VOLKSWAGEN BANK

GMBH

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

2021

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All figures shown in tables are rounded, so minor discrepancies may arise from addition of these amounts.

Foreword

The Pillar 3 Disclosure Report for the period ended June 30, 2021 is published in accordance with the supervisory law requirements of the Basel III framework (Regulation (EU) No. 2019/876 (CRR II) of the European Parliament and of the council of May 20, 2019, amending Regulation (EU) No 575/2013 (CRR I). The regulation is supplemented by the technical implementation standards of the EBA EBA/ITS/2020/04 of June 24, 2020, in which the tables integrated in this report are specified more precisely. This Report is based on the legal requirements in force as of the reporting date.

The entry into force of CRR provided in large measure a uniform legal basis for European banking supervisory law. The requirements of CRR largely replaced the disclosure obligations regulated at national level.

Volkswagen Bank GmbH 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 CRR. Volkswagen Bank GmbH is a large institution in accordance with Article 4a (a) xv) 146 of CRR and thus implements the requirements for frequency in accordance with Article 433a of CRR.

In accordance with Article 433 of CRR, the Pillar 3 Disclosure Report is updated regularly to meet the requirements and published shortly thereafter as a separate report on Volkswagen Bank GmbH's website.
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.

On June 2, 2020, the EBA published the final “Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis” (EBA/GL/2020/07).

Braunschweig, September 2021

The Management Board

Own Funds

INTRODUCTION

The own funds of an institution or an institution group are measured by reference to the prudential capital ratios. In this connection, Volkswagen Bank GmbH must observe the minimum capital ratios defined in Article 92 of the CRR at both the level of the individual institution and at the consolidated level of the institution group. In addition, Volkswagen Bank GmbH must observe the prudential capital buffer requirements as well as the additional capital requirements defined in the supervisory review and evaluation process (SREP).

In this document, the explanatory notes and data pertaining to own funds refer to Volkswagen Bank GmbH's institution group and are based on IFRS accounting.

ARTICLE 437A OF CRR II – DISCLOSURE OF OWN FUNDS

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 Bank GmbH or any of the group entities included in the prudential scope of consolidation.

Volkswagen Bank GmbH 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.

Similarly, Volkswagen Bank GmbH does not apply the "quick fix" transitional provisions under Article 468 of the CRR. Consequently, the disclosures on capital and leverage ratios reflect the full impact of the unrealized gains and losses measured at fair value through other comprehensive income.

Common Equity Tier 1

Common Equity Tier 1 capital primarily consists of equity reported in the balance sheet. 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 increase of €319 million in Common Equity Tier 1 capital compared with December 31, 2020 is primarily due to an allocation to the share premium of Volkswagen Bank GmbH. In March 2021, Volkswagen AG allocated the earnings of €383 million for 2020 under German GAAP (HGB), which had initially been distributed, to the share premium of Volkswagen Bank GmbH in consultation with the ECB. This was done in the light of the ECB's recommendations regarding the dividend-distribution policies of systemically relevant credit institutions. In this connection, the ECB had recommended omitting dividend distributions during the COVID-19 pandemic in order to strengthen credit institutions' own funds. Accordingly, the distribution of the earnings under German GAAP (HGB) and the allocation of the same amount to the share premium by Volkswagen AG is consistent with the ECB's recommendation.

In addition, the new CRR II requirements had an impact on Common Equity Tier 1 capital. In this connection, the new minimum coverage requirements for non-performing exposures (the "NPE backstop") came into effect. The purpose of the new rules is to reduce non-performing exposures held by banks on their balance sheets or to ensure that sufficient provisions are taken to cover them. If the minimum coverage requirement is not satisfied, the difference must be deducted from Common Equity Tier 1 capital in accordance with Article 36 (1) (m) of the CRR. The new requirements apply to non-performing exposures arising for the first time on or after April 26, 2019.

Tier 2 capital

Tier 2 capital comprises long-term subordinated liabilities, reduced by amortization in accordance with Article 64 of the CRR. Tier 2 capital decreased marginally in the year under review.

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 2024. Some of the liabilities are subject to a contractual call right by Volkswagen Bank GmbH if certain trigger events occur. However, in accordance with Article 78 of the CRR, this right can only be exercised with the prior permission of the supervisory authorities. The investors do not have any call rights. The requirements of Article 63 of the CRR have been met.

The table below shows the composition of the own funds and total risk exposure as well as information on the capital ratios.

TABLE 1: EU CC1 – COMPOSITION OF REGULATORY OWN FUNDS

€ million		A) Amounts	B) 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	318.3	(h)
	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	1,157.7	n/a
3	Accumulated other comprehensive income (and other reserves)	8,987.9	n/a
EU-3a	Funds for general banking risk	0.0	n/a
4	Amount of qualifying items referred to in Article 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	10,463.9	n/a
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	-3.9	n/a
8	Intangible assets (net of related tax liability) (negative amount)	-71.8	(a) minus (d)
9	Empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	-0.1	n/a
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0.2	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

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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)	0.0	n/a
20	Empty set in the EU		
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 Article 38 (3) are met) (negative amount)	-830.8	n/a
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	Empty set in the EU		
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

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	Empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0.0	n/a
27a	Other regulatory adjusments (including IFRS 9 transitional adjustments when relevant)	-64.6	n/a
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	-971.0	n/a
29	Common Equity Tier 1 (CET1) capital	9,492.9	n/a
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0.0	(i)
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
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) of CRR	0.0	n/a
EU-33a	Amount of qualifying items referred to in Article 494a(1) subject to phase out from AT1	0.0	n/a
EU-33b	Amount of qualifying items referred to in Article 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

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	Empty set in the EU		
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)	9,492.9	n/a
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	16.0	n/a
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	0.0	n/a
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	0.0	n/a
EU-47b	Amount of qualifying items referred to in Article 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

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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	16.0	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	Empty set in the EU		
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	Empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0.0	n/a
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	16.0	n/a
59	Total capital (TC = T1 + T2)	9,508.9	n/a
60	Total risk exposure amount	50,965.0	n/a
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	18.63	n/a
62	Tier 1 (as a percentage of total risk exposure amount)	18.63	n/a
63	Total capital (as a percentage of total risk exposure amount)	18.66	n/a
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	8.13	n/a
65	of which: capital conservation buffer	2.50	n/a

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
	requirement		
66	of which: countercyclical buffer requirement	0.01	n/a
67	of which: systemic risk buffer requirement	0.00	n/a
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00	n/a
68	Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)	0.00	n/a
69	[non relevant in EU regulation]	8.66	n/a
70	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
71	[non relevant in EU regulation]		
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)	29.1	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)	0.0	n/a
74	Empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	1,037.4	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	582.0	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
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	g)

€ million		A) Amounts	B) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
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

Own funds requirements

ARTICLE 438 (D, H) OF CRR II – 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 91.3% 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 Bank GmbH is subject to a quarterly disclosure duty, the figures in the table refer to the current reporting period (T) ending June 30, 2021 as well as the previous quarter ending March 31, 2021 (T-1).

TABLE 2: EU OV1 – OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS

		RISK WEIGHTED EXPOSURE AMOUNTS (RWEAS)		TOTAL OWN FUNDS REQUIREMENTS
		a	b	c
	€ million	T	T-1	T
1	Credit risk (excluding CCR)	46,531.6	46,299.8	3,722.5
2	Of which the standardised approach	46,531.6	46,299.8	3,722.5
3	Of which the foundation IRB (FIRB) 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 (AIRB) approach	0.0	0.0	0.0
6	Counterparty credit risk - CCR	46.2	35.2	3.7
7	Of which the standardised approach	24.3	0.0	1.9
8	Of which internal model method (IMM)	0.0	0.0	0.0
EU 8a	Of which exposures to a CCP	5.8	3.8	0.5
EU 8b	Of which credit valuation adjustment - CVA	16.2	13.1	1.3
9	Of which other CCR	0.0	18.3	0.0
10	Empty set in the EU			
11	Empty set in the EU			
12	Empty set in the EU			
13	Empty set in the EU			
14	Empty set in the EU			
15	Settlement risk	0.0	0.0	0.0
16	Securitisation exposures in the non-trading book (after the cap)	190.5	192.3	15.2
17	Of which SEC-IRBA approach	0.0	0.0	0.0
18	Of which SEC-ERBA (including IAA)	190.5	192.3	15.2
19	Of which SEC-SA approach	0.0	0.0	0.0
EU 19a	Of which 1250%/ deduction	0.0	0.0	0.0
20	Position, foreign exchange and commodities risks (Market risk)	441.4	336.6	35.3
21	Of which the standardised approach	441.4	336.6	35.3
22	Of which IMA	0.0	0.0	0.0
EU 22a	Large exposures	0.0	0.0	0.0
23	Operational risk	3,755.2	3,755.2	300.4
EU 23a	Of which basic indicator approach	0.0	0.0	0.0
EU 23b	Of which standardised approach	3,755.2	3,755.2	300.4
EU 23c	Of which advanced measurement approach	0.0	0.0	0.0
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	2,593.5	2,595.2	207.5
25	Empty set in the EU			
26	Empty set in the EU			
27	Empty set in the EU			
28	Empty set in the EU			
29	Total	50,965.0	50,619.2	4,077.2

The credit risk excluding the counterparty credit risk stood at €46,531.6 million as of June 30, 2021 and was therefore up slightly by €231.8 million over the previous quarter. Volkswagen Bank GmbH uses the Credit Risk Standardized Approach (CRSA) to quantify credit risks.

The increase in the counterparty credit risk from €35.2 million to €46.2 million is primarily due to the application of the new requirements for quantifying counterparty credit risk under the new Standardized Approach (SA-CCR). Further information on the composition of counterparty credit risk can be found in Tables 14 through 18.

At €3,755.2 million, operational risk was unchanged over the previous quarter due to the application of the static principle. Volkswagen Bank GmbH applies the Standardized Approach in this connection.

Further information on market risk and the securitization positions is provided in a separate chapter.

ARTICLE 440 OF CRR II – 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 3: 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
		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	Total exposure value	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 (%)
	GER	29,509.4	0.0	0.0	0.0	0.0	29,509.4	1,904.9	0.0	0.0	1,904.9	26,285.9	53.3%	0.0%
	ES	4,529.2	0.0	0.0	0.0	0.0	4,529.2	297.1	0.0	0.0	297.1	3,340.2	8.3%	0.0%
	FR	6,668.0	0.0	0.0	0.0	0.0	6,668.0	470.8	0.0	0.0	470.8	5,629.3	13.2%	0.0%
	IT	5,782.5	0.0	0.0	0.0	0.0	5,782.5	360.9	0.0	0.0	360.9	4,444.2	10.1%	0.0%
	GB	1,645.6	0.0	0.0	0.0	538.2	2,183.9	131.7	0.0	15.2	146.9	1,645.5	4.1%	0.0%
	NL	2,023.8	0.0	0.0	0.0	0.0	2,023.8	159.2	0.0	0.0	159.2	1,991.9	4.5%	0.0%
	PL	1,059.3	0.0	0.0	0.0	0.0	1,059.3	77.0	0.0	0.0	77.0	934.7	2.2%	0.0%
	PT	548.0	0.0	0.0	0.0	0.0	548.0	33.6	0.0	0.0	33.6	809.6	0.9%	0.0%
	SK	489.2	0.0	0.0	0.0	0.0	489.2	32.7	0.0	0.0	32.7	396.1	0.9%	1.0%
	Other	1,341.1	0.0	0.0	0.0	0.0	1,341.1	87.7	0.0	0.0	87.7	1,084.3	2.5%	0.0%
020	**Total**	**53,596.2**	**0.0**	**0.0**	**0.0**	**538.2**	**54,134.5**	**3,555.6**	**0.0**	**15.2**	**3,570.8**	**46,561.7**	**100.0%**	

At 53.6%, the own funds requirements for Germany of €1,904.9 million constitute the greatest proportion in the calculation of the countercyclical capital buffer. The countries listed cover more than 96% of the capital requirements of Volkswagen Bank GmbH. There is no further breakdown of the countries listed under the "Other" line for reasons of materiality.

TABLE 4: CCYB2 – AMOUNT OF THE INSTITUTION-SPECIFIC COUNTERCYCLICAL CAPITAL BUFFER

	€ million	a
1	Total risk exposure amount	50,965.0
2	Institution specific countercyclical capital buffer rate	0.0092%
3	Institution specific countercyclical capital buffer requirement	4.7

Volkswagen Bank GmbH has a marginal institution-specific countercyclical capital buffer of 0.0092% as of June 2021 at a consolidated level. This is due to the fact that the competent authorities in most countries including Germany have set a countercyclical capital buffer of 0% against the backdrop of the Covid-19 pandemic.

Credit risk and credit risk mitigation

ARTICLE 442 (C, E, F, AND G) OF CRR II – DISCLOSURE OF EXPOSURES TO CREDIT RISK AND DILUTION RISK

Table EU CR1-A shows the net exposure value for loans and credits as well as debt securities broken down by remaining term in accordance with Article 442 (g) CRR as of June 30, 2021.

TABLE 5: EU CR1-A – MATURITY OF EXPOSURES

		A	B	C	D	E	F
		Net exposure values					
		On demand	<= 1 year	> 1 year <= 5 year	> 5 year	No specified maturity	Total
1	Loans and advances	0.0	14,034.9	31,975.4	0.0	4,752.8	50,763.1
2	Debt securities	3,553.8	213.4	225.3	16,956.5	0.0	20,949.0
3	Total	3,553.8	14,248.3	32,200.7	16,956.5	4,752.8	71,712.1

TABLE 6: 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		Collaterals received and financial guarantees received on forborne exposures	
			Non-performing forborne						
		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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
010	Loans and advances	498.9	620.1	402.7	0.0	402.2	-20.6	-120.3	978.1
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
040	Credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	0.4	2.1	1.6	0.0	1.6	0.0	-1.0	1.6
060	Non-financial corporations	182.0	230.4	179.0	0.0	178.6	-12.9	-77.7	321.8
070	Households	316.5	387.5	222.1	0.0	222.0	-7.7	-41.6	654.7
080	Debt Securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
090	Loan commitments given	81.4	99.4	73.1	0.0	73.1	0.0	0.0	0.0
100	Total	580.3	719.4	475.8	0.0	475.3	-20.6	-120.3	978.1

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

TABLE 7: 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								
			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	**7,329.8**	**7,329.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	Loans and advances	**49,722.6**	**49,480.4**	**0.0**	**0.0**	**242.2**	**0.0**	**1,765.7**	**0.0**	**395.5**	**0.0**	**118.2**	**0.0**
020	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
030	General governments	1.6	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
040	Credit institutions	188.7	188.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	2,040.2	2,039.9	0.0	0.0	0.3	0.0	4.2	0.0	1.4	0.0	0.3	0.0
060	Non-financial corporations	15,545.8	15,391.0	0.0	0.0	154.7	0.0	795.4	0.0	138.1	0.0	18.1	0.0
070	Of which SMEs	10,722.3	10,571.4	0.0	0.0	151.0	0.0	734.6	0.0	135.2	0.0	15.9	0.0
080	Households	31,946.2	31,859.1	0.0	0.0	87.2	0.0	966.1	0.0	256.0	0.0	99.7	0.0
090	Debt Securities	**20,952.2**	**20,952.2**	**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	3,566.3	3,566.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	283.5	283.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	17,102.4	17,102.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	0.0	0.0	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	**12,913.5**			**0.0**								**0.0**
160	Central banks	0.0			0.0								0.0
170	General governments	0.3			0.0								0.0
180	Credit institutions	0.2			0.0								0.0
190	Other financial corporations	702.6			0.0								0.0
200	Non-financial corporations	10,021.6			0.0								0.0
210	Households	2,188.8			0.0								0.0
220	**Total**	**83,588.3**	**70,432.5**	**0.0**	**0.0**	**242.2**	**0.0**	**1,765.7**	**0.0**	**395.5**	**0.0**	**118.2**	**0.0**

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

TABLE 8: 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					
				of which: defaulted	of which: subject to impairment			
010	**On balance sheet exposures**	**72,440.48**	**1,765.74**	**1,370.31**	**54,348.93**	**-1,049.12**		**0.00**
020	Germany	30,089.46	1,159.06	933.04	30,089.46	-485.62		0.00
030	Luxembourg	14,321.87	0.00	0.00	195.08	-0.14		0.00
040	Italy	7,977.74	63.19	57.06	5,997.81	-84.86		0.00
050	Spain	7,177.51	105.23	104.74	5,738.05	-129.37		0.00
060	France	5,561.63	318.62	157.15	5,561.63	-215.01		0.00
070	Other	7,312.27	119.63	118.32	6,766.90	-134.13		0.00
080	**Off balance sheet exposures**	**13,349.06**	**435.52**	**73.12**			**11.78**	
090	Germany	6,876.50	393.10	72.17			0.00	
100	Brazil	1,934.09	0.46	0.00			0.00	
110	France	1,656.33	30.67	0.81			6.27	
120	The Netherlands	1,091.75	0.62	0.14			0.00	
130	United States of America	522.35	3.69	0.00			1.65	
140	Other	1,268.05	6.97	0.00			3.86	
150	**Total**	**85,789.55**	**2,201.26**	**1,443.43**	**54,348.93**	**-1,049.12**	**11.78**	**13,349.06**

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

TABLE 9: EU CQ5 – CREDIT QUALITY OF LOANS AND ADVANCES TO NON-FINANCIAL CORPORATIONS BY INDUSTRY

		A	B	C	D	E	F
		Gross carrying amount				Accumulated impairment Wertminderung	Accumulated negative changes in fair value due to credit risk on non-performing exposures Risikopositionen
			of which: non-performing		of which: loans and advances subject to impairment		
				of which: defaulted			
010	Agriculture, forestry and fishing	39.7	2.4	1.3	39.7	-1.5	0.0
020	Mining and quarrying	2.7	0.2	0.1	2.7	-0.1	0.0
030	Manufacturing	300.2	11.7	6.4	300.2	-9.3	0.0
040	Electricity, gas, steam and air conditioning supply	7.5	0.3	0.1	7.5	-0.2	0.0
050	Water supply	30.2	1.5	0.8	30.2	-1.2	0.0
060	Construction	619.3	46.2	27.4	619.3	-28.1	0.0
070	Wholesale and retail trade	12,452.4	568.6	487.2	12,452.4	-393.1	0.0
080	Transport and storage	363.7	50.1	29.8	363.7	-31.9	0.0
090	Accommodation and food service activities	89.3	6.5	3.6	89.3	-4.3	0.0
100	Information and communication	83.3	6.0	4.8	83.3	-5.0	0.0
110	Real estate activities	0.0	0.0	0.0	0.0	0.0	0.0
120	Financial and insurance actvities	364.3	20.1	15.2	364.3	-11.4	0.0
130	Professional, scientific and technical activities	371.6	17.8	8.9	371.6	-19.9	0.0
140	Administrative and support service activities	1,340.4	51.6	36.8	1,340.4	-38.6	0.0
150	Public administration and defense, compulsory social security	0.4	0.0	0.0	0.4	0.0	0.0
160	Education	54.2	2.8	1.1	54.2	-2.0	0.0
170	Human health services and social work activities	127.7	5.0	2.5	127.7	-3.4	0.0
180	Arts, entertainment and recreation	28.3	1.8	1.2	28.3	-1.3	0.0
190	Other services	66.1	2.6	1.7	66.1	-3.6	0.0
200	**Total**	**16,341.2**	**795.4**	**629.0**	**16,341.2**	**-555.1**	**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.

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

TABLE 10: EU CR1 – PERFORMING AND NON-PERFORMING EXPOSURES AND RELATED PROVISIONS

€ million		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					
			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	**7,329.8**	**7,329.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	Loans and advances	**49,722.6**	**34,181.6**	**14,433.3**	**1,765.7**	**395.5**	**1,084.7**	**-516.7**	**-161.4**	**-340.6**	**-529.2**	**-46.4**	**-451.8**	**0.0**	**25,036.8**	**764.6**
020	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	0.0	0.0	0.0
030	General governments	1.6	1.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	0.0
040	Credit institutions	188.7	186.6	2.1	0.0	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	2,040.2	943.3	107.7	4.2	1.4	2.7	-6.0	-3.8	-2.3	-1.8	-0.1	-1.8	0.0	128.8	1.0
060	Non-financial corporations	15,545.8	8,356.7	7,098.2	795.4	138.1	499.6	-256.2	-64.1	-186.9	-298.8	-17.7	-219.3	0.0	9,796.3	383.0
070	Of which: SMEs	10,722.3	5,458.7	5,209.2	734.6	135.2	441.8	-178.4	-40.7	-134.2	-266.2	-15.9	-188.5	0.0	5,366.2	361.1
080	Households	31,946.2	24,694.1	7,224.7	966.1	256.0	582.4	-254.3	-93.5	-151.4	-228.6	-28.7	-230.6	0.0	15,110.7	380.6
090	Debt Securities	20,952.2	2,922.2	927.6	0.0	0.0	0.0	-3.2	-1.8	-1.4	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	0.0	0.0	0.0
110	General governments	3,566.3	2,638.7	927.6	0.0	0.0	0.0	-3.0	-1.6	-1.4	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	283.5	283.5	0.0	0.0	0.0	0.0	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	17,102.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

		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					
€ million			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
140	Non-financial corporations	0.0	0.0	0.0	0.0	0.0	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	**12,913.5**	**0.0**	**435.5**	**73.1**	**0.0**	**0.0**	**11.7**	**8.8**	**3.0**	**0.1**	**0.0**	**0.1**	**0.0**	**0.0**	**0.0**
160	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	0.0	0.0	0.0
170	General governments	0.3	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
180	Credit institutions	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
190	Other financial corporations	702.6	0.0	1.3	0.0	0.0	0.0	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
200	Non-financial corporations	10,021.6	0.0	405.0	72.2	0.0	0.0	6.5	3.9	2.6	0.1	0.0	0.1	0.0	0.0	0.0
210	Households	2,188.8	0.0	29.0	0.9	0.0	0.0	4.4	4.1	0.3	0.0	0.0	0.0	0.0	0.0	0.0
220	Total	**83,588.3**	**37,103.8**	**15,796.5**	**1,838.9**	**395.5**	**1,084.7**	**-508.2**	**-154.5**	**-339.1**	**-529.2**	**-46.4**	**-451.8**	**0.0**	**25,036.8**	**764.6**

ARTICLE 444 (E) OF CRR II – 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. For this purpose, the following table breaks down the credit risk exposures by exposure class and risk weights.

TABLE 11: EU CR5 – STANDARDIZED APPROACH

		RISK WEIGHT																
	€ million	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Total	Of which unrated
	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	8,982.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,039.4	0.0	0.0	0.0	10,022.2	0.0
2	Regional government or local authorities	1,337.3	0.0	0.0	0.0	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,337.7	0.0
3	Public sector entities	1,327.7	0.0	0.0	0.0	1.4	0.0	5.0	0.0	0.0	3.7	0.0	0.0	0.0	0.0	0.0	1,337.8	0.0
4	Multilateral development banks	49.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	49.9	49.9
5	International organisations	99.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	99.7	99.7
6	Institutions	0.0	367.1	0.0	0.0	697.1	0.0	45.7	0.0	0.0	23.9	0.0	0.0	0.0	0.0	0.0	1,133.7	0.0
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,210.5	0.0	0.0	0.0	0.0	0.0	13,210.5	13,210.5
8	Retail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	36,422.6	0.0	0.0	0.0	0.0	0.0	0.0	36,422.6	36,422.6
9	Secured by mortgages on 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	0.0	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	123.6	833.4	0.0	0.0	0.0	0.0	957.0	956.8
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	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	Covered bonds	0.0	0.0	0.0	296.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	296.4	0.0
13	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	0.0	0.0	0.0
14	Unit or shares in collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	18.9	0.0	0.0	0.0	0.0	0.0	18.9	18.9
16	Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1,964.7	0.0	0.0	0.0	0.0	0.0	1,964.7	1,964.7
17	TOTAL	**11,797.4**	**367.1**	**0.0**	**296.4**	**698.9**	**0.0**	**50.7**	**0.0**	**36,422.6**	**15,345.2**	**833.4**	**1,039.4**	**0.0**	**0.0**	**0.0**	**66,851.1**	**52,723.0**

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 12: 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 amount	RWEA	RWEA density (%)
	€ million	a	b	c	d	e	f
1	Central governments or central banks	9,082.3	0.0	10,022.2	0.0	2,598.6	25.9%
2	Regional government or local authorities	1,337.7	0.1	1,337.7	0.0	0.1	0.0%
3	Public sector entities	1,337.6	1.0	1,337.6	0.2	6.5	0.5%
4	Multilateral development banks	49.9	0.0	49.9	0.0	0.0	0.0%
5	International organisations	99.7	0.0	99.7	0.0	0.0	0.0%
6	Institutions	678.2	336.6	678.2	36.2	192.5	27.0%
7	Corporates	13,631.8	10,755.5	12,691.9	518.6	13,171.2	99.7%
8	Retail	35,674.0	3,091.6	35,674.0	748.6	27,209.2	74.7%
9	Secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	0.0%
10	Exposures in default	937.9	341.1	937.9	19.1	1,370.5	143.2%
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	0.0%
12	Covered bonds	296.4	0.0	296.4	0.0	29.6	10.0%
13	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0%
14	Collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0%
15	Equity	18.9	0.0	18.9	0.0	18.9	100.0%
16	Other items	1,964.7	0.0	1,964.7	0.0	1,964.7	100.0%
17	TOTAL	**65,109.0**	**14,526.0**	**65,109.0**	**1,322.8**	**46,561.7**	**70.1%**

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:

Cash on deposit for loan commitments of Volkswagen Bank GmbH within the meaning of Article 197(1)(a) of the CRR.

Collateral or shares in liability towards KfW under express pandemic loans

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.

ARTICLE 453 (F – J) CRR II – DISCLOSURE OF THE USE OF MITIGATION TECHNIQUES

The following table EU CR3 shows - broken down by type of debt instrument - how high the collateralisation is in the portfolio. A distinction is made according to the type of collateral.

TABLE 13: 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
	€ million	a	b	c	d	e
1	Loans and advances	33,016.7	25,801.4	25,770.3	31.1	0.0
2	Debt securities	20,952.2	0.0	0.0	0.0	0.0
3	Total	53,968.9	25,801.4	25,770.3	31.1	0.0
4	Of which non-performing exposures	1,001.2	764.6	764.6	0.0	0.0
5	Of which defaulted	776.9	593.4	0.0	0.0	0.0

Counterparty credit risk (CCR)

ARTICLE 439 (E-L) OF CRR II – DISCLOSURE OF EXPOSURES TO 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 14: 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			
	€ million	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	132.3	0.0	46.6	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**	**132.3**	**0.0**	**46.6**	**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 17.

TABLE 15: EU CCR1 – ANALYSIS OF CCR EXPOSURE BY APPROACH

		A	B	C	D	E	F	G	H
	€ million	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		1.4	0.0	0.0	0.0	0.0
EU2	EU - Simplified SA-CCR (for derivatives)	0.0	0.0		1.4	0.0	0.0	0.0	0.0
1	SA-CCR (for derivatives)	8.6	85.2		1.4	131.4	131.4	131.4	36.4
2	IMM (for derivatives and SFTs)			0.0	0	0.0	0.0	0.0	0.0
2a	Of which securities financing transactions netting sets			0.0		0.0	0.0	0.0	0.0
2b	Of which derivatives and long settlement transactions netting sets			0.0		0.0	0.0	0.0	0.0
2c	Of which from contractual cross-product netting sets			0.0		0.0	0.0	0.0	0.0
3	Financial collateral simple method (for SFTs)					0.0	0.0	0.0	0.0
4	Financial collateral comprehensive method (for SFTs)					0.0	0.0	0.0	0.0
5	VaR for SFTs					0.0	0.0	0.0	0.0
6	Total					**131.4**	**131.4**	**131.4**	**36.4**

The introduction of the new method under SA-CCR for calculating risk exposure for derivatives in connection with counterparty credit risk also changes the basis for calculating the risk arising from a change to a credit valuation adjustment (CVA). Risk exposure and the own funds requirements for credit valuation adjustments are shown in the following table:

TABLE 16: EU CCR2 – TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

		A	B
	€ million	Exposure value	RWEA
1	Total transactions subject to the Advanced method	0.0	0.0
2	(i) VaR component (including the 3× multiplier)		0.0
3	(ii) stressed VaR component (including the 3× multiplier)		0.0
4	Transactions subject to the Standardised method	86.0	16.2
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0.0	0.0
5	Total transactions subject to own funds requirements for CVA risk	86.0	16.2

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 17: EU CCR8 – EXPOSURES TO CCPS

		A	B
	€ million	Exposure value	RWEA
1	**Exposures to QCCPs (total)**		**12.2**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	611.7	12.2
3	(i) OTC derivatives	611.7	12.2
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	
8	Non-segregated initial margin	24.5	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)**		**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	
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 Volkswagen Bank GmbH has 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 18: EU CCR3 – STANDARDIZED APPROACH – CRR RISK EXPOSURES BY REGULATION RISK EXPOSURE CLASS AND RISK WEIGHTS

	€ million	a	b	c	d	e	f	g	h	i	j	k	l
		RISK WEIGHT											
	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	333.2	0.0	0.0	74.4	11.2	0.0	0.0	0.5	0.0	0.0	419.3
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**	**333.2**	**0.0**	**0.0**	**74.4**	**11.2**	**0.0**	**0.0**	**0.5**	**0.0**	**0.0**	**419.3**

Market risk

ARTICLE 445 OF CRR II – DISCLOSURE OF EXPOSURES TO MARKET RISK

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 Bank GmbH is only required to provide backing for foreign-currency risks. As a non-trading book institution, Volkswagen Bank GmbH does 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 €441 million as of June 30, 2021, equivalent to 0.9% of total risk exposure.

TABLE 19: EU MR1 – MARKET RISK UNDER THE STANDARDIZED APPROACH

		A
		RWEAs
	Outright products	
1	Interest rate risk (general and specific)	0.0
2	Equity risk (general and specific)	0.0
3	Foreign exchange risk	441.4
4	Commodity risk	0.0
	Options	
5	Simplified approach	0.0
6	Delta-plus approach	0.0
7	Scenario approach	0.0
8	Securitisation (specific risk)	0.0
9	**Total**	**441.4**

Foreign-currency risks primarily arise from the translation of the capital resources held by the two branches in Poland and the UK from a foreign currency into euros. The increase of €105 million in foreign-currency risks from €336 million to €441 million is mainly due to exchange-rate fluctuations and changes in the amount of the capital resources.

Disclosure of key metrics

ARTICLE 447 OF CRR II – DISCLOSURE OF KEY METRICS

The following table EU KM1 summarizes the regulatory key metrics. It 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 Bank GmbH is required to publish a quarterly Pillar 3 report. Accordingly, the key metrics presented in the table relate to the current reporting period ending June 30, 2021 (Column a) and the previous quarters (Columns b to e).

TABLE 20: EU KM1 – KEY METRICS TEMPLATE

		A	B	C	D	E
	€ million	T	T-1	T-2	T-3	T-4
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	9,492.9	9,569.5	9,150.2	8,710.3	8,712.7
2	Tier 1 capital	9,492.9	9,569.5	9,150.2	8,710.3	8,712.7
3	Total capital	9,508.9	9,587.1	9,169.4	8,731.7	8,735.7
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	50,965.0	50,619.2	50,556.6	49,627.3	51,826.0
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	18.63%	18.90%	18.10%	17.55%	16.81%
6	Tier 1 ratio (%)	18.63%	18.90%	18.10%	17.55%	16.81%
7	Total capital ratio (%)	18.66%	18.94%	18.14%	17.59%	16.86%
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional CET1 SREP requirements (%)	1.13%	1.13%	1.13%	1.13%	1.13%
EU 7b	Additional AT1 SREP requirements (%)	0.38%	0.38%	0.38%	0.38%	0.38%
EU 7c	Additional T2 SREP requirements (%)	0.50%	0.50%	0.50%	0.50%	0.50%
EU 7d	Total SREP own funds requirements (%)	10.00%	10.00%	10.00%	10.00%	10.00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	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%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.01%	0.01%	0.01%	0.01%	0.02%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	2.51%	2.51%	2.51%	2.51%	2.52%
EU 11a	Overall capital requirements (%)	12.51%	12.51%	12.51%	12.51%	12.52%

		A	B	C	D	E
	€ million	T	T-1	T-2	T-3	T-4
12	CET1 available after meeting the total SREP own funds requirements (%)	4,412.4	4,525.2	4,113.7	3,769.0	3,553.1
	Leverage ratio					
13	Leverage ratio total exposure measure	67,225.1	66,283.8	66,701.7	70,836.5	68,927.5
14	Leverage ratio	14.12%	14.44%	13.72%	12.30%	12.64%
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)					
EU 14a	Additional CET1 leverage ratio requirements (%)	0.00%	n/a	n/a	n/a	n/a
EU 14b	Additional AT1 leverage ratio requirements (%)	0.00%	n/a	n/a	n/a	n/a
EU 14c	Additional T2 leverage ratio requirements (%)	3.00%	n/a	n/a	n/a	n/a
EU 14d	Total SREP leverage ratio requirements (%)	0.00%	n/a	n/a	n/a	n/a
EU 14e	Applicable leverage buffer	3.00%	n/a	n/a	n/a	n/a
EU 14f	Overall leverage ratio requirements (%)	n/a	n/a	n/a	n/a	n/a
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	10,547.1	10,058.4	10,007.6	14,973.9	10,633.0
EU 16a	Cash outflows - Total weighted value	7,971.2	7,754.5	7,773.5	10,843.4	9,547.8
EU 16b	Cash inflows - Total weighted value	2,884.7	2,898.3	3,605.7	2,725.8	2,805.7
16	Total net cash outflows (adjusted value)	0.0	0.0	0.0	0.0	0.0
17	Liquidity coverage ratio (%)	195.06%	207.13%	240.12%	184.46%	157.71%
	Net Stable Funding Ratio					
18	Total available stable funding	54,996.5	n/a	n/a	n/a	n/a
19	Total required stable funding	42,644.4	n/a	n/a	n/a	n/a
20	NSFR ratio (%)	128.58%	n/a	n/a	n/a	n/a

To monitor its capital ratios, Volkswagen Bank has a capital planning process which ensures compliance with the minimum regulatory ratios including in the event of increasing business volumes. Observance of the liquidity ratios is monitored and safeguarded through liquidity management.

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

ARTICLE 448 (1) (A, B) CRR II – DISCLORE OF EXPOSURES TO INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK

The impact of an interest rate shock on the economic value of the Group's banking books is simulated monthly in compliance with regulatory requirements. In accordance with the Banking Directive, the Federal Financial Supervisory Authority (BaFin) and the European Central Bank (ECB) have prescribed – amongst others – six scenarios for sudden and unexpected changes in interest rates (parallel- as well as rotation scenarios under consideration of a lower interest rate limit) to be used by all banks, which have to report on the results of this stress test every quarter

TABLE 21: EU-IRBB1 – IMPACT OF SUPERVISORY SHOCK SZENARIO

		A	B	C	D
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
	€ million	Current period	Last period	Current period	Last period
1	Parallel up	-255.4	-254,4	-0.1	-
2	Parallel down	53.1	47,1	-0.1	-
3	Steepener	38,4	48,8		
4	Flattener	-122,6	-129,9		
5	Short rates up	-189,2	-209,7		
6	Short rates down	77,1	54,3		

Exposure to securitization positions

ARTICLE 449 (J-L) OF CRR II – DISCLOSURE OF EXPOSURES TO SECURITIZATION POSITIONS

Volkswagen Bank GmbH'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 Volkswagen Bank GmbH Group are carried out solely via the banking book. The investment policy of the Volkswagen Bank GmbH and members of the institution group precludes taking over or retaining resecuritization positions.

The Volkswagen Bank GmbH Group assumes clearly defined roles in the securitization process in the light of the legal framework for securitization transactions. As the originator, it generates receivables under financing agreements. 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, they also assume responsibility for reporting to investors, banks and credit rating agencies. Since 2008, the Volkswagen Bank GmbH Group has additionally invested in securitization positions related to own ABS transactions of the Volkswagen Financial Services AG financial holding group or Volkswagen AG so as to be able to use the securities thus created as collateral for funding from the European Central Bank.

All securitization transactions in which the Volkswagen Bank GmbH Group is the originator or the investor are traditional securitizations. The options to reduce the risk-weighted exposure amounts provided for in Articles 244 and 245 of the CRR are applied to the Driver 15 transaction issued by Volkswagen Bank GmbH.

Compared to the previous year, the securitization transaction Driver UK Master Compartment 3, in which Volkswagen Bank GmbH is active as an investor, lost its STS status (STS: simple, transparent and standardized) and, hence, also the differentiated own funds treatment under Article 243 of the CRR as a result of Brexit as of the reporting date June 30, 2021. In view of the contractually agreed buyback right when the materiality threshold is breached ("clean-up call"), the outstanding exposures under the securitization transactions Driver 14 (matured in February 2021), Driver Italia One (matured in March 2021) and Driver España (matured in February 2021) were duly bought back. No new securitization transactions arose in the reporting period. Nor did Volkswagen Bank GmbH invest in any additional securitization transactions.

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 22: 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				Traditional			
		STS		Non-STS									STS	Non-STS	Synthetic	Sub-total
	€ million		of which SRT		of which SRT		of which SRT		STS	Non-STS	Synthetic	Sub-total				
1	**Total exposures**	**0.0**	**0.0**	**15,146.3**	**0.0**	**0.0**	**0.0**	**15,146.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**539.2**	**0.0**	**539.2**
2	Retail (total)	0.0	0.0	15,146.3	0.0	0.0	0.0	15,146.3	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	0.0	0.0	15,146.3	0.0	0.0	0.0	15,146.3	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)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	539.2	0.0	539.2
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

		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				Traditional			
		STS		Non-STS									STS	Non-STS	Synthetic	Sub-total
	€ million		of which SRT		of which SRT		of which SRT		STS	Non-STS	Synthetic	Sub-total				
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	539.2	0.0	539.2
11	other wholesa-le	0.0	0.0	0.0	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 entities of the Volkswagen Bank GmbH institution group determine their own funds requirements using the Standardized Approach to Credit Risk (SACR) based on the IFRS consolidated financial statements of Volkswagen Bank GmbH, taking into account the scope of consolidation in accordance with section 10a(1) sentence 2 of the KWG. Models based on internal ratings or the IRBA approach are not used. In the case of SACR, the relevant risk weighting is determined by allocating the external short and long-term ratings to credit assessment levels or is based on the risk weighting stipulations applicable to the relevant exposure classes (Article 114 ff of the CRR). Risk-weighted exposure amounts for counterparty credit risks are determined for the securitization positions. For this purpose, SE-ERBA is applied in accordance with Article 263 and 264 of the CRR as of the June 30, 2021 reporting date as all securitization positions currently held are externally rated.

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 23: 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			
	€ million	≤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%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
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 24: 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			
	€ million	≤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%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
1	**Total exposures**	**0.0**	**539.2**	**0.0**	**0.0**	**0.0**	**0.0**	**539.2**	**0.0**	**0.0**	**0.0**	**190.5**	**0.0**	**0.0**	**0.0**	**15.2**	**0.0**	**0.0**
2	Traditional securitisation	0.0	539.2	0.0	0.0	0.0	0.0	539.2	0.0	0.0	0.0	190.5	0.0	0.0	0.0	15.2	0.0	0.0
3	Securitisation	0.0	539.2	0.0	0.0	0.0	0.0	539.2	0.0	0.0	0.0	190.5	0.0	0.0	0.0	15.2	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	539.2	0.0	0.0	0.0	0.0	539.2	0.0	0.0	0.0	190.5	0.0	0.0	0.0	15.2	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 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
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 Volkswagen Bank GmbH Group 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 25: 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		
		Total outstanding nominal amount		
			Of which exposures in default	Total amount of specific credit risk adjustments made during the period
1	**Total exposures**	**19,248.3**	**240.8**	**82.1**
2	Retail (total)	19,248.3	240.8	82.1
3	residential mortgage	0.0	0.0	0.0
4	credit card	0.0	0.0	0.0
5	other retail exposures	19,248.3	240.8	82.1
6	re-securitisation	0.0	0.0	0.0
7	Wholesale (total)	0.0	0.0	0.0
8	loans to corporates	0.0	0.0	0.0
9	commercial mortgage	0.0	0.0	0.0
10	lease and receivables	0.0	0.0	0.0
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 €19.2 billion as of June 30, 2021. Of this, €240.8 million or 1.25% is classified as in default.

Leverage

ARTICLE 451 (1) (A,B) OF CRR II – DISCLOSURE OF THE LEVERAGE RATIO

DESCRIPTION OF THE PROCESSES USED TO MANAGE THE RISK OF EXCESSIVE LEVERAGE

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

Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

Whereas the Volkswagen Bank GmbH's Common Equity Tier 1 capital dropped slightly compared with the previous quarter, the exposure measure increased slightly during the same period. This is primarily attributable to the increase in risk-weighted assets.

The reduction in Common Equity Tier 1 capital and the exposure measure resulted in a lower leverage ratio.

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

TABLE 26: EU LR1 – LRSUM – SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		A
	€ million	Applicable amount
1	Total assets as per published financial statements	65,264.1
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation	10,803.9
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 bank (if applicable))	0.0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-1.7
6	Adjustment for regular-way 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	204.9
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)	2,698.8
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	-3.9
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0.0
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0.0
12	Other adjustments	-11,739.4
13	**Leverage ratio total exposure measure**	**67,226.9**

The adjustment for companies which are consolidated for accounting purposes but excluded from the regulatory consolidation group contain effects from the deconsolidation of special-purpose entities in connection with securitization transactions.

The following table provides an overview of the individual components of the total exposure measure and compares the current reporting period with the previous quarter.

TABLE 27: LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		T	T-1
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	65,009.8	64,798.1
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)	-902.7	-888.3
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**64,107.0**	**63,909.8**
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	179.8	173.7
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0.0	n/a
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	241.1	86.3
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0.0	n/a
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	n/a
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0.0	n/a
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**	**421.0**	**259.9**
Securities financing transaction (SFT) exposures			
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**
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	14,425.7	13,044.6
20	(Adjustments for conversion to credit equivalent amounts)	-11,726.9	-10,930.6
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0.0	0.0
22	**Off-balance sheet exposures**	**2,698.8**	**2,114.0**
Excluded exposures			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) 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

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
		T	T-1
EU-22c	(-) Excluded exposures of public development banks - Public sector investments	0.0	n/a
EU-22d	(Excluded promotional loans of public development banks: - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0.0	n/a
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0.0	n/a
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0.0	n/a
EU-22g	(Excluded excess collateral deposited at triparty agents)	0.0	n/a
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0.0	n/a
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0.0	n/a
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0.0	n/a
EU-22k	**(Total exempted exposures)**	**0.0**	**0.0**
Capital and total exposure measure			
23	Tier 1 capital	9,492.9	9,569.5
24	**Leverage ratio total exposure measure**	**67,226.9**	**66,283.8**
Leverage ratio			
25	Leverage ratio	14.12%	14.44%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	n/a	n/a
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	14.12%	14.44%
26	Regulatory minimum leverage ratio requirement (%)	0.00%	n/a
EU-26	Additional leverage ratio requirements (%)	0.00%	n/a
27	Required leverage buffer (%)	0.00%	n/a
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 receivable	0.0	n/a
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	n/a
30	Total exposures (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)	67,225.1	n/a
30a	Total exposures (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)	67,225.1	n/a
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)	14.12%	n/a
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)	14.12%	n/a

The leverage ratio excluding the impact of any temporary exclusions for central bank reserves stands at 14.12% 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 Bank GmbH does not make use of the option to temporarily apply the exemption for central bank reserves.

TABLE 28: EU LR3 – LRSPL – SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		A
	€ million	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	65,009.8
EU-2	Trading book exposures	0.0
EU-3	Banking book exposures, of which:	65,009.8
EU-4	Covered bonds	296.4
EU-5	Exposures treated as sovereigns	12,743.4
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	4.0
EU-7	Institutions	678.2
EU-8	Secured by mortgages of immovable properties	0.0
EU-9	Retail exposures	35,674.0
EU-10	Corporate	12,691.9
EU-11	Exposures in default	937.9
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	1,984.0

As a non-trading book institution, Volkswagen Bank GmbH has on-balance-sheet exposures of €65.0 billion that are held solely in the banking book. At 54.9%, retail risk exposures of €35.7 billion constitute the largest item.

Liquidity

ARTICLE 451A (2+ 3) CRR II – 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 29: EU LIQ1 – QUANTITATIVE DISCLOSURES ON LCR

		A	B	C	D	E	F	G	H
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2021	31.03.2021	31.12.2020	30.09.2020
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
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					11,274.0	11,404.7	10,709.3	9,422.1
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	21,825.3	21,718.5	21,103.8	20,248.6	1,152.6	1,147.8	1,148.9	1,155.9
3	Stable deposits	13,760.2	13,741.3	15,010.9	15,078.0	688.0	687.1	750.5	753.9
4	Less stable deposits	3,204.7	3,130.9	3,280.5	3,275.8	321.7	314.3	329.4	329.0
5	Unsecured wholesale funding	5,740.7	5,989.4	6,761.3	6,621.5	2,771.9	2,669.0	2,941.3	2,874.6
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)	5,697.1	5,942.9	6,707.5	6,544.5	2,728.3	2,669.0	2,887.5	2,797.6
8	Unsecured debt	43.6	46.4	53.8	77.0	43.6	46.4	53.8	77.0
9	Secured wholesale funding					145.0	145.0	0.0	0.0
10	Additional requirements	4,076.6	4,025.6	4,264.5	4,308.5	624.7	619.2	662.3	732.6
11	Outflows related to derivative exposures and other collateral requirements	96.8	92.3	97.2	115.1	82.8	81.3	87.3	93.8
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	3,979.8	3,933.4	4,167.3	4,193.5	542.0	537.9	575.0	638.8
14	Other contractual funding obligations	3,634.0	4,070.2	4,225.8	3,902.9	3,295.1	3,739.4	3,874.5	3,598.9
15	Other contingent funding obligations	7,885.2	7,543.0	7,514.7	6,870.2	432.0	413.2	412.6	377.2
16	TOTAL CASH OUTFLOWS					8,421.3	8,779.9	9,039.5	8,739.2

		A	B	C	D	E	F	G	H
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	30.06.2021	31.03.2021	31.12.2020	30.09.2020	30.06.2021	31.03.2021	31.12.2020	30.09.2020
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Inflows from fully performing exposures	3,414.9	3,300.4	3,230.3	3,352.1	1,978.8	1,910.3	1,852.6	1,916.3
19	Other cash inflows	1,022.8	917.8	797.1	753.1	879.7	838.3	797.1	753.1
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)					0.0	0.0	0.0	0.0
EU-19b	(Excess inflows from a related specialised credit institution)					0.0	0.0	0.0	0.0
20	TOTAL CASH INFLOWS	4,437.7	4,218.2	4,027.4	4,105.2	2,858.5	2,748.6	2,649.7	2,669.4
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	4,437.7	4,218.2	4,027.4	4,105.2	2,858.5	2,748.6	2,649.7	2,669.4
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER					11267.5	11404.7	10709.3	9422.1
22	TOTAL NET CASH OUTFLOWS					5990.7	6507.9	6389.8	6069.8
23	LIQUIDITY COVERAGE RATIO					178.2%	195.1%	153.0%	167.1%

TABLE 30: EU LIQ2 – NET STABLE FUNDING RATIO

				A	B	C	D	E
C 81.00				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3b	Available stable funding (ASF) Items						
	See instructions	1	Capital items and instruments	10,463.9	0.0	0.0	10,479.9	10,479.9
21a,24d, 25a		2	Own funds	10,463.9	0.0	0.0	16.0	10,479.9
21b,24d,25a		3	Other capital instruments		0.0	0.0	0.0	0.0
		4	Retail deposits		21,635.1	173.0	1,413.5	21,877.2
21c,22		5	Stable deposits		16,599.1	129.5	957.0	16,849.1
21c,23		6	Less stable deposits		5,036.0	43.5	456.5	5,028.1
		7	**Wholesale funding:**		**10,885.1**	**108.4**	**15,713.8**	**19,024.8**
21c,24b,25a		8	Operational deposits		0.0	0.0	0.0	0.0
21c,24acd,25a		9	Other wholesale funding		10,885.1	108.4	15,713.8	19,024.8
45		10	Interdependent liabilities		0.0	0.0	0.0	0.0
		11	Other liabilities:		1,993.6	224.3	3,502.5	3,614.6
19,20,25c		12	NSFR derivative liabilities					
25abd		13	All other liabilities and capital instruments not included in the above categories		1,993.6	224.3	3,502.5	3,614.6
		14	**Total available stable funding (ASF)**					**54,996.5**

				A	B	C	D	E
C 80.00				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c			Required stable funding (RSF) Items				
36ab,37,39a,40ab,42a,43a	See instructions	15	Total high-quality liquid assets (HQLA)					19.8
		EU-15a	Assets encumbered for more than 12m in cover pool		0.0	0.0	0.0	0.0
40d		16	Deposits held at other financial institutions for operational purposes		0.0	0.0	0.0	0.0
		17	Performing loans and securities:		9,633.8	4,614.4	31,975.4	35,799.2
38,40c,43c		18	Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut		0.0	0.0	0.0	0.0
39b,40c,43c		19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		604.6	282.3	846.2	1,047.8
36c,40e,41b,42b,43a		20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		8,938.6	4,209.4	14,172.6	18,620.7
36c,40e,41b,43a		21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0.0	0.0	0.0	0.0
40e,41a,42b,43a		22	Performing residential mortgages, of which:		0.0	0.0	0.0	0.0
40e,41a,43a		23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		0.0	0.0	0.0	0.0
40e,42c,43a		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		90.6	122.8	16,956.5	16,130.6
45		25	Interdependent assets		-	-	-	-
		26	Other assets:	-	2,898.4	603.7	5,232.5	6,894.3
42d		27	Physical traded commodities				0.0	0.0

C 80.00				A	B	C	D	E
				Unweighted value by residual maturity				Weighted value
Ref BCBS NSFR	Ref CRR2			No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	451a 3c			Required stable funding (RSF) Items				
42a		28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				24.5	20.8
34,35,43b		29	NSFR derivative assets				105.0	105.0
19,43d		30	NSFR derivative liabilities before deduction of variation margin posted				31.9	1.6
36d,43c		31	All other assets not included in the above categories		2,656.5	361.8	4,990.7	6,682.7
46,47		32	Off-balance sheet items		305.9	0.0	1.8	1.8
		33	Total RSF					42,644.4
9	Art451a(3a), Art428b	34	Net Stable Funding Ratio (%)					128.58%

Additional information on COVID-19 response

TABLE 31: INFORMATION ON LOANS AND CREDITS SUBJECT TO STATUTORY AND NON-STATUTORY REPAYMENT HOLIDAYS

		GROSS CARRYING AMOUNT							ACCUMULATED IMPAIRMENT, ACCUMULATED NEGATIVE CHANGES IN FAIR VALUE DUE TO CREDIT RISK							GROSS CARRYING AMOUNT
			Performing			Non performing				Performing			Non performing			
	€ million			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures*
1	Loans and advances subject to moratorium	65.2	62.9	0.0	21.5	2.3	0.0	1.6	-3.0	-2.0	0.0	-1.7	-1.0	0.0	-0.7	0.0
2	of which: Households	29.1	28.0	0.0	4.7	1.2	0.0	0.5	-1.0	-0.5	0.0	-0.3	-0.5	0.0	-0.2	0.0
3	of which: 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	0.0	0.0
4	of which: Non-financial corporations	34.4	33.3	0.0	16.7	1.1	0.0	1.1	-2.1	-1.5	0.0	-1.4	-0.5	0.0	-0.5	0.0
5	of which: Small and Medium-sized Enterprises	33.9	32.7	0.0	16.5	1.1	0.0	1.1	-2.1	-1.5	0.0	-1.4	-0.5	0.0	-0.5	0.0
6	of which: Collateralised by commercial immovable property	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

*No disclosure due to non-available information on inflows regarding COVID-19 measures.

Governments in numerous European countries have taken initiatives to create and implement the legislative basis for loan-repayment holidays. Numerous customers of Volkswagen Bank GmbH have also made use of these possibilities. In addition, the bank has offered internal support in the form of loan-repayment holidays or extensions to repayment plans (capital and interest payments) of up to three months in the case of private customers and of up to six months in the case of commercial customers. Corporate customers (such as automotive dealers) have received support in the form of additional liquidity, temporary increases in credit in tandem with extended payment periods as well as payment deferrals (interest-free) for a defined period.

All measures were taken solely in response to an active request by customers and subject to a detailed review of their necessity, i.e. difficulties experienced by customers as a result of COVID-19 in meeting payment obligations towards Volkswagen Bank GmbH.

TABLE 32: BREAKDOWN BY RESIDUAL MATURITY OF LOANS AND CREDITS SUBJECT TO STATUTORY AND NON-STATUTORY REPAYMENT HOLIDAYS

			GROSS CARRYING AMOUNT							
						Residual maturity of moratoria				
	€ million	Number of obligors		Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
1	Loans and advances for which moratorium was offered	27,281.0	2,395.9							
2	Loans and advances subject to moratorium (granted)	21,300.0	1,882.7	228.7	1,817.5	45.3	9.6	0.8	1.8	7.7
3	of which: Households		277.0	147.4	247.9	23.1	4.0	0.1	0.2	1.6
4	of which: Collateralised by residential immovable property		0.7	0.7	0.7	0.0	0.0	0.0	0.0	0.0
5	of which: Non-financial corporations		1,591.9	74.1	1,557.5	22.0	4.2	0.6	1.6	6.1
6	of which: Small and Medium-sized Enterprises		1,436.9	65.9	1,403.0	21.6	4.2	0.6	1.6	5.9
7	of which: Collateralised by commercial immovable property		2.0	0.2	1.9	0.0	0.0	0.0	0.0	0.2

The loan-repayment holidays were limited to a maximum of three months in the case of private customers, a maximum of six months in the case of commercial customers and a maximum of nine months in the case of corporate customers. There are currently no plans to modify the periods applicable under the agreed internal measures.

TABLE 33: INFORMATION ON NEW LOANS AND CREDITS GRANTED UNDER NEW PUBLIC-SECTOR GUARANTEES ISSUED IN RESPONSE TO THE COVID-19 CRISIS

		GROSS CARRYING AMOUNT		MAXIMUM AMOUNT OF THE GUARANTEE THAT CAN BE CONSIDERED	GROSS CARRYING AMOUNT
	€ million		of which: forborne	Public guarantees received	Inflows to non-performing exposures*
1	Newly originated loans and advances subject to public guarantee schemes	41.4	0.0	0.0	0.0
2	of which: Households	0.0			0.0
3	of which: Collateralised by residential immovable property	0.0			0.0
4	of which: Non-financial corporations	41.4	0.0	0.0	0.0
5	of which: Small and Medium-sized Enterprises	41.4			0.0
6	of which: Collateralised by commercial immovable property	0.0			0.0

*No disclosure due to non-available information on inflows regarding COVID-19 measures.

In Spain as well as in Germany, government guarantees were granted in lending business to alleviate the impact of the coronavirus pandemic. Corporate customers of Volkswagen Bank GmbH in both countries made use of these possibilities (e.g. KfW loan backed by government guarantee covering the credit risk).

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