

VOLKSWAGEN LEASING

G M B H

HALF-YEARLY FINANCIAL REPORT

JANUARY – JUNE

2020

Key Figures

€ million	June 30, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Lease assets	31,849	31,960	27,739	26,049	23,753
Total assets	38,139	39,106	37,486	32,218	27,767

€ million	H1.2020	H1.2019	H1.2018	H1.2017	H1.2016
Lease asset acquisitions	8,625	10,224	8,393	8,422	7,655
Leasing income	9,583	9,464	8,734	8,040	7,345

Thousands of vehicles	H1.2020	H1.2019	H1.2018	H1.2017	H1.2016
New leases	304	381	326	325	309
Lease portfolio	1,582	1,593	1,449	1,349	1,239

Report on Economic Position

GLOBAL SPREAD OF CORONAVIRUS (SARS-COV-2)

At the end of December 2019, initial cases of a new, sometimes fatal lung disease emerged in Wuhan, in the Chinese province of Hubei. This disease is attributable to a novel coronavirus. Infections also began to appear outside China from mid-January 2020. In Europe, the number of people infected rose continuously in February, and especially in March and April 2020. The countries particularly badly affected included the United Kingdom, Spain, Italy, France and Germany. While many areas throughout Europe recorded declining numbers of new infections as the second quarter of 2020 progressed, the rate of new infections continued to rise in North, Central and South America, Africa and parts of Asia. Especially in Europe and Asia, the second quarter saw the gradual easing of measures implemented to prevent the spread of the Covid-19 pandemic. This included partially lifting border controls and travel restrictions, relaxing lockdowns as well as the reopening of businesses and public facilities. In addition, the European Commission and numerous European governments approved assistance packages to support the economy. Outside of Europe, governments also introduced measures aimed at shoring up the economy to counteract the enormous disruption to everyday life and economic activity caused by the Covid-19 pandemic.

GENERAL ECONOMIC DEVELOPMENT

The global spread of the SARS-CoV-2 coronavirus, the associated restrictions, and the resulting downturn in demand and supply meant that growth in the world economy was negative in the first half of 2020. The average rate of expansion of gross domestic product (GDP) was far below the previous year's level in both the advanced economies and the emerging markets. At country level, performance in the reporting period depended on the extent to which the negative impacts of the global Covid-19 pandemic were already materializing. The governments and central banks of numerous countries throughout the world responded in some cases with substantial fiscal and monetary policy measures. This meant cuts in the already relatively low interest rates. There was a significant decline in prices for energy resources, while other commodity prices were, on average, down slightly year-on-year. Currencies in some emerging markets depreciated distinctly in the first half of 2020. Global trade in goods declined further in the reporting period.

As a whole, the economies of Western Europe recorded a sharp fall in growth from January to June 2020. This trend was seen in all countries in Northern and Southern Europe. The impact of national measures to contain the pandemic, including border closures and spatial/physical distancing,

caused deep cuts. In some regions, the measures severely restricted everyday life and also had grave economic consequences. During the second quarter, the governments of many European countries started to partially lift restrictions, thus giving rise to a slow economic recovery.

Germany recorded a markedly negative growth rate over the reporting period. The labor market was in a favorable situation at the start of the year, but many companies introduced short-time working throughout the course of the first half of the year. Both business and consumer sentiment saw only a modest improvement – despite the initial easing of restrictions in everyday life and economic activity as well as government assistance packages enacted to support the economy.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Automotive financial services were in high demand, particularly in the first three months of 2020. This was attributable to a number of factors, notably the persistently low key interest rates in the main currency areas. Nevertheless, the reporting period saw the Covid-19 pandemic exert downward pressure on the demand for financial services in virtually every region. The impact from the Covid-19 pandemic was evident around the globe, especially in the second quarter of 2020.

In the European passenger car market, the pandemic mainly affected the second quarter of 2020, resulting in a very sharp contraction in demand for new and used vehicles over the reporting period as a whole. The proportions accounted for by new leases and financing agreements, after-sales products such as inspection, maintenance and spare parts agreements, and automotive insurance were maintained even though the absolute figures for such contracts declined.

In Germany, the number of new vehicles financed by loans or leases fell markedly in the reporting period, reflecting the challenges presented by the Covid-19 pandemic. Figures fell short of those in the corresponding prior-year period, predominantly because of the contraction in direct business and in loan finance for individual customers. Likewise, there were fewer new contracts in connection with after-sales products.

TRENDS IN THE PASSENGER CAR AND LIGHT COMMERCIAL VEHICLES MARKETS

Global demand for passenger cars fell sharply year-on-year from January to June 2020 as a result of the Covid-19 pandemic (–28,1.0%). The slump affected all sales regions, with above-average losses recorded in the overall markets of Western Europe and South America. The decline in demand in

Asia-Pacific, North America, Central and Eastern Europe, the Middle East and Africa was smaller by comparison.

Global demand for light commercial vehicles also decreased sharply from January to June 2020 compared to the prior year.

In Western Europe, demand for passenger cars during the reporting period fell drastically short of the previous year's level. The negative impact from the spread of the SARS-CoV-2 coronavirus was noticeable as early as March. New registrations saw declines on a similar scale in all major individual markets, though the fall in demand slowed overall as the second quarter progressed. The passenger car markets in the UK, Italy and Spain lost around half their volume in the first six months of 2020.

The volume of new registrations of light commercial vehicles in Western Europe fell very sharply below the prior-year figure.

New passenger car registrations in Germany in the first half of 2020 did not match the high level seen in the equivalent period of the previous year. Demand here decreased by more than one-third, a trend amplified by the Covid-19 pandemic and the associated restrictions and prohibitions.

Demand for light commercial vehicles in Germany in the reporting period was substantially lower than in the same period of 2019.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE COMPANY'S POSITION

Volkswagen Leasing GmbH found itself in a very tough business environment in the first half of 2020 as a consequence of the challenges presented by the Covid-19 crisis. Taking into account the prevalent conditions, the Management Board believes that the company has performed successfully over the year to date. In the first half of the year, Volkswagen Leasing GmbH's branch in Poland was spun off as part of restructuring in Volkswagen Financial Services AG's subgroup. It is therefore only possible to make limited comparisons with the prior-year period.

Volkswagen Leasing GmbH has been able to almost fully offset the loss of leases from the portfolio caused by the Poland branch spin-off. Comprising 1,582 thousand existing contracts, the portfolio volume is only slightly below the prior-year level of 1,593 thousand contracts (Poland branch: 138 thousand contracts). In particular, the leasing business in connection with used vehicles has performed exceptionally well.

The penetration rate based on all new Volkswagen Bank GmbH and Volkswagen Leasing GmbH financing and leasing contracts in the German market rose significantly to 72.5% (December 31, 2019: 61.8%). The trend toward the use of automotive financial services is being sustained.

INTERNAL MANAGEMENT

Volkswagen Leasing GmbH is included in Volkswagen Financial Services AG's consolidated financial statements in accordance with the International Financial Reporting Standards (IFRSs). The internal management of the companies in the group is

therefore based on IFRS figures. For further information please refer to the disclosures in the management report of Volkswagen Leasing GmbH for the year ended December 31, 2019.

RESULTS OF OPERATIONS

The disclosures on the results of operations relate to the changes compared with the corresponding prior-year period. It is only possible to make limited comparisons with the prior-year period because of the above-mentioned Poland branch spin-off in the first half of the year.

In the first half of 2020, leasing income rose by €0.1 billion to €9.6 billion. This increase in income was mainly accounted for by the combination of a €0.2 billion rise in ongoing lease installments and a €0.1 billion fall in income from sales of used vehicles. The larger portfolio of leases will lift revenue in the coming years.

Expenses from the leasing business amounted to €5.1 billion, a year-on-year decrease of €0.2 billion. This item mainly consists of the residual carrying amounts of re-marketed vehicles and the expenses from service leasing.

Depreciation and write-downs of lease assets rose to €3.7 billion (previous year: €3.4 billion). The interest expense for the funding of the leasing business saw just a slight year-on-year increase of €11 million to €241 million.

The loss from ordinary business activities deteriorated significantly compared with the corresponding figure for the prior-year period, increasing by €93 million to a loss of €144 million for the first half of 2020. The operating result in accordance with IFRS for the German market amounted to €3 million and was therefore also down significantly compared with the figure of €141 million achieved in the first half of 2019.

NET ASSETS AND FINANCIAL POSITION

The disclosures on net assets and financial position relate to the changes compared with the balance sheet date of December 31, 2019.

Volkswagen Leasing GmbH continued to expand its business activities in the first half of 2020. The gross carrying amount of lease assets increased from €43.3 billion to €43.6 billion. The net carrying amount was only slightly below the prior-year figure at €31.9 billion (December 31, 2019: €32.0 billion). The change in the level of lease assets was affected by the spin-off of the Poland branch, whose lease assets had a gross carrying amount of €0.9 billion and a net carrying amount of €0.6 billion as of December 31, 2019.

The trend in the portfolio figures was also positive, although the spin-off of the Poland branch led to a contraction in the portfolio overall.

The portfolio of leased vehicles declined compared with the reporting date of December 31, 2019, from 1,674 thousand units to 1,582 thousand units. Of this total, approximately 63 thousand vehicles were accounted for by the Italian branch in Milan. The decrease in the portfolio was the net effect from the addition of 304 thousand new units and the disposal of 396 thousand vehicles (of which

138 thousand vehicles were in connection with the spin-off of the Poland branch) in the first six months of 2020.

The company is funded largely through bonds issued by Volkswagen Leasing GmbH and loans from affiliated companies. As of the end of June 2020, the volume of bonds issued amounted to €15.0 billion (December 31, 2019: €14.8 billion). Loans from affiliated companies amounted to €6.0 billion as of June 30, 2020 compared with €6.3 billion as of December 31, 2019.

In addition, the Company has currently placed seven asset-backed security (ABS) transactions on the market to fund its leasing business. As of June 30, 2020, the volume of future lease receivables sold amounted to €5.0 billion (December 31, 2019: €5.0 billion). The volume of future lease residual values sold amounted to €9.1 billion as of June 30, 2020 (December 31, 2019: €8.3 billion).

This package of measures ensured that Volkswagen Leasing GmbH had adequate liquidity at all times during the first six months of 2020. Volkswagen Leasing GmbH has a sound liquidity base.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic opportunities

The worldwide spread of SARS-CoV-2 is having a substantial adverse impact throughout society and across all areas of economic life. In particular, it continues to be difficult to assess the consequences for further growth in individual national economies or the global economy as a whole. The Management Board of Volkswagen Leasing GmbH expects deliveries to customers of the Volkswagen Group to be substantially below the prior-year level. Nevertheless, the Management Board predicts that there will be a nascent economic recovery during the course of 2020.

Strategic opportunities

Volkswagen Leasing GmbH believes that developing innovative products tailored to customers' changing mobility requirements offers additional opportunities. Growth areas such as new mobility products and service offerings are being systematically leveraged and expanded. Further opportunities may be created by launching established products in markets where these products have not previously been offered.

The digitalization of its business represents a significant opportunity for Volkswagen Leasing GmbH. The aim is to ensure that all products are also available online in their respective markets by 2020. By expanding digital sales channels, the Company is addressing the changing needs of its customers and strengthening its competitive position. Volkswagen Leasing GmbH believes that an additional source of opportunities lies in developing innovative products tailored to customers' changing mobility requirements (parking, payments, e-mobility).

RISK REPORT

Trends

Credit risk, residual value risk and earnings risk at Volkswagen Leasing GmbH are being particularly affected by the Covid-19 pandemic and its economic consequences. This situation is reflected in rising risk costs for counterparty default risk, together with greater pressure in the marketing

of used vehicles, a fall in the volume of new contracts and an increase in funding costs.

Despite the financial uncertainties, the risks at funding level have not increased compared with those set out in the 2019 Annual Report. The flexible use of available instruments and the implementation of the diversification strategy are safeguarding the provision of liquidity.

In response to the Covid-19 pandemic, the relevant business contingency plans to maintain business operations were activated and, from March 17, 2020, processes were carried out mostly by employees working from home. All relevant operating activities, especially time-critical processes, were successfully maintained. Employees have been gradually returning to the campus since May 11, 2020, although they have to comply with safety measures, which include hygiene and social distancing rules.

Risk-mitigation measures have been implemented in all areas in order to reduce the effects of the Covid-19 pandemic. The risk situation continues to be very closely monitored.

Risk-bearing capacity

Since January 1, 2020, risk-bearing capacity has been calculated in accordance with the principles set out in the guidance on risk-bearing capacity published in May 2018 by the German Federal Financial Supervisory Authority (BaFin). The economic perspective is used because Volkswagen Leasing GmbH is classified, for supervisory purposes, as a financial services institution. The aim of this approach is to ensure that the company will continue to operate indefinitely. In connection with the switch to the economic perspective, the confidence level used in the internal models for risk quantification has been increased from 90% to 95%.

Since March 31, 2020, all direct and indirect effects from the Covid-19 pandemic on risk-bearing capacity have been reflected in two separate stress scenarios and closely monitored by risk management.

Other than the above, there were no material changes in the reporting period to the details set out in the report on opportunities and risks in the 2019 Annual Report.

Human Resources Report

The structure of the German legal entities in the Volkswagen Financial Services AG Group is such that the employees of Volkswagen Financial Services AG may be assigned to carry out their duties in the subsidiaries. As a result of this structure, 867 employees of Volkswagen Financial Services AG were assigned to the units of Volkswagen Leasing GmbH under staff leasing arrangements as of June 30, 2020 (December 31, 2019: 798).

Because of local legal requirements, employees of the Italian branches in Milan and Verona continue to hold employ-

ment contracts directly with Volkswagen Leasing GmbH. Currently, 66 people are employed in those branches (December 31, 2019: 63). As part of a restructuring of the legal entities in the Volkswagen Financial Services Group, the leasing branch in Poland was merged into Volkswagen Financial Services Polska Sp. z o.o. The employees of the leasing branch in Poland have been transferred to Volkswagen Financial Services Polska Sp. z o.o.

Report on Expected Developments

The Management Board of Volkswagen Leasing GmbH predicts that there will be negative growth in the global economy in 2020 as a consequence of the spread of SARS-CoV-2. The Company still believes that risks will also arise from protectionist tendencies, turmoil in financial markets and structural deficits in individual countries. In addition, growth prospects will be negatively impacted by continuing geopolitical tensions and conflicts. The Company anticipates that both the advanced economies and emerging markets will experience a considerable decline in economic growth. Nevertheless, a nascent economic recovery is predicted during the course of 2020.

In response to the Covid-19 pandemic, the Volkswagen Group has developed scenarios for the development of the passenger car markets in individual regions in 2020 which, for example, also take account of the trends currently being experienced in China. The scenarios reflect the different timings of the spread of the Covid-19 pandemic in the various geographic regions.

In all, Volkswagen Leasing GmbH expects the volume of global demand for new vehicles in 2020 to be between 15 and 20% lower than it was the previous year. In Western Europe, the Company anticipates a fall of around 25% in the volume of new passenger car registrations in 2020 compared to the prior year. Following the drastic decline at the beginning of the second quarter and the marked recovery over the course

of the three months, the Company believes that the market will continue to recover in the third and fourth quarters of 2020, with prior-year levels being reached in individual months.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed in 2020; on the whole, the Company anticipates a marked fall in demand due to Covid-19.

The Company believes that automotive financial services will continue to be very important for vehicle sales worldwide in 2020.

In the German market and for the Volkswagen Leasing GmbH legal entity overall, the Management Board anticipates for fiscal year 2020 a slightly higher IFRS operating result year-on-year.

Despite the challenges presented by the Covid-19 crisis, the volume of existing contracts at Volkswagen Leasing GmbH as well as the penetration rate are expected to be slightly above the prior-year level.

The Management Board forecasts that Italy will see a slight fall in new contracts and significant growth in the volume of existing contracts compared with the previous year. A slight year-on-year decline in the penetration rate is anticipated. The operating result in accordance with IFRS is projected to be considerably below the prior-year figure.

This report contains forward-looking statements on the future business development of Volkswagen Leasing GmbH. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions in terms of the global economy and of the financial and automotive markets, which Volkswagen Leasing GmbH has made on the basis of the available information and which the Company currently considers to be realistic. The estimates given entail a degree of risk, and the actual developments may differ from those forecast.

The same applies should the actual effects of the Covid 19 pandemic differ from the scenario assumed in this report. In addition, expected business development may vary if the assessments of the key performance indicators and of risks and opportunities presented in the 2019 Annual Report develop differently to the Company's current expectations, or additional risks and opportunities or other factors emerge that affect the development of its business.

Balance Sheet

of Volkswagen Leasing GmbH, Braunschweig, as of June 30, 2020

€ thousand	June 30, 2020	Dec. 31, 2019 ¹
Assets		
1. Receivables from banks		
a) Repayable on demand	483,344	74,824
	483,344	74,824
2. Receivables from customers	4,036,737	5,346,064
3. Lease assets	31,848,637	31,960,487
4. Intangible fixed assets		
a) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	1,391	3,932
b) Prepayments	0	236
	1,391	4,168
5. Property and equipment		
a) Land and buildings	34,647	35,783
b) Operating and office equipment	1,326	6,492
	35,973	42,275
6. Other assets	1,130,388	1,081,916
7. Prepaid expenses	602,277	595,948
Total assets	38,138,747	39,105,682

¹ The figures for the Poland branch are still included in the prior-year comparative figures. The main figures for the Poland branch as of December 31, 2019 were as follows: Loan to and receivables from customers €1,401,606 thousand, property and equipment €596,986 thousand, other assets €43,714 thousand, prepaid expenses €65,760 thousand.

€ thousand	June 30, 2020	Dec. 31, 2019 ¹
Equity and liabilities		
1. Liabilities to banks		
a) Repayable on demand	0	44,705
b) With agreed maturity or notice period	0	801,105
	0	845,810
2. Liabilities to customers	14,942,741	15,003,562
3. Notes, commercial paper issued		
a) Bonds issued	14,320,125	14,348,181
b) Commercial paper issued	658,564	484,508
	14,978,689	14,832,689
4. Other liabilities	642,543	736,218
5. Prepaid expenses	6,660,552	6,609,248
6. Provisions		
a) Provisions for pensions and other post-employment benefits	1,008	955
b) Provisions for taxes	1,190	4,886
c) Other provisions	843,384	848,954
	845,582	854,795
7. Special tax-allowable reserve	972	1,001
8. Equity		
a) Subscribed capital	76,004	76,004
b) Capital reserves	140,517	145,706
c) Net accumulated losses (previous year: net retained profits)	-148,853	649
	67,668	222,359
Total equity and liabilities	38,138,747	39,105,682
1. Contingent liabilities		
Liability arising from the provision of collateral for third-party liabilities	61,140	67,740
2. Other obligations		
Irrevocable leasing commitments	3,974,482	2,969,173

1 The figures for the Poland branch are still included in the prior-year comparative figures. The main figures for the Poland branch as of December 31, 2019 were as follows: Liabilities to banks €816,512 thousand, liabilities to customers €1,009,965 thousand, other liabilities €88,187 thousand, deferred income €190,258 thousand.

Income Statement

of Volkswagen Leasing GmbH, Braunschweig, for the period January 1 to June 30, 2020

€ thousand	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019 ¹
1. Leasing income	9,583,115	9,463,856
2. Leasing expenses	5,127,573	5,299,079
	4,455,542	4,164,777
3. Interest income from lending and money market transactions	4,841	19,310
4. Interest expense	241,315	229,946
of which: Unwinding of discount on provisions	0	0
	-236,474	-210,636
5. Fee and commission income	65,976	120,366
6. Fee and commission expenses	289,890	324,009
	-223,914	-203,643
7. Other operating income	99,442	110,475
8. Income from the reversal of special tax-allowable reserve	29	29
9. General and administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	1,995	9,412
ab) Social security, post-employment and other employee benefit costs	855	2,623
	2,850	12,035
b) Other administrative expenses	274,044	256,958
	276,894	268,993
10. Depreciation, amortization and writedowns		
a) Depreciation and writedowns of lease assets	3,721,292	3,399,452
b) Amortization and writedowns of intangible fixed assets, and depreciation and writedowns of property and equipment	1,607	2,474
	3,722,899	3,401,926
11. Other operating expenses	9,366	31,499
12. Writedowns of and valuation allowances on receivables and additions to provisions in the leasing business	286,439	334,465
13. Income from the reversal of writedowns of and valuation allowances on receivables and from the reversal of provisions in the leasing business	57,393	124,636
14. Result from ordinary business activities	-143,580	-51,245
15. Income tax expense	5,922	-15,351
16. Net loss	-149,502	-35,894
17. Retained profits brought forward	649	649
18. Net accumulated losses	-148,853	-35,245

¹ The figures for the Poland branch are still included in the prior-year comparative figures. The main figures for the Poland branch as of June 30, 2019 were as follows: Net leasing income €117,958 thousand, depreciation, amortization and write-downs €108,315 thousand, other operating expenses €19,062 thousand, loss from ordinary business activities €7,390 thousand, net loss for the year €13,184 thousand.

Notes

to the Half-Yearly Financial Statements of Volkswagen Leasing GmbH, Braunschweig, for the period ended June 30, 2020

General Information

The annual financial statements of Volkswagen Leasing GmbH for the 2019 fiscal year were prepared in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV – German Bank Accounting Regulation). These interim financial statements have also been prepared on the same basis. No review of these interim financial statements has been carried out by an auditor.

Accounting Policies

The same accounting policies as those applied in the 2019 annual financial statements have generally been used in the preparation of the interim financial statements and in the calculation of the prior-year comparative figures. A detailed description of these policies was published in the notes to the annual financial statements in the 2019 Annual Report.

In accordance with section 256a sentence 1 of the HGB, foreign currency assets and liabilities are translated at the middle spot rate as of the reporting date and in compliance with the historical cost convention and the principle of imparity (whereby unrealized losses are recognized but unrealized gains are not recognized). In the case of maturities of one year or less, currency translation gains and losses are recognized in their entirety in the income statement in accordance with section 256a sentence 2 of the HGB.

The comparative figures as of December 31, 2019 or June 30, 2019 (together with the “of which” details) presented in the financial statements and notes still include the figures for the Poland branch. If material, these figures are disclosed beneath the breakdown concerned. The Poland branch has been spun off from Volkswagen Leasing GmbH.

CHANGES IN FIXED ASSETS OF VOLKSWAGEN LEASING GMBH IN THE PERIOD JANUARY 1 TO JUNE 30, 2020

€ thousand	Net carrying amount Jan. 1, 2020	Additions	Disposals/other changes	Depreciation, amortization, write-downs	Spin off branch Poland	Net carrying amount June 30, 2020
I. Intangible fixed assets						
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	3,932	0	0	725	-1,816	1,391
Prepayments	236	0	0	0	-236	0
	4,168	0	0	725	-2,052	1,391
II. Property and equipment						
Land and buildings	32,229	1,878	874	777	-195	32,261
Operating and office equipment	6,492	738	43	105	-5,756	1,326
Assets under construction	3,554	193	1,361	0	0	2,386
	42,275	2,809	2,278	882	-5,951	35,973
III. Lease assets						
Vehicles, technical equipment and machinery	31,784,174	8,624,962	4,248,171	3,721,292	-591,036	31,848,637
Prepayments	176,313	0	176,313	0	0	0
	31,960,487	8,624,962	4,424,484	3,721,292	-591,036	31,848,637
Total fixed assets	32,006,930	8,627,771	4,426,762	3,722,899	-599,039	31,886,001

THE BREAKDOWN OF RECEIVABLES FROM BANKS IS AS FOLLOWS

€ thousand	June 30, 2020	Dec. 31, 2019 ¹
1. Receivables from banks	483,344	74,824
(of which to affiliated companies €482,861 thousand; previous year: €74,528 thousand)		
(of which trade payables €10,735 thousand; previous year: €0 thousand)		
Total	483,344	74,824

1 As of December 31, 2019, the receivables of the Poland branch amounted to €11,674 thousand, of which an amount of €11,507 thousand was due from affiliated companies.

THE BREAKDOWN OF RECEIVABLES FROM CUSTOMERS IS AS FOLLOWS

€ thousand	June 30, 2020	Dec. 31, 2019 ¹
1. Trade receivables	332,682	1,596,289
2. Receivables from affiliated companies	3,693,011	3,739,572
(of which from the shareholder €900,738 thousand; previous year: €1,112,918 thousand)		
(of which trade payables €292,339 thousand; previous year: €126,654 thousand)		
3. Other receivables	11,044	10,203
Total	4,036,737	5,346,064

1 As of December 31, 2019, the trade receivables of the Poland branch amounted to €1,383,583 thousand, of which receivables of €1,358,112 thousand were not yet due and receivables of €17,558 thousand were due from affiliated companies.

THE BREAKDOWN OF LIABILITIES IS AS FOLLOWS

€ thousand	June 30, 2020	Dec. 31, 2019 ¹
1. Liabilities to banks	0	845,810
(of which to affiliated companies €0 thousand; previous year: €29,351 thousand)		
2. Liabilities to customers	14,942,741	15,003,562
(of which to affiliated companies €6,032,137 thousand; previous year: €6,788,923 thousand)		
(of which to the shareholder €2,440,777 thousand; previous year: €1,453,399 thousand)		
(of which trade payables €162,273 thousand; previous year: €584,490 thousand)		
3. Notes, commercial paper issued	14,978,689	14,832,689
4. Other liabilities	642,543	736,218
Total	30,563,973	31,418,279

1 As of December 31, 2019, the liabilities to banks recognized by the Poland branch amounted to €816,512 thousand, of which liabilities of €52 thousand were due to affiliated companies; the liabilities to customers totaled €1,009,965 thousand, of which liabilities of €986,287 thousand were due to affiliated companies. Other liabilities amounted to €88,187 thousand.

THE BREAKDOWN OF NET INTEREST INCOME/EXPENSES IS AS FOLLOWS

€ thousand	Jan. 1 – June 30, 2020	Jan. 1 – June 30, 2019 ¹
1. Interest income from lending and money market transactions (of which to affiliated companies €3,290 thousand; previous year: €1,351 thousand)	4,841	19,310
2. Interest expense (of which to affiliated companies €23,451 thousand; previous year: €24,046 thousand)	241,315	229,946
Total	-236,474	-210,636

1 As of June 30, 2019, the net interest income/expenses of the Poland branch amounted to a net expense of €3,153 thousand.

BREAKDOWN OF INCOME BY REGION

€ thousand			JAN. 1 – JUNE 30, 2020	JAN. 1 – JUNE 30, 2019 ¹
	Germany	Italy	Total	Total
1. Leasing income				
Lease payments	3,147,334	138,535	3,285,869	3,128,319
Maintenance and service income	701,539	90,417	791,956	738,423
Used vehicle sales	4,898,217	79,098	4,977,315	5,080,795
Other	514,490	13,485	527,975	516,319
	9,261,580	321,535	9,583,115	9,463,856
3. Interest income from lending and money market transactions	4,730	111	4,841	19,310
5. Fee and commission income	65,976	-	65,976	120,366
7. Other operating income	97,859	1,583	99,442	110,475
8. Income from the reversal of special tax-allowable reserve	29	-	29	29
13. Income from the reversal of writedowns of and valuation allowances on receivables and from the reversal of provisions in the leasing business	24,320	33,073	57,393	124,636
Total	9,454,494	356,302	9,810,796	9,838,672

1 As of June 30, 2019, the Poland branch's leasing income amounted to €174,134 thousand and its total income to €214,104 thousand.

Report on Post-Balance Sheet Date Events

Other than the items described above, there were no significant events after the balance sheet date of this half-yearly financial report (June 30, 2020).

The Management Board of Volkswagen Leasing GmbH

Members of the Management Board as of June 30, 2020

JENS LEGENBAUER

Chairman of the Management Board
Corporate Management of Volkswagen Leasing GmbH

SILKE FINGER (UNTIL MAY 31, 2020)

Back Office, Volkswagen Leasing GmbH

HENDRIK EGGERS (AS OF JUNE 1, 2020)

Back Office, Volkswagen Leasing GmbH

KNUT KRÖSCHE

Front Office, Volkswagen Leasing GmbH

Audit Committee of Volkswagen Leasing GmbH

The members of the Audit Committee of Volkswagen Leasing GmbH are as follows:

WERNER FLÜGGE

Chairman

HELMUT STREIFF

Deputy Chairman

FRANK FIEDLER

Member of the Board of Management of Volkswagen Financial Services AG
Finance and Purchasing division

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the interim financial statements of Volkswagen Leasing GmbH give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Leasing GmbH, and the management report includes a fair review of the development and performance of the business and the position of Volkswagen Leasing GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Leasing GmbH for the remainder of this fiscal year.

Braunschweig, July 24, 2020

Volkswagen Leasing GmbH
The Management Board



Hendrik Eggert



Knut Krösche



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PUBLISHED BY

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TYPESETTING

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This half-yearly report is also available in German at <https://www.vwfs.com/hjfb20>.

VOLKSWAGEN LEASING GMBH

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