

A nighttime cityscape featuring several illuminated skyscrapers and a multi-lane highway with light trails from moving vehicles. The scene is lit with a mix of blue and yellow lights, creating a vibrant urban atmosphere.

**VOLKSWAGEN  
FINANCIAL SERVICES**  
THE KEY TO MOBILITY

# The Key to Mobility Creating Value with Volkswagen Financial Services

AUTOS VIRTUAL TRIP - 18 MAY - CITIAUTOS  
Frank Fiedler

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## Disclaimer

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast.

At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2022.

Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or commodities relevant to the Volkswagen Group or the supply with parts, or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

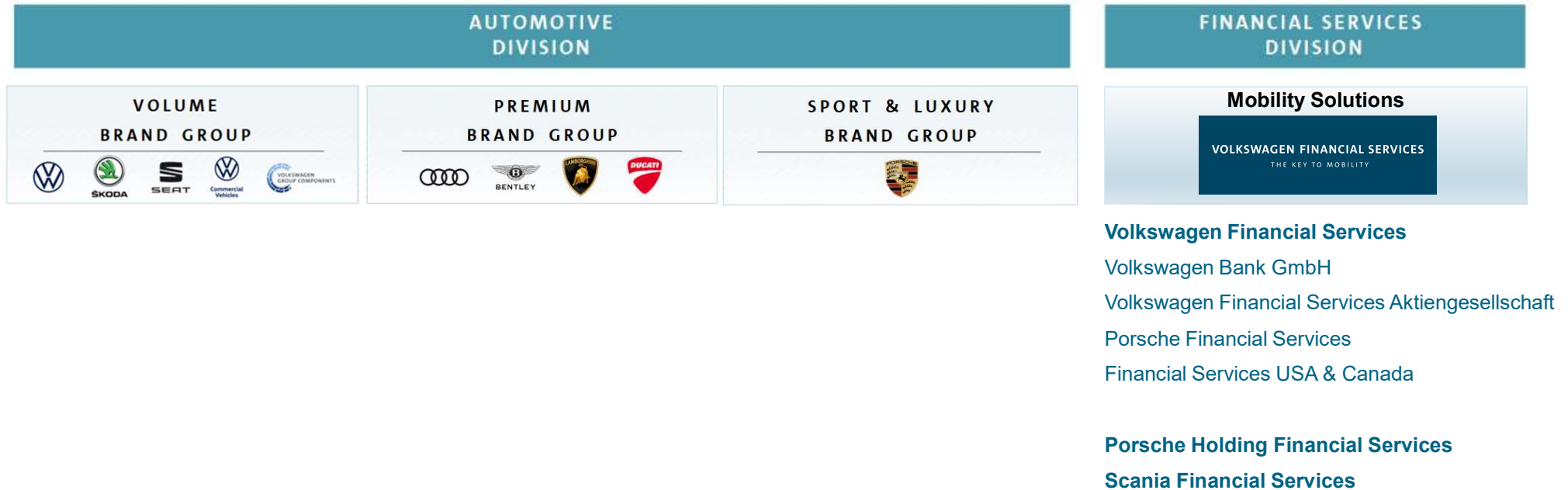
This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Under the brand "Volkswagen Financial Services – the key to mobility" the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.



**Overview**  
**Volkswagen Financial Services**

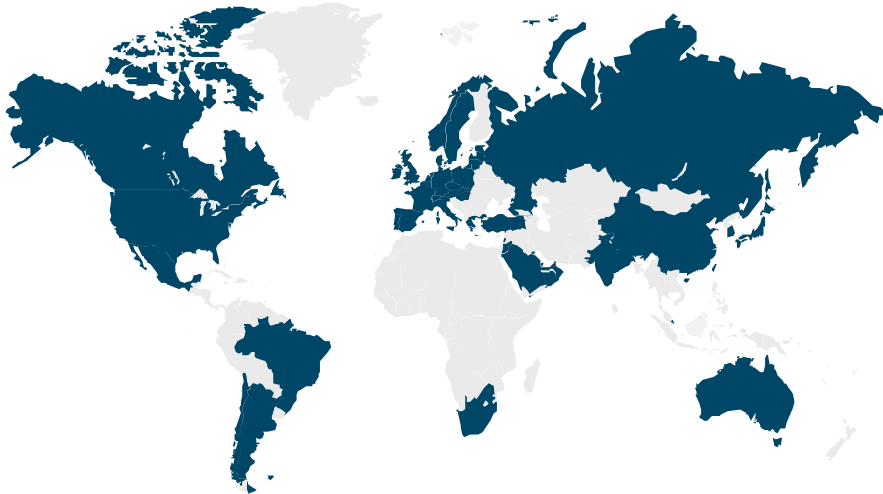
## Volkswagen Group reporting structure



## Volkswagen Financial Services at a glance (31.12.2021)

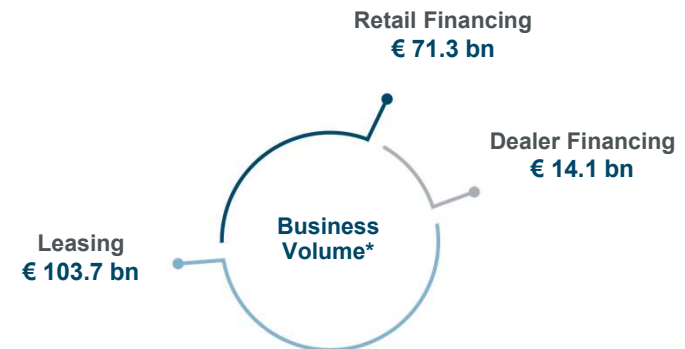
Volkswagen Financial Services conducts business in

# 47 MARKETS.



## Key Figures

Total Assets	€ 235.6 bn
Equity	€ 33.4 bn
Customer Deposits	€ 26.5 bn
Operating Profit	€ 5.67 bn
RoE	30.5%
CIR	35.8%
Penetration Rate	49.1%
Employees	16,849
Contracts	22.0 mn

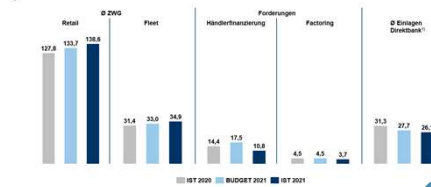


\*Receivables + Leased Assets

VOLKSWAGEN FINANCIAL SERVICES

# Volkswagen Financial Services 2021 – In a Nutshell

VW FD | Volumenentwicklung  
in Mrd. €



Record high operating result  
**€ 5.67bn**

Stable growth in earning assets

Lower risk costs than expected

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THE KEY TO MOBILITY

Digitalization systematically pursued

Chip shortage leads to high demand for used cars

**Credit risk management at Volkswagen Financial Services**

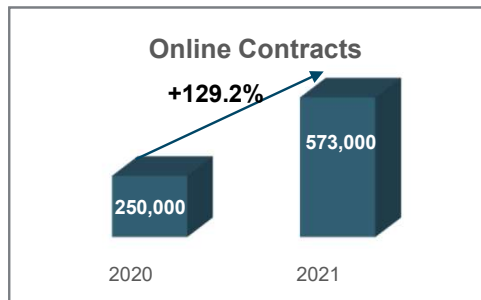
- The Covid-19 pandemic has not significantly influenced the credit risk development of the VW FS.
- In history and until today our credit losses (dynamic loss ratio = drawings on provisions including direct write-offs relative to the average volume of exposures) have been on a very low level (0.27% as of 31.03.2022).
- The credit risks are appropriately covered by provisions.

**Forecast:**  
The risk situation will remain challenging because of the ongoing Corona pandemic, the crisis challenges in the Ukraine as well as expected increasing interest rates.



**Residual value risk management at Volkswagen Financial Services**

- The current positive trend in the development of used car prices is related to an increased demand in the used car market, driven by the current shortage of new car deliveries due to the chip shortage and the current crisis situation in the Ukraine. We assume this trend to be a short term effect only.
- As soon as the situation will relax we do expect the demand on used cars to slip-by-step return to prior crisis level. This is why we did not adapt our Residual Values for new business.
- Even in 2022 the still high used car prices will have a positive effect on our operating profit but this will be lower than in 2021.



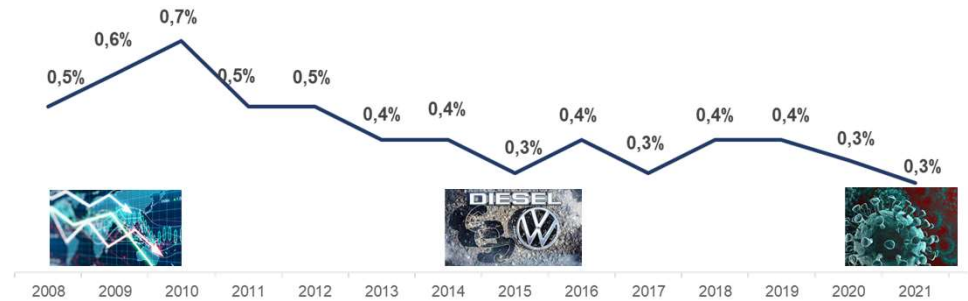
## Credit risk management at Volkswagen Financial Services

- The Covid-19 pandemic has not significantly influenced the credit risk development of the VW FS.
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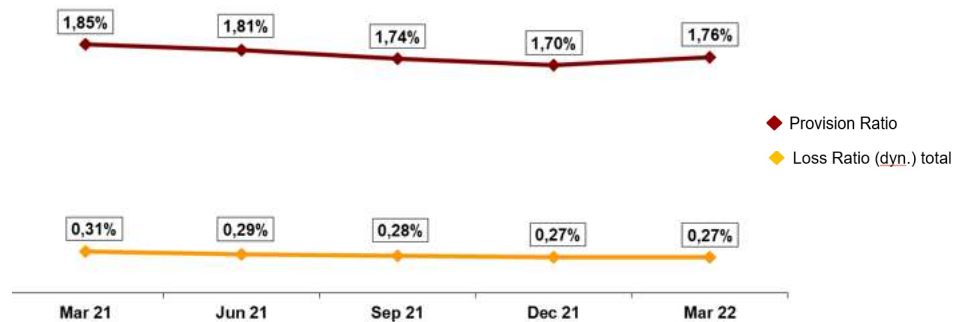
### Forecast:

The risk situation will remain challenging because of the ongoing Corona pandemic, the crisis situation in the Ukraine as well as expected increasing interest rates.

### Credit loss ratio historically on a very low level



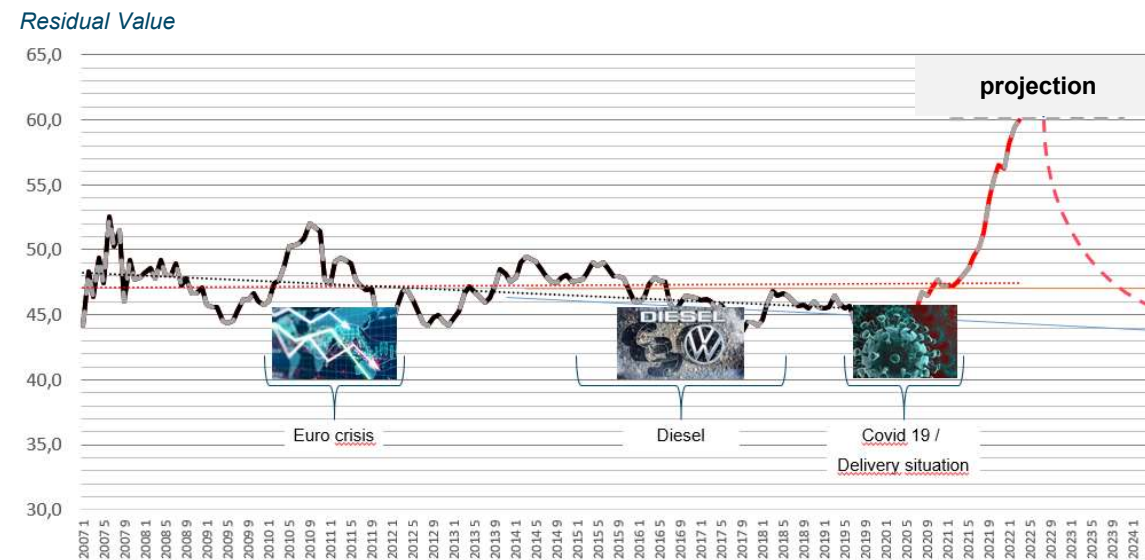
### Provision- vs. Loss Ratio



## Residual value risk management at Volkswagen Financial Services

- The current positive trend in the development of used car prices is related to an **increased demand in the used car market**, driven by the current shortage of new car deliveries due to the chip shortage and the current crisis situation in the Ukraine. We assume this trend to be a **short term effect** only.
- As soon as the situation will relax we do expect the demand on used cars to **step-by-step return to prior crisis level**. This is why **we did not adapt** our Residual Values for new business.
- Even in **2022** the **still high used car prices** will have a positive effect on our operating profit but this will be lower than in 2021.

### Re-marketing situation used car center



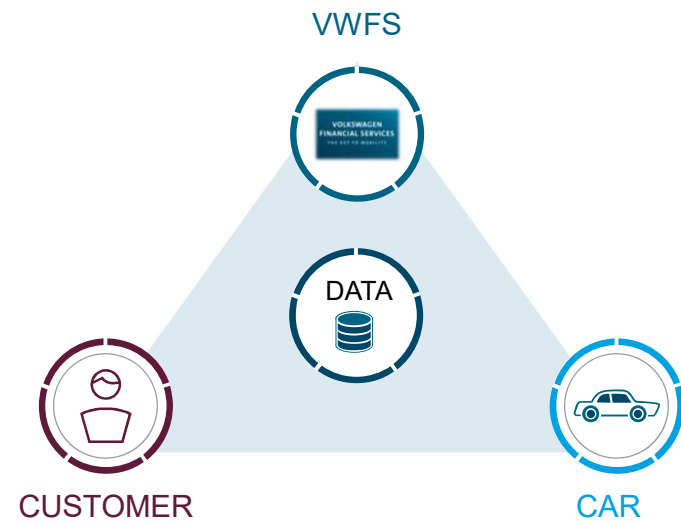


In the existing business model, VW FS has mainly indirect contact to customers, therefore we are adding a “Digital & Direct” channel

» Enabler Model «

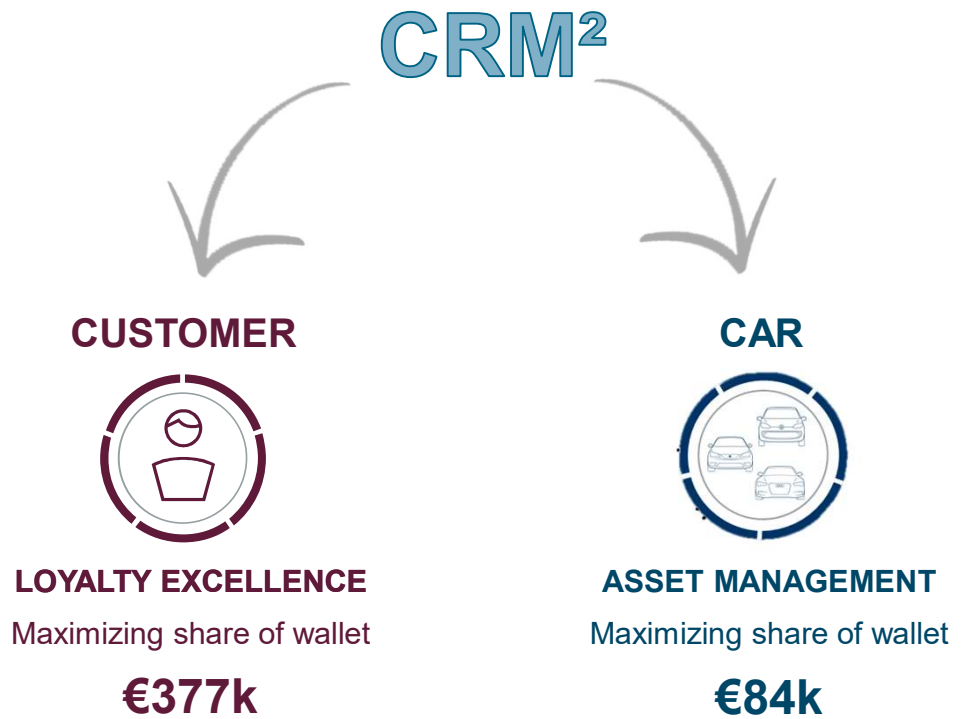


» Digital & Direct «





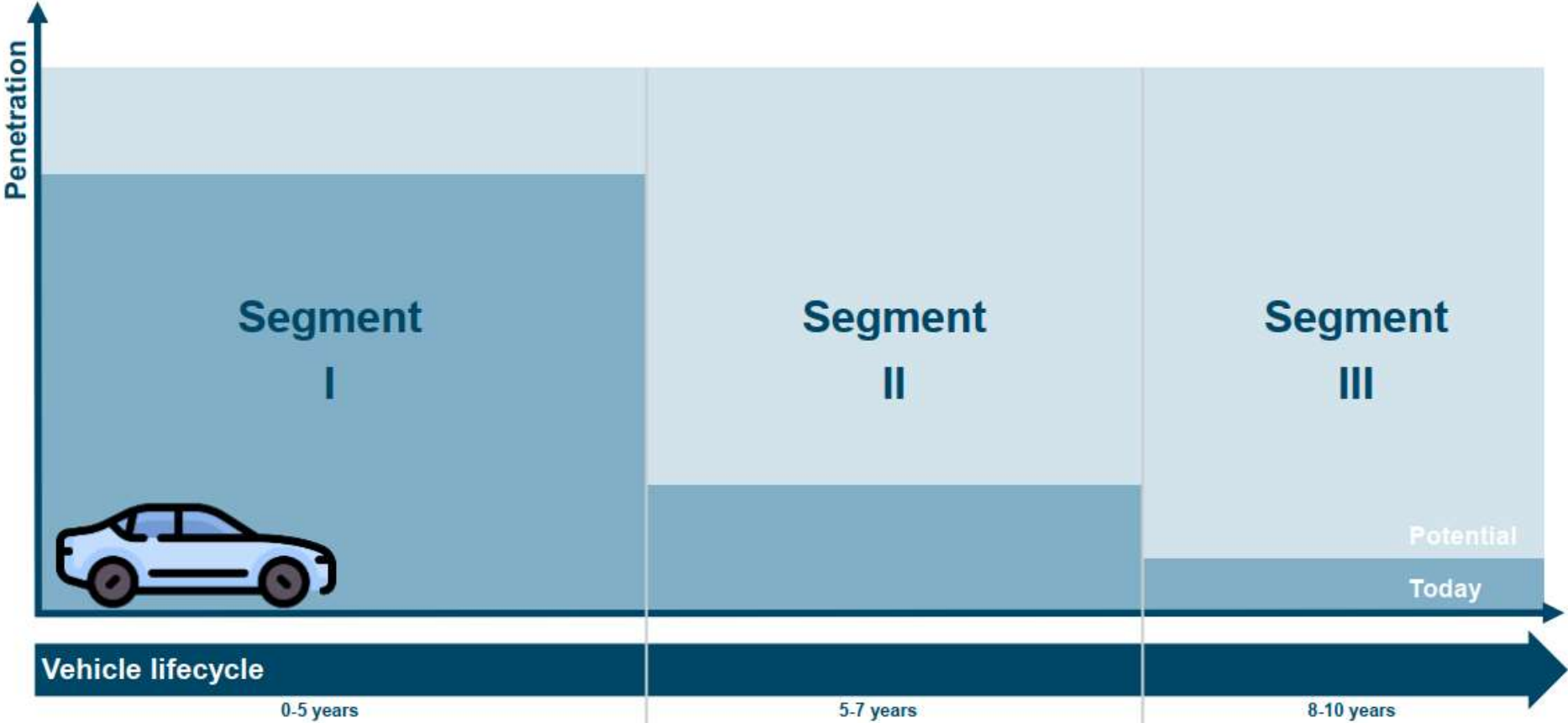
## Our answer to driving loyalty



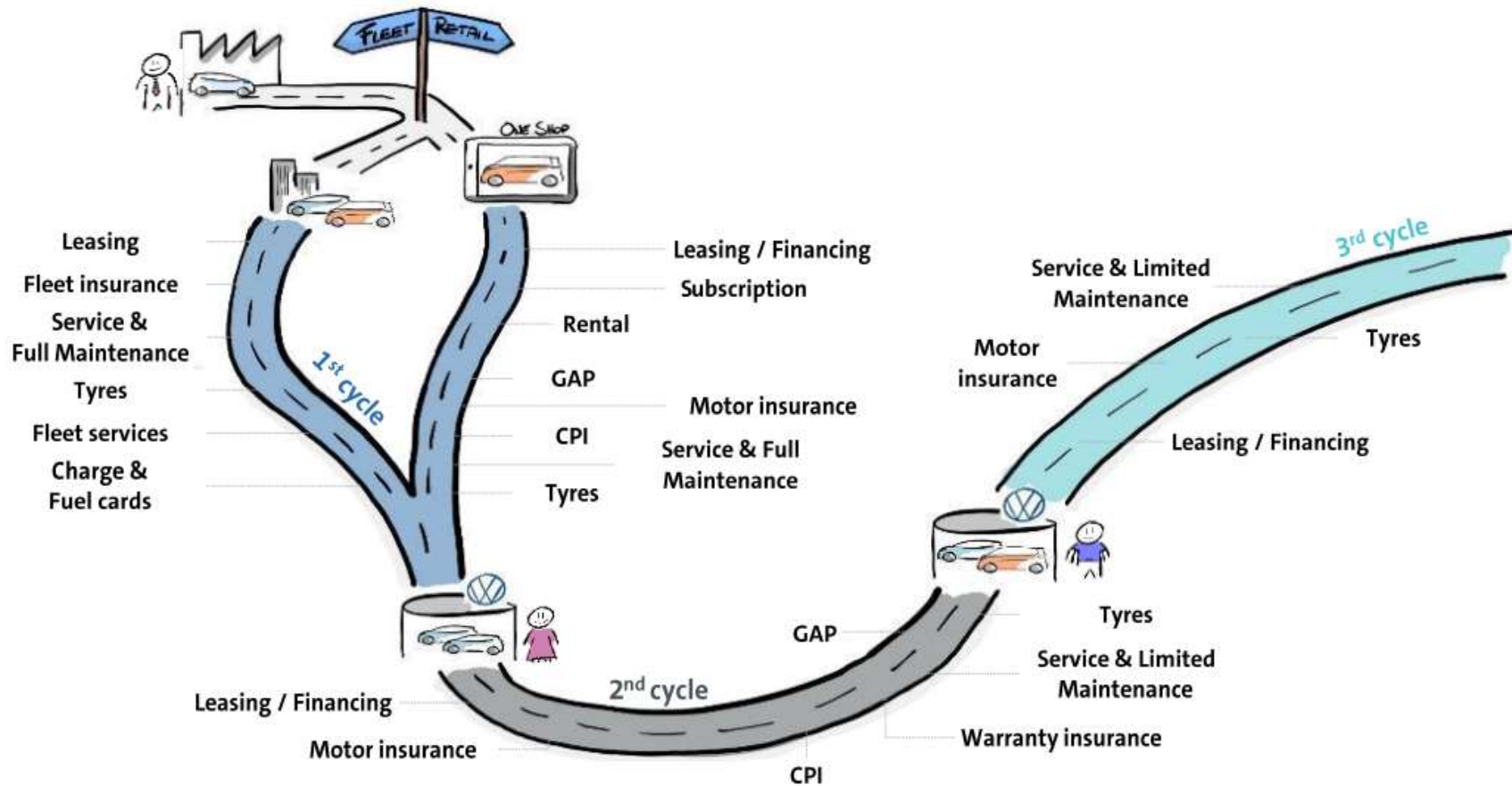
Source: DAT Report 2019  
Source: DAT Report 2018/2019, KBA, INRIX Study 2017, Oliver Wyman

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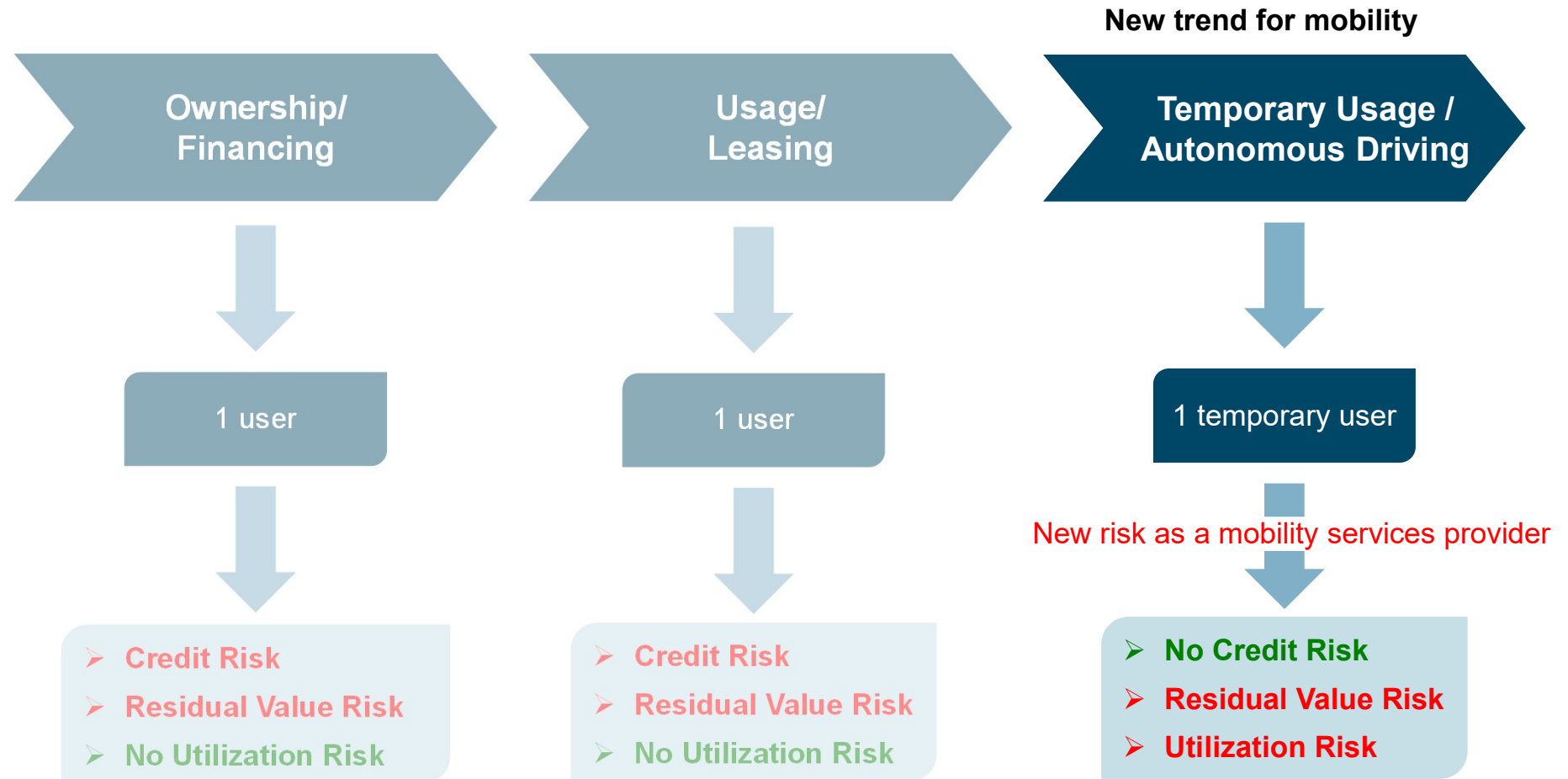
# Follow the car



## Volkswagen Financial Services has the tools...



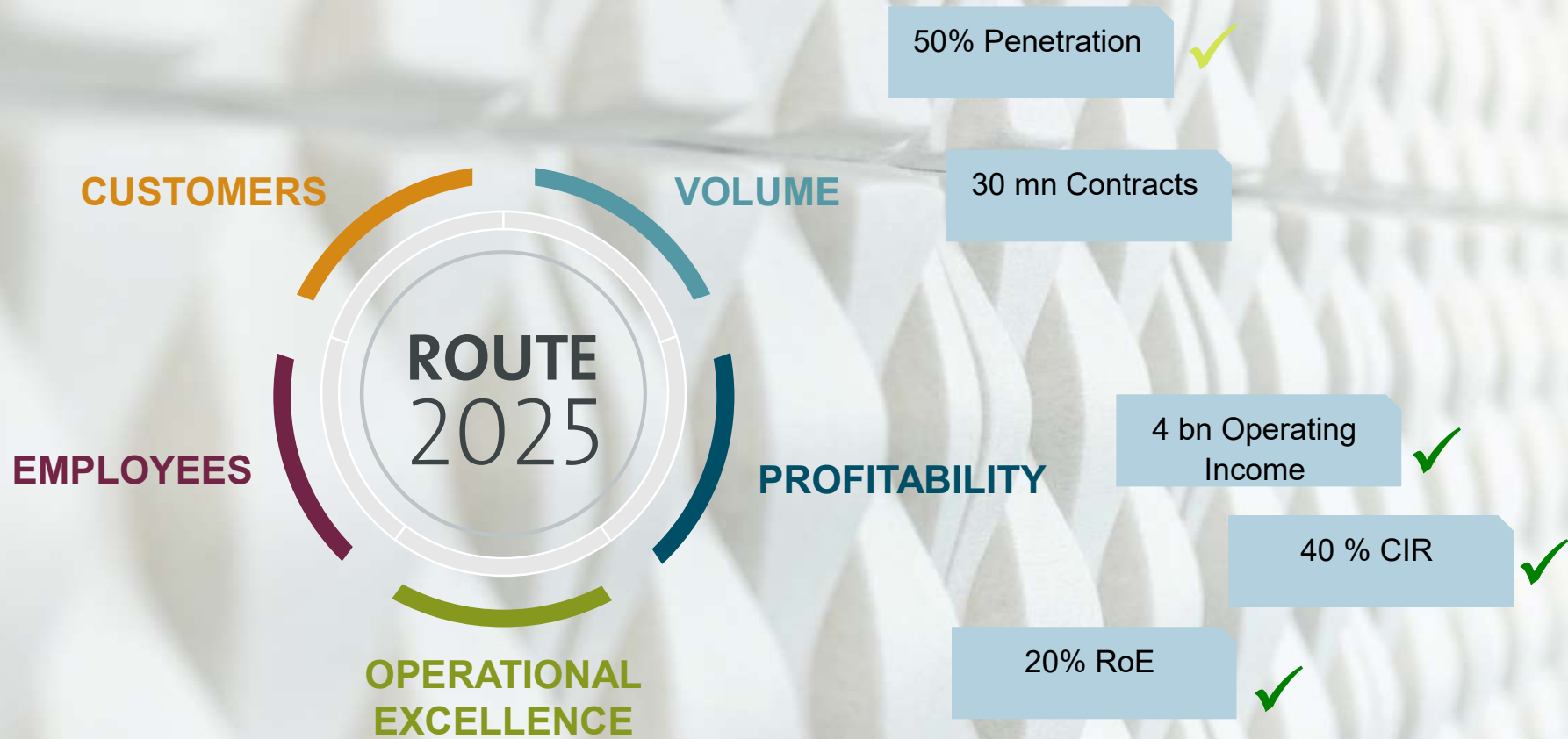
## Continuing trend from ownership to usage of services



## Vision and targets of Route2025



## Route 2025 – almost there!



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## Changing customer preferences through all segments reduce the dependency on dealerships and lead to direct sales and cross-country competition and solutions



Changing customer behavior ...



... is being actively addressed by many market players

**Strong trend** towards fully **digital transactions** in **consumer business**

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**Digital vehicle purchase and financing**

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**Direct Customer contact** and **sales** in **European fleet business**

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**International conditions and multi-brand**

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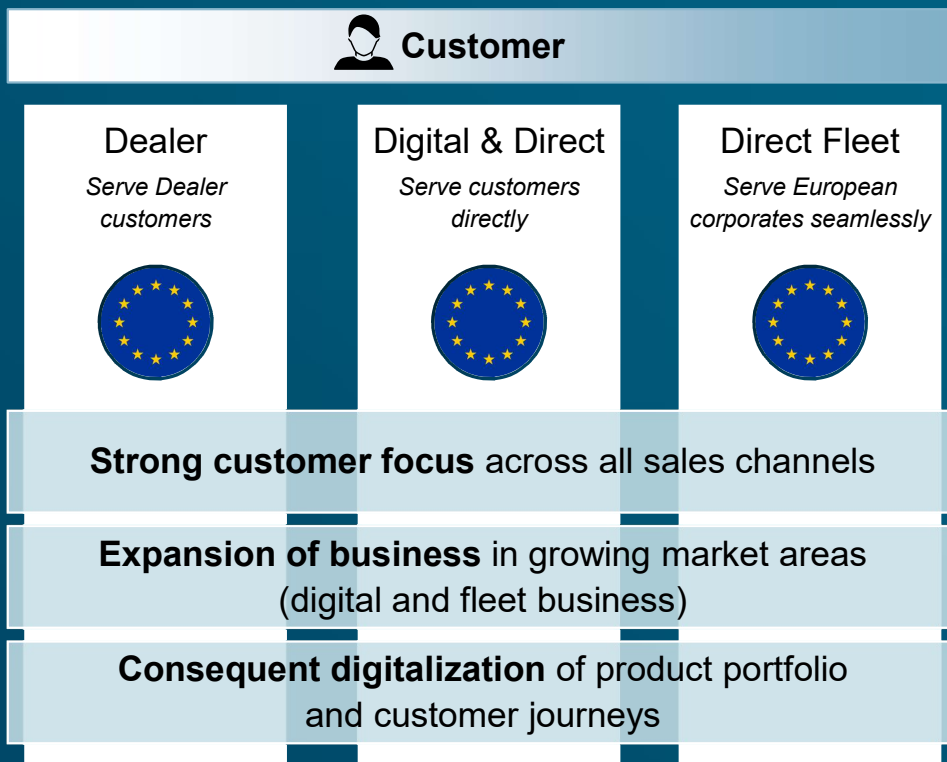
Calls for digital easy-to-use **used car reselling options**



**European platforms**



## ETOM lays the organizational foundation for customer centricity along three Sales channels



We rely on the strong foundation of our strengths ...



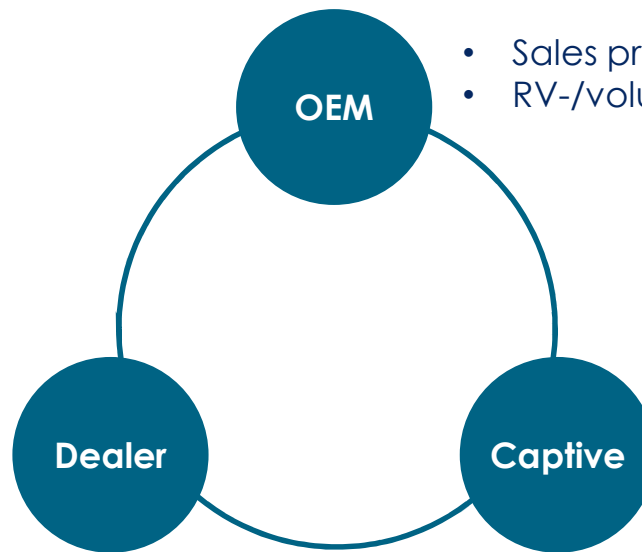
... and consequently explore new business areas at the same time

## heycar brings the successful triangle OEM – Captive – Dealer online



- Online-competence
- Multibrand

- Customer focus/-loyalty
- After-Sales



- Sales promotion / -steering
- RV-/volume steering

- Financing of sales
- RV-/volume steering

# Target: We aim to be #1 in every channel

**#1**  
in fleet

Unlock transnational potential  
and make it profitable



**Growth potential**  
**until 2025: 1.5x**

**#1**  
in digital & direct

Occupy new channel offensively  
and build up profitability



**Growth potential until**  
**2025: 10x**

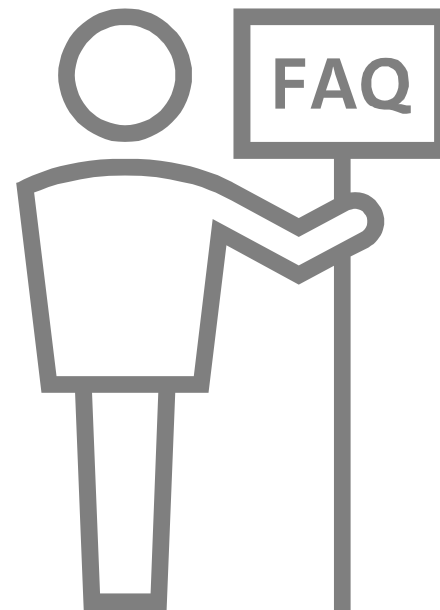
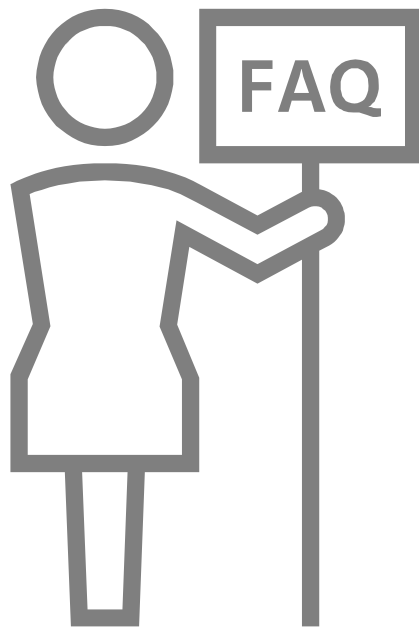
**#1**  
in dealer

Safeguard competitive  
position and increase  
profitability



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## Questions?



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**Thank you!**

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