabilities that affect supply chains and commodity prices, and induce volatility in market variables.	Expectations regarding new regulatory frameworks, stricter CO_2 guidelines or newly developed green technologies could influence the volatility of market variables such as interest rates.
liquidity risk		Evolving consumer preferences could negatively impact deposits and result in higher funding costs for the Group. The enforcement of new regulatory frameworks and stricter CO_2 guidelines could affect the value of securities, which could lead to the posting of additional collateral.
operational risk	Severe weather events could affect the business continuity of the bank and its outsourcing. The well-being of employees and their ability to work and enter premises could be affected.	Legal risks can result in liability claims in the event of non-compliance with laws and regulations in the climate context.
business risk		Customer demand may change due to future regulations. This could lead to higher demand for electric cars with a simultaneous lower demand for used combustion cars.

TABELLE 32: GOALS NH-STRATEGIE UND KPIS

Goals	KPI	Target KPI 2030
The direct emissions of our portfolio will be CO2 neutral by 2030 at the latest	Net emissions in tonnes of CO2	0t
Our business operations will be CO2 neutral by 2030 at the latest	Net emissions in tonnes of CO2	0t
We are committed to diversity, inclusion, and equality	Proportion of women in management	32.2%
We aim for an excellent employee experience and high-performing teams	Ø Qualification hours per employee	30h
We make a sustainable contribution to society	TBD 2025, depending on decision of VW AG	
The protection of our data is our top priority	100% of ISO 27001 requirements are certified	100%
We are driving the shift to sustainable mobility	New BEV Penetration	80%
We are increasing our share of sustainable refinancing in the capital market	Share of green bonds	40%

TABLE 33: KEY RISK INDICATORS

KRI	Objective/Further Explanation	Limits
Intensity of CO_2 emissions from financed/leased vehicles	Monitoring the reduction of average vehicle emissions.	Intensity does not increase compared to previous year.
CO_2 footprint of business operations and IT	Identification of activities with the highest CO_2 emissions and derivation of possible savings and efficiency measures.	climate-neutral balance sheet 2030
ESG-Scoring light and external ESG-Scores	A limit has been defined for each market for the maximum share of the overall red ESG score. Compliance with this requirement is reviewed on a quarterly basis.	Limits have been set on market level.
Share of Green Bonds	Share of green bonds in VW FS AG in the respective financial year calculated as a share of the total outstanding bond volume on the capital market.	Share does not fall compared to previous year.

QUANTITATIVE REPORTING

TABLE 34: BANKING BOOK – INDICATORS OF POTENTIAL TRANSITORY RISKS RELATING TO CLIMATE CHANGE: CREDIT QUALITY OF THE EXPOSURES BY SECTOR, EMISSIONS AND REMAINING TERM

	SECTOR/SUBSECTOR	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Of which non-performing exposures					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counter-party) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
	in € millions		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
1	**• Exposures towards sectors that highly contribute to climate change***	**41.176,11**	**1,210.3**	**N/A**	**23.139,43**	**1.237,08**	**-1.227,23**	**-496,30**	**-535,35**	**54,120,858.3**	**49,040,472.9**	**0.0**	**33.384,67**	**471,85**	**555,29**	**6.764,30**	**2.0**
2	A - Agriculture, forestry and fishing	353,45	0.0	N/A	298,64	22,09	-24,56	-9,48	-15,37	97,678.9	31,319.1	0.0	345,86	5,13	,00	2,46	2.0
3	B - Mining and quarrying	60,94	19.3	N/A	45,83	2,69	-3,51	-1,14	-2,29	17,957.3	5,664.0	0.0	50,13	,35	,00	10,46	2.0
4	B.05 - Mining of coal and lignite	2,61	2.6	N/A	1,82	,20	-,22	-,07	-,15	491.8	310.4	0.0	2,46	,04	,00	,10	2.0
5	B.06 - Extraction of crude petroleum and natural gas	5,96	6.0	N/A	5,40	,39	-,66	-,21	-,45	2,030.6	624.0	0.0	5,91	,03	,00	,03	2.0
6	B.07 - Mining of metal ores	5,17	5.2	N/A	4,11	,59	-,46	-,19	-,31	481.2	246.4	0.0	4,67	,05	,00	,45	2.0
7	B.08 - Other mining and quarrying	37,30	0.0	N/A	29,98	1,26	-1,97	-,59	-1,30	12,868.6	3,750.4	0.0	32,24	,23	,00	4,83	2.0
8	B.09 - Mining support service activities	9,89	9.9	N/A	4,52	,24	-,18	-,08	-,08	2,085.1	732.8	0.0	4,85	,00	,00	5,05	2.0
9	C - Manufacturing	4.859,67	22.3	N/A	3.901,29	101,97	-125,50	-78,63	-42,73	2,062,413.8	854,716.4	0.0	4.020,51	14,61	,29	824,26	2.0
10	C.10 - Manufacture of food products	261,98	0.0	N/A	219,17	7,47	-9,23	-5,28	-3,74	134,625.0	52,164.9	0.0	248,58	,98	,00	12,42	2.0
11	C.11 - Manufacture of beverages	277,78	0.0	N/A	39,72	,81	-3,27	-,81	-,47	27,600.7	9,706.4	0.0	42,36	,64	,00	234,78	2.0
12	C.12 - Manufacture of tobacco products	6,94	0.0	N/A	4,52	,09	-,08	-,03	-,04	4,630.4	1,170.8	0.0	4,62	,00	,00	2,32	1.0
13	C.13 - Manufacture of textiles	65,34	0.0	N/A	55,52	1,92	-2,30	-1,37	-,92	28,611.4	10,976.4	0.0	61,88	,23	,00	3,24	2.0
14	C.14 - Manufacture of wearing apparel	52,11	0.0	N/A	42,51	1,55	-1,92	-,69	-1,14	27,646.4	11,207.2	0.0	49,47	,66	,00	1,97	2.0
15	C.15 - Manufacture of leather and related products	16,56	0.0	N/A	13,77	1,14	-,57	-,21	-,35	9,868.7	3,514.4	0.0	16,24	,03	,00	,30	2.0
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	125,36	0.0	N/A	99,41	2,95	-3,46	-2,06	-1,32	44,603.7	15,307.2	0.0	119,50	1,36	,00	4,50	2.0
17	C.17 - Manufacture of pulp, paper and paperboard	55,79	0.0	N/A	50,64	,56	-1,19	-,86	-,22	27,018.2	9,446.4	0.0	53,85	,00	,00	1,94	2.0
18	C.18 - Printing and service activities related to printing	64,82	0.0	N/A	52,18	1,65	-1,79	-,99	-,69	23,467.9	11,289.6	0.0	61,40	,25	,00	3,18	2.0
19	C.19 - Manufacture of coke oven products	47,29	46.1	N/A	14,06	,10	-,23	-,09	-,10	8,300.3	3,375.8	0.0	13,92	,20	,00	33,18	1.0
20	C.20 - Production of chemicals	147,70	0.0	N/A	120,48	3,40	-4,19	-2,51	-1,61	93,865.8	36,433.9	0.0	128,04	,24	,00	19,41	2.0
21	C.21 - Manufacture of pharmaceutical preparations	130,51	0.0	N/A	89,35	,64	-1,53	-1,10	-,39	55,278.6	24,370.0	0.0	90,55	,00	,00	39,97	1.0
22	C.22 - Manufacture of rubber products	196,23	0.0	N/A	174,23	4,80	-4,89	-2,52	-2,35	99,885.3	40,390.3	0.0	188,24	,51	,00	7,48	2.0
23	C.23 - Manufacture of other non-metallic mineral products	132,24	0.0	N/A	116,57	3,27	-3,22	-2,01	-1,21	82,817.0	30,007.4	0.0	126,56	,50	,00	5,18	2.0
24	C.24 - Manufacture of basic metals	89,62	3.6	N/A	74,29	3,52	-2,90	-1,35	-1,48	58,623.8	33,414.1	0.0	87,27	,34	,00	2,00	2.0
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	607,40	0.0	N/A	520,41	9,30	-16,03	-8,49	-7,17	247,282.2	94,932.5	0.0	577,59	2,58	,29	26,94	2.0
26	C.26 - Manufacture of computer, electronic and optical products	273,63	0.0	N/A	257,49	4,06	-6,22	-4,02	-2,09	176,164.7	81,481.0	0.0	269,46	,27	,00	3,90	2.0
27	C.27 - Manufacture of electrical equipment	217,82	0.0	N/A	198,99	8,37	-6,04	-3,49	-2,61	118,105.6	48,841.9	0.0	214,89	,13	,00	2,80	2.0
28	C.28 - Manufacture of machinery and equipment n.e.c.	638,21	0.0	N/A	590,96	15,01	-15,28	-9,64	-5,72	345,187.0	125,975.9	0.0	627,83	,41	,00	9,97	2.0
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	731,65	0.0	N/A	693,66	3,01	-22,96	-20,90	-1,78	156,293.9	98,999.9	0.0	490,08	,23	,00	241,34	
30	C.30 - Manufacture of other transport equipment	65,62	0.0	N/A	50,36	2,12	-1,92	-1,25	-,85	36,875.7	14,696.4	0.0	53,87	,16	,00	11,59	1.0

	SECTOR/SUBSECTOR	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Of which non-performing exposures					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counter-party) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting					
	in € millions		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
31	C.31 - Manufacture of furniture	88,47	0.0	N/A	63,58	2,20	-2,83	-1,42	-1,40	36,475.5	11,778.4	0.0	73,71	1,82	,00	12,94	2.0
32	C.32 - Other manufacturing	336,37	0.0	N/A	180,18	18,70	-6,14	-3,49	-2,14	107,192.9	41,504.2	0.0	201,18	1,37	,00	133,83	2.0
33	C.33 - Repair and installation of machinery and equipment	230,22	0.0	N/A	179,25	5,30	-7,32	-4,06	-2,93	111,993.1	43,731.1	0.0	219,43	1,71	,00	9,08	2.0
34	D - Electricity, gas, steam and air conditioning supply	179,79	100.5	N/A	137,49	6,86	-4,99	-2,56	-1,76	90,571.6	54,279.9	0.0	173,44	6,36	,00	,00	2.0
35	D35.1 - Electric power generation, transmission and distribution	156,48	0.0	N/A	115,28	6,65	-4,43	-2,14	-1,64	37,083.3	24,291.5	0.0	150,42	6,06	,00	,00	2.0
36	D35.11 - Production of electricity	75,85	75.9	N/A	60,96	4,81	-2,70	-1,20	-1,52	40,619.5	23,233.3	0.0	69,80	6,06	,00	,00	2.0
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	13,00	13.0	N/A	12,39	,17	-,39	-,28	-,10	7,557.1	3,828.4	0.0	12,85	,15	,00	,00	2.0
38	D35.3 - Steam and air conditioning supply	10,31	10.3	N/A	9,82	,04	-,18	-,15	-,02	5,311.7	2,926.7	0.0	10,16	,15	,00	,00	2.0
39	E - Water supply; sewerage, waste management and remediation activities	262,27	0.0	N/A	232,08	9,23	-10,19	-5,65	-4,50	100,403.3	35,528.0	0.0	247,13	7,39	,00	7,74	2.0
40	F - Construction	3.966,40	0.0	N/A	2.893,29	159,00	-177,49	-68,87	-101,63	1,208,845.8	495,488.9	0.0	3.677,76	52,95	3,08	232,62	2.0
41	F.41 - Construction of buildings	786,33	0.0	N/A	562,15	40,93	-40,78	-14,52	-25,23	296,234.2	145,485.1	0.0	713,07	14,52	3,08	55,67	2.0
42	F.42 - Civil engineering	329,72	0.0	N/A	264,84	13,72	-15,71	-5,81	-9,54	115,544.1	36,286.7	0.0	313,60	5,18	,00	10,94	2.0
43	F.43 - Specialised construction activities	2.850,35	0.0	N/A	2.066,30	104,35	-121,01	-48,54	-66,86	797,067.5	313,717.0	0.0	2.651,09	33,25	,00	166,01	2.0
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	28.035,16	765.2	N/A	13.366,32	694,37	-595,39	-245,46	-221,76	48,888,414.4	47,089,527.1	0.0	21.957,97	252,08	236,68	5.588,43	1.0
45	H - Transportation and storage	1.982,74	64.5	N/A	1.448,74	181,60	-162,67	-58,48	-102,69	1,219,956.8	236,385.1	0.0	1.835,80	72,57	,00	74,37	2.0
46	H.49 - Land transport and transport via pipelines	1.183,82	43.7	N/A	839,03	112,62	-97,14	-31,28	-63,89	603,490.0	97,697.4	0.0	1.086,23	63,97	,00	33,62	3.0
47	H.50 - Water transport	32,01	20.1	N/A	15,68	,40	-,66	-,42	-,21	40,579.5	35,707.5	0.0	29,79	,08	,00	2,13	1.0
48	H.51 - Air transport	67,75	0.0	N/A	61,37	2,51	-3,79	-1,86	-1,93	22,255.8	10,357.2	0.0	66,40	,07	,00	1,27	2.0
49	H.52 - Warehousing and support activities for transportation	581,93	2.0	N/A	462,53	43,93	-44,01	-20,72	-23,46	496,873.1	81,678.0	0.0	542,52	6,94	,00	32,47	2.0
50	H.53 - Postal and courier activities	117,24	0.0	N/A	70,13	22,13	-17,07	-4,20	-13,19	56,758.4	10,944.9	0.0	110,86	1,51	,00	4,87	2.0
51	I - Accommodation and food service activities	469,82	0.0	N/A	324,83	21,25	-24,14	-11,48	-11,22	139,718.9	66,041.5	0.0	455,80	7,04	,00	6,99	2.0
52	L - Real estate activities	1.005,87	0.0	N/A	490,93	38,01	-98,80	-14,55	-31,40	294,897.3	171,522.9	0.0	620,28	53,37	315,24	16,98	7.0
53	**Exposures towards sectors other than those that highly contribute to climate change***	**12.325,49**	**0,0**	**N/A**	**8.637,44**	**374,78**	**-472,07**	**-241,84**	**-192,85**	**X**	**X**	**X**	**10.544,12**	**189,05**	**41,68**	**1.550,64**	**2.0**
54	K - Financial and insurance activities	,00	0,0	N/A	,00	,00	,00	,00	,00	X	X	X	,00	,00	,00	,00	
55	Exposures to other sectors (NACE codes J, M - U)	12.325,49	0,0	N/A	8.637,44	374,78	-472,07	-241,84	-192,85	X	X	X	10.544,12	189,05	41,68	1.550,64	2.0
56	**TOTAL**	**53.501,60**	**1,210.3**	**N/A**	**31.776,88**	**1.611,86**	**-1.699,30**	**-738,14**	**-728,20**	**54,120,858.3**	**49,040,472.9**	**0.0**	**43.928,79**	**660,90**	**596,97**	**8.314,94**	**2.0**

* In accordance with Commission Delegated Regulation (EU) 2020/1818 supplementing Regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks - Regulation on climate benchmark standards - Recital 6: Sectors listed in Sections A to H and Section L of Annex 1 to Regulation (EC) No. 1893/2006

Table 34 is required to show those assets that are exposed to ESG risks as a result of the transition to a carbon-neutral economy. Here, the focus is particularly on exposures to non-financial corporates operating in carbon-intensive sectors. The volume that is not in line with the goals and agreements of the Paris Climate Agreement of the European Union must also be presented transparently.

To identify relevant corporates, the Volkswagen Financial Services AG's entire portfolio of financial and non-financial corporates was analyzed at the customer level. Classification based on NACE codes[1] was used to determine the corporates affected by exclusions in connection with the Paris-aligned EU benchmarks in points d) to g) and Art. 12.2. An analysis was performed to determine whether a corporate whose main activities corresponded to this NACE code came within one of the four categories. Where this was the case, the customer with the corresponding NACE code was classified as affected. Where such an evaluation was not possible, an expert opinion concerning the customer impact was derived from external data.

On balance, only a very small proportion of Volkswagen Financial Services AG's business involves sectors that are affected by the exclusion of the Paris-aligned EU benchmarks. The proportion stands at 2.94% in the case of nonfinancial corporates, with the total coming to only 2.26%.

As real estate accounts for only a minor part of Volkswagen Bank GmbH's portfolio of collateral, the disclosure of data on the energy classes for this collateral has been dispensed with.

[1]Nomenclature statistique des activités économiques dans la Communauté européenne (NACE) is the system for the statistical classification of economic activities in the European Union. It is a four-digit classification system that provides the framework for the collection and presentation of a wide range of statistical data broken down by economic activity in the economy (e.g. production, employment, national accounts) and from other domains within the European Statistical System (ESS) This was primarily done on the basis of the two-digit NACE codes, with the four-digit NACE codes applied where necessary.

TABLE 35: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE RISKS: EXPOSURES TO THE 20 MOST CARBON-INTENSIVE CORPORATES

	A	B	C	D	E
in € millions	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	10.0	0.00%	N/A	4	7

* For counterparties that are among the world's 20 largest carbon-emitting corporates.

Table 30 discloses Volkswagen Financial Services AG Group's banking book exposure to the world's largest greenhouse gas emitters. The aim is to provide transparency regarding a possible deterioration in the credit quality of exposures to the largest greenhouse gas emitters due to transition risks as well as possible concentration risks in this context.

To identify such counterparties, a list from "InfluenceMAP" based on the ongoing work of the Carbon Disclosure Project in collaboration with the Climate Accountability Institute was used. On balance, the Volkswagen Financial Services AG Group has almost no exposure at all to these corporates in its banking book. The exposures that were identified entail finance or leases for vehicles.

TABLE 36: NON-TRADING BOOK - INDICATORS OF POTENTIAL CLIMATE RISKS: ALIGNMENT METRIC

	A	B	C	D	E	F	G	
	Sector	NACE Sectors	Portfolio gross carrying amount (Mn EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % *	Target (year of reference + 3 years)	
1	Automotive	All	*148388.57344*	*Average grams of CO2 per km: 126.7*	*30/06/2025*	*19.5*	*Not reported due to VW FS AG restructuring.*	
2	Automotive		*13244.74703*	*Average share of low carbon technologies: 25.4%*	*30/06/2025*	*-60.3*	*Not reported due to VW FS AG restructuring.*	
3								

General information

The Table 31 metrics aim to assess the extent to which the financing activities are aligned with the goals of the Paris Climate Agreement. They are targeted at carbon-intensive sectors. For this purpose, the table and the EBA's accompanying guidance are based on the counterparty's IEA or NACE sector. As the Volkswagen Financial Services AG Group offers vehicle finance and leasing for customers in all sectors and does not grant any corporate loans in the classic sense for companies in the coal or cement sector, for example, all finance relevant for the metrics presented are assigned to the IEA "Automotive" sector regardless of the sector of the borrower/lessee. Two metrics that can be considered to be central management parameters and targets for the transformation of the automotive sector have been selected. On the one hand, the average carbon intensity of the vehicles financed and leased is assessed. On the other, the proportion of low carbon technologies (particularly electric-only or hybrid vehicles) in new business. The metrics are explained below in greater detail.

Alignment metric 1 – average carbon intensity

The average carbon intensity of the vehicles financed and leased comprises the Volkswagen Financial Services AG Group's entire vehicle-based portfolio as of June 30, 2025. Only the vehicle-related credit facilities for automotive dealers are excluded as these vehicles are still held in the inventory as of the reporting date. The average WLTP figure for the vehicles is used to calculate carbon intensity, applying a figure of 0 gCO_2/km for electric-only vehicles. The reason for this is that the IEA scenario targets are based on the vehicles' average direct emissions. Consequently, the emissions indirectly caused by the electricity consumption of electric vehicles are not included. In accordance with "IEA Net Zero by 2050", a target of 106 gCO_2/km was applied to calculate the distance. The carbon intensity of the vehicles financed and leased currently exceeds this target by just under 19%.

Alignment metric 2 – average share of low carbon technologies

The share of low carbon technologies refers to the share of PHEVs, BEVs and FCEVs in new contracts over the twelve months preceding the reporting date. The reason for taking the number of new contracts is that the IEA scenario metric is aligned to the proportion of these drive-train types in new registrations. The target defined in the "IEA NET Zero by 2050" scenario is for low carbon technologies to account for 64% of new registrations by 2030. Accordingly, the share of the Volkswagen Financial Services AG Group's new contracts is 60% below this target.

TABLE 37: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Europe		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry and fishing	353,4	345,9	5,1	0,0	0,0	2	26.5	60.5	33.1	298,6	22,1	-24,6	-9,5	-15,4
2	B - Mining and quarrying	60,9	50,1	0,4	0,0	10,5	2	1.8	10.6	3.8	45,8	2,7	-3,5	-1,1	-2,3
3	C - Manufacturing	4859,7	4020,5	14,6	0,3	824,3	2	397.7	863.9	83.6	3901,3	102.0	-125,5	-78,6	-42,7
4	D - Electricity, gas, steam and air conditioning supply	179,8	173,4	6,4	0,0	0,0	2	23.8	35.7	3.4	137,5	6,9	–5.0	-2,6	-1,8
5	E - Water supply; sewerage, waste management and remediation activities	262,3	247,1	7,4	0,0	7,7	2	18.7	58.0	4.5	232,1	9,2	-10,2	-5,6	-4,5
6	F - Construction	3966,4	3677,8	52,9	3,1	232,6	2	329.0	949.3	85.6	2893,3	159.0	.177,5	-68,9	-101,6
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	28035,2	21,958.0	252,1	236,7	5588,4	1	1,730.9	5,869.5	530.7	13366,3	694,4	-595,4	-245,5	-221,8
8	H - Transportation and storage	1982,7	1835,8	72,6	0,0	74,4	2	300.8	524.7	30.5	1448,7	181,6	-162,7	-58,5	-102,7
9	L - Real estate activities	469,8	455,8	7.0	0.0	7.0	7	35.9	101.3	3.8	324,8	21,3	-24,1	-11,5	-11,2
10	Loans collateralised by residential immovable property	0,0	0,0	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
11	Loans collateralised by commercial immovable property	3,107.0	0,0	0,0	0,0	0,0	2	0,0	0,0	0,0	1375,7	116,5	-100,8	–31.8	-28,4
12	Repossessed colalterals	0,0	0,0	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
13	Other relevant sectors (breakdown below where relevant)	12325,5	10544,1	189,1	41,7	1550,6	2	867.1	2,825.2	158.0	8637,4	374,8	-472,1	-241,8	-192,9

Table 37 requires the disclosure of information on banking book positions (including loans and advances, debt securities, and equity instruments not held for trading or sale) with nonfinancial corporates, loans secured by real estate, and repossessed real estate collateral that are particularly exposed to the physical risks of climate change and related chronic and acute climate-related hazards. The exposures identified are allocated to those economic sectors (NACE sectors) and geographic areas in which the counterparty operates or the asset underlying the collateral is located that are subject to acute and chronic climate change events.

Volkswagen Financial Services AG's activities are confined to the countries of the European Union as well as the United Kingdom. Although the physical risks differ in the way they impact different locations, they are still similar in the individual countries from a portfolio perspective. Hazards caused by flood, heavy rain, water shortages, heat and fire are generally relevant in all European countries, although fire and heat are assumed to pose somewhat greater hazards in southern regions. On the other hand, the exposure of Volkswagen Financial Services AG Group's portfolio to tsunamis, hurricanes and earthquakes is considered to be generally low. Accordingly, no distinction is made in the disclosures in table 32 between the individual countries in which Volkswagen Financial Services AG Group operates.

A methodology for analyzing physical risks has been developed, making it possible to assess the exposure of non-financial corporations and real-estate assets to these risks and the impact that this has on Volkswagen Financial Services AG Group's portfolio. Exposures are evaluated at the postcode level. To ensure the widest possible coverage of the risks, data from various portals or providers was used (particularly GFDRR – ThinkHazard!).

It initially examined the exposure of the various portfolios of Volkswagen Financial Services AG Group to the individual risks. The situation prevailing at the various locations was assessed on the basis of hazard maps and defined thresholds. The hazardous situations are broken down into different levels subject to prior consideration of the assumed probabilities.

As well as this, a distinction is drawn between chronic and acute physical risks with respect to exposure to physical risks. Chronic risks are those that develop over time and may gradually worsen. We assign the hazards of "heat" and "water scarcity" to these. All other hazards are classified as acute physical risks as they may occur suddenly and have immediate effects.

The analysis shows that, although the exposures in Volkswagen Financial Services AG Group's banking book are subject to acute and chronic risks, the proportion of such risks can be assumed to be moderate. This is due to the fact that exposure to physical risks tends to be lower in the case of vehicle-related financing or leasing business, as vehicles are mobile and are initially not exposed to certain hazards (e.g. heat, water shortages, heavy rain).

Overall, no mitigating effects (e.g. insurance) were taken into account in the assessment of exposure to individual hazards.

Leverage

QUALITATIVE DISCLOSURE OF THE LEVERAGE RATIO

Reporting on changes in the leverage ratio is included in Volkswagen Financial Services AG's capital planning process. The leverage ratio is regularly monitored as part of capital planning.

Reference should be made to the separate chapter for details of the changes in Common Equity Tier 1 capital and Tier 1 capital.

QUANTITATIVE DISCLOSURE OF THE LEVERAGE RATIO

The following table reconciles the assets shown in the annual report published by Volkswagen Financial Services AG on an IFRS basis with the total exposure measure used to calculate the regulatory leverage ratio.

TABLE 38: EU LR1 – LRSUM – SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		A
	in € millions	Applicable amount
1	Total assets as per published financial statements	204,234.0
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	–574.7
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0.0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0.0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from total exposure measure in accordance with point (i) of Article 429a(1) CRR)	–1.2
6	Adjustment for regularway purchases and sales of financial assets subject to trade date accounting	0.0
7	Adjustment for eligible cash pooling transactions	0.0
8	Adjustments for derivative financial instruments	3,215.8
9	Adjustment for securities financing transactions (SFTs)	0.0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,343.4
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	–11.1
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	0.0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0.0
12	Other adjustments	1,929.9
13	**Total exposure measure**	**212,136.2**

The following table provides an overview of the individual components of the total exposure measure and compares the current reporting period with December 31, 2024.

TABLE 39: EU LR2 – LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
	in € millions	Jun 30, 2025	Dec 31, 2024
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	205,531.3	193,587.4
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0.0	0.0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.0	0.0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0.0	0.0
5	(General credit risk adjustments to on-balance sheet items)	0.0	0.0
6	(Asset amounts deducted in determining Tier 1 capital)	–429.2	–421.0
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**205,102.0**	**193,166.4**
Risikopositionen aus Derivaten			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	1,542.6	1,165.8
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0.0	0.0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	2,148.1	2,155.0
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0.0	0.0
EU-9b	Exposure determined under Original Exposure Method	0.0	0.0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0.0	0.0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0.0	0.0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	0.0	0.0
11	Adjusted effective notional amount of written credit derivatives	0.0	0.0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.0	0.0
13	**Total derivatives exposures**	**3,690.7**	**3,320.7**
Risikopositionen aus Wertpapierfinanzierungsgeschäften (SFTs)			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0.0	0.0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.0	0.0
16	Counterparty credit risk exposure for SFT assets	0.0	0.0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0.0	0.0
17	Agent transaction exposures	0.0	0.0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0.0	0.0
18	**Total securities financing transaction exposures**	**0.0**	**0.0**
Securities financing transaction (SFT) exposures			
19	Off-balance sheet exposures at gross notional amount	18,713.9	25,384.1
20	(Adjustments for conversion to credit equivalent amounts)	–15,370.4	–20,656.6
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0.0	0.0
22	Off-balance sheet exposures	3,343.4	4,727.5
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) and point (ca) of Article 429a(1) CRR)	0.0	0.0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	0.0	0.0
EU-22c	(-) (Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0.0	0.0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0.0	0.0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0.0	0.0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0.0	0.0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0.0	0.0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0.0	0.0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0.0	0.0
EU-22k	(Excluded exposures to shareholders according to Article 429a (1), point (da) CRR)	0.0	0.0

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
	in € millions	Jun 30, 2025	Dec 31, 2024
EU-22l	(Exposures deducted in accordance with point (q) of Article 429a(1) CRR)	0.0	0.0
EU-22m	**(Total exempted exposures)**	**0.0**	**0.0**
Capital and total exposure measure			
23	Tier 1 capital	30,425.6	29,904.9
24	**Total exposure measure**	**212,136.2**	**201,214.6**
Leverage ratio			
25	Leverage ratio (%)	14.34%	14.86%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	14.34%	14.86%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	14.34%	14.86%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	**Overall leverage ratio requirement (%)**	**3.00%**	**3.00%**
Choice on transitional arrangements and relevant exposures			
EU-27	Choice on transitional arrangements for the definition of the capital measure	n/a	n/a
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0.0	0.0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0.0	0.0
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	212,136.2	201,214.6
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	212,136.2	201,214.6
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	14.34%	14.86%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	14.34%	14.86%

The leverage ratio excluding the impact of any temporary exclusions for central bank reserves stands at 14.34% in the current reporting period. This ratio corresponds to the leverage ratio including the impact of any temporary exclusions for central bank reserves. This is due to the fact that Volkswagen Financial Services AG does not make use of the option to temporarily apply the exemption for central bank reserves.

TABLE 40: EU LR3 – LRSPL – SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		A
	in € millions	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	205,531.3
EU-2	Trading book exposures	0.0
EU-3	Banking book exposures, of which:	205,531.3
EU-4	Covered bonds	220.9
EU-5	Exposures treated as sovereigns	14,309.1
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	294.2
EU-7	Institutions	1,051.8
EU-8	Secured by mortgages of immovable properties	3,227.0
EU-9	Retail exposures	57,690.9
EU-10	Corporates	57,308.0
EU-11	Exposures in default	2,115.4
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	69,313.9

As a non-trading book institution, Volkswagen Financial Services AG has on-balance-sheet exposures of €205.5 billion that are held solely in the banking book.

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