VOLKSWAGEN BANK

GMBH

ANNUAL REPORT

IFRS

2024

Volkswagen Bank GmbH Group

Key Figures (IFRS)

€ million (as of Dec. 31)	2024	2023
Total assets	140,588	72,077
Loans and receivables attributable to		
Retail financing	29,021	28,285
Dealer financing	16,598	15,268
Leasing business	26,290	3,390
Customer deposits	72,500	38,178
Equity	21,347	11,043
Operating result	1,118	740
Profit before tax	1,130	788
Income tax expense	–532	–147
Profit after tax	598	640

Percent (as of Dec. 31)	2024	2023
Equity ratio	15.2	15.3
Common Equity Tier 1 capital ratio[1]	16.1	17.5
Tier 1 capital ratio[1]	16.1	17.5
Total capital ratio[1]	16.1	17.6

Number (as of Dec. 31)	2024	2023
Employees	4,640	1,534

RATING (AS OF DEC. 31)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE			FITCH RATINGS LIMITED		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Bank GmbH	A–2	BBB+	stable	P–1	A1	negative	F1	A-	stable

1 Regulatory ratio in accordance with Article 92(1) of the CRR.

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Fundamental Information about the Group

The companies of the Volkswagen Bank GmbH Group provide a large number of different automotive-related financial services for retail and business customers.

BUSINESS MODEL

The companies of the Volkswagen Bank GmbH Group are responsible for operating activities required to perform vehicle-related financial services. The business operations are closely interlinked with those of the manufacturers and the dealer organizations of the Volkswagen Group.

The key tasks are:

- Promoting the vehicle sales of Group products in the interests of the Volkswagen Group brands and those of its sales partners
- Strengthening customer loyalty to Volkswagen Bank GmbH and the Group brands along the value chain in the automotive sector, including through the targeted use of digital products and mobility solutions
- Creating synergies for the Group by bringing together the requirements of the Group and brand divisions in terms of financial and mobility services
- Generating a sustainably high return on equity for the Group.

The individual activities include those described below:

Financing

Vehicle-related financing for retail and business customers, e.g., in the form of deferred payment credit and three-way financing, which is marketed primarily through the Volkswagen Group dealers. It also provides services for the authorized dealers themselves, for which it offers financing for inventory vehicles, working capital and investment loans in particular.

Leasing

This business area includes the finance leasing business and operating lease business for retail and business customers as well as various subscription services for mobility requirements ranging from a few minutes to several years, in addition to fleet management.

Direct banking

Volkswagen Bank GmbH focuses on offering retail and business customers investment products such as instant-access accounts, fixed-term deposits and saving certificates. It also markets current accounts and various payment solutions. The Group conducts direct banking business in Germany and, to a lesser extent, from the Bank's branch in Poland.

Insurance and services

This business area includes, for example, comprehensive and vehicle liability insurance. It also covers residual debt insurance to protect against financial difficulties, for instance in the event of unemployment. The Volkswagen Bank GmbH Group exclusively conducts insurance broking. Another area is service contracts, e.g., for tire replacement, maintenance and servicing, as well as extended warranties.

MOBILITY2030 STRATEGY

The core mission of the Volkswagen Financial Services AG Group companies is to develop and make available a broad range of mobility services together with the Volkswagen Group brands. This gives customers rapid, digital and flexible access to mobility – from financing and leasing options, through car sharing, down to the Auto Abo car subscription product.

As a provider of mobility solutions, Volkswagen Financial Services AG has formulated a clear growth plan in its MOBILITY2030 strategy and intends to extend its relationship with customer and vehicle throughout the automotive value chain.

Five strategic dimensions for the practical implementation of this growth plan are defined in the MOBILITY2030 strategy:

> **Customer loyalty:** “We maximize the loyalty of our customers to our Group brands.”
> **Vehicle:** “We tap business potential throughout the vehicle cycle together with the Group brands.”
> **Performance:** “We are entrepreneurial in our approach and strive to maximize our performance.”
> **Data and technology:** “We leverage data and technology as central pillars of our success.”
> **Sustainability:** “We drive the transformation to zero-emissions mobility in accordance with the Volkswagen Group’s ESG principles.”

The products and services offered by the Volkswagen Financial Services AG Group companies will contribute to implementing the MOBILITY2030 strategy.

RESTRUCTURING OF THE VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG AND VOLKSWAGEN BANK GMBH SUBGROUPS

Since 2023, the Board of Management of Volkswagen Financial Services Overseas AG (formerly Volkswagen Financial Services AG) and the Management Board of Volkswagen Bank GmbH implemented a comprehensive restructuring program for the previous subgroups Volkswagen Financial Services Overseas AG, which operated as Volkswagen Financial Services AG until June 30, 2024, and Volkswagen Bank GmbH, and completed it as of July 1, 2024.

The restructuring program aims to lay the foundation for the successful implementation of the Group’s strategy in the mobility sector, taking into account the regulatory framework.

Volkswagen Financial Services AG’s former operating business was conducted under the name carmobility GmbH, Braunschweig. On March 13, 2023, carmobility GmbH was renamed to Volkswagen Mobility GmbH, and on June 5, 2023, it was renamed to Volkswagen Financial Services Europe GmbH. The legal form was changed to that of an *Aktiengesellschaft* (German stock corporation), Volkswagen Financial Services Europe AG, on June 22, 2023. Prior to this, the company was a micro share capital company pursuant to section 267a of the HGB.

As a consequence of the restructuring, Volkswagen Financial Services AG, as a financial holding company, together with the German and European companies, including their respective subsidiaries, is supervised by the European Central Bank (ECB). This is intended to create a clearer focus on geographic

regions. In addition, since the reporting period Volkswagen Bank GmbH and Volkswagen Leasing GmbH have for the first time also been subsidiaries of Volkswagen Financial Services AG.

These restructuring measures were implemented by notarization of the various spin-off agreements and their entry in the commercial register as of July 1, 2024, and the following transactions under company law were completed effective July 1, 2024:

- Spin-off of the shares in the subsidiary Volkswagen Leasing GmbH to Volkswagen Bank GmbH
- Spin-off of the European operation of the former Volkswagen Financial Services AG, including shares of European subsidiaries and equity investments plus other assets and liabilities, to the new financial holding company, Volkswagen Financial Services AG (formerly Volkswagen Financial Services Europe AG).
- Contribution of Volkswagen Bank GmbH to Volkswagen Financial Services AG by Volkswagen AG through a noncash contribution by way of a premium (“*Sachagio*”) in the course of a capital increase.

In addition, VOLKSWAGEN FINANCIAL SERVICES AG was renamed Volkswagen Financial Services Overseas AG through an entry in the commercial register, and the company previously called Volkswagen Financial Services Europe AG as of July 1, 2024 was renamed Volkswagen Financial Services AG.

In connection with the spin-off of the European operations, the employment relationships with employees and all employee-related obligations, liabilities and provisions from employment relationships and former employment relationships of Volkswagen Financial Services Overseas AG were transferred to Volkswagen Financial Services AG. Some of these employment relationships that were transferred to Volkswagen Financial Services AG were transferred to Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Volkswagen Versicherung AG, Volkswagen Insurance Brokers GmbH or Vehicle Trading International (VTI) GmbH immediately after the spin-off took effect on the basis of transfer agreements or through business unit transfers in accordance with section 613a of the *Bürgerliches Gesetzbuch* (German Civil Code – BGB).

Furthermore, in the course of the restructuring, organizational units of Volkswagen Bank GmbH were relocated across the company to Volkswagen Leasing GmbH and Volkswagen Financial Services AG. The transfer of the organizational units resulted in transfers of part of a business pursuant to section 613a of the BGB.

By pooling its activities in a European financial services provider and through the spin-off of Volkswagen Leasing GmbH to Volkswagen Bank GmbH, Volkswagen Bank GmbH can optimally use its funding strength to expand the leasing business in Germany and Europe. The new Group structure takes account of both the expected business growth and the growing customer trend away from vehicle financing and towards leasing. The reorganization means that Volkswagen Bank GmbH no longer has limited scope for providing funds to Volkswagen Leasing GmbH. In addition to placing bonds and engaging in ABS transactions, Volkswagen Bank GmbH can now also use the significant increase in customer deposits to fund the planned business growth.

Volkswagen Financial Services AG assumed the bonds of Volkswagen Financial Services Overseas AG that are traded on regulated markets and belong to the European operation. This means that since July 1, 2024, Volkswagen Financial Services AG has been active in the capital markets pursuant to section 264d of the HGB for the first time. The bonds are used to fund its subsidiaries.

Volkswagen Bank GmbH and Volkswagen Leasing GmbH dominate the business focus of the subgroup due to their size. They are regulated companies and must therefore comply with the relevant supervisory requirements. As the parent company, Volkswagen Financial Services AG and its subsidiaries form a financial holding group in accordance with section 10a of the *Kreditwesengesetz* (KWG – German

Banking Act). Volkswagen Financial Services AG is regulated according to its role as a financial holding company.

As a holding company, Volkswagen Financial Services Overseas AG controls the non-European subsidiaries. A wholly owned subsidiary of Volkswagen AG, it will remain an integral part of the Volkswagen Group.

ORGANIZATION OF VOLKSWAGEN BANK GMBH

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

Volkswagen Bank GmbH has three Management Board divisions. The Corporate Management & Operations division is home to Central Business Processes, Bank Corporate Management, Purchasing Financing, Portfolio Financing, Direct Bank Customer Service, Bank Internal Audit, Corporate Customer Sales. This division is led by Dr. Volker Stadler, Chair of the Management Board of Volkswagen Bank GmbH.

The Finance division comprises the areas of Direct Bank Sales, Reporting, and Group Treasury & Investor Relations. Mr. Oliver Roes is responsible for this division.

The Risk Management division, headed by Christian Löbke, encompasses Enterprise Risk Management, Operational Risk Management, Applications & Risk Reporting, Bank Back Office, Bank Special Customer Care and Treasury Back Office.

The implementation of the Koralle program resulted in structural changes within the three Management Board divisions as of July 1, 2024. Operational, treasury, regulatory and risk management matters remain located within Volkswagen Bank GmbH. All customer services have been pooled in the Corporate Management & Operations division. Volkswagen Bank GmbH's international business has been relocated to the reestablished Europe region within Volkswagen Financial Services AG. Company officers and specialist outsourcing officers have remained within the Bank. Accounting & Controlling, Human Resources & Organization and Legal, Integrity & Compliance were removed from Volkswagen Bank GmbH and integrated into Volkswagen Financial Services AG as of July 1, 2024.

REPORT ON THE SUBSIDIARIES AND BRANCHES

The Volkswagen Bank GmbH Group has a presence in numerous countries within the European market. Each of the Volkswagen Bank GmbH's international branches in France, Greece, Italy, the Netherlands, Poland, Portugal, Spain and the United Kingdom operate their own local business.

Please refer to the section on changes in equity investments in this report for further information in this regard.

The brand-related branches of the Volkswagen Bank GmbH Group (Audi Bank, SEAT Bank, ŠKODA Bank, AutoEuropa Bank and ADAC Finance Service) are intended to provide specific support for the financing of the corresponding vehicles. The Ducati Bank branch supports the financing of motorcycles.

In Braunschweig, Emden, Hanover, Ingolstadt, Kassel, Neckarsulm, Salzgitter and Wolfsburg, the Volkswagen Bank GmbH Group maintains branches offering customers counter services, advisory support and, in some cases, ATMs.

INTERNAL MANAGEMENT

The key performance indicators used by the Group are determined on the basis of the IFRSs and presented as part of the internal reporting system. The most important nonfinancial performance indicators are penetration, current contracts and new contracts. The financial key performance indicators are the volume of business, deposit volume and the operating result. Return on equity (RoE) and, since 2024

– in line with parent Volkswagen Financial Services AG – the overhead ratio (OHR) are adopted as further key performance indicators. From this year, the cost/income ratio (CIR) is no longer used as a key performance indicator. The conclusion of the restructuring program did not result in any further changes to the key performance indicators.

	Definition
Nonfinancial performance indicators	
Penetration	Amount of new contracts for new Group vehicles under retail financing and leasing business as a proportion of deliveries of Group vehicles, based on the Volkswagen Bank GmbH Group's relevant markets
Current contracts	Contracts recognized as of the reporting date
New contracts	Contracts recognized for the first time in the reporting period
Financial performance indicators	
Volume of business	Loans to and receivables from customers arising from retail financing, dealership financing (incl. factoring), leasing business and direct banking
Volume of deposits	Loans to and receivables from customers arising from retail financing, dealership financing (incl. factoring), leasing business and direct banking
Operating result	Interest income from lending transactions and marketable securities, net income from leasing transactions, interest expense, net income from service contracts, net income from insurance business, provision for credit risks, net fee and commission income, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income, general and administrative expenses and net other operating income/expenses
Return on equity	Return on equity before tax is calculated by dividing profit before tax by average equity
Overhead Ratio	Personnel expenses, material overheads and accounting depreciation and amortization minus income from services rendered / average balance sheet total

CHANGES IN EQUITY INVESTMENTS

Effective July 1, 2024, Volkswagen Bank GmbH acquired 100% of shares in Volkswagen Leasing GmbH by way of a spin-off from the current Volkswagen Financial Services Overseas AG (formerly Volkswagen Financial Services AG) as part of the restructuring program described above. Volkswagen Leasing GmbH is now a direct subsidiary of Volkswagen Bank GmbH. In addition, Volkswagen Bank GmbH was transferred to Volkswagen Financial Services AG (formerly Volkswagen Financial Services Europe AG) as a contribution in kind in the context of a capital increase. Although this move will have no significant direct impact on Volkswagen Bank GmbH, the transfer of Volkswagen Leasing GmbH will affect areas such as the capital structure, net assets, financial performance and risk management at consolidated level.

In addition, Volkswagen Bank GmbH divested its joint venture investments in Germany (51% in Volkswagen Financial Services Digital Solutions GmbH) and the Netherlands (60% in DFM N.V.), as well as the associated company in Austria (32.5% in Credi2 GmbH), on July 1, 2024. The above-mentioned joint venture shares and the associated company have been transferred to Volkswagen Financial Services Europe AG or Group companies.

In addition to this, no material changes in equity investments occurred.

Volkswagen Bank GmbH has plans to sell the shares of VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava within the Volkswagen Group in the first quarter of 2025 in a further project for the strategic realignment of Volkswagen Bank GmbH.

CORPORATE GOVERNANCE DECLARATION

Increase in the proportion of women

As of December 31, 2024, women accounted for 59.5% of the workforce of Volkswagen Bank GmbH in Germany, but this is not yet reflected in the percentage of women at all management levels. Volkswagen Bank GmbH is working toward achieving the targets for women at all levels. The Bank has set itself the objective of achieving a sustained increase in the proportion of women in management positions. In succession planning, female candidates are systematically considered with the aim of meeting the relevant targets.

PROPORTION OF WOMEN – TARGET AND ACTUAL VALUES FOR GERMANY

	Target 2026	Actual 2024
Second management level	27.3	15.2
First management level	19.7	16.7
Management Board	20.0	0.0
Supervisory Board	25.0	50.0

Following completion of the Group restructuring as of July 1, 2024, the companies of the Volkswagen Financial Services AG Group set uniform targets for the proportion of women working at the first and second levels of management throughout the Group. The achievement of the targets for the proportion of women is assessed from a Group perspective, taking into account the fact that the professional development of relevant employees typically takes place across the Group with employees moving between individual Group companies in the course of their career development. Where necessary, Volkswagen Bank GmbH will take (counter)measures to achieve the relevant targets.

NON-FINANCIAL GROUP STATEMENT

Volkswagen Bank GmbH makes use of the option provided pursuant to section 315b(2) of the HGB to be exempted from the presentation of a nonfinancial group statement of the Volkswagen Group and Volkswagen AG for fiscal year 2024, which forms part of the consolidated financial statements in the 2024 Annual Report of the Volkswagen Group. It will be available on the website https://www.volkswagen-group.com/r/geschaeftsbericht-2024 in German and at https://www.volkswagen-group.com/r/financial-report-2024 in English from March 11, 2025.

In this context, Volkswagen AG is also responsible for managing environmental, social and corporate governance (ESG) issues throughout the Group.

Report on Economic Position

**The global economy recorded positive growth in 2024.
Global demand for vehicles increased slightly as compared with the previous year.
In a challenging market environment the Volkswagen Group delivered 9.0 million vehicles to customers.**

OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

The Management Board of Volkswagen Bank GmbH considers the course of business in the year 2024 to have been positive. Profit before tax amounted to €1,130.0 million and was higher than in the prior-year period (€787.7 million).

The company-law restructuring is of primary importance for the assessment of the year 2024. The growth targets set out in MOBILITY2030 require an efficient use of the funding strength of Volkswagen Bank GmbH. By including Volkswagen Leasing GmbH in the Volkswagen Bank GmbH Group, the restrictions on the passing-on of funds no longer apply. This means that the deposits from the direct banking business can be used in full to fund the leasing business. Against this backdrop, deposit growth last year was stepped up and even accelerated compared with the same period of the prior year. Overall, the liabilities from direct banking business rose by €18.5 billion to €56.0 billion.

The development of the lending business was marked by the absorption of Volkswagen Leasing GmbH. Therefore 2024 saw a significant increase in the development of loans and receivables volumes subject to credit risk. This increase comes after the continuing economic recovery trends in the prior year following the supply problems experienced by the Volkswagen Group brands which had continued to have a strong impact on the volume of loans and receivables, especially in dealer financing. The quality of the lending portfolio remained at a stable level.

Direct residual value risk also assumes greater importance following the integration of Volkswagen Leasing GmbH. The residual value portfolio continued to grow in 2024 despite the tense situation on the markets. The development of residual value risks continues to be closely monitored, with measures tailored to requirements being derived.

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy remained on a growth path in 2024 with somewhat slower momentum than in the previous year. This trend was seen in both the advanced economies and the emerging markets. Declining but in some cases still relatively high inflation rates in many countries, combined with restrictive monetary policies introduced by some central banks, continued to put a damper on economic growth in many places. Since around the middle of the reporting year, a number of these central banks have started to gradually bring down key rates from their comparatively high level.

Europe/Other Markets

In the reporting year, the economy in Western Europe exhibited positive growth overall, somewhat higher than the prior-year level. Development in the individual countries in Northern and Southern Europe was mixed. In response to declining inflation rates, the European Central Bank lowered its key interest rates in four steps, starting in June 2024. The economies in Central and Eastern Europe recorded overall growth in 2024 that was somewhat higher than in the prior-year period.

Germany

German gross domestic product decreased somewhat in 2024, showing a similar trend to the previous year. Compared with2023, the seasonally adjusted unemployment figures rose slightly on average over the year. After reaching historically high levels in late 2022, monthly inflation rates have since fallen broadly in step with the Eurozone average.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

There were high levels of demand for automotive financial services in 2024.

In the year under review, the European passenger car market remained at the same level as in the prior year. However, sales of financial services products increased, as a result of which their share in vehicle deliveries exceeded the equivalent figure for 2023 as a percentage. The positive trend in the financing of used vehicles continued once again in 2024. The sale of after sales products such as servicing, maintenance and spare parts agreements likewise continued to expand.

In Germany, the deliveries of new vehicles in the 2024 fiscal year were on a par with the figure for the previous year. However, the number of new contracts in the financial services business increased noticeably, particularly leasing contracts with individual customers. This meant that the penetration level for new vehicles was above expectations and significantly above the prior-year figure. The used car segment remained stable, with a marginally higher number of new contracts than in 2023. The number of new contracts signed for services and insurance also increased, which was a result of the sale of maintenance and servicing products, as well as passenger car and warranty insurance.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2024, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with most regions developing favorably. Western Europe was on a level with the previous year, while the Middle East region came in slightly lower. The supply situation continued to return to normal levels and the affordability of vehicles improved in some regions of the world.

The global volume of new registrations of light commercial vehicles in fiscal year 2024 was similar to the previous year.

Sector-specific environment

Along with fiscal policy measures, the sector-specific environment was affected by the economic situation, which contributed to the mixed trends in unit sales in the markets in the fiscal year now ended. The fiscal policy measures included tax cuts or increases, the introduction, expiry and adjustment of incentive programs and sales incentives, as well as import duties. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

In the reporting period, the sector-specific environment in the European financial market was dominated by the interest rate turnaround resolved by the European Central Bank. Whereas the focus in the previous year was still on measures to combat inflation, the four cuts in key interest rates in the current year reflected the declining inflation and the weak economic development. Nevertheless, repayments by banks under the ECB's targeted longer-term refinancing operations (TLTRO III) and the reduction in holdings under its asset purchase program (APP) and pandemic emergency purchase program (PEPP) are contributing to a tighter monetary policy.

Europe/Other Markets

In Western Europe, the number of new passenger car registrations in 2024 was on a level with the previous year. The performance of the large individual passenger car markets in this region was mixed. The

United Kingdom registered slight growth and Spain noticeable growth, while Germany and Italy were at the prior-year level and the market volume in France decreased slightly.

In the reporting year, the volume of new registrations for light commercial vehicles in Western Europe was noticeably up year-on-year.

In the Central and Eastern Europe region, there was a significant increase in the volume of the passenger car market in the reporting year. Positive movement was recorded in the number of vehicles sold in the major markets of both Central and Eastern Europe.

In fiscal year 2024, the market volume of light commercial vehicles in Central and Eastern Europe was significantly higher than in the previous year.

Germany

The number of new passenger car registrations in Germany from January to December 2024 was on a level with the previous year. The change in electric vehicle subsidies at the end of 2023 weighed on new registrations of all-electric vehicles, and demand for vehicles with conventional and hybrid drivetrains was unable to offset this effect overall. Production in Germany stagnated at 4.1 million vehicles (–0.0%) in 2024, while passenger car exports rose to 3.2 million units (+2.0%).

The number of light commercial vehicles sold in Germany in the reporting year was noticeably higher than the 2023 figure.

CHANGES IN KEY PERFORMANCE INDICATORS FOR FISCAL YEAR 2024 COMPARED WITH PRIOR-YEAR FORECASTS

The availability of vehicles from the Group brands remained constant year-on-year as shortages became increasingly less acute and the disruption in global supply chains continued to fade, resulting in constant growth in the markets of the Volkswagen Bank GmbH Group. This led to a stable market for new vehicle financing and leasing. Used vehicles also continued to be available on the market. Demand for financing and leasing products was stable despite persistently high funding costs, the subsequent decisions made regarding customer business terms and the gloomy economic situation on the markets of Volkswagen Bank GmbH. The integration of the leasing business into the Volkswagen Bank GmbH Group as of July 1, 2024, in particular, led to a strong expansion of the obtainable market.

As a result, penetration, current contracts and new contracts are in line with the forecast, and the high expectation of total business volume for 2024 was achieved.

Customer deposits were increased by means of specific business policy measures to a significantly higher level than in 2023, as planned, first of all enabling the full repayment of funds obtained through the ECB's TLTRO-III tender, which had become more expensive, and secondly to help cover the very strong increase in business volume associated with the integration of the leasing business in Germany and Italy into the Volkswagen Bank GmbH Group.

The operating result for fiscal year 2024 had been expected to be significantly higher than the 2023 level. This forecast was exceeded, in particular, thanks to the exceptionally strong result in the deposit business as volume expectations were exceeded and net interest income increased as a result. Return on equity did not follow this trend due to the high capital requirements of Volkswagen Leasing GmbH, which has now been integrated into the Bank, and was in line with forecasts. By contrast, the cost/income ratio outperformed the forecast.

All forecasts take into account the new structure of the Volkswagen Bank GmbH Group. The overhead ratio has only been used as a financial key performance indicator since 2024 and was therefore not projected for 2024 in the 2023 Report on Expected Developments.

	Actual 2023	Forecast 2024	Actual 2024
Nonfinancial performance indicators			
Penetration[1] (percent)	16.1	very strongly above the level achieved in 2023	31.0
Current contracts (thousands)	3,146	very strongly above the level achieved in 2023	8,156
New contracts (thousands)[1]	1,106	very strongly above the level achieved in 2023	2,052
Financial performance indicators			
Volume of business (€ million)	50,750	very strongly above the level achieved in 2023	108,947
Volume of deposits (€ million)2	38,178	very strongly above the level achieved in 2023	56,044
Operating result[2] (€ million)3	740	significantly above the level achieved in 2023	1,118
Return on equity[2] (percent)	7.2	strongly below the level achieved in 2023	5.3
Cost/income ratio[2] (percent)	46.3	slightly above the level achieved in 2023	42.7
Overhead ratio[2] (percent)	–	new, therefore not fore-cast	0.66

1 For Volkswagen Leasing GmbH (Germany and Italy), contract additions are only taken into account from 01.07.2024
2 For Volkswagen Leasing GmbH (Germany and Italy), results are only taken into account from 01.07.2024

FINANCIAL PERFORMANCE

The net assets, financial position and results of operations described in the following sections were largely shaped by the restructuring under company law. The inclusion of Volkswagen Leasing GmbH in the Volkswagen Bank GmbH Group, in particular, resulted in significant changes to items on the balance sheet and income statement.

The earnings performance of the Volkswagen Bank GmbH Group improved year-on-year in fiscal year 2024.

At €1,118.3 million, the operating result was roughly on a level with the previous year (€739.5 million). Profit before tax increased by €342.3 million year-on-year to €1,130.0 million.

Interest income from lending and securities transactions was up at €3,510 million due to the increase in the volume of loans and receivables (previous year: €2,411.7 million). Interest expenses more than doubled, from €1,243.4 million to €2,997.2 million, fueled by the growth in deposits. As a result, the interest margin decreased by €655 million to €513.3 million.

Net income from leasing business increased by €1,427.3 to €1,845.2 million (previous year: €417.8 million).

Net income from service contracts, which is generated exclusively at companies and branches that also offer leasing products, improved by €52.5 million to €46.4 million.

Net additions to provisions for credit risks as total of the corresponding income and expenses rose to €309.7 million particularly due to the increase in the volume of loans and receivables (previous year: €143.8 million).

Net fee and commission income declined by €22.9 million year-on-year to €41.5 million.

The net gain or loss on hedges amounted to a net loss of €38.6 million (previous year: net loss of €13.3 million) generated predominantly by Volkswagen Bank Germany. There was a net loss on financial instruments measured at fair value of €66.0 million (previous year: net loss of €10.2 million).

General and administrative expenses recorded a year-on-year increase of €255.8 million to €1,045.3 million, in particular due to the impact of the personnel transfer.

Other operating income amounted to €467.5 million (previous year: €112.5 million). This also included income from vehicle marketing of €281.7 million (previous year: €5.8 million). Other operating expenses rose to €335.9 million (previous year: €60.6 million), essentially as a result of costs for direct residual value risks.

Including the other components of financial gains or losses, the Volkswagen Bank GmbH Group generated profit after tax of €598.5 million (previous year: €640.3 million).

The profit of Volkswagen Bank GmbH determined in accordance with the HGB (after deduction of taxes) amounting to €581.7 million (previous year: €620.8 million) will be transferred to Volkswagen AG under the existing profit-and-loss transfer agreement.

NET ASSETS AND FINANCIAL POSITION

The Management Board of Volkswagen Bank deems the net assets and financial position to be positive.

Lending business

The lending business of the Volkswagen Bank GmbH Group is marked by the leasing business; finance leases are reported within loans and receivables from customers while operating leases are reported in lease assets. It is further characterized by vehicle-related loans granted to retail customers, business customers and dealers. The volume of these loans and receivables is €117.7 billion (previous year: €53.5 billion) and represents around 83.7% of the Group's total assets. This also includes the increase in lending to other Group companies.

Retail financing

In the Volkswagen Bank GmbH Group, the total number of current customer financing contracts fell to 2.0 million (previous year: 2.2 million). A total of 674 thousand new contracts were concluded in fiscal year 2024 (previous year: 697 thousand). As of December 31, 2024, the volume of loans and receivables in retail financing amounted to €29.0 billion (previous year: €28.3 billion). Of this total, €12.6 billion (previous year: €11.1 billion) was attributable to European countries other than Germany.

Dealer financing

The lending volume in dealer financing – which comprises loans to and receivables from dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – rose by 8.7% or €1.3 billion to €16.6 billion.

The volume of loans and receivables related to the international branches and international subsidiaries came to €9.1 billion (previous year: €8.2 billion) as of the balance sheet date.

Lending to other Group companies

In addition to funding the subsidiary Volkswagen Leasing GmbH, Volkswagen Bank GmbH is also of great importance when it comes to loans to other companies of the Volkswagen Financial Services AG Group. Overall, this portfolio amounts to €9.2 billion (previous year: €3.1 billion).

Leasing business
Receivables from leasing transactions (finance leases) were €26.3 billion (previous year: €3.4 billion). This balance sheet item is primarily characterized by the German business of Volkswagen Leasing GmbH, which accounts for around 77.2%.

Marketable securities
The Volkswagen Bank GmbH Group’s portfolio mainly consists of fixed-income securities from public-sector and private issuers amounting to €3.7 billion (previous year: €4.3 billion).

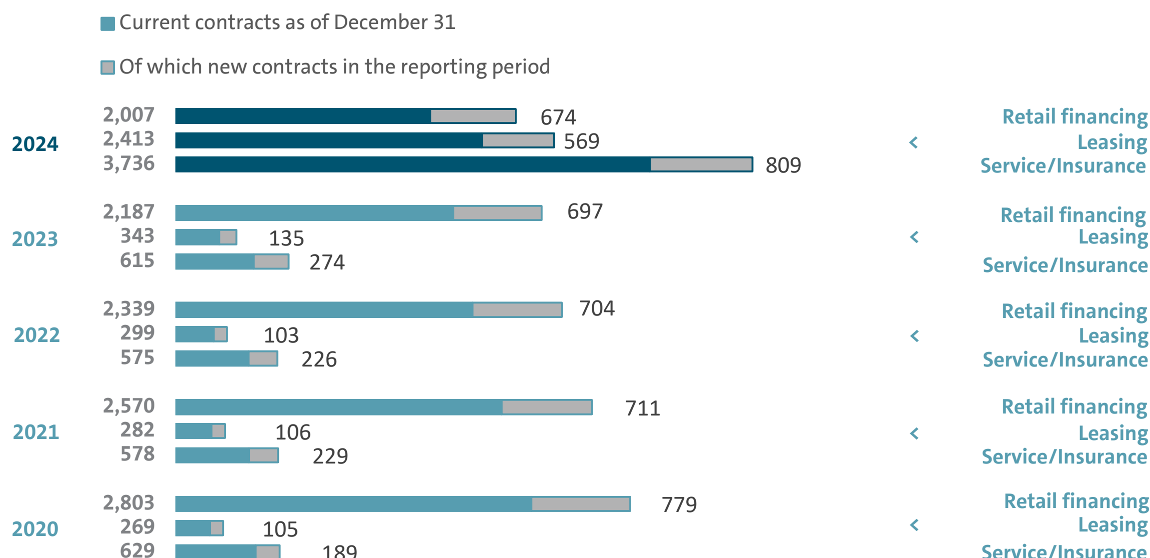
Lease assets
This item mostly consists of assets from operating leases, which are predominantly recognized in Germany with a volume of €28.7 billion (previous year: €0 billion) or 78.4%.

CURRENT CONTRACTS AND NEW CONTRACTS

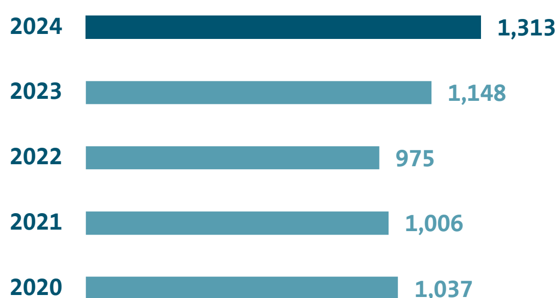
in thousands[1]	Volkswagen Bank Group	of which: Germany	of which: Italy	of which: France	of which: Spain	of which: other branches/ subsidiaries
Current contracts[2]	8,156	5,230	1,216	1,167	328	216
Automotive retail financing	1,884	927	378	130	317	132
Consumer retail financing	123	111	–	–	8	4
Leasing business	2,413	1,860	124	405	3	20
Service/insurance	3,736	2,332	714	631	–	59
New contracts[2]	2,052	1,039	273	527	98	115
Automotive retail financing	665	271	149	63	94	88
Consumer retail financing	9	6	–	–	1	2
Leasing business	569	369	27	161	3	9
Service/insurance	809	393	98	302	-	16
€ million						
Loans to and receivables from customers attributable to						
Retail financing	29,021	16,451	6,077	848	4,474	1,171
Direct banking	407	375	–	0	1	31
Dealer financing	16,598	7,465	1,613	2,399	950	4,171
Leasing business	26,290	22,297	61	3,699	1	233
Assets leased out	36,547	28,668	3,092	4,787	–	–
Percent						
Penetration rates[4]	31.0	35.4	47.3	59.2	30.6	9.2

1 All figures shown are rounded; so minor discrepancies may arise from addition of these amounts.
2 Current contracts and new contracts in each case in relation to the markets shown for the Volkswagen Bank GmbH Group
3 Corresponds to the additions to the non-current leased assets of VW Leasing GmbH
4 Ratio of new contracts for new Group vehicles to deliveries of Group vehicles in each case in relation to the markets shown for the Volkswagen Bank GmbH Group

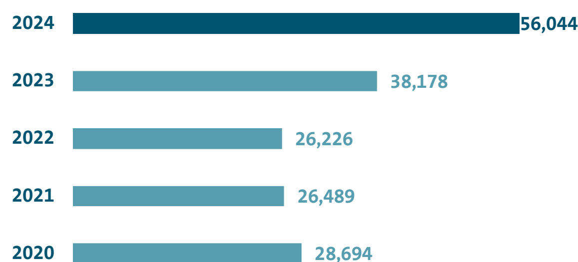
NEW AND EXISTING CONTRACTS AS OF DEC. 31
In thousands



DIRECT BANK CUSTOMERS AS OF DEC. 31
Lending and deposit business and borrowings (in thousands)



CUSTOMER DEPOSITS AS OF DEC. 31
€ million



Since January 1, 2019, the volume of deposits has been calculated without cash deposits from Group companies.

Deposit business and borrowings

Liabilities to customers

The main item on the equity and liabilities side of the balance sheet is liabilities to customers with a volume of €83.4 billion (previous year: €46.2 billion), 67.2% of which derives from the operation of the direct bank's deposit business. In addition to the security provided by statutory deposit guarantees, Volkswagen Bank GmbH is also covered by its ongoing membership in the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.).

Notes, commercial paper issued
Notes and commercial paper issued in the amount of €30.3 billion (previous year: €5.2 billion) mostly originate from Volkswagen Leasing GmbH's capital market activities.

Equity
Equity in accordance with the HGB was €21.3 billion (previous year: €10.9 billion). It comprises subscribed capital in the unchanged amount of €318.3 million, capital reserves of €12.4 billion (previous year: €8.9 billion), retained earnings of €8.8 billion (previous year: €1.8 billion) and other reserves amounting to €108 million (previous year: €104 million).

CAPITAL ADEQUACY ACCORDING TO REGULATORY REQUIREMENTS

Under regulatory requirements, Volkswagen Bank GmbH must comply with the provisions of Regulation (EU) No. 575/2013 (Capital Requirements Regulation, CRR) and satisfy the minimum capital requirements. In this context, Volkswagen Bank GmbH must comply with the minimum capital ratios as specified in Article 92(1) of the CRR at partly consolidated level (IFRS).
Since the reorganization under company law as of July 1, 2024, there have been two notable changes to capital adequacy according to regulatory requirements. Volkswagen Leasing GmbH became part of the partly consolidated own funds reporting of Volkswagen Bank GmbH on July 1, 2024. The year-on-year figures in this chapter are therefore not very meaningful. Moreover, since July 1, 2024, Volkswagen Bank GmbH no longer needs to comply with the minimum capital ratios as specified in Article 92(1) of the CRR at the individual level (HGB). It is exempt from the capital requirements and from the reporting obligation on an individual basis under a capital waiver pursuant to Art. 10 of the CRR.

The minimum ratio under the CRR for Common Equity Tier 1 (CET1) capital is 4.5%, for Tier 1 capital 6% and for total capital 8%.

In addition, Volkswagen Bank GmbH must satisfy the combined capital buffer requirement specified in section 10i of the *Kreditwesengesetz* (KWG – German Banking Act), i.e., the requirements for the capital conservation buffer and the institution-specific countercyclical capital buffer.

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

Volkswagen Bank GmbH complied with all minimum requirements at all times in the reporting period at partly consolidated level.

The total capital ratio (ratio of own funds to total risk exposure) was 16.1% at the end of the reporting period (previous year restated: 17.6%), significantly above the statutory minimum ratio. The prior-year total capital ratio is not comparable on account of the reorganization under company law as of July 1, 2024.

The Tier 1 capital ratio and Common Equity Tier 1 capital ratio were each 16.1% (previous year: 17.5%) at the end of the reporting period, and therefore also significantly above the respective minimum ratios

specified in the CRR. The prior-year Tier 1 capital ratio and Common Equity Tier 1 capital ratio are not comparable on account of the reorganization under company law as of July 1, 2024.

Total risk exposure is calculated on the basis of credit risks, market risks, operational risks and risks arising from credit valuation adjustment (CVA charge). Volkswagen Bank GmbH uses the Standardized Approach for Credit Risk (CRSA) to quantify credit risk and to determine risk-weighted exposures.

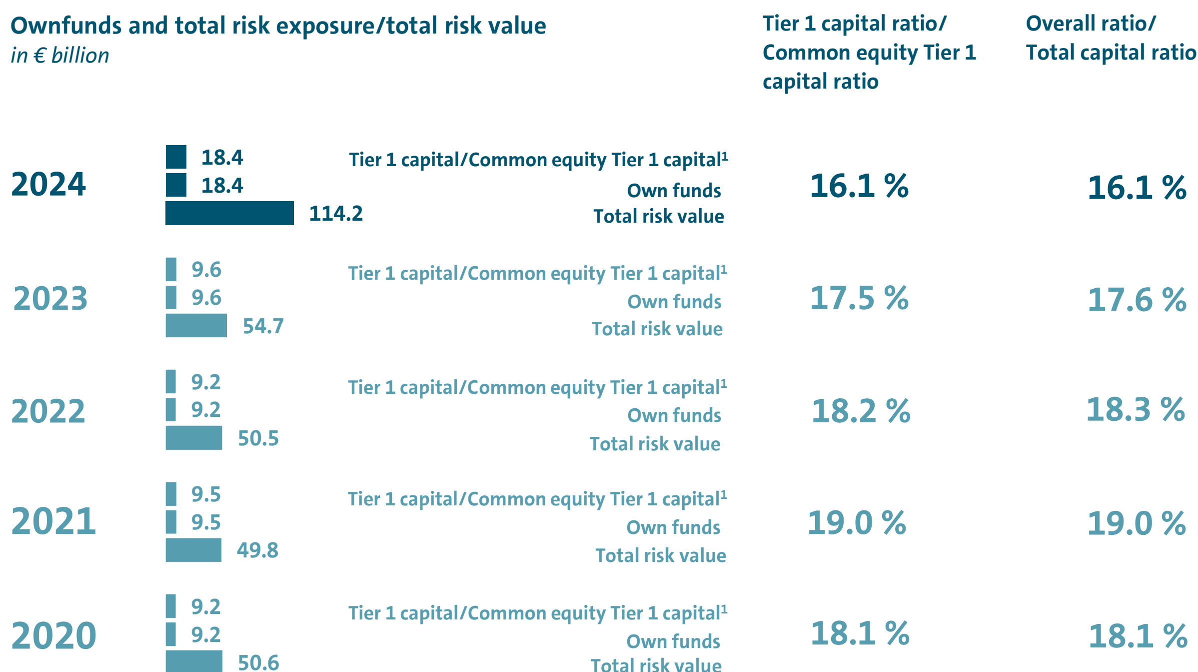
The Standardized Approach as specified in Article 317 of the CRR is used to calculate the own funds requirements for operational risk. The own funds requirements for the CVA charge are determined using the standardized method specified in Article 384 of the CRR. The own funds requirements for market risk are calculated as specified in Article 351 of the CRR in accordance with the Standardized Approach for foreign exchange risk.

The following overview shows a breakdown of total risk exposure and own funds:

		Dec. 31, 2024		Dec. 31, 2023[3]
Total risk exposure[1] (€ million)	–	114,216	–	54,707
of which risk-weighted exposure amounts for credit risk	107,439	–	50,545	–
of which own funds requirements for market risk * 12,5	352	–	560	–
of which own funds requirements for operational risk * 12.5	5,258	–	3,554	–
of which own funds requirements for credit valuation adjustments * 12.5	1,167	–	48	–
Own funds (€ million)	–	18,350	–	9,601
of which Common Equity Tier 1 capital	18,350	–	9,600	–
of which Additional Tier 1 capital	-	–	-	–
of which Tier 2 capital	–	–	1	–
Common Equity Tier 1 capital ratio[2] (percent)	–	16.1	–	17.5
Tier 1 capital ratio[2] (percent)	–	16.1	–	17.5
Total capital ratio[2] (percent)	–	16.1	–	17.6

1 According to Article 92(3) of the CRR
2 According to Article 92(1) of the CRR
3 Minor correction notification in calendar year 2024 in the amount of around EUR 15 million total risk amount. The key figures as at the reporting date of December 31, 2023 are not comparable due to the reorganization under company law as of July 1, 2024.

REGULATORY RATIOS OF THE VOLKSWAGEN BANK GMBH GROUP AS OF DEC. 31

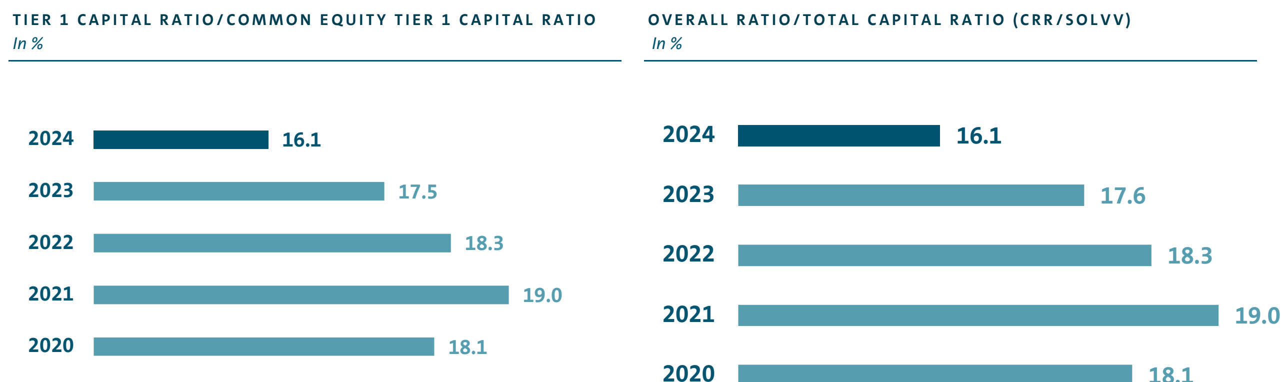


1 The amounts of Tier 1 capital and Common Equity Tier 1 capital are the same because Volkswagen Bank GmbH has not issued any Additional Tier 1 capital instruments.

The year-on-year change in the regulatory capital ratios (CET1 capital ratio, Tier 1 capital ratio and total capital ratio) is largely attributable to the increase in total risk exposure having more than offset the increase in own funds.

The increase in the total risk exposure of €59.5 billion is principally a result of the integration of Volkswagen Leasing GmbH in the wake of the reorganization under company law as of July 1, 2024 and an increase in business volume in the corporate and retail areas.

The increase in the own funds of €8.7 billion is principally also a result of the integration of Volkswagen Leasing GmbH in the wake of the reorganization under company law as of July 1, 2024.



Volkswagen Bank GmbH has a capital planning process, the aim of which is to ensure that the regulatory minimum capital ratios are satisfied, even when the volume of business grows. In addition to making additions to capital reserves and using Tier 2 capital proportionately in the form of subordinated liabilities, the Bank can also make use of ABS transactions to optimize its capital management. Volkswagen Bank GmbH therefore has the benefit of a sound foundation for further expansion of the financial services business.

In a letter dated June 19, the ECB informed Volkswagen Bank GmbH that from July 1, following the creation of the financial holding group Volkswagen Financial Services AG, Volkswagen Bank GmbH will need to comply with the provisions of Parts 2 to 8 of the CRR and Title VII of the CRM at the level of the entities included in the regulatory basis of consolidation of Volkswagen Bank Group. The provisions of Title VII of the CRD have been implemented and are enshrined in the KWG and put into specific terms by MaRisk and the applicable EBA guidelines. Moreover, as of July 1, 2024, Volkswagen Bank GmbH received a CRR waiver approval pursuant to section 2a(1) of the KWG in conjunction with Art. 7(1) and 6(1) of the CRR and a Pillar 2 waiver approval pursuant to section 2a(2) of the KWG. What this means is that Volkswagen Bank GmbH is exempt, in particular, from the capital and large exposure provisions pursuant to the CRR and from calculating the risk-bearing capacity at the level of the single entity Volkswagen Bank GmbH. To this end, Volkswagen Financial Services AG issued a hard letter of comfort to the creditors of Volkswagen Bank GmbH. The relevant provisions must instead be fulfilled at the level of the Volkswagen Bank Group. Volkswagen Bank GmbH furthermore received approval according to section 2(3) of the *Groß- und Millionenkreditverordnung* (GroMiKV – Regulation governing large exposures or loans of €1.5 million or more) to exempt 90% of its loans to parent companies, subsidiaries and affiliates within the regulatory basis of consolidation of the financial holding group Volkswagen Financial Services AG from the calculation of the utilization of the large exposure limit of Volkswagen Bank Group.

CHANGES IN OFF-BALANCE-SHEET LIABILITIES

The off-balance-sheet liabilities relate mainly to irrevocable credit commitments. At the Volkswagen Bank GmbH Group, they amounted to €10,280 million as of December 31, 2024 (previous year restated: €10,039 million).

Following the spin-off and absorption of the shares in Volkswagen Leasing GmbH by Volkswagen Bank GmbH, because of the special liability provision of section 133 of the *Umwandlungsgesetz* (UmwG – German Transformation Act) the Volkswagen Bank Group has become jointly and severally liable for the legacy liabilities of former Volkswagen Financial Services AG, now Volkswagen Financial Services Overseas AG, although this liability is limited to the allocated net assets of Volkswagen Leasing GmbH. Since

the lion's share of the liabilities of former Volkswagen Financial Services AG, now Volkswagen Financial Services AG Overseas AG, has been transferred to the present-day financial holding company Volkswagen Financial Services AG by way of a spin-off, the joint and several liability essentially extends to the legacy liabilities that were transferred to the financial holding company Volkswagen Financial Services AG. To comply with the large exposure provisions of the Volkswagen Bank Group, Volkswagen Financial Services AG has placed a cash deposit with Volkswagen Bank GmbH.

LIQUIDITY ANALYSIS

The Volkswagen Bank GmbH Group is funded largely through direct banking deposits and through capital market and asset-backed security programs. If required, the sources of funding are supplemented by utilizing liquidity made available by the ECB in open market operations. The Volkswagen Bank GmbH Group holds liquidity reserves in the form of credit balances on its account with the ECB and securities deposited in its operational safe custody account with Deutsche Bundesbank. In addition to bonds from various countries, German federal states (Länder bonds), supranational institutions and multilateral development banks plus *Pfandbriefe* (mortgage bonds), all totaling €3.2 billion, the Volkswagen Bank GmbH Group holds senior ABS bonds issued by special purpose entities of Volkswagen Bank GmbH in an amount of €9.8 billion, which can be deposited as collateral in the operational safe custody account.

In conjunction with various ILAAP metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. The Volkswagen Bank GmbH Group ensures that it has appropriate liquidity adequacy at all times by measuring and limiting the ILAAP metrics. A significant ILAAP metric used by Treasury to manage short-term liquidity at Volkswagen Bank GmbH and in the entities within the regulatory basis of consolidation of the Volkswagen Bank GmbH Group is the liquidity coverage ratio (LCR). From January to June in the year under review, this ratio varied between 316% and 430% for the relevant Volkswagen Bank GmbH Group at the time, and from June to December in the year under review, following the restructuring of the Volkswagen Bank GmbH Group, it ranged between 209% and 457%. The LCR was therefore significantly above the lower regulatory limit of 100% at all times. The changes in the liquidity ratio are continuously monitored and proactively managed by a lower limit for internal management purposes. Highly liquid assets for the purposes of the LCR include central bank balances and government bonds plus other securities such as Länder bonds, supranational bonds and *Pfandbriefe*.

The requirement under the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management) for the Volkswagen Bank GmbH Group to provide a highly liquid cash buffer and appropriate liquidity reserves to cover any liquidity requirements over 7-day and 30-day time horizons was also satisfied at all times, even under various stress scenarios. Compliance with this requirement is determined and continuously monitored by the liquidity risk management department. In this process, the cash flows for the coming 12 months are projected and compared against the potential funding available in each maturity band. Adequate potential funding to cover the liquidity requirements was available at all times in the normal scenario. The survival period recovery indicator remained within the stipulated limits through the 2024 reporting year.

FUNDING

Strategic principles

In terms of funding, the Volkswagen Bank GmbH Group pursues a strategy of diversification. This includes optimization of the available instruments, currencies, maturities and interest rate matches while taking into account cost and risk aspects.

By pooling its activities in the European financial holding company Volkswagen Financial Services AG and by spinning off Volkswagen Leasing GmbH to Volkswagen Bank GmbH, the funding strength of

Volkswagen Bank GmbH can be used for the growth of the leasing business in Germany and Europe. The new Group structure takes account of both the expected business growth and the growing customer trend away from vehicle financing and towards leasing. The reorganization means that Volkswagen Bank GmbH no longer has limited scope for providing funds to Volkswagen Leasing GmbH. In addition to the placement of bonds and ABS transactions, for example, the substantially increased customer deposits at Volkswagen Bank GmbH can now be used to finance the planned business growth.

Unsecured capital market transactions can be issued from the newly established €50 billion debt issuance program of Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Financial Services N.V. published on September 25, 2024. Effective July 1, 2024, Volkswagen Financial Services AG issued a hard letter of comfort in favor of Volkswagen Bank GmbH.

Implementation

Volkswagen Bank GmbH issued no unsecured bonds in 2024. Nor were any public securitization transactions carried out in the reporting period. ECB funding instruments constituted additional sources of funding. The significant increase in customer deposits can now also be used without restrictions to fund the increase in business volume of Volkswagen Leasing GmbH.

Ratings

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

Rating agency S&P confirmed its short-term and long-term ratings of A-2 and BBB+ for Volkswagen Bank GmbH on July 1, 2024. The outlook remains "stable". Rating agency Moody's confirmed its P-1 (short term) and A1 (long term) ratings for Volkswagen Bank GmbH on July 1, 2024. On October 10, 2024, the outlook was lowered from "stable" to "negative", first for Volkswagen AG and then for Volkswagen Bank GmbH. On July 1, 2024, Fitch confirmed the short-term and long-term ratings of F1 and A- for Volkswagen AG and issued new short-term and long-term ratings for Volkswagen Bank GmbH at F1 and A. The outlook for Volkswagen AG and Volkswagen Bank GmbH is "stable".

This confirmation of the ratings reflects the overall stability of the Group during the current transition phase to

electromobility even though the negative outlook at Moody's is an expression of the current challenges facing the entire automotive industry.

Volkswagen Bank GmbH

(Condensed, in accordance with the HGB)

As the parent company, Volkswagen Bank GmbH accounts for a significant share of the business performance of the Volkswagen Bank GmbH Group even after the restructuring under company law. Please refer to the previous section for a presentation of the business performance of the Group in accordance with the IFRSs. In the section below, information is provided on the changes in the net assets, financial position and results of operations of Volkswagen Bank GmbH in accordance with the HGB.

BUSINESS PERFORMANCE 2024

The result from ordinary activities increased to €1,053,3 million (previous year: €886.6 million). The net interest income earned by Volkswagen Bank GmbH, including interest anomalies from negative interest and net income from leasing transactions, came to €2,810.7 million compared with €2,390.3 million in the prior year due to the increase in the volume of loans and receivables.

Interest income from lending and money market transactions including finance leases, which originated predominantly from financing business with end customers and from vehicle and capital investment financing with dealerships in the Volkswagen Group, increased by €1,426.3 million year-on-year to €3,983.1 million due to the general course of interest rates. Of this amount, €1,113.2 million (previous year: €787.0 million) was attributable to retail financing and €938.3 million (previous year: €756.5 million) to dealer financing. It also includes interest income from the return of central bank liquidity totaling €807.5 million (previous year: €355.8 million).

Net income from leasing business amounted to €1,024.4 million (previous year: €1,001.0 million). Within this figure, income from leasing transactions, which rose by €273.8 million or 16.2%, is set against expenses from leasing transactions, which increased by €250.5 million or 36.1%.

Fee and commission income amounted to €271.8 million, which equated to a decrease of €18.3 million compared with the prior-year level. Fee and commission expenses came to €659.3 million (previous year: €444.9 million). Net fee and commission income was in negative territory in the year under review, with a net expense of €387.5 million (previous year: net expense of €154.8 million).

Other operating income rose by €6.6 million to €397.8 million.

General and administrative expenses increased by €29.1 million to €826.6 million (previous year: €797.5 million). Personnel expenses increased by €58.6 million to €246.5 million.

Expenses arising from cost transfers from affiliated companies decreased by €141.9 million to €192.1 million. Both effects are a consequence of the restructuring under company law and the associated changes in personnel.

Fees for services provided by third parties increased by €29.3 million to €61.8 million.

Depreciation and write-downs on lease assets amounted to €972.0 million (previous year: €853.9 million). Other operating expenses fell by €0.6 million to €83.7 million.

The provision for credit risks came to a net addition of €165.5 million (previous year: net addition of €7 million), due to the increase in the volume of loans and receivables to Group companies and dealers.

The profit after tax of €581.7 million (previous year: €620.8 million) will be transferred to Volkswagen AG pursuant to the existing control and profit-and-loss transfer agreement.

Total assets rose by €20.8 billion to €103.1 billion (previous year: €82.3 billion), due to increased loans to Volkswagen Group companies and the rise in loans and receivables in dealer finance. As a result, the customer loans and receivables reported in the balance sheet increased by €17.5 billion and amounted to €68.0 billion as of the reporting date (previous year: €50.5 billion). This included loans to and receivables from customers attributable to sales finance, which remained almost unchanged with growth of €0.8 million to €29.1 billion. Loans and receivables from dealers in connection with purchase financing rose by €1.3 billion to €16.5 billion. Receivables from loans to Group companies grew by €14.5 billion to €17.4 billion. Other receivables resulted from leasing transactions, direct banking activities and other matters, and had a volume totaling €5.0 billion as of December 31, 2024 (previous year: €4.1 billion). The cash reserve remained unchanged at €0.9billion (previous year: €0.9 billion).

Most of Volkswagen Bank GmbH's portfolio comprises securities from ABS transactions, of which €10.1 billion (previous year: €11.6 billion) is attributable to securities from own-account transactions. For investment purposes, the portfolio also included ABSs with a total value of €0.5 billion (previous year: €0.5 billion) issued by special purpose entities of Volkswagen Financial Services (UK) Ltd., Milton Keynes.

On the equity and liabilities side of the balance sheet, there were significant changes in liabilities to banks, which declined by €7.2 billion to €0.3 billion as a result of the return of central bank liquidity. Due to maturities, notes and commercial paper issued also decreased, by €1.7 billion to €3.4 billion. In return, liabilities to customers (incl. direct banking business) rose by €26.7 billion to €73.1 billion (previous year: €46.4 billion). The restructuring under company law, which is described in the relevant section, moreover led to a €3.4 billion increase of equity to €12.6 billion since the spin-off of the shares of Volkswagen Leasing GmbH to Volkswagen Bank GmbH is recognized as an addition to capital reserves.

INCOME STATEMENT OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG

€ million	2024	2023
Net interest income	1,786	1,389
Net leasing income	1,024	1,001
Net fee and commission income	–388	–155
Income from profit pooling, profit transfer/partial profit transfer agreement	140	–
Administrative expenses	827	798
Other comprehensive income	–518	–544
Provision for credit risks	165	7
Result from ordinary business activities	**1,053**	**887**
Tax expense	471	266
Profits transferred under a profit transfer agreement	582	621
Net income for the year	**0**	**0**
Retained profits brought forward	0	0
Net retained profits	**0**	**0**

BALANCE SHEET STRUCTURE OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG

€ million	Dec. 31, 2024	Dec. 31, 2023
Assets		
Cash reserve	918	850
Loans to and receivables from banks	12,106	11,426
Loans to and receivables from customers	67,986	50,513
Marketable securities	13,699	15,666
Equity investments and shares in affiliated companies	3,417	182
Lease assets	4,456	3,226
Other assets	553	465
Total assets	**103,135**	**82,328**
Equity and liabilities		
Liabilities to banks	288	7,521
Liabilities to customers	73,051	46,399
Notes, commercial paper issued	3,431	5,088
Provisions	622	452
Subordinated liabilities	–	10
Funds for general banking risks	26	26
Equity	12,616	9,224
Other liabilities	13,101	13,609
Total equity and liabilities	**103,134**	**82,328**
Balance sheet disclosures		
Contingent liabilities	9,086	176
Other obligations	10,280	10,039

OPPORTUNITIES AND RISKS FACING VOLKSWAGEN BANK GMBH

The business performance of Volkswagen Bank GmbH is largely subject to the same opportunities and risks as those faced by the Volkswagen Bank GmbH Group. These opportunities and risks are described in the report on opportunities and risks in the following sections of this management report.

Report on Opportunities and Risks

In challenging times, the
balanced, active management of opportunities and
and risks characterizes the sustained operating success of Volkswagen Bank GmbH.

OPPORTUNITIES AND RISKS

In this section, the opportunities and risks that arise in connection with the Bank's business activities are presented. They are grouped into various categories. Unless explicitly mentioned, there were no material year-on-year changes to the individual risks and opportunities.

Analyses of the competitive and operating environment are used, together with market observations, to identify not only risks but also opportunities, which then have a positive impact on the design of products, their success in the marketplace and on cost structure. Risks and opportunities that are expected to materialize have already been taken into account in the Bank's medium-term planning and forecast. The following sections therefore describe fundamental opportunities that could lead to a positive variance from the forecast, as well as including a detailed description of the risks.

MACROECONOMIC OPPORTUNITIES AND RISKS

The Management Board of Volkswagen Bank GmbH expects deliveries to Volkswagen Group customers in 2025 to be on the same level as in the previous year in the face of challenging market conditions. The Volkswagen Bank GmbH Group promotes the sale of vehicles through financial services.

The economic growth in Europe depends substantially on the trend of inflation. While overall inflation is declining compared with prior years, core inflation remains at a level above the central bank's target corridor. Key interest rates are expected to have peaked. If core inflation remains high, however, this may lead to a further tightening of monetary policy, thereby weakening economic growth.

Geopolitical tensions may have an additional adverse impact on economic growth by resulting in shortages and delays in the global supply chains, for example, or by contributing to a renewed rise in inflation. This may have an additional negative effect on consumer confidence and the investment climate.

The macroeconomic environment could also give rise to opportunities for the Volkswagen Bank GmbH Group if, for example, actual inflation turns out to be more positive than forecast or geopolitical tensions ease, with a positive impact on the economic development.

The expansion of the digital sales channels promotes direct sales to supplement the dealership business. It addresses the changing needs of customers and strengthens the competitive position of the Volkswagen Bank GmbH Group.

STRATEGIC OPPORTUNITIES

The Volkswagen Bank GmbH Group is continuing to pursue a strategy that focuses on the digitalization and optimization of all processes, systems and products. The aim is to also offer all key products online.

Moreover, the Volkswagen Bank GmbH Group wants to leverage the opportunities for growth more and more in the areas of vehicle financing and leasing. It sees further opportunities in the development

of innovative products that are geared to the changed mobility requirements of customers. Growth areas such as mobility products and service offerings are being systematically developed and expanded within the integrated Volkswagen Leasing GmbH.

By pooling its activities in a European financial services provider and through the spin-off of Volkswagen Leasing GmbH to Volkswagen Bank GmbH, Volkswagen Bank GmbH can use its funding strength to expand the leasing business in Germany and Europe.

With customers increasingly preferring to lease vehicles rather than seek finance for their purchase, and with business expected to grow, the new Group structure will extend not only to the placement of bonds and ABS transactions, but also in particular to the use of funding opportunities of Volkswagen Bank GmbH, such as the planned significant increase in customer deposits to fund the planned business growth at Volkswagen Leasing GmbH and for the companies of the European financial holding company, Volkswagen Financial Services AG.

The restrictions in the form of large exposure limits no longer apply following the reorganization; consequently the funds from funding options of Volkswagen Bank GmbH can be used in full to fund Volkswagen Leasing GmbH as well.

OPPORTUNITIES FROM CREDIT RISK

Opportunities may arise in connection with credit risks if the losses actually incurred on lending and leasing transactions turn out to be lower than the prior calculations of expected loss and the associated provisions recognized on the basis thereof. Particularly in those countries in which increased risk provisioning was identified due to an uncertain economic situation, the realized losses may be lower than the expected losses if the economy stabilizes and borrowers' credit ratings improve as a result.

OPPORTUNITIES FROM RESIDUAL VALUE RISK

When vehicles are remarketed, the Volkswagen Bank GmbH Group may be presented with the opportunity to obtain a price that is higher than the contractual residual value if actually realized marketing prices show a better development than expected.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM AND THE INTERNAL RISK MANAGEMENT SYSTEM AS REGARDS THE FINANCIAL REPORTING PROCESS

The internal control system (ICS) for the consolidated and annual financial statements as well as the management report of Volkswagen Bank GmbH, as far as it is related to the accounting system, is defined as the sum of all principles, procedures and activities aimed at ensuring the effectiveness and propriety of the financial reporting and ensuring compliance with the relevant legal requirements. The internal risk management system (IRMS) as regards the accounting process refers to the risk of misstatement in the bookkeeping at the company and Group level as well as in external financial reporting. The sections below describe the key elements of the ICS/IRMS as they relate to the financial reporting process of Volkswagen Bank GmbH.

> The Management Board of Volkswagen Bank GmbH is the governing body with responsibility for the executive management of the business. In this role, the Management Board has set up accounting, treasury, risk management, controlling, and compliance and integrity units, each with clearly distinct functions and clearly defined areas of responsibility and authority, to ensure that the accounting and financial reporting processes are legally compliant and in line with the relevant standards. All accounting tasks (single-entity and consolidated financial statements) are performed by Volkswagen Financial Services AG in the context of an outsourcing agreement. Volkswagen Leasing GmbH fulfills

some of the controlling tasks as part of an outsourcing agreement. The compliance function has also been outsourced to Volkswagen Financial Services AG and is supplemented by the compliance officer function at Volkswagen Bank GmbH.

> Group-wide rules and regulations have been put in place as the basis for a standardized, proper and continuous financial reporting process.
> The accounting policies applied by the domestic and foreign entities included in the consolidated financial statements are, among others, governed by the Volkswagen Group's accounting policies, including the accounting requirements specified in the IFRS Accounting Standards (IFRSs). Reporting requirements including the accounting policies according to the German Commercial Code (HGB) in conjunction with the *Verordnung über die Rechnungslegung der Kreditinstitute* (RechKredV – German Regulation on Accounting for Banks, Financial Services Institutions and Investment Firms) set out the accounting and valuation principles for the single-entity financial statements of Volkswagen Bank GmbH.
> The accounting standards also set out the specific formal requirements for the consolidated financial statements. The standards determine the basis of consolidation and also describe in detail the components of the reporting packages to be prepared by the Group companies. The accounting standards also define specific details relating to the recognition and processing of intragroup transactions and the associated reconciliation of balances.
> At Group level, specific control activities aimed at ensuring that the consolidated financial reporting provides a true and fair view include the analysis and any necessary adjustment of IFRS reporting packages prepared by the consolidated entities, taking into account the reports submitted by the auditor and the related discussions concerning the financial statements.
> These activities are supplemented by the clear delineation of areas of responsibility and by various monitoring and review mechanisms.
> These monitoring and review mechanisms are designed with both integrated and independent process components. Automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as double-checking by a second person.
> Internal auditing is a key component of the monitoring and control system. It carries out regular audits of accounting-related processes in Germany and abroad as part of its risk-oriented auditing activities and reports on these audits directly to the Management Board of Volkswagen Bank GmbH. Parts of Internal Audit's activities are outsourced to Volkswagen Financial Services AG.

To summarize, the aim of the ICS and IRMS of Volkswagen Bank GmbH is to ensure that the financial position of the single entity and the Volkswagen Bank GmbH Group is based on information that is reliable and has been properly recognized as of the December 31, 2024 reporting date. In addition, the accurate recording, processing and evaluation of all transactions and recording them in the accounting system as a whole must be ensured.

No material changes were made to the internal monitoring and control system of Volkswagen Bank GmbH after the reporting date.

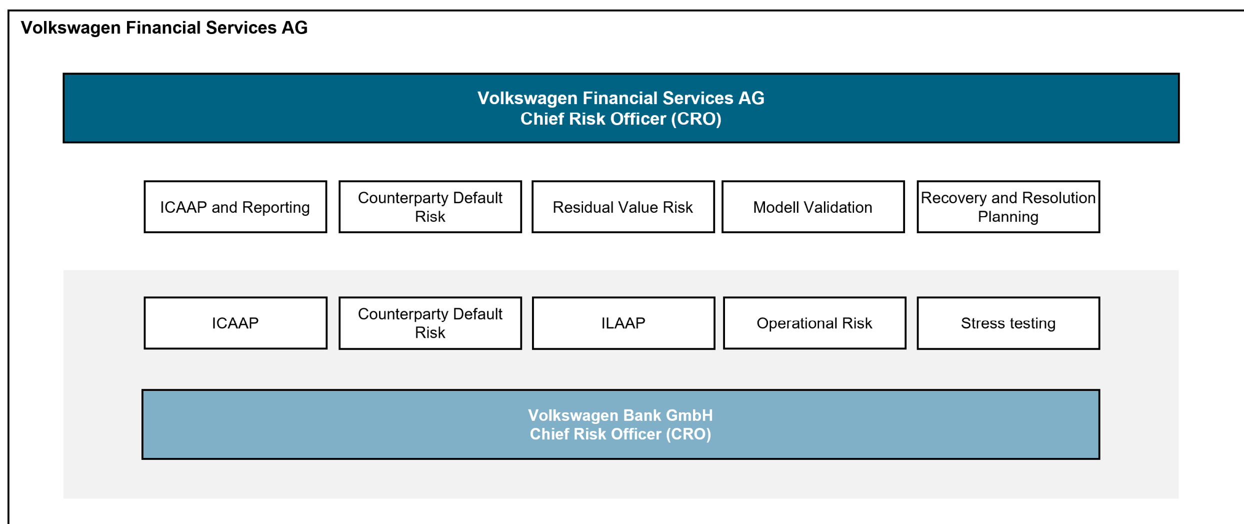
ORGANIZATIONAL STRUCTURE OF RISK MANAGEMENT

At Volkswagen Bank GmbH, risk is defined as the danger of loss or damage that could occur if an anticipated future development turns out to be less favorable than planned. In the realm of its primary operating activities, Volkswagen Bank GmbH is exposed to a large number of risks typical for the financial

services sector. The Group takes on these risks within the limits of the approved risk strategy so that it can target and exploit any resulting market opportunities.

Volkswagen Bank GmbH , working in close cooperation with Volkswagen Financial Services AG, has put a risk management system in place to identify, assess, manage, monitor and communicate risks. The risk management system comprises an integrated framework of risk principles, organizational structures and processes for assessing and monitoring risks. The individual elements are aligned with the activities of the individual divisions. This structure is intended to ensure early detection of any trends that could represent a risk to the business as a going concern so that appropriate countermeasures can then be initiated early on.

The entire Management Board is responsible for risk management at Volkswagen Bank GmbH, although responsibility for operational implementation lies with the Chief Risk Officer (CRO). In this function, the CRO submits regular reports on the overall risk position of Volkswagen Bank GmbH to the other members of the Management Board and to the Supervisory Board.



The management body is supported by a number of risk management units that were set up to fulfill the operational risk controlling functions. This means that Volkswagen Financial Services AG and Volkswagen Bank GmbH manage the risks using an integrated approach. In terms of the practical implementation, operational implementation for the liquidity risks (ILAAP), operational risks and activities in stress testing is the responsibility of Volkswagen Bank GmbH. Moreover, it uses the competence of Volkswagen Financial Services AG’s Risk Management for residual value risk processes, defined activities of model validation and for recovery and resolution planning. The risk-bearing capacity of Volkswagen Financial Services AG and Volkswagen Bank GmbH are determined, their capital adequacy assessed (ICAAP – Internal Capital Adequacy Assessment Process) and the counterparty default risks managed in close cooperation between the two companies.

Volkswagen Bank GmbH has implemented suitable procedures to make sure that the risk management system is fit for purpose. The Internal Audit department monitors the individual elements in the system regularly on a risk-oriented basis.

In 2024, no changes were made to the existing Pillar 2 requirement for Volkswagen Bank GmbH of 2.25%. The Pillar 2 requirement, which is specified and reviewed by the ECB banking supervisor every year, must be satisfied in addition to the minimum capital requirements under Pillar 1 and covers risks that are underestimated in or not covered by the minimum capital requirements.

An important feature of the integrated risk management system is the clear, unequivocal separation of tasks and areas of responsibility, both organizationally and in terms of personnel. This ensures that the system is fully functioning at all times and regardless of the personnel involved.

The risk management departments are responsible for providing guidelines for the organization of risk management. This function includes drawing up risk policy guidelines, developing and maintaining methodologies and processes relevant to risk management, and issuing and monitoring international framework standards for the procedures to be used across Europe.

In particular, these activities involve providing models for carrying out credit assessments, quantifying the different categories of risk, determining risk-bearing capacity, evaluating collateral and standard procedures for the identification, analysis and assessment of direct and indirect residual value risks. Risk Management is therefore responsible for identifying possible risks, analyzing, quantifying and evaluating risks, and for determining the resulting measures to respond to the risks.

Local risk management units ensure that the requirements specified by Volkswagen Bank GmbH's Risk Management are implemented and complied with in their respective market.

To summarize, continuous monitoring of risks, open and direct communication with the Management Board and the integration of all findings into the operational risk management system together form the basis, in the view of the Management Board, for the best possible leveraging of market potential based on conscious, effective management of the overall risk faced by Volkswagen Bank GmbH.

RISK STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Management Board of Volkswagen Bank GmbH.

As part of this overall responsibility, the Management Board of Volkswagen Bank GmbH has introduced a MaRisk-compliant strategy process and implemented a business and risk strategy.

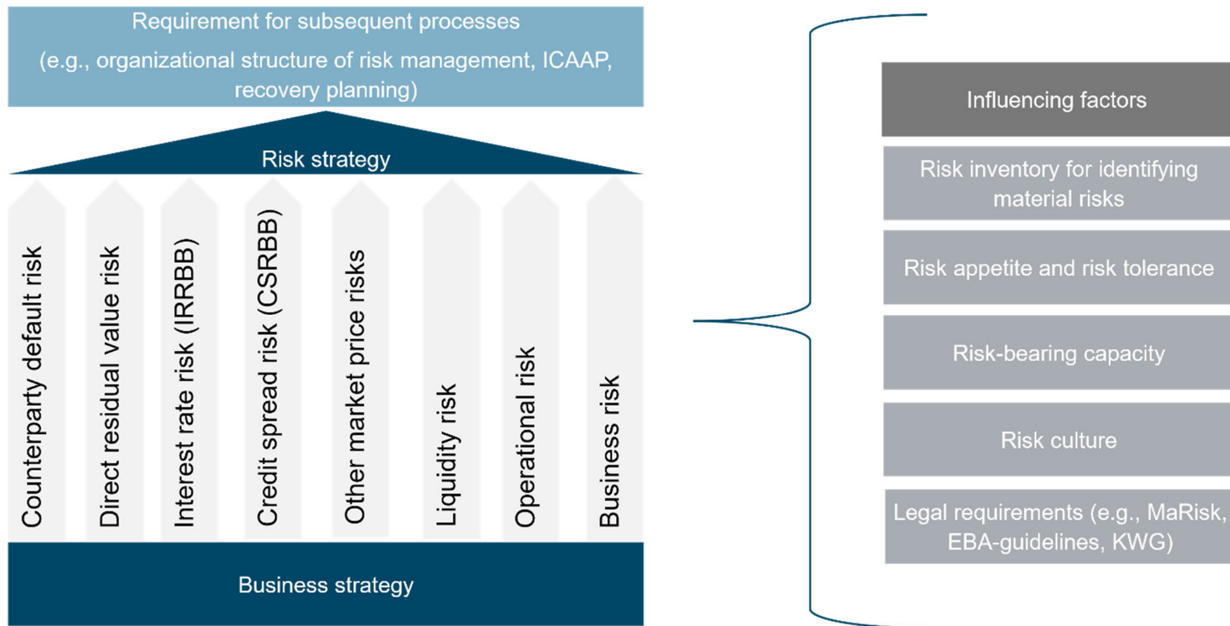
The MOBILITY2030 Group-wide business strategy sets out the fundamental views of the Management Board of Volkswagen Bank GmbH on key matters relating to business policy. It includes the objectives for each major business activity and the strategic areas for action to achieve the relevant objectives. The business strategy also serves as the starting point for creating an associated risk strategy.

The risk strategy is reviewed each year and whenever required on the basis of a risk inventory, risk-bearing capacity and legal requirements. It is adjusted where appropriate, approved by the Management Board and discussed with the Supervisory Board of Volkswagen Bank GmbH. The risk strategy describes the main risk management goals and action plans for each category of risk, taking into account the business policy focus, risk tolerance and risk appetite. A review is carried out annually to establish whether the goals in the risk strategy have been attained. The causes of any variances are analyzed and then discussed with the Management Board of Volkswagen Bank GmbH.

The risk strategy includes all material quantifiable and non-quantifiable risks. More detailed information and specific examples of the individual risk categories are modeled in the form of subrisk strategies and operationalized in the business and risk planning process.

The Management Board of Volkswagen Bank GmbH is responsible for specifying and subsequently implementing the overall risk strategy in the Volkswagen Bank GmbH Group.

RISK STRATEGY PROCESS



RISK INVENTORY

The objective of the risk inventory, which has to be carried out at least once a year, is to identify the main categories of risk. To this end, all known categories of risk are examined to establish whether they arise and are relevant in the Volkswagen Bank GmbH Group. In the risk inventory, the relevant categories of risk are examined in greater detail, quantified or, if they cannot be quantified, assessed by experts, and then evaluated to determine whether they are material for the Volkswagen Bank GmbH Group. In accordance with the requirements set out in the ECB Guide to the internal capital adequacy assessment process (ICAAP) and the ECB Guide to the internal liquidity adequacy assessment process (ILAAP), the risk inventory is carried out using both the economic and normative perspectives and, in addition, a gross approach (i.e. an analysis of the risks that does not take into account specific techniques designed to mitigate the underlying risks). The Volkswagen Bank GmbH Group also has an ILAAP-specific framework for risk identification in place as required by the ILAAP guide.

The risk inventory for 2024 carried out as per December 31, 2024 came to the conclusion that the following quantifiable categories of risk should be classified as material: counterparty default risk, direct residual value risk, interest rate risk, credit spread risk (CSRBB), other market risk, funding risk and operational risk. The following categories of risk should be classified as non-material: business risk consisting of earnings risk, reputational risk and strategic risk including ESG markup, and business model risk. The indirect residual value risk and the pension risk are still considered immaterial due to their low share of the overall risk. Other existing subcategories of risk are taken into account within the categories specified above.

Moreover, based on the new structure of the Volkswagen Bank GmbH Group a risk inventory was performed during the year in order to assess the risks as of July 1, 2024. In the process, the above-mentioned risks (see RISK STRATEGY AND RISK MANAGEMENT) were identified. The materiality of the risks as stated above was reaffirmed.

RISK-BEARING CAPACITY, RISK LIMITS AND STRESS TESTING

The Volkswagen Bank GmbH Group has set up a system for calculating risk-bearing capacity in accordance with the requirements specified in the ECB Guide to the internal capital adequacy assessment process (ICAAP). In the opinion of the Management Board, the system should ensure that the Group maintains risk-bearing capacity from both economic and normative perspectives.

In the economic risk-bearing capacity analysis, the overall economic risk is compared against the risk-taking potential. An institution has the capacity to bear its risk if, as a minimum, all material risks to which the institution is exposed are covered at all times by the institution's risk-taking potential.

The main risks are quantified as part of the economic risk-bearing capacity analysis with a confidence level of 99.9% and a time horizon of one year.

The objective of the normative perspective is to ensure that the Volkswagen Bank GmbH Group meets all relevant regulatory capital ratio requirements (in particular, the requirements for the total capital ratio and CET1 capital ratio) in the planning period. To this end, the Volkswagen Bank GmbH Group analyzes a baseline scenario and a multidimensional adverse scenario over a forward-looking time horizon of three years beyond the current year and constantly monitors its compliance with the regulatory capital requirements and its internally specified early warning thresholds.

In addition, the Volkswagen Bank GmbH Group uses a system of limits derived from the economic risk-bearing capacity analysis to specifically manage risk-cover capital in accordance with the level of risk tolerance determined by the Management Board.

Building on Volkswagen Bank GmbH's risk appetite framework, the risk limit system that has been put in place limits the risk at different levels, thereby aiming to safeguard the economic risk-bearing capacity of the Volkswagen Bank GmbH Group.

Risk-taking potential is determined from the available equity and earnings components subject to deductions (such as undisclosed liabilities). In accordance with a moderate, overarching risk appetite, only a portion (a maximum of 90%) of this risk-taking potential is specified as a risk ceiling or overall risk limit. The overall risk limit is apportioned according to the relevant specific risk appetite to counterparty default risk, direct residual value risk, interest rate risk in the banking book, credit spread risk in the banking book, other market risk, funding risk, and operational risk for the purposes of operational monitoring and control. In this process, the limit allocated to counterparty default risk, itself an overarching category of risk, is subdivided into individual limits for credit risk, shareholder risk, issuer risk and counterparty risk. From a qualitative perspective, the specific risk appetite for each category of risk is set at moderate to low based on the business model and risk strategy of Volkswagen Bank GmbH.

In a second step, the limits for the risk categories of credit and residual value risk are broken down and allocated at the level of the branches and subsidiaries. For the interest rate risk in the banking book, an operating limit is set in addition to the strategic limit. The business risk, consisting of earnings risk, reputational risk and strategic risk including ESG markup and business model risk, is not limited but treated as a deduction from the risk-taking potential.

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

The overall economic risk of the Volkswagen Bank GmbH Group as of December 31, 2024 amounted to €12.2 billion (previous year: €3.5 billion). The apportionment of this total risk by individual risk category was as follows:

DISTRIBUTION OF RISKS BY RISK CATEGORY
As of December 31, 2024

CHANGES IN RISK CATEGORY APPORTIONMENT[1]

	€ MILLION		SHARE IN PERCENT	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Risk category				
Credit risk	6,633	2,169	54	62
Shareholder, issuer and counterparty risk	508	348	4	10
Residual value risk	3,133	42	26	1
Interest rate risk in the banking book (IRRBB)	1,487	716	12	20
Credit spread risks in the banking book (CSRBB)	102	–	1	–
Other market risk (currency and fund price risk)	56	23	1	1
Liquidity risk (funding risk)	3	2	0	0
Operational risk	284	201	2	6
Business risk	0	0	0	0
Total	**12,206**	**3,501**	**100**	**100**

1 The confidence level is 99.9% as standard.

Due to the changes to the company, the direct residual value risks constitute the key driver for the year-on-year increase in economic risks.

As of December 31, 2024, risk-taking potential amounted to €17.4 billion and comprised CET1 capital (€18.3 billion) plus accumulated earnings after dividend deduction (€0.5 billion) less hidden charges and loss allowance shortfalls (€1.5 billion in total). As of December 31, 2024, 70% of risk-taking potential was utilized by the risks outlined above. In the period January 1, 2024 to December 31, 2024, the maximum

utilization of the risk-taking potential in the economic perspective was 70%. In addition to determining the risk-bearing capacity in a normal scenario, the Volkswagen Bank GmbH Group also conducts Group-wide stress tests and reports the results to the Management Board. Stress tests are used to examine the potential impact from exceptional but plausible events on the risk-bearing capacity and earnings performance of Volkswagen Bank GmbH Group. The purpose of these scenarios is to facilitate early identification of those risks that would be particularly affected by the trends simulated in the scenarios so that any necessary corrective action can be initiated in good time. The stress tests include both a historical scenario (a repeat of the financial crisis in the years 2008 to 2010) and a hypothetical scenario (a sharp drop in sales in the Volkswagen Group). These scenarios, which cover all categories of risk, are supplemented by sensitivity analyses specific to risk categories. Appended to these analyses are regular stress test analyses with a multi-year time horizon for the normative perspective. In addition, annual reverse stress tests are used to identify what events could represent a threat to the ability of the Volkswagen Bank GmbH Group to continue as a going concern. Stress tests using a multi-year time horizon (for example an economic downturn, ESG scenarios) are also prepared annually.

In 2024, the calculations of risk-bearing capacity confirmed that all material risks that could adversely impact the financial position or financial performance were adequately covered by the available risk-taking potential at all times. The stress tests did not indicate any need for action.

RISK CONCENTRATIONS

The Volkswagen Bank GmbH Group is a captive finance company in the automotive sector. The business model, which focuses on promoting vehicle sales for the different Volkswagen Group brands, results in concentrations of risk, which can take various forms.

Concentrations of risk can arise from an uneven distribution of activity in which

- Just a few borrowers/contracts account for a large proportion of the loans (counterparty concentrations)
- A small number of sectors account for a large proportion of the loans (sector concentrations)
- Many of the loans are to businesses within a defined geographical area (regional concentrations)
- Loans/receivables are secured by just one type of collateral or by a limited range of collateral types (collateral concentrations)
- Volkswagen Bank GmbH’s income is generated from just a few sources (income concentrations)

The potential concentrations are counteracted by diversification, for example in the dimensions of brands, models and countries.

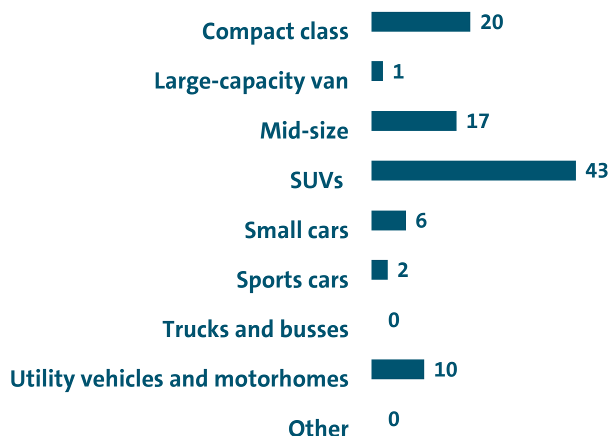
Counterparty concentrations from customer business are only of minor significance in the Volkswagen Bank GmbH Group because of the large proportion of business accounted for by retail lending. From a regional perspective, the Volkswagen Bank GmbH Group has a concentration of business in the German market, but looks to achieve broad nationwide diversification within the country.

In contrast, sector concentrations in the dealership business are a natural part of the business for a captive and these concentrations are therefore individually analyzed. Overall, no noticeable impact has been identified, even in periods of economic downturn such as that caused by the Covid-19 pandemic.

Likewise, a captive cannot avoid collateral concentrations because the vehicle is the predominant collateral asset by virtue of the business model. Risks can arise from concentrations of collateral if downward pricing trends in used vehicle markets or segments lead to lower proceeds from the recovery of assets and, as a consequence, there is a fall in the value of the collateral. Nevertheless, in terms of the vehicles used as collateral, the Volkswagen Bank GmbH Group enjoys a broad diversification across all

vehicle segments (see following diagram) based on a large range of vehicles from the different brands in the Volkswagen Group.

COLLATERAL STRUCTURE AS OF DECEMBER 31, 2024
In %



Income concentration arises from the very nature of the business model. The special constellation in which the Company serves to promote Volkswagen Group sales results in certain dependencies that directly affect income growth.

MODEL RISK

Model risk arises from inaccuracies in the modeling of risk values and must be taken into account, particularly in complex models.

Depending on model complexity, model risk can occur in a number of areas of model development and application.

Potential model risks relating to the risk models used for the risk-bearing capacity analysis are qualitatively assessed both in the original model development process and as part of regular independent model validation. The objective is to examine the need for additional cover in relation to such risks in the form of own funds.

ESG RISKS

The increasing emphasis placed on sustainability and the need to manage ESG (environmental, social, governance) risks is changing the financial system. The Bank intends to be proactively involved in these changes and make the most of the opportunities that arise.

In this context, the Volkswagen Bank GmbH Group, in its role as a provider of financial products across Europe serving the automotive and individual mobility markets, sees sustainability as a business responsibility and critical strategic success factor.

Based on the goals of the “Sustainability” dimension as part of the corporate strategy MOBILITY2030 that has been derived for Volkswagen Financial Services AG and for the Volkswagen Bank GmbH Group, the risk strategy sets out the fundamental understanding for handling ESG risks and describes the risk strategy guidelines for the operational framework to address this issue. These strategies are complemented by the separate sustainability strategy adopted at the beginning of 2024.

The Volkswagen Bank GmbH Group attaches high importance to the treatment of sustainability risks that could have negative consequences for the financial position, financial performance and reputation of the Bank if such risks were to materialize. Demand for environmentally friendly and climate-neutral products is growing too, and customers have ever higher expectations of companies, including financial sector companies, in terms of sustainable operations and behavior.

In order to take into account stakeholders' changing requirements with regard to sustainability at the Volkswagen Bank GmbH Group, in recent years the Volkswagen Bank GmbH Group has gradually integrated ESG risks into the risk management framework as an integral part in the context of a comprehensive sustainability project. Here, ESG risks do not constitute a risk category of their own; rather, they are risk drivers of existing types of risk. Although climate- and environment-specific risk drivers, in particular, are of great importance for the Volkswagen Bank GmbH Group, social and governance risks are also taken into account when identifying, evaluating and managing ESG risks.

In order to ensure that the ESG risks are adequately identified, quantified, managed and monitored, a qualitative and quantitative assessment of the materiality of the ESG risk drivers within the existing risk categories is carried out as part of an annual materiality assessment. Starting from the results of the materiality assessment, appropriate scenarios are devised, which are quantified as part of an annual climate stress test. The definition of ESG key risk indicators ensures that they are integrated into the risk strategy so that they can be managed. To guarantee appropriate monitoring, ESG risks are integrated into the quarterly risk management report. In addition, ESG aspects are regularly published in the Disclosure Report.

In order to address the identified material ESG risks, the Volkswagen Bank GmbH Group has established tools to take ESG aspects into account in its credit and residual value processes. As part of the credit approval process, the Volkswagen Bank GmbH Group assesses ESG risks on the basis of the comprehensive expertise of the front and back office. As a captive, the Volkswagen Bank GmbH Group is geared to the financing and leasing of passenger cars for retail and corporate customers. This means that the transformation of the automotive industry and the impact on vehicle dealers and the residual values of vehicles constitute a material risk for the Volkswagen Bank GmbH Group.

By contrast, from a funding perspective the electric mobility transformation is supported by the issue of green bonds, assisted by Volkswagen Financial Services AG's positive ESG rating. The Volkswagen Bank GmbH Group established a green finance framework on the basis of ICMA GBP 2021 and LMA/LSTA/APLMA GLP 2023 standards for the issuance of the green bonds.

In this case, the objective is to base funding to a greater extent on sustainability criteria overall.

The Volkswagen Bank GmbH Group is making various efforts to ensure that its own business operations are net climate-neutral and prevent the danger of serious environmental damage. Accordingly, high priority is being accorded to cutting carbon emissions.

Potential hazards to employees, buildings or technology (particularly from environmental factors) and the means used to protect against them are also analyzed continuously and included in the impact analyses so that remedial actions can be defined and implemented if necessary.

The Volkswagen Bank GmbH Group also has a tradition of supporting specific social and environmental protection projects through donations and sponsorship such as wetland restoration projects run by NABU (Nature And Biodiversity Conservation Union in Germany).

RISK REPORTING

A detailed risk management report is submitted to the Management Board and to the Supervisory Board of Volkswagen Bank GmbH on a quarterly basis. The risk management report contains information including the following:

- Presentation of the risk situation for the main risk categories including ESG risks
- Results of the risk-bearing capacity analysis using the economic and normative perspectives
- Overview of outsourcing activities and business continuity management
- Overview of ad hoc cases

The following information is also presented to the Management Board in the quarterly ICAAP report:

- Presentation and evaluation of stress test results in various scenarios (historical and hypothetical)
- Sensitivity analyses (by risk category)
- Normative/economic reconciliation of capital requirement (for each risk category)
- Commentary on the changes in risk-bearing capacity in the individual perspectives and scenarios

Ad hoc reports and specific risk category reports are generated as needed to supplement the system of regular reporting.

Volkswagen Bank GmbH strives to maintain the high quality of the information contained in the risk reports about structures and trends in the portfolios by means of a process of constant refinement and ongoing adjustment in line with current circumstances.

RECOVERY AND RESOLUTION PLANNING

Since July 1, 2024, Volkswagen Bank GmbH has been part of the Volkswagen Financial Services AG Group. This means that it is included in the group recovery plan of Volkswagen Financial Services AG. The plan is scheduled to come into force and subsequently be submitted to the competent supervisory authority, the European Central Bank, in the first quarter of fiscal year 2025.

The recovery plan covers matters including a system to ensure that adverse developments are identified promptly, and the possible measures that could be used by the Group in different stress scenarios to safeguard or restore a robust financial footing.

As part of the Volkswagen Financial Services AG Group, Volkswagen Bank GmbH has additionally assisted the competent resolution authorities with the preparation of a group resolution plan during the current fiscal year. The objective of the resolution plan is to safeguard the resolution capability of the Group. During the course of fiscal year 2025, delivery of the group resolution plan is expected, which includes determining the relevant resolution unit.

Volkswagen Bank GmbH complied with the applicable bank-specific minimum requirement for own funds and eligible liabilities (MREL) at all times in 2024.

CURRENT REGULATORY FACTORS

Following years of tightening of the regulatory framework for institution and financial holding groups as a result of the financial crisis, the banking crisis in the USA and the problems affecting Swiss bank Credit Suisse, the narrative of the upcoming EU legislative period will shift to the topic of competitiveness as the European Union’s ability to compete against China and the USA is declining. At the moment, however, this is not likely to have a positive impact on the regulatory framework requirements, except for selective improvements. No major regulatory projects are planned in the foreseeable future in terms of Level I legislation, i.e. new EU regulations and directives. However, the existing comprehensive mandates of numerous European directives and regulations for the EU Commission, in particular the banking package, i.e. CRR III (Capital Requirements Regulation) and CRD VI (Capital Requirements Directive) and DORA on the adoption of delegated acts and on MIFIR etc., suggest a further large number of new, tighter

regulatory requirements at Level II, which are essentially drafted by the European Banking Authority (EBA) and also ESMA, and supplemented by guidance at Level III. Based on past experience, the draft rules and regulations may include a considerable tightening of regulation that cannot be foreseen at present; they need to be identified in the course of the expected consultation processes and highlighted by the associations. As part of the financial holding group Volkswagen Financial Services AG, Volkswagen Bank GmbH will scrutinize these new stipulations, comply with them and take them into account. This may also have implications for the business and risk strategy.

Following over two years of deliberations, the Council and EU Parliament accepted compromise drafts for CRR III and CRD VI that were agreed by the trilogue parties in November 2023 and came into effect on July 9, 2024. The CRR III is concerned primarily with the implementation of Basel IV (also referred to by the Basel Committee as the completion of Basel III). Furthermore, the EBA has published a number of draft Commission-delegated regulations on CRR III, which will be accepted by the Council and the EU Parliament by way of the consent procedure following their acceptance by the EU Commission. In addition to the reporting requirements, they include specific requirements for the individual types of risk that must be backed by capital. The majority of CRR III provisions took effect on January 1, 2025 while the CRR III reporting requirements only have to be implemented as of June 30, 2025. The first-time application of the market risk requirements has been postponed by one year. Volkswagen Bank GmbH launched a CRR III implementation project designed to fulfill the requirements of CRR III and the associated delegated regulation.

CRD VI, which also came into force on July 9, 2024, focuses on the topic of sustainability risks. Its intention is that institutions should in future be required to create transition plans for their transition to sustainable operation. As soon as the draft CRD VI implementation bill becomes available in 2025, Volkswagen Bank GmbH and Volkswagen Financial Services AG will analyze and assess it and then determine and implement the actions required.

Even after the creation of the financial holding group Volkswagen Financial Services AG, Volkswagen Bank GmbH is considered a significant institution and, as part of this group, it remains subject to the direct supervision of the ECB. This means that it must comply with the EBA guidelines, the requirements of the ECB and the requirements of the German Federal Financial Supervisory Authority (BaFin), including the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management) insofar as BaFin has not limited the scope of its requirements to less significant institutions. Volkswagen Bank GmbH is also subject to the ECB's Supervisory Review and Evaluation Process (SREP) for the supervised Volkswagen Bank Group. The EBA has published guidelines concerning SREP implementation and assessment and updates them from time to time. The EBA published its most recent set of revised guidelines on SREP and supervisory stress testing, which have been in effect since January 1, 2023, on March 18, 2022. The revised SREP guidelines serve largely to implement requirements of CRD V, incorporate the stipulations of various new and revised EBA guidelines and are intended to help refine supervisory practice. The changes being introduced include a requirement that ESG risks be incorporated into business model analysis. ESG risks and their consequences are to be assessed in this context with regard to the viability and sustainability of the business model and the long-term resilience of the Volkswagen Bank Group. In future, this assessment will probably have an increased effect on the level of the overall SREP score determined by the ECB.

Once the SREP has been completed, Volkswagen Bank GmbH, like other significant institutions, will be notified of the additional equity requirements and expectations in relation to Pillar 2 along with recommendations for implementation. Volkswagen Bank GmbH is bound to respect that notification for the Volkswagen Bank GmbH Group.

Given that Volkswagen Bank GmbH originates securitizations on a large scale, the provisions of the Securitization Regulation and compliance with the requirements for STS securitizations are also of great relevance.

The provisions of the Prudential Backstop Regulation for nonperforming loans as described in Article 47a of the CRR, which entered into force on April 26, 2019, also have a regulatory effect on the capital requirement for credit risk. Regulatory minimum capital requirements for risk exposures that have been nonperforming for more than two years have been in force since 2021. Failure to comply in full with the regulatory minimum capital requirement necessitates a deduction from the Common Equity Tier 1 capital. The regulator does not currently allow CRSA institutions like Volkswagen Bank GmbH to recognize collateral in the form of vehicles, which means that deductions are made from equity. This deduction from equity also affects Pillar II.

The expectations of the ECB set out in its addendum to the guidance on nonperforming loans (prudential provisioning backstop for nonperforming exposures), most recently updated by the expectations regarding adequate prudential minimum provisioning published on August 22, 2019, also have a regulatory impact. Volkswagen Bank GmbH must also ensure that its management of nonperforming loans complies with the EBA Guidelines on the management of nonperforming and forborne exposures, the ECB's Guidance to banks on nonperforming loans and the revised MaRisk published in August 2021. More significant implications for the credit risk strategy can arise should the proportion of nonperforming risk exposures reach or exceed 5% at the level of the Volkswagen Bank GmbH Group or at the level of the single entity. Volkswagen Bank GmbH must additionally comply with the EBA Guidelines on loan origination and monitoring, which define wide-ranging requirements for the assessment of lending operations and thus have implications for credit decisions. The necessary IT was gradually implemented at Volkswagen Bank GmbH by June 30, 2024 in accordance with the EBA's transitional provisions.

There are regulatory effects arising from the stipulations concerning interest rate risk, which include the guidelines on interest rate risks for banking book (IRRBB) and credit spread risk arising from non-trading book activities (CSRBB). These guidelines were to be implemented in two stages in 2023. Among the more prominent changes were the requirements pertaining to credit spread risk. The adopted delegated act related to CRD V for the supervisory IRRBB outlier test specifies the six supervisory shock scenarios plus the criteria to be used to assess whether there is a strong decline in the net interest income or in the economic value of equity that could trigger supervisory measures. Completing the IRRBB package are extensive reporting requirements for interest rate risk that had to be implemented by September 30, 2024. Accordingly, the first report had to be submitted by September 30, 2024. The LiMA project will ensure sustainable IT implementation.

Other regulatory effects on risk management in Pillar 2 stem in particular from the EBA Guidelines on ICT and security risk management and the EBA Guidelines on outsourcing arrangements, which are also considered in the MaRisk published in August 2021.

The Regulation on digital operational resilience for the financial sector (DORA) will also be of great relevance in this connection and largely determine the requirements for IT but also the relationship with ICT service providers. DORA is intended to establish a standardized framework for the effective and all-inclusive management of cybersecurity risk and ICT risk for financial market participants and critical ICT service providers as defined in the Regulation. It aims to ensure that resilient operation can be maintained in the event of serious disruption that could potentially jeopardize the security of the network and information systems so that financial market participants can continue to work securely and reliably even if information and communication technology (ICT) is affected by a major incident.

DORA focuses on six main areas: ICT risk management, the reporting of ICT-related incidents and material cyberthreats, digital operational resilience testing (including threat-led penetration testing,

TLPT), third-party ICT risk management, a European oversight framework for critical third-party ICT service providers, and information sharing and (cyber) emergency exercises.

A large proportion of the requirements are already familiar from the aforementioned EBA Guidelines on ICT and security risk management and EBA Guidelines on outsourcing arrangements and from the supervisory requirements for IT in financial institutions (BAIT) and MaRisk. What the regulation does, in effect, is elevate many requirements that are already known onto a statutory footing. The DORA Regulation has applied since January 17, 2025. BaFin has exempted financial undertakings that are directly subject to the DORA Regulation from the scope of BAIT in order to avoid double regulation. Consequently, BAIT no longer directly addresses Volkswagen Bank GmbH and its subsidiary Volkswagen Leasing GmbH.

Furthermore, the DORA Regulation includes a series of mandates on which initial delegated regulations were published in the Official Journal of the European Union in the course of 2024, which had to be implemented by the date of their initial application. Of particular importance for risk management at Volkswagen Bank GmbH is a delegated regulation for the further harmonization of ICT risk management instruments, methods, processes and strategies. Furthermore, the European supervisory authorities published a number of final draft regulatory technical standards (RTS) and implementing technical standards (ITS) in July 2024, and it is expected that these will shortly become law.

One project implements the requirements of DORA and the associated delegated regulations. It aims to implement regulatory requirements set out in DORA and to strengthen the resilience of Volkswagen Bank GmbH and its subsidiary Volkswagen Leasing GmbH against cyber risks.

In the context of DORA, BaFin published a supervisory statement on outsourcing to cloud service providers in February 2024, which it updated in July. Furthermore, on June 3, 2024, the ECB published its consultation paper "Outsourcing cloud services to cloud service providers." The ECB guide scrutinizes the requirements of DORA in the context of outsourcing cloud services to cloud service providers, which in many cases are also likely to be critical ICT service providers within the meaning of DORA. It also formulates the expectations for the implementation of DORA in this respect, which it transfers to the Group beyond DORA through the requirements of the CRD.

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

The Guide focuses on seven key areas: a) the responsibilities of the management body, b) the scope of application of the data governance framework, c) key roles and responsibilities for data governance, d) the implementation of an integrated data architecture at group level, e) the effectiveness of data quality controls, f) the timeliness of internal risk reporting and g) implementation programs. Volkswagen Bank GmbH attaches great importance to this matter and is working with Volkswagen Financial Services AG to ensure that there is continuous improvement in data quality. It is also tackling the subject from the governance side, with a Head of Data Governance ensuring there is an appropriate governance framework in place and that data quality will be adequate for regulatory reporting and internal management purposes.

Factoring in climate and environmental risks, including transition risk, in risk management will continue to play a significant role in light of the stricter regulatory requirements anticipated. This requires a continuing intensive review of these risks that could be drivers of existing categories of risk and that are considered in the identification, assessment, monitoring and management of the categories of risk. While large amounts of data are already collected to identify and assess any climate and environmental risks, be it for internal risk management or for disclosure purposes, it will become more important to ensure the relevance and quality of this data so it can be managed in line with transition plans.

Of particular significance in this connection is the ECB's Guide on climate-related and environmental risks. Its requirements are due to be implemented following the establishment of the financial holding group in accordance with a plan agreed with the ECB. This plan also includes the new Volkswagen Bank Group with Volkswagen Leasing GmbH as a subsidiary of Volkswagen Bank GmbH. The requirements of this Guide, building on the methodology developed for the Volkswagen Bank Group in its composition up to June 30, 2024, will be implemented for the Volkswagen Bank Group as part of the financial holding group by the end of September 2025; the materiality of the risks is due to be assessed by June 30, 2025. For Volkswagen Bank GmbH (single entity) the requirements of this Guide were already implemented in 2023.

Moreover, the MaRisk requirements, including the 7th and 8th MaRisk amendments, were due to be implemented Group-wide by July 1. The main issues of these amendments related particularly to the integration of ESG risks in all relevant risk management processes and the quantification of ESG risks where possible, the implementation of the EBA Guidelines on loan origination and monitoring, the requirements for the use of models in the context of risk parameterization and measurement, and the implementation of the EBA Guidelines on IRRBB and CSRBB.

It is worth noting that ESG risks must not only be taken into account comprehensively in risk management; a comprehensive disclosure of ESG risks is now required, and this trend is set to increase. In the December 31, 2024 disclosure report of the Volkswagen Bank Group, for example, extensive sustainability-related information must be disclosed. This relates, in particular, to information on CO_2 emissions including emissions related to the financing of vehicles, so-called Scope 3 emissions, and the green asset ratio. The green asset ratio expresses the proportion of loans and receivables that satisfy the taxonomy criteria in the Taxonomy Regulation and the current associated Delegated Regulation (EU) 2021/2139. Scope 1, 2 and 3 emissions were first disclosed as of June 30, 2024.

It is to be expected that the green asset ratio will rise over the next few years as the proportion of battery-powered vehicles financed and leased rises. At the same time, emissions intensity is expected to decline, with an increase in the proportion of battery-powered vehicles financed, i.e., leased CO_2 emissions are likely to fall relative to the portfolio of loans and receivables over the next few years. Vehicles with combustion engines will still be financed in the future, so measures to offset these emissions are planned as part of the sustainability strategy. The Volkswagen Bank Group as part of the Volkswagen Financial Services Group is aiming for the direct emissions of financed and leased vehicles in the portfolio to become net climate-neutral by 2030. The corresponding unavoidable carbon emissions will be compensated for by investment in climate protection projects.

Finally, the Corporate Sustainability Reporting Directive entered into force during 2023 and is expected to be transposed into national law in the course of 2025. In future, being a large subsidiary active in the capital markets, Volkswagen Bank GmbH will have to disclose extensive sustainability-related information in its (sub)group management report. This includes the required disclosure in accordance with Article 8 of the Taxonomy Regulation and the Delegated Regulation (EU) 2021/2178. The sustainability and transformation strategy and the transition plans with defined target dates for reducing CO_2 emissions will also be covered by the disclosure requirements. The details are set out in a delegated act that is now in force. Initial publication is expected as of December 31, 2025.

In order to ensure the consistent EU-wide implementation of the CRD VI requirements with regard to the management of ESG risks, the EBA published a consultation paper on the management of ESG risks in January 2024; the final version was published by the EBA on January 9, 2025, and its requirements must be implemented by January 11, 2026. Whereas a large part of the requirements for managing ESG risks is already known from the EBA Guidelines on climate-related and environmental risks and from

the MaRisk published at the end of June 2023, these guidelines are noteworthy for the fact that they define very binding standards in some cases that can be used in the future to measure and verify whether the relevant requirement for managing ESG risks has been met, even though the EBA has somewhat broadened the scope for appropriate, proportional implementation in some areas compared with the consultation paper. While today it is often enough for ESG risks to be taken into account in the various risk management processes for all categories of risk, the EBA Guide formulates requirements for various cases that are as specific as possible and must be met for the requirement in question to be considered as having been fulfilled and for it to have been adequately taken into account. The specifications resulting from the CRD VI requirements are also new. They relate, in particular, to the requirements for the transition plan that is to be prepared. Accordingly, the management body will, following implementation at the national level, be responsible for the development of specific plans with quantifiable objectives to monitor and mitigate physical and transition risks resulting over the short, medium and long term from the business model and strategy of the institution or group not being consistent with the relevant political objectives of the European Union or more general trends to transition to a more sustainable economy with regard to ecological, social and governance factors.

The long-term time horizon should be at least 10 years. Furthermore, the plan must include an interim target for 2030 to demonstrate to the supervisory authorities how the plan enables the institution and the group to identify and measure ESG risks associated with the EU's target of reducing greenhouse gas emissions by 55% from 1990 levels. Furthermore, the transition plans must be consistent with the business strategy, risk appetite, ICAAP and the other risk management processes.

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

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

- Requirements relating to the risk culture
- Functioning and effectiveness of the governing bodies of the supervised companies (including committees of the supervisory board and of the independent members)
- Functioning and effectiveness of the internal controlling functions consisting of the risk management function, the compliance function and Internal Audit and
- Design and implementation of the risk appetite framework.

The guide outlines the good practices observed in the ECB's view.

With regard to the policies on the composition and functioning of the bodies, in future the ECB expects a suitability policy and diversity policy to be implemented, in particular.

A large number of expectations and recommendations set out in the consultation paper were heavily criticized by the banks, as some of them go well beyond existing regulatory requirements and it is at times questionable whether they will really achieve the intended strengthening of governance, although this is welcome in principle. It therefore remains to be seen what the final ECB guide on governance and

risk culture will look like. Volkswagen Financial Services AG and Volkswagen Bank GmbH will scrutinize the final ECB guide and derive any need for action and any measures to be taken, where applicable.

NEW PRODUCTS AND NEW MARKET PROCESS

Before launching new products or commencing activities in new markets, the Volkswagen Bank GmbH Group first runs through its new product and new market process. All the units involved (such as Risk Management, Controlling, Accounting, Reporting, Legal Affairs, Compliance, Antitrust Law, Treasury, Payments, IT) must be integrated into the process. The process for every new activity involves the preparation of a written concept, which includes an analysis of the risks associated with the new product or market and a description of the possible implications for management posed by the risks. Responsibility for approval or rejection lies with the Board of Management of Volkswagen Financial Services AG and with the relevant members of the Management Board of Volkswagen Bank GmbH or those with delegated authority from the Management Board, and, in the case of new markets, also with the members of the Supervisory Board.

The Bank maintains a product manual containing details of all products and markets intended to form part of the business activities.

CHANGES TO OPERATING PROCESSES OR STRUCTURES

Any material changes proposed to the operational and organizational structure or IT systems have to be analyzed prior to implementation to determine their impact on control procedures and on the extent of such controls.

This analysis is completed using a standardized questionnaire to ensure a consistent, rigorous approach.

The organizational units that will be involved in the future workflows are included in the preliminary stages of any proposed changes. The Risk Management and Compliance units each give an opinion and details are passed to Internal Audit to keep it informed.

OVERVIEW OF RISK CATEGORIES

Financial risks	Nonfinancial risks
Counterparty default risk	Operational risk
Residual value risk	
Interest rate risk in the banking book (IRRBB)	
Credit spread risk	
Other market risk (currency and fund price risk)	
Refinancing risk	
Business risk	

Unless explicitly mentioned, there were no material year-on-year changes to the individual risks and opportunities.

FINANCIAL RISKS

Counterparty default risk

Counterparty default risk refers to a potential negative variance between actual and forecast counterparty risk outcomes. The forecast outcome is exceeded if the loss incurred as a consequence of defaults or changes in credit rating is higher than the expected loss.

In the Volkswagen Bank GmbH Group, counterparty default risk encompasses the following risk categories: credit risk, counterparty risk, issuer risk, country risk and shareholder risk.

Credit risk

Credit risk is defined as the danger of incurring losses as a result of defaults in customer business (retail and corporate), specifically the default of the borrower or lessee. Loans to and receivables from Volkswagen Group companies are also included in the analysis. Default occurs when the borrower or lessee is unable or unwilling to make the payments due. This includes late or partial payment of interest and principal on the part of the contracting party.

Credit risk, which also includes counterparty default risk in connection with leases, accounts by far for the greatest proportion of risk exposures in the counterparty default risk category.

The aim of a systematic credit risk monitoring system is to identify potential borrower or lessee insolvencies at an early stage, initiate any corrective action in respect of a potential default in good time and anticipate possible losses by recognizing appropriate write-downs or provisions.

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on financial position and financial performance. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of borrowers or lessees to make payments, the recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

Risk identification and assessment

Lending or credit decisions in the Volkswagen Bank GmbH Group are made primarily on the basis of the borrower credit check. These credit checks use rating or scoring systems, which provide the relevant departments with an objective basis for reaching a decision on a loan or a lease.

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

To quantify credit risk, an expected loss (EL) and an unexpected loss (UL) are determined at portfolio level for each entity. The UL is the value at risk (VaR) less the EL. The calculations use an asymptotic single risk factor (ASRF) model in accordance with the capital requirements specified by the Basel Committee on Banking Supervision (Gordy formula), augmented with concentration and/or diversification factors, taking into account the credit quality assessments from the individual rating and scoring systems used.

Rating systems for corporate customers

The Volkswagen Bank GmbH Group uses rating systems to assess the credit quality of corporate customers. This evaluation takes into account both quantitative factors (mainly data from annual financial statements) and qualitative factors (such as the prospects for future business growth, quality of management and the customer's payment record). When the credit assessment has been completed, the customer is assigned to a rating class, which is linked to a probability of default. A centrally maintained, workflow-based rating application is used for the most part to support this analysis of creditworthiness. The rating determined for the customer serves as an important basis for decisions on whether to grant or renew a loan and for decisions on provisions.

Scoring systems in the retail business

For the purposes of determining the credit quality of retail customers, scoring systems are incorporated into the processes for credit approval and for evaluating the existing portfolio. These scoring systems provide an objective basis for credit decisions. The systems use information about the borrower available internally and externally and estimate the probability of default for the requested loan, generally with the help of statistical methods based on historical data covering a number of years. An alternative approach adopted for smaller or low-risk portfolios also uses generic, robust scorecards and expert systems to assess the risk involved in credit applications.

To classify the risk in the credit portfolio, both behavioral scorecards and simplified estimation procedures are used, depending on portfolio size and the risk inherent in the portfolio.

Supervision and review of retail and corporate systems

The models and systems supervised by Risk Management are regularly validated and monitored using standardized procedural models for validating and monitoring risk classification systems. The models and systems are adjusted and refined as required. These review procedures are applied to models and systems for assessing credit quality and estimating the probability of default (such as rating and scoring systems) and to models used for estimating loss given default and estimating credit conversion factors.

In the case of the retail models and systems for credit assessment supervised by local risk management units outside Germany, Risk Management reviews the quality of these models and systems on the basis of the locally implemented validation processes, determines action plans in collaboration with the local risk management units if a need for action is identified and monitors the implementation of those action plans. In the validation process, particular attention is paid to a review of the discriminant power of the models and an assessment of whether the model calibration is appropriate to the risk. The models and systems for corporate customers are handled in the same way, although a centralized approach is used for the supervision and validation thereof.

Collateral

The general rule is that credit transactions are secured by collateral to an extent that is commensurate with the risk. In addition, overarching rules specify the requirements that must be satisfied by collateral, the evaluation procedures and the evaluation bases. Further local regulations (collateral policies) set out specific values and special regional requirements that must be observed.

The values in the collateral policies are based on historical data and experience accumulated by experts over many years. As the operating activities of the Volkswagen Bank GmbH Group focus on retail and dealership financing as well as vehicle leasing, the vehicles themselves are hugely important as collateral assets. For this reason, trends in the market values of vehicles are closely monitored and analyzed. Procedures provide for adjustments to evaluation systems and vehicle remarketing processes if there are strong changes in the market values/remarketing proceeds of vehicles.

Risk Management also carries out quality assurance tests on local collateral policies on a regular basis. This includes a review of collateral values and implementation of any necessary adjustments.

Provisions

The calculation of provisions is based on the expected loss model in accordance with IFRS 9. Provisions are determined as a function of the results of the rating and scoring processes applied.
The provision for risk in accordance with IFRS 9 is determined on the basis of the credit risk parameters used in the internal risk calculations (see also “Risk Identification and Assessment” and the following sections).

Risk monitoring and control

Risk Management sets framework constraints for the management of credit risk. These constraints form the mandatory outer framework of the central risk management system, within which the divisions/markets can operate in terms of their business policy activities, planning, decisions, etc. in compliance with their assigned authority.

Appropriate processes are used to monitor all lending in relation to financial circumstances, collateral and compliance with limits, contractual obligations and internal and external conditions. As such, commitments are managed according to the degree of risk involved (standard, intensified and problem loan management). Approval or reporting limits determined by (the) Volkswagen Bank GmbH (Group) are also used to manage credit risk. These limits are specified separately for each individual branch and subsidiary.

Trends

In fiscal year 2024 material changes were made to the structure of Volkswagen Bank GmbH under company law, and Volkswagen Leasing GmbH became a subsidiary of Volkswagen Bank GmbH. Furthermore, the Dutch subsidiary DFM N.V. of Volkswagen Bank GmbH became a subsidiary of Volkswagen Financial Services AG.

The absorption of Volkswagen Leasing GmbH into the Volkswagen Bank GmbH Group led to a significant increase in the loans and receivables volume in the lending portfolio at the consolidated level of the Volkswagen Bank GmbH Group (€+52 billion as of December 2024 compared with December 2023). Accordingly, the volume of loans and receivables of the Volkswagen Bank GmbH Group almost doubled.

All told, a stable trend of credit risks at a moderate level was established in 2024. The persistent rise in the default rate is attributable to the markets in Germany and France. This rise is due to the implementation of the regulatory requirements on the definition of default according to the CRR (Capital Requirements Regulation) in the companies of Volkswagen Leasing GmbH and, secondly, the economic environment has led to a persistent slight deterioration of the risk position.

Retail portfolio

The absorption of Volkswagen Leasing GmbH in fiscal year 2024 led to a significant increase in the loans and receivables volume in the retail portfolio of the Volkswagen Bank GmbH Group. The volume of loans and receivables in the retail portfolio as of December 2024 was up by €37 billion year-on-year. By contrast, Volkswagen Bank Germany reported a continuing decline in the loans and receivables volume in 2024 (€–697 million) since the existing business that matured could not be offset by the new business and the migration of the financing business to the leasing business continued.

Credit risk in the Volkswagen Bank GmbH Group’s retail portfolio was stable and changed at a moderate level in the current economic circumstances. In fiscal year 2024, the default rate rose slightly from 2.8% in December 2023 to 2.9% in December 2024, and the percentage provision for credit risks declined slightly from 2.0% as of December 2023 to 1.7% as of December 2024. The increase in the default rate is due to the execution of the regulatory requirements on the definition of default according to the CRR in the companies of Volkswagen Leasing GmbH and the accompanying implementation of the good conduct period.

Corporate portfolio

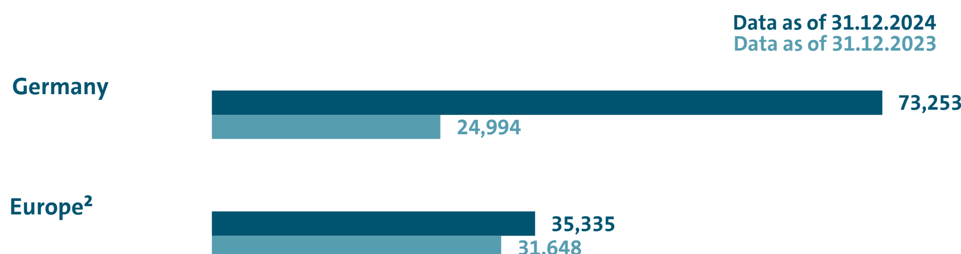
There was a significant and sustained rise in the volume of loans and receivables in the Volkswagen Bank GmbH Group’s corporate portfolio in fiscal year 2024 (year-on-year increase of €15 billion as of December 2024). This development is also attributable to the absorption of Volkswagen Leasing GmbH into Volkswagen Bank GmbH.

By contrast, the transfer of DFM N.V. to Volkswagen Financial Services AG (€–3.3 billion corporate portfolio, of which €2.6 billion dealer finance portfolio) led to a decline in the dealer finance portfolio of the Volkswagen Bank GmbH Group (€–661 million as of December 31, 2024 compared with December 2023).

In fiscal year 2024, risk in the corporate portfolio was shaped by a rise in the default rate (from 2.7% as of December 2023 to 3.8% as of December 2024) and a decrease in the percentage provision for credit risks (from 1.8% as of December 2023 to 1.6% as of December 2024). The rise in the default rate is attributable to the non-dealer portfolio and to the absorption of Volkswagen Leasing GmbH. The increase in the default rate is due to the execution of the regulatory requirements on the definition of default according to the CRR in the companies of VW Leasing GmbH and the accompanying implementation of the good conduct period.

BREAKDOWN OF LENDING VOLUME BY REGION[1]

€ million



1 Figures before application of consolidation effects

2 Europe excluding Germany

BREAKDOWN OF LENDING VOLUME BY PD BAND AND PORTFOLIO[1]

€ million

PD band	Retail	Corporate	Total
< = 1 %	31,299	14,836	46,135
	28.8%	13.7%	42.5%
> 1 % < 100 %	39,083	19,915	58,998
	36.0%	18.3%	54.3%
100%	2,121	1,334	3,455
	2.0%	1.2%	3.2%
Total	**72,503**	**36,085**	**108,588**
	66.8%	33.2%	100.0%

1 Figures before application of consolidation effects

Counterparty/Issuer risk

Counterparty risk arises in connection with interbank investments, derivatives and pension funds. Counterparty risk is a subcategory of counterparty default risk and describes the risk that a counterparty

may be unable to make payments of interest and/or repayments of principal as contractually required. Similarly, issuer risk is the risk that the issuer of a security could become insolvent during the maturity of the product and, as a consequence, some or all of the invested capital, including the expected interest payments, has to be written off. Issuer risk results from the purchase of securities to optimize liquidity management and to fulfill statutory and/or regulatory requirements.

The objective in the management of counterparty and issuer risk is to identify potential defaults in a timely manner, so that corrective action can be initiated at an early stage as far as possible. Another important objective is to ensure that the Bank only takes on risks within the approved limits.

If a counterparty or issuer risk were to materialize, this would represent the potential loss of a business asset, which would have a negative impact on financial position and financial performance.

Risk identification and assessment

Both counterparty risk and issuer risk are recorded as components of counterparty default risk. Counterparty and issuer risks are quantified by estimating the portfolio loss distribution using a Monte Carlo simulation and in terms of the value-at-risk or unexpected loss thus calculated.

Risk monitoring and control

To establish effective monitoring and control, volume limits are specified for each counterparty and issuer. The Treasury Backoffice, in its role as a subsidiary function of Risk Management, is responsible for monitoring compliance with these limits. The volume limits are set as a function of the capital available in line with the adopted strategy taking account of business requirements and the credit assessment. The Back Office department is responsible for the initial classification and then regular reviews. The relevant credit applications are then submitted to the decision-makers for a decision. Risk Management analyzes counterparty and issuer risks quarterly as part of the calculation of risk-bearing capacity. Counterparty and issuer risk is reported to the Management Board in the quarterly risk management report.

Country risk

Country risk refers to risks in international transactions that are not attributable to the counterparty itself but that arise because of the counterparty's domicile in a country outside Germany. The Volkswagen Bank GmbH Group has to take into account country risk particularly in connection with funding and equity investment activities involving foreign companies and in connection with the lending business. Given the focus of business activities in the Volkswagen Bank GmbH Group, only limited country risks could arise as the Group is not usually involved in cross-border lending business, with the exception of intercompany loans. Cross-border activities account for less than 1% of lending business in retail financing. The conventional country risk analysis is not applicable to intercompany lending because, if the difficulties described above were to occur, the funding of the entities through lending could be extended if necessary, thereby ensuring that the entities could continue to operate in the strategic market concerned. For these reasons, there has been no need to establish limits related to the overall level of business for countries or regions, for example, to limit transfer risk.

Shareholder risk

Shareholder risk refers to the risk that after contributions of capital or loans regarded as equity are made to a company, losses with negative effects on the carrying amount of the shareholding might occur (e.g., silent contributions). In principle, the Volkswagen Bank GmbH Group only makes such equity investments to help achieve its corporate objectives. The investments must therefore support the Bank's own operating activities and be as intended a long-term holding.

If shareholder risk were to materialize in the form of a loss of fair value or even the complete loss of an equity investment, this would have a direct impact on relevant financial data. The net assets and financial performance in the Volkswagen Bank GmbH Group would be adversely affected by write-downs recognized in profit or loss.

Risk identification and assessment

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

Risk monitoring and control

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

Interest rate risk in the banking book (IRRBB)

Interest rate risk in the banking book (IRRBB) consists of potential present-value and periodic losses arising as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items. The Volkswagen Bank GmbH Group is exposed to interest rate risk in its banking book. The Volkswagen Bank GmbH Group does not keep a trading book.

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

Risk identification and assessment

Operating and strategic interest rate risks for the Volkswagen Bank GmbH Group are determined and reported as part of the monthly monitoring process using the value at risk (VaR) method The model is based on a historical simulation and calculates potential losses taking into account 3,650 historical market fluctuations. Negative interest rates can also be processed in the historical simulation and are factored into the risk assessment.

The VaR calculated for operational management purposes estimates potential losses under historical market conditions, but stress tests are also carried out for situations in which interest rate exposures are subject to exceptional changes in interest rates and worst-case scenarios. The results from the simulations are analyzed to assess whether any of the situations could represent a serious potential risk. This process also includes the monthly quantification and monitoring of the changes in present value resulting from the interest rate shock scenarios of +200 basis points and –200 basis points as specified by the German Federal Financial Supervisory Authority (BaFin) and from the scenarios relating to interest rate risk in the banking book specified by the ECB and the Basel Committee on Banking Supervision.

The behavior of investors with indefinite deposits is analyzed using internal models and methods for managing and monitoring interest rate risk.

In addition to the present value perspective, the interest rate risk in the Volkswagen Bank GmbH Group is measured using the income-oriented and periodic perspective. The income-oriented perspective relates to the periodic results and thus creates a direct link with the income statement. All told, the focus of interest rate risk management is on the present-value perspective. The periodic perspective supplements the present-value perspective and is monitored using limits.

Risk monitoring and control

The strategic orientation and management of interest rate risk is decided by the ALM Committee and implemented by Treasury. Interest rate risk is managed on the basis of limits or target structures. Funding instruments and interest rate derivatives are used to ensure adherence to these limits and target structures. The hedging contracts entered into by the Group mainly comprise interest rate swaps and cross-currency interest rate swaps.

Hedged banking book items are assigned to interest rate derivatives either individually for each interest rate derivative (micro hedges) or, aggregated at portfolio level, in portfolio hedge accounting. Interest rate risk is accordingly hedged using fair value hedges, cash flow hedges at micro level and portfolio hedges. Hedge ineffectiveness in micro-hedge accounting results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Hedge ineffectiveness in portfolio hedge accounting also results from differences in transaction attributes between the portfolio hedged items and hedging instruments.

Other factors (e.g., in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness. Individual yield curves are used when determining forward interest rates and prices and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Risk Management is responsible for monitoring and reporting on interest rate risk.

The Management Board of the Volkswagen Bank GmbH Group receives a separate report on the latest interest rate risk position in the Volkswagen Bank GmbH Group each month.

Trends

Interest rate risk in the banking book at the level of the Volkswagen Bank GmbH Group remained high in the reporting period due to high interest rate volatility. The set operating limits were complied with in the reporting period.

Credit spread risk in the banking book (CSRBB)

The credit spread risk in the banking book (CSRBB) as defined by the European Banking Authority (EBA) is the risk driven by changes of the market price for credit risk and liquidity risk. The Volkswagen Bank GmbH Group has developed and implemented methods for measuring CSRBB from a present-value and periodic perspective to comply with the EBA requirements (EBA/GL/2022/14). The Volkswagen Bank GmbH Group has been monitoring CSRBB for its securities portfolios regularly.

Strategic CSRBB for the Volkswagen Bank GmbH Group is determined and reported as part of the monthly monitoring process using the value at risk (VaR) method with a 365-day holding period and a confidence level of 99.9%. The strategic VaR for CSRBB is subject to limits agreed by the Management Board. If limits are exceeded, the situation is escalated to the Management Board and the Asset Liability Management Committee (ALM Committee). As soon as limit utilization increases, risk-relieving measures are agreed between Risk Management and Treasury.

Other market risk (currency and fund price risk)

Currency risk arises from foreign exchange exposures and potential changes in the corresponding exchange rates. The Volkswagen Bank GmbH Group is exposed to structural currency risks. These risks arise from the equity investments in the relevant local currency in the foreign branches.

The risk in connection with fund investments arises from possible changes in market prices. Fund price risk describes the risk relating to changes in market prices which can cause the value of portfolios of securities to fall, thereby giving rise to a loss.

The Volkswagen Bank GmbH Group is exposed to fund price risk solely from its employee post-employment benefit arrangements that are funded by pension plan assets consisting of fund investments (pension fund price risk). The Volkswagen Bank GmbH Group has undertaken to meet these pension obligations to employees if the employees' guaranteed entitlements can no longer be satisfied from the pension trust, and covers these obligations by recognizing pension provisions.

The objective of currency and fund price risk management is to control the financial losses arising from these categories of risk. With this in mind, the Management Board has agreed limits for this category of risk. As part of risk management activities, currency risk and fund price risk are included in the monthly risk report with a transparent analysis based on value at risk (VaR), a calculation offsetting the risk against the loss ceiling set for the Volkswagen Bank GmbH Group.

Other market risk is determined based on the strategic value-at-risk with a 365-day holding period and a confidence level of 99.9%.

The model is based on a historical simulation and calculates potential losses taking into account 3,650 historical market fluctuations (volatilities).

Liquidity risk

Liquidity risk is the risk of a negative variance between actual and expected cash inflows and outflows.

Liquidity risk is defined as the risk of not being able to meet payment obligations in full or when due, or – in the event of a liquidity crisis – the risk of only being able to raise funding at higher market rates or only being able to sell assets at a discount to market prices. This results in a distinction between illiquidity risk (day-to-day cash flow risk including deposit withdrawal/commitment drawdown risk and the risk of delayed repayment of loans on maturity), funding risk (structural liquidity risk) and market liquidity risk.

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

If liquidity risk were to materialize, funding risk would result in higher costs and market liquidity risk would result in lower selling prices for assets, both of which would have a negative impact on financial performance. The consequence of illiquidity risk in the worst-case scenario is insolvency caused by illiquidity. The Volkswagen Bank GmbH Group manages liquidity risk to prevent this situation from arising.

Risk identification and assessment

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

In conjunction with various ILAAP metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. The Volkswagen Bank GmbH Group ensures that it has appropriate liquidity adequacy at all times by measuring and limiting the ILAAP metrics. In the normative perspective, the liquidity coverage ratio (LCR) is used to assess the short-term liquidity risk; this approach is complemented by an analysis of the net stable funding ratio (NSFR), which is a longer-term structural liquidity ratio. The economic perspective also distinguishes between the analysis time horizons. For the purposes of safeguarding solvency at all times, utilization limits are specified for potential funding over the short- and medium-term time horizons.

Unexpected funding risks are quantified in order to manage the medium- to long-term funding structure. Liquidity adequacy is evaluated using a baseline scenario and multiple adverse scenarios, and is complemented by reverse stress tests. Stress tests are applied to funding matrices using a scenario approach with scenario triggers from the Bank itself or the market, or a combination of the two. Two approaches are used to determine the parameters for these stress scenarios. The first approach uses observed historical events and specifies different degrees of impact from hypothetical, but conceivable events. To quantify the funding risk, this approach takes into account the relevant aspects of illiquidity risk and changes in spreads driven by credit ratings or the market. A risk assessment is a key component in the system to ensure appropriate liquidity adequacy at all times. All ILAAP metrics are linked with other elements of the ILAAP (including liquidity contingency plan, recovery plan) to ensure that an effective overall process is in place. Funding risk is also included in the calculation of risk-bearing capacity for the Volkswagen Bank GmbH Group.

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

Risk monitoring and control

Volkswagen Bank GmbH’s Treasury manages the liquidity of the Volkswagen Bank Group in operational terms. To this end, it prepares funding matrices, carries out cash flow forecasts and uses this information to determine the relevant range of liquidity coverage. The analysis results, the current liquidity situation and possible funding measures are presented to and discussed with the Operational Liquidity Committee (OLC) at meetings generally held every week.

The OLC comprises representatives from the Risk Management (Volkswagen Bank GmbH), Controlling (Volkswagen Leasing GmbH), Direct Bank and Treasury (both Volkswagen Bank GmbH divisions).

Risk Management communicates the main risk management information and relevant early warning indicators relating to illiquidity risk and funding risk. As far as illiquidity risk is concerned, these indicators involve appropriate threshold values for determined degrees of utilization over various time horizons, taking into account access to relevant sources of funding. The indicators relating to funding risk are based on potential funding costs, which are monitored using a system of limits.

A further strict requirement imposed under banking regulations is the need to provide a highly liquid cash buffer and appropriate liquidity reserves to cover any liquidity requirements over seven-day and 30-day time horizons. For this reason, a contingency plan with an appropriate list of measures for obtaining liquidity has already been drawn up so that it can be implemented in the event of a liquidity squeeze.

Risk communication

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

The members of the Management of Volkswagen Bank GmbH are informed on a daily basis of outstanding funding and the value of the securities in the operational safe custody account held with Deutsche Bundesbank.

Trends
Liquidity risk at the level of the Volkswagen Bank GmbH Group remained stable. The prevailing global uncertainty did not result in any unanticipated liquidity outflows. Funding instruments remained available and stable at all times. The main ILAAP metrics remained within the specified limits in the reporting period.

Residual value risk

Residual value risk arises from the fact that the predicted market value for an asset leased or financed could turn out to be lower upon remarketing at the end of the contract than the residual value calculated when the contract was concluded, or that the sales revenue realized could be less than the carrying amount of the vehicle in the event of the contract ending early if legal contract termination options are exercised. On the other hand, there is a possibility that remarketing could generate proceeds greater than the calculated residual value or carrying amount.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. Direct residual value risk refers to residual value risk borne directly by the Volkswagen Bank GmbH Group. An indirect residual value risk arises if the residual value risk has been transferred to a third party (such as a dealership) on the basis of a contractual agreement. In such cases, there is a counterparty default risk in respect of the bearer of the residual value risk. If the bearer of the residual value risk defaults, the Volkswagen Bank GmbH Group’s indirect residual value risk becomes relevant in that the indirect residual value risk passes back to the Volkswagen Bank GmbH Group and becomes a direct residual value risk. In other words, the Volkswagen Bank GmbH Group re-assumes responsibility for remarketing the vehicles.

The objective of residual value risk management is to keep the risks within the agreed limits. The net assets and financial performance of the Volkswagen Bank GmbH Group would be adversely affected by losses on disposal or impairment losses if the residual value risk were to materialize. As stated in the accounting policies for leases described in the notes to the consolidated financial statements, the impairment losses lead to a subsequent adjustment of future depreciation rates.

Risk identification and assessment
Direct residual value risks are quantified on the basis of expected loss (EL) and unexpected loss (UL). The EL equates to the difference between the contractual residual value specified at the inception of the lease for each vehicle and the latest forecast as of the measurement date of the remarketing proceeds. Other parameters such as remarketing costs are also taken into account in the calculation. The portfolio EL is determined by aggregating the individual expected losses for all vehicles. The expected losses arising from contracts subject to risk relate to the losses expected at the end of the term of the contracts concerned. These losses are recognized in profit or loss in the consolidated financial statements for the current period or prior periods.

To determine the UL, the variation is measured between the realized selling price of the sold vehicles, adjusted for damage and mileage variances, and the contractual residual value. A markdown is derived from the history of these variations.

The UL is calculated by multiplying the contractual residual value by the markdown for the leased and still unsold vehicles. It can be calculated for each individual lease for each vehicle in the portfolio. As

in the calculation of the EL, the UL portfolio is determined by aggregating the ULs of the individual vehicles. This figure is determined quarterly. The results from the calculation of the EL and UL are fed in to the assessment of the risk situation, e.g., they are one of the factors used in assessing the adequacy of the provisions for risks and are included in the calculation of risk-bearing capacity.

In the case of indirect residual value risk, the method used to quantify residual value risk is generally similar to that used for direct residual value risk. In addition, further risk parameters are taken into account (dealer default and other factors specific to this category of risk).

The general requirements for developing, using and validating the risk parameters for direct and indirect residual value risk are laid down in a set of procedural instructions.

Risk monitoring and control

Risk Management monitors direct residual value risk within the Volkswagen Bank GmbH Group.

As part of risk management procedures, the adequacy of the provision for risks and the potential residual value risk are regularly reviewed in respect of direct residual value risk; residual value opportunities are disregarded in the recognition of the provision for risks.

The distribution of risks means that the risks incurred in the individual contract analysis are not always fully covered due to the different curve progressions of the residual value (digressive curve) and repayment (progressive) during the term of the lease. Consequently, in future, for the risks already identified the risk amounts allocated during the residual term must be earned and transferred to depreciation.

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

Based on the resulting potential residual value risk, various measures are initiated as part of a proactive risk management approach to limit the residual value risk. With regard to new business, the residual value recommendation takes into account prevailing market conditions and factors that might have an influence in future. Various sensitivities for direct residual value risks are also in place to create a comprehensive picture of the risk sensitivity of residual values. These sensitivities are applied under expert leadership with the involvement of the central and local risk specialists. Indirect residual value risks faced by the Volkswagen Bank GmbH Group are subject to plausibility checks and are assessed from the perspectives of risk amount and significance.

As part of risk management activities, Risk Management regularly reviews the potential indirect residual value risk and the adequacy of the associated provision for risks. If necessary, it takes measures to limit the indirect residual value risk.

DEVELOPMENT OF DIRECT RESIDUAL VALUE RISK

Direct residual value risk[1]	Dec. 31, 2024	Dec. 31, 2023
Number of contracts	1,374,006	170,214
Guaranteed residual values (€ million)	28,200	3,220
Risk exposure in %	4.56	9.56

1 Including joint ventures (full inclusion) and subsidiaries recognized at cost

For 2024, the portfolio of the Volkswagen Bank GmbH Group recorded an increase in the volume of residual value risk contracts despite the tense market situation on account of economic and political risks. Due to technological developments, the residual values of electric vehicles of the first generation have

come under pressure. By contrast, the residual values of combustion engines are approaching pre-Covid levels, leading to a slight decrease in the remarketing performance. The increase in list prices on account of inflation has additionally contributed to this development. These factors led to an increase in residual value risks in 2024.

The Volkswagen Bank GmbH Group stipulates provisions for the management of residual values; first of all, its procedures for determining risk exposures include forward-looking residual value forecasts. Secondly, requirements applicable throughout the Group have been established that take into account the accounting standards for the provision for credit risks. On the basis of this mandatory outer framework the divisions/markets manage and monitor their business policy activities, planning and decisions, in compliance with their assigned authority. For risk monitoring at portfolio level, residual value risks are monitored as part of regular reporting and in the annual planning process.

Business risk

The Volkswagen Bank GmbH Group defines business risk as the risk of direct or indirect loss from adverse changes in economic conditions, particularly in the financial services sector (equates to sector risk). Business risk includes the following risk subcategories:

- Earnings risk
- Reputational risk
- Strategic risk
- Business model risk

All four risk subcategories relate to earnings drivers (e.g., business volume, margin, overheads, fees and commissions).

The method followed to determine risk-bearing capacity uses the planned profit before tax as a deduction for business risk. In the economic perspective, business risk is included in risk management as a material category of risk.

Earnings risk (specific profit or loss risk)

Earnings risk refers to the risk that actual values will vary from the budgeted values for certain items on the income statement that are not already covered by the other categories of risks described elsewhere. Earnings risk includes the following risks:

- Unexpectedly low fees and commissions (fee and commission risk)
- Unexpectedly high costs (cost risk)
- Excessively high income targets for new and existing business volume (sales risk) and
- Unexpectedly low investment income

The objective of quantification is to regularly analyze and monitor the potential risks associated with earnings risk to ensure that values at variance with budgeted values are identified at an early stage and any necessary corrective action is initiated. If the risk were to materialize, this would reduce income or increase costs and thereby also adversely impact the operating result.

Risk identification and assessment

The Volkswagen Bank GmbH Group quantifies earnings risk using a parametric earnings at risk (EaR) model with the confidence level specified in the calculation of risk-bearing capacity and a one-year forecast period.

The relevant income statement items provide the basis for these calculations. The estimates for earnings risk are then based on two perspectives: firstly, the observed, relative variances between target and actual values; secondly, the volatility and interdependencies among the individual items. Both components are incorporated into the EaR calculation.

Risk monitoring and control

During the course of the year, changes in the actual values for the earnings risk exposures are compared with the forecast values. This comparison is included in the standard reporting procedure carried out by Controlling.

The results from the quarterly quantification of earnings risk are included in the calculation of business risk.

Reputational risk

Reputational risk refers to the risk that an event or several successive events could cause reputational damage (in the eyes of the general public), which in turn could limit current and future business opportunities or activities (potential earnings), thereby leading to an indirect adverse financial impact (customer base, sales, funding costs, etc.) and/or direct financial losses such as penalties, litigation costs, etc.

The responsibilities of Corporate Communications include avoiding negative press reports or similar communications that might damage the Group's reputation or, if this is not possible, assessing such reports and initiating appropriate communication measures specific to the target group with a view to ensuring that the reputational damage is kept to a minimum. The strategic objective is thus to avoid or reduce negative variances of the reputation from the expected level. Reputational losses or damage to the Group’s image may have a direct impact on the company’s economic success.

Reputational risk is recognized quantitatively in the context of the risk-taking potential by applying a flat-rate markdown as part of business risk. This global approach is reassessed each year from a qualitative perspective.

Strategic risk

Strategic risk is the risk of a direct or indirect loss arising from strategic decisions that are flawed or based on false assumptions.

Strategic risk also includes all risks that result from the integration/reorganization of technical systems, personnel or corporate culture (integration/reorganization risk). These risks may be caused by fundamental decisions about the structure of the business made by Management in relation to the positioning of the Bank in the market.

The objective of the Volkswagen Bank GmbH Group is to manage its acceptance of strategic risk enabling it to systematically leverage earnings potential in its core business. In the worst-case scenario, a materialization of strategic risk could jeopardize the continued existence of the Bank as a going concern.

Strategic risk is included in the calculation of risk-bearing capacity as part of business risk, and also includes a qualitative markup for climate and sustainability risk drivers.

Business model risk

Business model risk arises as a result of the Bank’s economic dependency on Volkswagen Financial Services AG. The value for business model risk is derived using a scenario-based approach. The underlying

scenario assumes that Volkswagen Bank GmbH is unable to participate in the electric mobility transformation, a development it maps with additional increases in risk parameters. The additional capital that would be required to satisfy all creditor claims is calculated to determine the business model risk. An analysis of business model risk is carried out annually and the value of this risk is currently assessed at €0 (previous year: €0).

NONFINANCIAL RISKS

Operational risk

Operational risk (OpR) is defined as the risk of loss resulting from inadequate or failed internal processes (process risk), people (HR risk) or systems (technological risk), or resulting from external events (third-party risk). This definition includes legal risk. Categories of risk, such as reputational or strategic risk, do not fall within the scope of operational risk.

The objective of operational risk management is to present operational risks transparently and to initiate precautionary or corrective measures with the aim of preventing or, when this is not possible, mitigating the risks or losses. If an operational risk materializes, this represents an operational loss, which has a negative impact on financial position and financial performance.

The operational risk (OPR) strategy specifies the focus for the management of operational risk; written procedures such as the operational risk manual set out the associated implementation process and allocate responsibilities.

The strategic risk objectives are implemented on the basis of the Three Lines of Defense model. The local operational risk units in Germany and abroad are responsible for the local operational risk management as the first line of defense. In this context, it is important to observe the central requirements of risk management with regard to methodology and procedures (central operational risk unit) and the operational risk units responsible for specific risk categories (governance functions with expert knowledge, risk owners for individual causes of risk), which act as the second line of defense.

In addition, a rolling program of training and briefing sessions ensures that awareness of operational risk continues to grow.

Risk identification and assessment

Operational risks or losses are identified and assessed by the second line of defense working in pairs (assessor and approver) with the help of two tools: a risk self-assessment and a loss database.

The risk self-assessment is used to determine a monetary assessment of future risks. A standardized risk questionnaire is provided for this purpose. The local experts use these questionnaires to determine and record the details for various risk scenarios. The details include the possible amount of the risk and the probability of occurrence, in each case with typical and maximum figures.

The central loss database ensures that information about monetary operational losses is collected internally on an ongoing basis and the relevant data is stored. The local experts use this form to determine and record the relevant data, including the amount and cause of the loss.

The risk value (value-at-risk) for operational risk is determined quarterly by the central operational risk unit on the basis of a loss distribution approach (LDA), factoring in the results from the risk self-assessment and actual losses incurred.

Risk monitoring and control

Operational risk is managed by the operational risk units (first line of defense) on the basis of the provisions in force and the requirements laid down by the special operational risk units responsible for specific risk categories (second line of defense). Local management decides whether future risks or losses are

to be ruled out (risk prevention), mitigated (risk mitigation), consciously accepted (risk acceptance) or transferred to third parties (risk transfer).

The central operational risk unit assesses the validity of the information from the risk self-assessments and the reported losses, monitors the proper functioning of the operational risk system and, if necessary, makes appropriate adjustments. This includes, in particular, the integration of all operational risk units and operational risk special units, compliance with the risk sub-strategies for operational risks and a review of the methods and procedures used for risk measurement.

Risk communication

Communications relating to operational risks are provided quarterly as part of the risk management reports. The quarterly details are supplemented by an annual operational risk report in which the main events in the year are presented and assessed again in one coherent report. Ad hoc reports are issued in addition to the regular reports, provided that the relevant specified criteria are satisfied.

Trends

Operational risk was within the set strategic limits. Risks classified as legal risks (within the process risk category) account for the greatest proportion of risk exposure in the operational risk category. This is followed by the category of external risk – external services and outsourced tasks. The topic of technology risks – information technology (in particular due to the general rise in the number of cyber attacks and the increasing importance of artificial intelligence implications) still has a high risk potential.

These three important causes of risk are described in detail below.

Process risks - compliance risk

To counter the risk of violations of rules, regulations and laws (compliance risk), a compliance and integrity function has been established in the Volkswagen Bank GmbH Group whose task it is to specify and implement risk-mitigating measures in the role of a governance function. At the Volkswagen Bank GmbH Group, compliance risk encompasses all risks that could arise from non-compliance with statutory rules and regulations or other official or supervisory requirements, or that could be caused by a breach of internal company regulations. In addition, integrity risk encompasses all risks that arise from a failure of employees to conduct themselves in an ethically acceptable manner or to act in accordance with the Group's principles or the values of Financial Services, thereby presenting an obstacle to the sustained success of the business. This differs from conduct risk, which is defined as the risk arising from inadequate conduct by the institution toward the customer, unreasonable treatment of the customer or provision of advice using products that are not suitable for the customer.

This differs from conduct risk, which is defined as the risk arising from inadequate conduct by the institution toward the customer, unreasonable treatment of the customer or provision of advice using products that are not suitable for the customer.

The compliance function is committed to ensuring compliance with laws, other legal requirements, internal rules and the organization's own stated values and to creating and fostering an appropriate compliance culture. It is also the responsibility of the integrity function, on the basis of an integrity management system, to raise awareness of the ethical principles, the code of conduct and the need for compliance, and to help employees choose the right course of action, responsibly and steadfastly, driven by their own personal conviction.

As a component of the compliance function, the role of the compliance officer is to work toward implementing effective procedures to ensure compliance with material regulations for the institution and

toward establishing appropriate controls. This is achieved, in particular, by specifying mandatory compliance requirements for legal stipulations classified as material. These requirements include documenting responsibilities and processes, establishing controls to the extent required and raising employee awareness of pertinent rules so that employees comply with the rules as a matter of course, reflecting a fully functioning compliance culture.

Further regular activities also nurture a compliance and integrity culture. These activities include, in particular, constantly promoting the Volkswagen Group's Code of Conduct, raising employee awareness on a risk-oriented basis (e.g. tone from the top, tone from the middle, face-to-face training, e-learning programs, other media-based activities), carrying out communication initiatives, including distributing guidelines and other information media, and participating in compliance and integrity programs.

The compliance function has been set up on a decentralized basis. The departments are responsible for complying with the rules and regulations in their respective areas of activity. A compliance theme coordinator is appointed for all material rules and regulations. The coordinator is responsible for adherence to and the implementation of the defined compliance requirements (such as documenting responsibilities, setting up controls, raising awareness and training employees).

Using the control plans and records as a basis, the compliance unit checks whether the implemented controls are appropriate. In addition, the findings from various audit activities are used to evaluate whether there are indications that the implemented compliance requirements may be ineffective, or whether the audits have identified material residual risks on the basis of which further action needs to be determined.

The compliance officer manages the coordination of ongoing legal monitoring, the purpose of which is to ensure that new or amended legal regulations and requirements are identified promptly. All departments and the legal department are actively involved to ensure that new or amended regulations and requirements relevant to their areas of responsibility are identified at an early stage and reported to the compliance officer in accordance with the process description.

The internal Compliance Committee conducts a regular materiality analysis on the basis of the outcomes of this legal monitoring. After taking into account the evaluated compliance risks, the Compliance Committee makes a decision on the materiality of new legal requirements applicable to the Bank. Compliance risk primarily includes the risk of a loss of reputation vis-à-vis the general public or supervisory authorities and the risk of material financial loss.

Currently, the following specific legal fields have been determined as being fundamentally material from the perspective of the Group:

- Prevention of money laundering and terrorist financing
- Prevention of corruption and other criminal acts
- Data protection
- Consumer protection
- Capital market law
- Market abuse regulation
- Banking supervisory law (selected topics)
- Antitrust law and
- IT security law

The compliance requirements for the Volkswagen Bank GmbH Group are specified centrally and must be implemented autonomously in the local branches and companies. Any deviation from the minimum requirements or guidelines is only possible if accompanied by a description of the reasons (such as local

statutory requirements) and only in consultation with, and with the consent of, the Compliance Officer at the institution concerned.

As in the case of the compliance function, the central integrity function only specifies the framework for the Group. In particular, the internal compliance risk assessment (ICRA), which also covers human rights issues, and the plans for action derived from it on a risk-oriented basis play a particularly prominent role in helping to ensure the Bank's companies and branches take proper account of compliance and integrity matters. The responsibility for implementing the requirements, for example by raising awareness of the ethical principles among employees, remains with the local entity concerned.

The Compliance and Integrity Officer receives regular reports and carries out on-site visits on a risk-oriented basis to ensure that the local compliance and integrity units are meeting their responsibilities.

In cooperation with the Central Clarification Office of Volkswagen AG, an independent, impartial and confidential whistleblower system is operated in order to obtain reports of potential regulatory violations or misconduct by employees. The system enables employees and third parties to report relevant matters – anonymously if desired.

The compliance officer must submit to the Management Board both regular reports on the outcome of the meetings of the Compliance Committee and, in addition, ad hoc reports as necessary (for example, if control plans are not prepared by the required deadline).

To meet the statutory reporting requirements of the compliance unit, the Management Board furthermore receives an annual compliance report, which is updated on an ad hoc basis, including during the year, as necessary. The annual compliance report contains a presentation of the appropriateness and effectiveness of the compliance requirements implemented to ensure compliance with material legal regulations and requirements.

The Management Board has also entered into a voluntary undertaking regarding compliance and integrity to ensure that compliance and integrity issues are always discussed and taken into account in connection with all decisions made by the Management Board.

External risks – external services and outsourced tasks

Outsourcing describes a situation in which another entity (the outsourcee) is engaged to carry out activities and processes in connection with the provision of banking activities, financial services or other typical banking-related services that would otherwise be carried out by the outsourcing entity itself.

In the context of the completed restructuring of the subgroups of Volkswagen Financial Services AG and Volkswagen Bank GmbH, Volkswagen Bank GmbH has signed internal outsourcing agreements with Volkswagen Services AG in the following areas: IT, Accounting, Controlling, Legal, Compliance, Corporate Security, Human Resources, Internal Audit, Corporate Management, Marketing, Sales, Purchasing, Risk Management and Process Management.

Arrangements for support services in relation to software that are utilized for the identification, assessment, management, monitoring and communication of risks or that are of material significance for the performance of financial tasks also constitute outsourcing.

A distinction needs to be made between outsourcing and one-time or occasional procurement from third parties of goods or services, or services that are typically obtained from a supervised entity and, because of the actual circumstances involved or legal requirements, cannot usually be supplied by the buying entity itself, either at the time of the purchase from the third party or in the future.

The procurement of software without accompanying services or activities is also generally to be classified as other procurement from third parties.

The objective of risk management for outsourcing is to identify and minimize the risks arising from all cases of outsourcing. If an elevated level of risk is identified in the course of outsourcing management

or from supervisory activities, measures may be initiated, where appropriate, to restore the risk situation associated with an outsourced activity to the original level.

A significant increase in risk can necessitate a change of service provider or, if possible and strategically desirable, termination of the outsourcing arrangement. In this case, the activities may be performed by the Bank itself or may be eliminated entirely. The legal bases are derived mainly from the KWG, MaRisk and the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02).

Risk identification and assessment

Risks arising in connection with outsourced activities are identified by examining the circumstances with a focus on risk. In the first step, an examination of the circumstances is used to establish whether the planned activity constitutes outsourcing, other procurement from a third-party supplier, or other procurement of IT services from a third-party supplier. A further check is carried out to establish whether the activity to be outsourced is permitted outsourcing or prohibited for regulatory reasons. In the case of outsourcing, the related risk content is then determined using a risk assessment based on various criteria, the outcome of which is the classification of the arrangement as one of the following: “material outsourcing” or “non-material outsourcing”. Depending on the level of risk, the arrangement may be subject to more stringent levels of monitoring and control as well as special and stricter contractual provisions.

Risk monitoring and control

To ensure effective management of outsourcing risk in accordance with the EBA guidelines, a framework policy specifying the constraints that outsourcing arrangements must observe has been issued. Before any activity is outsourced, the circumstances must be examined with a focus on risk to determine the risk in each case. This analysis procedure is one of the components of the constraints and is intended to help ensure that an adequate level of monitoring and control is applied. In this regard, the specialist outsourcing officer carries out checks mainly to establish whether the quality of performance is in line with the contractually agreed targets and, where appropriate, initiates corrective measures to ensure such quality of performance is delivered. The framework policy also specifies that all outsourced activities must be agreed with the central Outsourcing Coordination unit. This coordination unit is therefore informed of all outsourcing activities and the associated risks, and through the Central Outsourcing Officer of Volkswagen Bank GmbH it communicates these risks to the Management Board on a regular basis.

The Central Outsourcing Officer of Volkswagen Bank GmbH and/or their deputy is responsible for all of the institution’s outsourcings. The Officer is appointed by the Management Board, is directly connected to the Management Board of the individual institution in organizational terms and has the duty to report to the Management Board on an annual and ad hoc basis. The function of the Central Outsourcing Officer cannot be outsourced. The Central Outsourcing Officer is, however, supported in the performance of their tasks by the Outsourcing Coordination unit that has been centrally outsourced to Volkswagen Financial Services AG.

Technological risk – information technology

In the risk category IT and infrastructure, the focus is on information security, stability and compliance. As regards cyber risks, a general rise in the number of cyber attacks on businesses and their customers was evident. The nature of these attacks is continually evolving and becoming increasingly professionalized (examples being DDoS attacks, ransomware attacks and supply chain attacks). Due to the associated potential damage resulting from disruptions or interruptions in business operations, preventative action and countermeasures are continuously implemented and developed in order to ensure the

Volkswagen Bank GmbH Group's IT remains resilient. The focus here is on ensuring the confidentiality, integrity, authenticity and availability of information. The preventive measures are based on various instruments of the Three Lines of Defense model to ensure security, stability and compliance within the entire IT-based business operations. Identified potential vulnerabilities are systematically transferred to the IT risk process, assessed and appropriately managed in accordance with the risk appetite.

SUMMARY

The Volkswagen Bank GmbH Group strives to handle risks in a responsible manner as part of its operating activities. This approach is based on systematically identifying, measuring, analyzing, monitoring and controlling risks, which is part of a comprehensive risk- and return-oriented management system.

The Volkswagen Bank GmbH Group will continue to invest in optimizing its control system and risk management systems in order to meet the business and statutory requirements for the management and control of risks.

As is clear from the above details in the Report of on Opportunities and Risks, there is currently no evidence of any risks that could jeopardize the continued existence of the Volkswagen Bank GmbH Group as a going concern.

As of December 31, 2024, the regulatory own funds requirements amounted to €9.1 billion. The actual available own funds amounted to €18.4 billion and therefore exceeded the regulatory requirements.

As a result of the integration of Volkswagen Leasing GmbH the overall economic risk of the Volkswagen Bank GmbH Group as of December 31, 2024 amounted to €12.2 billion (previous year: €3.5 billion). Due to the changes to the company, the direct residual value risks constitute the key driver for the year-on-year increase in economic risks.

Forecast of material risks

Credit risk forecast

The volume of loans and receivables subject to credit risk for the Volkswagen Bank GmbH Group is expected to continue to increase in fiscal year 2025 (by 7% compared with December 2024 based on the 2025 budget). All told, due to the geopolitical and macroeconomic conditions, we expect a challenging risk situation for selected markets of the Volkswagen Bank GmbH Group, both in the retail and the corporate portfolios. From the Management Board's perspective, it is therefore urgently necessary to monitor the development of the Volkswagen Bank GmbH Group's credit risks intensively and to respond proactively when developments occur. The target for fiscal year 2025 is a stable risk situation in the credit portfolio.

Interest rate risk in the banking book forecast and other market risk forecast

As expected, the integration of new entities in Volkswagen Bank GmbH's basis of consolidation as part of the restructuring in July 2024 led to an increase in interest rate risk. Moreover, from a present-value perspective of the interest rate risk the company is susceptible to rising interest rates. In view of the macroeconomic situation, the trend of falling interest rates is expected to continue in 2025. Unexpected interest rate rises cannot be ruled out, however.

Liquidity risk forecast

The restructuring and the integration of new entities into the subgroup will have no material effect on the methods and procedures used by Volkswagen Bank GmbH in relation to liquidity risk owing to its centralized approach to the identification and management of this category of risk. The Bank revises its risk models constantly to ensure they continuously improve and adapt.

Volkswagen Bank GmbH predicts that its funding instruments will still be permanently available in fiscal year 2025 and that the planned growth in the deposit business will be realized. Liquidity risk is expected to remain stable against the backdrop of the corporate reorganization.

Residual value risk forecast

In 2025, due to the persistence of economic risks and the global political tensions the risk situation will remain strained. The risk situation regarding the portfolios of the Volkswagen Bank GmbH Group will be driven by the further development of inflation and purchasing power on the relevant markets.

The risk situation is monitored closely at all times in order to respond proactively to possible developments by taking targeted measures.

The portfolio of contracts with residual value is generally expected to continue to grow in fiscal year 2025. The main drivers here, too, will be the implemented growth programs, further expansion of the fleet business and the trend away from vehicle financing and toward leasing

Operational risk forecast

The year 2024 has demonstrated that we can effectively manage potential operational risk in such a way that this risk does not materialize to any significant extent.

We predict that our management will be equally successful in 2025 and we do not therefore anticipate any significant rise in operational risk. In this context, we expect the effectiveness of fraud protection to remain stable and the high level of quality in processes, staff skills and qualifications, and IT systems to be maintained.

Report on Expected Develop- ments

The global economy is expected to grow at somewhat weaker pace in 2025 than in the reporting period. Global demand for passenger cars will probably vary from region to region and increase slightly year-on-year.

The expected development of the Volkswagen Bank GmbH Group and the general parameters of its business activity are described below. Risks and opportunities that could represent a departure from the forecast trends are presented in the Report on Risks and Opportunities.

Our assumptions are based on current estimates by third-party institutions. These include economic research institutes, banks, multinational organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2025 at a slightly slower pace than in 2024. Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the increasing uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will record somewhat weaker momentum on average than that of the reporting year.

We also expect the global economy to continue on a path of stable growth until 2029.

Europe/Other Markets

n Western Europe, we expect the economy to grow at a similar rate in 2025 to in the reporting year, with a further decline in the average inflation rate. The associated key interest rate cuts by the European Central Bank (ECB) will likely support the eurozone economy.

For Central Europe, we estimate a somewhat higher growth rate for 2025 than in the previous year, with persistently high though less dynamic price increases. Economic output in Eastern Europe should continue to recover following the heavy slump in 2022 as a result of the Russia-Ukraine conflict.

Germany

We expect gross domestic product (GDP) to develop positively in Germany in 2025, albeit with less momentum. The German inflation rate is likely to decline somewhat on average for the year. The labor market situation is likely to deteriorate somewhat.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will prove highly important to global vehicle sales in 2025, in combination with the development of the vehicle markets. We expect demand to rise in emerging markets where market penetration has so far been low. Regions with established automotive financial

services markets will probably see a continuation of the trend towards enabling mobility at the lowest possible total cost. The shift from financing in favor of lease contracts will also continue, as was initiated in European financial services business with individual customers. Integrated end-to-end solutions that include mobility-related service modules such as insurance and innovative packages of services are likely to become increasingly important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services, and for integrated mobility services, for example, refueling and charging. Dealers continue to be key strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2026 to 2029.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, a sudden outbreak of geopolitical tension and conflicts or the intensification of existing ones could lead to rising prices for materials and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2025. Overall, the global volume of new car sales is expected to be slightly higher than in the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2026 to 2029.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2025 to be similar to the previous year’s figure. For the years 2026 to 2029, we expect demand for light commercial vehicles to increase globally.

Europe/Other Markets

For 2025, we anticipate that the volume of new passenger car registrations in Western Europe will be noticeably higher than that recorded in the reporting year. For the major individual markets of France, the United Kingdom and Spain, we expect growth in 2025 to varying degrees between slightly and noticeably above the prior-year level. We estimate that the Italian market will be on a par with the previous year.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2025 to be on a level with the previous year. Mixed development is anticipated in the major individual markets of France, the United Kingdom, Italy and Spain.

Sales of passenger cars in 2025 are expected to sharply exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

Depending on how the Russia-Ukraine conflict evolves, registrations of light commercial vehicles in the markets of Central and Eastern Europe in 2025 will probably noticeably exceed the prior-year figures.

Germany

In the German passenger car market, we expect the volume of new registrations in 2025 to be slightly up on the prior-year level.

We anticipate that the number of registrations of light commercial vehicles in 2025 will also be slightly up on the previous year’s figure.

INTEREST RATE TRENDS

Interest rates declined slightly in Europe and across much of the rest of the world in fiscal year 2024 on account of falling inflation. A few central banks have already implemented interest rate cuts. The trend of rate cuts is expected to continue in 2025.

SUMMARY OF EXPECTED DEVELOPMENTS

The Volkswagen Bank GmbH Group predicts that the volume of business in the current fiscal year will be noticeably above the level of 2024. Please refer to the details provided in the opportunities and risks report for information on changes in credit risk, liquidity risk, and residual value risk.

Sales activities related to the Volkswagen Group brands will be further intensified, particularly through joint strategic projects.

Furthermore, the Volkswagen Bank GmbH Group intends to continue enhancing the leveraging of potential along the automotive value chain. Our aim is to satisfy the wishes and needs of our customers in the most efficient manner in cooperation with the Group brands. Our end customers are looking, in particular, for mobility with predictable fixed costs. In addition, we intend to further expand the digitalization of our business.

The product packages that the Bank believes it has successfully launched in the last few years will be refined in line with customer needs.

In parallel with its market-based activities, the Volkswagen Bank GmbH Group aims to further strengthen its position in the European competitive environment through strategic investment in structural projects as well as through the Future program, which focuses on process optimization and productivity gains.

OUTLOOK FOR THE YEAR 2025

The Management Board of Volkswagen Bank GmbH expects economic growth in the eurozone to recover in 2025 and the economy to continue its growth, albeit still muted in Germany. Risks originate primarily from the further inflation trend, which has a material impact on interest rate movements. At present, the Management Board projects a slight decline in the inflation rate in Germany and the other markets of Volkswagen Bank GmbH. Geopolitical tensions and conflicts have an additional impact on the growth prospects.

Taking into account the general parameters and market trends, the following overall picture emerges: the earnings expectation is based on the assumption that collaboration with the individual Group brands will intensify, investment in digitalization for the future will increase and that geopolitical upheavals will have a potential impact, as well as further uncertainties regarding the underlying macroeconomic conditions in the real economy and the actual development of deliveries to customers of the Volkswagen Group brands.

Current contracts and business volume in 2025 are expected to be perceptibly above the levels in fiscal year 2024. The volume of deposits is anticipated to be much higher than in the prior year due to sales measures initiated to help cover the increased funding requirements associated with the integration of Volkswagen Leasing GmbH in a cost-optimized manner.

The figures for new contracts and penetration are likely to increase very strongly compared to the prior year, in particular because the leasing business in Germany and Italy were not integrated until the second half of 2024. New contracts are expected to be significantly above the prior year and penetration at the level of 2024 in relation to indicative new contracts.

The intra-year forecast of the key financial performance indicators for 2024 was adjusted to allow a statement to be made about the full-year performance, in order to ensure comparability and adequate management. For this purpose, the Management Board was provided with indicative actual and target figures

for the expected full year under the new structure, based on simulated implementation effective January 1, 2024.

Against the backdrop of the aforementioned effects, an operating result very strongly above the prior year is projected for fiscal year 2025. A result that is also very strongly above the prior year is expected in relation to an indicative full-year result.

The projected earnings trend shows a return on equity very strongly above the prior-year level in the following year despite the increase in capital requirements in 2025. A return on equity strongly above the prior year is expected in relation to an indicative full-year result.

For the overhead ratio we project a figure very strongly above the prior year. The overhead ratio is expected to be at the prior-year level in relation to an indicative full-year result.

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

	Actual 2023	Actual 2024	Forecast for 2025
Nonfinancial performance indicators			
Penetration (percent)	16.1	31.0	much stronger above the level achieved in 2024
Current contracts (thousands)	3,146	8,156	Noticeably above level achieved in 2024
New contracts (thousands)[1]	1,106	2,052	much stronger above the level achieved in 2024
Financial performance indicators			
Volume of business (€ million)	50,750	108,947	Noticeably above level achieved in 2024
Volume of deposits (€ million)[2]	38,178	56,044	strongly above the level achieved in 2024
Operating result (€ million)[3]	740	1,118	much stronger above the level achieved in 2024
Return on equity (percent)	7.2	5.3	much stronger above the level achieved in 2024
	46.3	42.7	on level achieved in 2024
Overhead ratio (percent)	–	0.66	much stronger above the level achieved in 2024

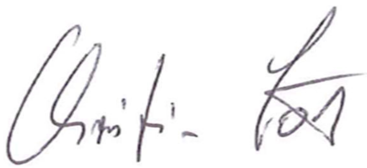
	Actual (indicative) 2024	Forecast for 2025
Nonfinancial performance indicators		
Penetration (percent)	45.3	on level achieved in 2024
Current contracts (thousands)	8,156	Noticeably above level achieved in 2024
New contracts (thousands)[1]	2,935	clearly above the level achieved in 2024
Financial performance indicators		
Volume of business (€ million)	108,947	Noticeably above level achieved in 2024
Volume of deposits (€ million)[2]	56,044	strongly above the level achieved in 2024
Operating result (€ million)[3]	1,311	very much above the level achieved in 2024
Return on equity (percent)	6.1	strongly above the level achieved in 2024
Cost Income Ratio (percent)	50.2	clearly below level achieved in 2024
Overhead ratio (percent)	0.88	on level achieved in 2024

This Annual Report contains forward-looking statements on the business development of the Volkswagen Bank GmbH Group. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Bank GmbH currently considers them to be realistic. The estimates given entail a degree of risk, and actual developments may differ from those forecast. If material parameters relating to the most important sales markets vary from the assumptions, or material changes arise from the exchange rates, the prices of commodities or supply of parts relevant to the Volkswagen Group, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators, and also risks and opportunities presented in this annual report turn out to be different from current expectations, or additional risks and opportunities or other factors emerge that affect the development of the business. We do not update our forward-looking statements and do not assume an obligation beyond the statutory requirements to update the forward-looking statements made in this annual report.

Braunschweig, February 25, 2025
The Management Board

Dr. Volker Stadler

Oliver Roes



Christian Löbke

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Income Statement

of the Volkswagen Bank GmbH Group

€ million	Note	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023 restated[1]	Change in percent
Interest income from lending transactions and marketable securities	20	3,510	2,412	45.6
Income from leasing transactions		9,541	1,451	X
Depreciation, impairment losses and other expenses from leasing transactions		–7,696	–1,034	X
Net income from leasing transactions	21, 68	1,845	418	X
Interest expense	22	–2,997	–1,243	X
Income from service contracts		1,083	95	X
Expenses from service contracts		–1,037	–101	X
Net income from service contracts	23	46	–6	X
Provision for credit risks	9, 24	–310	–144	X
Fee and commission income		144	133	8.4
Fee and commission expenses		–103	–69	49.7
Net fee and commission income	25	41	64	–35.6
Net gain or loss on hedges	9, 10, 26	–39	–13	X
Net gain/loss on financial instruments measured at fair value	27	–66	–10	X
General and administrative expenses	28	–1,045	–791	32.1
Net other operating income		467	113	X
Other operating expenses		–336	–61	X
Net other operating income	29	132	52	X
Operating result		**1,118**	**738**	**51.5**
Share of profits and losses of equity-accounted joint ventures		–1	30	X
Net gain or loss on miscellaneous financial assets	30	23	23	0.5
Other financial gains or losses	31	–10	–5	X
Profit before tax		**1,130**	**786**	**43.9**
Income tax expense	7, 32	–532	–147	X
Profit after tax		**598**	**639**	**–6.3**
Profit after tax attributable to Volkswagen AG		598	639	–6.3

1 Prior-year changes in the income statement items General and administrative expenses, Other financial gains or losses and Income tax expenses according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

Statement of Comprehensive Income

of the Volkswagen Bank GmbH Group

Mio. €	Notes to the Consolidated Financial Statements	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023 restated[1]
Profit after tax		**598**	**639**
Pension plan remeasurements recognized in other comprehensive income	50		
Pension plan remeasurements recognized in other comprehensive income, before tax		1	–7
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	7, 32	0	2
Pension plan remeasurements recognized in other comprehensive income, net of tax		1	–5
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax		9	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax		–	–
Items that will not be reclassified to profit or loss		**10**	**–4**
Exchange differences on translating foreign operations	5		
Gains/losses on currency translation recognized in other comprehensive income		15	13
Transferred to profit or loss		0	–
Exchange differences on translating foreign operations, before tax		15	13
Deferred taxes relating to exchange differences on translating foreign operations		–	–
Exchange differences on translating foreign operations, net of tax		15	13
Hedging transactions			
Fair value changes recognized in other comprehensive income (OCI I)		–51	–29
Transferred to profit or loss (OCI I)		73	37
Cash flow hedges (OCI I), before tax		22	7
Deferred taxes relating to cash flow hedges (OCI I)	7, 32	–7	–2
Cash flow hedges (OCI I), net of tax		16	5
Fair value changes recognized in other comprehensive income (OCI II)		–	–
Transferred to profit or loss (OCI II)		–	–
Cash flow hedges (OCI II), before tax		–	–
Deferred taxes relating to cash flow hedges (OCI II)		–	–
Cash flow hedges (OCI II), net of tax		–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss			
Fair value changes recognized in other comprehensive income		78	148
Transferred to profit or loss		–8	–6
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	9	70	142
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss	7, 32	–21	–43
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax		49	99
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax		–	–
Items that may be reclassified to profit or loss		**80**	**118**
Other comprehensive income, before tax		118	157
Deferred taxes relating to other comprehensive income		–28	–43
Other comprehensive income, after tax		**90**	**114**
Total comprehensive income		**688**	**753**

Mio. €	Notes to the Consolidated Financial Statements	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023 restated[1]
Total comprehensive income attributable to noncontrolling interests		–	–
Total comprehensive income attributable to the sole shareholder		688	753

1 Prior-year changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

Balance Sheet

of the Volkswagen Bank GmbH Group

€ million	Note	Dec. 31, 2024	Dec. 31, 2023 restated[1]	Change in percent	Jan. 1, 2023 restated[2]
Assets					
Cash reserve	8, 34	12,444	11,974	3.9	3,543
Loans to and receivables from banks	9, 35	594	272	X	233
Loans to and receivables from customers attributable to					
Retail financing		29,021	28,285	2.6	28,864
Dealer financing		16,598	15,268	8.7	12,523
Leasing business		26,290	3,390	X	3,054
Other loans and receivables		11,403	3,521	X	3,744
Total loans to and receivables from customers	9, 36	83,311	50,464	65.1	48,186
Value adjustment on portfolio fair value hedges	10, 37	83	30	X	–
Derivative financial instruments	9, 38	205	28	X	51
Marketable securities	9, 39	3,743	4,029	–7.1	4,131
Equity-accounted joint ventures	40	–	29	X	245
Miscellaneous financial assets	11, 40	0	0	–	3
Intangible assets	12, 41	3	4	–28.9	4
Property and equipment	13, 42	17	18	–10.2	23
Assets leased out	14, 68	36,548	3,424	X	2,677
Investment property	15, 43	17	0	X	0
Deferred tax assets	7, 44	726	901	–19.4	1,562
Current tax assets	7	33	7	X	91
Other assets	45	2,840	627	X	480
Assets held for sale (IFRS 5)	3	25	273	–90.8	–
Total		**140,588**	**72,081**	**95.0**	**61,229**

€ million	Note	Dec. 31, 2024	Dec. 31, 2023 restated[1]	Change in percent	Jan. 1, 2023 restated[2]
Equity and liabilities					
Liabilities to banks	47	313	7,462	–95.8	11,185
Liabilities to customers	47	83,367	46,221	80.4	32,351
Notes, commercial paper issued	48	30,335	5,173	X	4,099
Derivative financial instruments	9, 49	427	52	X	15
Provisions for pensions and other post-employment benefits[3]	16, 50	156	103	51.7	92
Other provisions[3]	17, 51	173	93	86.6	91
Deferred tax liabilities	7, 52	1,827	1,171	56.0	1,910
Current tax liabilities	7	589	378	55.9	200
Other liabilities	53	1,874	386	X	354
Subordinated capital	54, 63	180	10	X	31
Equity	56	21,347	11,033	93.5	10,901
Subscribed capital		318	318	–	318
Capital reserves		12,272	8,881	38.2	8,881
Retained earnings		8,865	2,032	X	2,019
Other reserves		–108	–198	–45.3	–317
Total		**140,588**	**72,081**	**95.0**	**61,229**

1 Prior-year changes in the balance sheet items Deferred tax assets, Other provisions and Retained earnings according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

2 January 1, 2023 corresponds to December 31, 2022 following changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

3 The presentation was adjusted compared to the prior year according to the disclosures in note (16) “Provisions for pensions and other post-employment benefits”.

Statement of Changes in Equity

of the Volkswagen Bank GmbH Group

				OTHER RESERVES						
					Hedging transactions					
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation	Cash flow hedges (OCI I)	Deferred hedging costs (OCI II)	Equity and debt instruments	Equity-accounted investments	Non-controlling interests	**Total equity**
Balance on Jan. 1, 2023 before adjustment	**318**	**8,881**	**2,027**	**–69**	**–7**	**–**	**–241**	**–**	**–**	**10,909**
Changes due to the corrected accounting for provisions for Time Assets[1]	–	–	–8	–	–	–	–	–	–	–8
Balance on Jan. 1, 2023 adjusted	**318**	**8,881**	**2,019**	**–69**	**–7**	**–**	**–241**	**–**	**–**	**10,901**
Profit after tax[1]	–	–	639	–	–	–	–	–	–	639
Other comprehensive income, after tax	–	–	–5	13	5	–	101	–	–	114
Total comprehensive income	**–**	**–**	**634**	**13**	**5**	**–**	**101**	**–**	**–**	**753**
Capital increases	–	–	–	–	–	–	–	–	–	–
Profit transfer to Volkswagen AG[2]	–	–	–621	–	–	–	–	–	–	–621
Other changes	–	–	–	–	–	–	–	–	–	–
Balance as of Dec. 31, 2023[1]	**318**	**8,881**	**2,032**	**–56**	**–1**	**–**	**–141**	**–**	**–**	**11,033**
Balance on Jan. 1, 2024 before adjustment	**318**	**8,881**	**2,042**	**–56**	**–1**	**–**	**–141**	**–**	**–**	**11,043**
Changes due to the corrected accounting for provisions for Time Assets[1]	–	–	–10	–	–	–	–	–	–	–10
Balance on Jan. 1, 2024 adjusted	**318**	**8,881**	**2,032**	**–56**	**–1**	**–**	**–141**	**–**	**–**	**11,033**
Profit after tax	–	–	598	–	–	–	–	–	–	598
Other comprehensive income, after tax	–	–	1	15	16	–	58	–	–	90
Total comprehensive income	**–**	**–**	**600**	**15**	**16**	**–**	**58**	**–**	**–**	**688**
Capital increases	–	–	–	–	–	–	–	–	–	–
Change due to contribution in kind by the shareholder Volkswagen AG[3]	–	3,392	6,745	–	1	–	0	–	–	10,137
Change due to contribution in kind by the shareholder Volkswagen Financial Services AG[4]	–	–	94	–	–	–	–	–	–	94
Change due to distribution in kind to the shareholder Volkswagen Financial Services AG[4]	–	–	–7	–	–	–	–	–	–	–7

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES: Currency translation	Hedging transactions: Cash flow hedges (OCI I)	Hedging transactions: Deferred hedging costs (OCI II)	Equity and debt instru-ments	Equity-accounted invest-ments	Non-controlling interests	Total equity
Profit transfer to Volkswagen AG[2]	–	–	–582	–	–	–	–	–	–	–582
Other changes	–	–	–17	–	–	–	0	–	–	–17
Balance as of Dec. 31, 2024	**318**	**12,272**	**8,865**	**–41**	**15**	**–**	**–82**	**–**	**–**	**21,347**

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section
2 The figures show the share of HGB profit attributable to Volkswagen AG.
3 Information on "Capital increases due to contribution in kind of the shareholder Volkswagen AG" can be found in note (2) Basis of consolidation.
4 Information on "Capital increases due to contribution in kind of the shareholder Volkswagen Financial Services AG" and "Distributions in kind to the shareholder Volkswagen Financial Services AG" can be found in note (16) Provisions for pensions and other post-employment benefits.
Further information on equity is presented in note (56).

Cash Flow Statement

of the Volkswagen Bank GmbH Group

Mio. €	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023 restated[1]
Profit before tax	**1,130**	**786**
Depreciation, amortization, impairment losses and reversals of impairment losses	3,049	522
Change in provisions	–11	12
Change in other noncash items	–236	–75
Loss on disposal of financial assets and items of property and equipment	0	0
Net interest expense and dividend income	–1,380	–1,304
Other adjustments	1	1
Change in loans to and receivables from banks	26	–27
Change in loans to and receivables from customers	–8,154	–2,206
Change in lease assets	–7,051	–1,230
Change in other assets related to operating activities	–528	–177
Change in liabilities to banks	–7,153	–3,726
Change in liabilities to customers	22,153	13,404
Change in notes, commercial paper issued	–2,560	1,074
Change in other liabilities related to operating activities	110	31
Interest received	4,377	2,547
Dividends received	0	0
Interest paid	–2,997	–1,243
Income taxes paid	–296	–6
Cash flows from operating activities	**480**	**8,383**
Proceeds from disposal of investment property	–	–
Acquisition of investment property	0	–
Proceeds from disposal of subsidiaries, joint ventures and associated companies	299	–
Acquisition of subsidiaries, joint ventures and associated companies	–26	–2
Proceeds from disposal of other assets	1	1
Acquisition of other assets	–2	–2
Change in investments in marketable securities	522	257
Cash flows from investing activities	**794**	**254**
Proceeds from changes in capital	203	–
Acquisition of changes in capital	–14	–
Dividend payment/profit transfer to Volkswagen AG	–621	–182
Loss assumed by Volkswagen AG	–	–
Change in cash funds attributable to subordinated capital	–26	–21
Repayments of lease liabilities	–4	–5
Cash flows from financing activities	**–460**	**–208**
Cash and cash equivalents at end of prior period	**12,218**	**3,776**
Changes in basis of consolidation[2]	2	–
Cash flows from operating activities	480	8,383
Cash flows from investing activities	794	254
Cash flows from financing activities	–460	–208

Mio. €	Jan. 1 – Dec. 31, 2024	Jan. 1 – Dec. 31, 2023 restated[1]
Effect of exchange rate changes	2	13
Cash and cash equivalents at end of period	**13,036**	**12,218**

1 Prior-year changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section and due to the changed definition of Cash and cash equivalents according to the disclosures in note (70) Cash flow statement

2 Changes to cash and cash equivalents resulting from the inclusion of Volkswagen Leasing GmbH (see section "Restructuring of the Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH subgroups")

Further information on the cash flow statement is presented in note (70).

Notes to the Consolidated Financial Statements

of the Volkswagen Bank GmbH Group as of December 31, 2024

General Information

Volkswagen Bank GmbH (VW Bank GmbH) is a limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) under German law. It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 1819).

The object of the Company is to develop, sell and process its own and third-party financial and mobility services both in Germany and abroad, the purpose of such services being to support the business of Volkswagen AG and of Volkswagen AG's affiliated companies.

Until June 30, 2024, Volkswagen AG, Wolfsburg, was the sole shareholder of the parent company, Volkswagen Bank GmbH. On July 1, 2024, all the shares in Volkswagen Bank GmbH were transferred from Volkswagen AG to Volkswagen Financial Services Europe AG. Volkswagen Financial Services Europe AG was renamed Volkswagen Financial Services AG on July 1, 2024. Since July 1, 2024, Volkswagen Financial Services AG has been the sole shareholder of the parent company, Volkswagen Bank GmbH. Volkswagen AG, Wolfsburg, is the parent company of Volkswagen Financial Services AG and the ultimate parent company of Volkswagen Bank GmbH.

The current control agreement between Volkswagen AG and Volkswagen Bank GmbH has been suspended since July 1, 2024, given that Volkswagen AG ceased to hold a direct equity investment in Volkswagen Bank GmbH as of that date. A new control agreement was signed between Volkswagen Financial Services AG and Volkswagen Bank GmbH effective July 1, 2024.

The previous profit-and-loss transfer agreement between Volkswagen AG and Volkswagen Bank GmbH was in place until December 31, 2024 and was suspended effective the end of December 31, 2024. A new profit-and-loss transfer agreement was signed between Volkswagen Financial Services AG and Volkswagen Bank GmbH effective January 1, 2025.

The annual financial statements of the Volkswagen Bank GmbH Group entities are included in the consolidated financial statements of Volkswagen AG, Wolfsburg, and additionally, as of July 1, 2024, in the consolidated financial statements of Volkswagen Financial Services AG, Braunschweig, both of which are published in the Company Register.

Restructuring of the Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH subgroups

A comprehensive restructuring program ("restructuring") was initiated in 2023 within the Volkswagen Group for the previous subgroups of Volkswagen Financial Services Overseas AG, which operated as Volkswagen Financial Services AG until June 30, 2024, and of Volkswagen Bank GmbH. The restructuring program had the aim of consolidating the German and European companies of the subgroups, including the relevant subsidiaries and equity investments, under a financial holding company supervised by the

European Central Bank (ECB). On July 1, 2024, the steps for the reorganization under company law were completed through notarization and entry in the commercial register.

Among other things, as of July 1, 2024, the shares in Volkswagen Leasing GmbH were transferred by Volkswagen Financial Services Overseas AG as part of a spin-off for purposes of absorption and contributed by Volkswagen AG through a contribution in kind amounting to €10,137 million to Volkswagen Bank GmbH. Subsequently, as of July 1, 2024, the shares in Volkswagen Bank GmbH were transferred from Volkswagen AG to Volkswagen Financial Services Europe AG. The newly established European financial holding company, which operated as Volkswagen Financial Services Europe until June 30, 2024, was renamed Volkswagen Financial Services AG on July 1, 2024.

In the wake of the restructuring program, effective July 1, 2024, the shares in joint venture DFM N.V., Amersfoort, and associated company Credi2 GmbH, Vienna, were sold to Volkswagen Finance Europe B.V., Amsterdam, and shares in joint venture Volkswagen Financial Services Digital Solutions GmbH, Braunschweig, to Volkswagen Financial Services AG. Volkswagen Financial Services Digital Solutions GmbH was subsequently merged by absorption into Volkswagen Financial Services Europe AG effective July 1, 2024.

Note (2) Basis of consolidation describes the scope of the assets and liabilities absorbed in connection with Volkswagen Leasing GmbH, the disposal of the shares in the joint ventures and associates and the accounting policies used.

Moreover, various transfers of personnel took place due to the restructuring as of July 1, 2024 between Volkswagen Financial Services AG, Volkswagen Bank GmbH and Volkswagen Bank GmbH subsidiary Volkswagen Leasing GmbH. The impact of the personnel transfer is described in note (16) Provisions for pensions and other post-employment benefits.

Basis of Presentation

Volkswagen Bank GmbH has prepared its consolidated financial statements for the year ended December 31, 2024 in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the IFRS Interpretations Committee (IFRS IC), as well as in accordance with the additional disclosures required by German commercial law under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). All IFRSs issued by the International Accounting Standards Board (IASB) up to December 31, 2024 for which mandatory application was required in fiscal year 2024 in the EU have been taken into account in these consolidated financial statements.

In addition to the income statement, the statement of comprehensive income and the balance sheet, the IFRS consolidated financial statements also include the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks associated with future development (report on opportunities and risks in accordance with section 315(1) of the HGB) can be found in the combined management report on pages 29-66. This includes the qualitative disclosures on the nature and scope of risk from financial instruments required under IFRS 7.

All the estimates and assumptions necessary as part of recognition and measurement in accordance with IFRS comply with the relevant standard, are continuously updated and are based on past experience and other factors, including expectations regarding future events that appear to be reasonable in the given circumstances. The assumptions made by the Bank are explained in detail in the disclosures on management’s material estimates and assumptions.

The Management Board completed the preparation of these consolidated financial statements on February 25, 2025 and released them for forwarding to the Supervisory Board for approval and subsequent publication. Approval by the Supervisory Board marks the end of the period in which adjusting events after the reporting period are recognized.

Changes to Prior-Year Figures

CORRECTED ACCOUNTING FOR PROVISIONS FOR TIME ASSETS

In the reporting year it was established that obligations to grant ancillary payments were not taken into account in full in the calculation of provisions for Time Assets. The error was corrected in accordance with IAS 8 by adjusting the relevant items in the consolidated financial statements for the previous years accordingly. The retrospective correction resulted in changes to equity as of January 1, 2024 and as of January 1, 2023. This is attributable to the increase in other provisions and the recording of deferred tax assets. The impact on the comparative pre-year periods of the income statement, the balance sheet and cash flow statement is shown below.

The prior-year income statement was changed as follows due to the corrected accounting for provisions for Time Assets:

€ million	Jan. 1 - Dec. 31, 2023 before restatement	Changes due to the corrected accounting for provisions for Time Assets	Jan. 1 - Dec. 31, 2023 restated
General and administrative expenses	–789	–2	–791
Operating result	**740**	**–2**	**738**
Other financial gains or losses	–4	–1	–5
Profit before tax	**788**	**–2**	**786**
Income tax expense	–147	1	–147
Profit after tax	**640**	**–2**	**639**
Profit after tax attributable to Volkswagen AG	640	–2	639

The balance sheet as of January 1, 2023 was changed as follows due to the corrected accounting for provisions for Time Assets:

€ million	Jan. 1, 2023 before restatement	Changes due to the corrected accounting for provisions for Time Assets	Jan. 1, 2023 restated
Assets			
Deferred tax assets	1,559	4	1,562
Equity and liabilities			
Other provisions	80	12	91
Equity	10,909	–8	10,901
Retained earnings	2,027	–8	2,019
Total	**61,225**	**4**	**61,229**

The balance sheet as of December 31, 2023 was changed as follows due to the corrected accounting for provisions for Time Assets:

€ million	Dec. 12, 2023 before restatement	Changes due to the corrected accounting for provisions for Time Assets	Dec. 12, 2023 restated
Assets			
Deferred tax assets	897	4	901
Equity and liabilities			
Other provisions	79	14	93
Equity	11,043	–10	11,033
Retained earnings	2,042	–10	2,032
Total	**72,077**	**4**	**72,081**

The prior-year cash flow statement was changed as follows due to the corrected accounting for provisions for Time Assets in deriving the cash flow from operating activities:

€ million	Jan. 1 - Dec. 31, 2023 before restatement	Changes due to the corrected accounting for provisions for Time Assets	Jan. 1 - Dec. 31, 2023 restated
Profit before tax	**788**	**–2**	**786**
Change in provisions	10	2	12
Cash flows from operating activities	**8,374**	**–**	**8,374**

Effects of New and Revised IFRSs

Volkswagen Bank GmbH has applied all financial reporting standards adopted by the EU and subject to mandatory application from fiscal year 2024.

Amendments to IAS 1 clarifying the classification of debt as current or non-current have been effective since January 1, 2024. In particular, this affects liabilities linked to specific conditions (covenants). The classification is determined by whether the right to defer settlement of the liability for at least 12 months after the reporting date exists.

In addition, amendments to IAS 7/IFRS 7 have to be applied from January 1, 2024, resulting in the need for entities to disclose in the notes information on their supply chain financing arrangements, in particular reverse factoring contracts. This is designed to make their impact on liabilities, cash flows and liquidity risk more transparent.

There have also been amendments made to IFRS 16 that had to be applied from January 1, 2024. Essentially, these amendments seek to ensure that variable lease payments made in the context of a sale-and-leaseback transaction and not based on an index or interest rate must be taken into account as lease liabilities.

The amended provisions mentioned above do not materially affect the Volkswagen Bank GmbH Group's financial position and financial performance.

New and Revised IFRSs Not Applied

In its 2024 consolidated financial statements, Volkswagen Bank GmbH has not applied the following financial reporting standards that were issued by the IASB as of December 31, 2024 but were not yet subject to mandatory application in that fiscal year.

Standard/ Interpretation		Published by the IASB	Application requirement[1]	Adopted by EU	Expected impact
IFRS 9 / IFRS 7	Classification and measurement of financial instruments	May 30, 2024	January 1, 2026	No	No material impact
IFRS 9 / IFRS 7	Contracts referencing nature-dependent electricity	December 18, 2024	January 1, 2026	No	No material impact
IFRS 18	Presentation and information in the financial statements	April 9, 2024	January 1, 2027	No	Case-by-case changes to the presentation of income and expenses in the income statement; additional disclosures in the notes
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 9, 2024	January 1, 2027	No	No impact
IAS 21	Lack of Exchangeability	August 15, 2023	January 1, 2025	Yes	No material impact
	Annual Improvements to International Financial Reporting Standards - Volume 11[2]	July 28, 2024	January 1, 2026	No	No material impact

1 Requirement for initial application from Volkswagen Bank GmbH's perspective
2 Minor amendments to a range of IFRSs (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)

Accounting Policies

1. Basic principles

All entities included in the basis of consolidation have prepared their annual financial statements as of the reporting date of December 31, 2024.

Financial reporting in the Volkswagen Bank GmbH Group complies with IFRS 10 and is based on standard Group accounting policies.

Unless otherwise stated, amounts are shown in millions of euros (€ million). All amounts shown are rounded, so minor discrepancies may arise when amounts are added together. Amounts smaller than €0.5 million are rounded to 0, whereas "–" is used if there is no applicable figure. Relative changes greater than 100% are marked with an "X".

Assets and liabilities are presented broadly in order of liquidity in accordance with IAS 1.60.

2. Basis of consolidation

In addition to Volkswagen Bank GmbH, the consolidated financial statements cover all significant German and non-German subsidiaries, including all structured entities, that are controlled directly or indirectly by Volkswagen Bank GmbH. This is the case if Volkswagen Bank GmbH has power over potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and has the ability to use its power to influence those returns. In the case of the structured entities consolidated in the Volkswagen Bank GmbH Group, Volkswagen Bank GmbH holds no equity investment but nevertheless determines the main relevant activities remaining after the structure is created and thereby influences its own variable returns. The purpose of the structured entities is to facilitate asset-backed-securities transactions to fund the financial services business.

Subsidiaries are included in the consolidation from the date on which control comes into existence; they cease to be consolidated when control no longer exists. Subsidiaries in which activities are dormant or of low volume and that, individually and jointly, are of minor significance in the presentation of a true and fair view of the financial position, financial performance and cash flows of the Volkswagen Bank GmbH Group are not consolidated. They are recognized at cost in the consolidated financial statements under miscellaneous financial assets, taking into account any necessary impairment losses or reversals of impairment losses.

The equity method is used to account for material entities in which Volkswagen Bank GmbH has the opportunity, directly or indirectly, to exercise significant influence over financial and operating policy decisions (associates) or in which Volkswagen Bank GmbH directly or indirectly shares control (joint ventures). Joint ventures also include entities in which the Volkswagen Bank GmbH Group controls a majority of the voting rights but whose partnership agreements or articles of association specify that key decisions may only be made unanimously. Associated companies and joint ventures of minor significance are not accounted for using the equity method but are reported at cost under miscellaneous financial assets, taking into account any necessary impairment losses or reversals of impairment losses.

COMPOSITION OF THE VW BANK GMBH GROUP

The composition of the Volkswagen Bank GmbH Group is shown in the following table:

	2024	2023
Volkswagen Bank GmbH and consolidated subsidiaries		
Germany	2	1
International[1]	8	4
Subsidiaries recognized in financial assets		
Germany	–	–
International[2]	–	1
Equity-accounted associates and joint ventures		
Germany	–	1
International	–	2
Associates, joint ventures and equity investments recognized in financial assets		
Germany	–	–
International	3	2
Total	**13**	**11**

[1] These are the structured entities.
[2] This relates to Volkswagen Bank RUS, Moscow, a company fully consolidated in the consolidated financial statements of Volkswagen AG, Wolfsburg.

The list of all shareholdings in accordance with section 313 (2) of the HGB and in accordance with IFRS 12.10 and IFRS 12.21 is included as an annex to the notes to the consolidated financial statements.

The Volkswagen Bank GmbH Group maintains nine (previous year: eight) branches abroad. The additional branch results from the inclusion of Volkswagen Leasing GmbH with its branch in Italy in the Group as part of the restructuring program. As of the balance sheet date, eight (previous year: four) structured entities were consolidated in the consolidated financial statements; together they included 15 (previous year: three) transactions.

The following sections present the disclosures on the changes in the composition of the Volkswagen Bank GmbH Group.

CHANGES TO THE BASIS OF CONSOLIDATION EFFECTIVE JULY 1, 2024, DUE TO THE RESTRUCTURING

Effective July 1, 2024, the shares in Volkswagen Leasing GmbH, Braunschweig, were spun off by Volkswagen Financial Services Overseas AG, which operated as Volkswagen Financial Services AG until June 30, 2024, and absorbed by Volkswagen Bank GmbH as the new parent company. The object of the company Volkswagen Leasing GmbH is to develop, sell and process financial services with a focus on the leasing business for retail and business customers and the fleet management/services business in Germany and Italy.

As part of the spin-off of Volkswagen Leasing GmbH the following companies were absorbed into the Volkswagen Bank GmbH Group:

- Volkswagen Leasing GmbH, Braunschweig, including its branches
- VCL Master Residual Value S.A., Luxembourg
- VCL Master S.A., Luxembourg
- VCL Multi-Compartment S.A., Luxembourg

The absorption of the Volkswagen Leasing GmbH shares took place without consideration from Volkswagen Bank GmbH and therefore constituted a contribution in kind to equity from the shareholder Volkswagen AG, which at the time was the sole shareholder of Volkswagen Bank GmbH. The absorption of the subsidiary Volkswagen Leasing GmbH is to be viewed as a transaction under common control since Volkswagen Leasing GmbH continues to be controlled by Volkswagen AG as the ultimate parent company. This means that the absorption of the subsidiary or its business operations is exempt from application of the provisions set out in IFRS 3. In the absence of an IFRS standard that specifically applies to a transaction, IAS 8.10 stipulates that the company preparing financial statements must apply an accounting policy that results in information that is relevant and reliable. The accounting method used for absorbing the subsidiary Volkswagen Leasing GmbH is the predecessor accounting method, and the absorbed assets and liabilities were recognized at the consolidated carrying amounts of the group of the ultimate parent company, Volkswagen AG, on the date of initial recognition.

Use of the predecessor accounting method does not result in an adjustment to the comparable prior year. Control over Volkswagen Leasing GmbH did not come into effect until July 1, 2024. Consideration of the financial information of Volkswagen Leasing GmbH prior to obtaining control is not compatible with the stipulations of IFRS 10.B88.

The predecessor accounting method is based on the premise of continuation of the merging companies. Consequently, the composition of equity and the history associated with the transferred assets and liabilities are updated following the transfer to the Volkswagen Bank GmbH Group and taken into account for the continuation of accounting. For example, cumulative depreciation is taken into account within the consolidated carrying amounts of assets absorbed effective July 1, 2024 for possible future reversals of impairment losses; previous consolidated carrying amounts are continued under other reserves; and hedging instruments that meet the necessary requirements following transfer are continued.

The assets and liabilities of the absorbed companies, which were transferred at the consolidated carrying amounts, are presented in the following table:

€ million	IFRS-CONSOLIDATED CARRYING AMOUNTS AT ACQUISITION DATE JULY 1, 2024
Loans to and receivables from banks	1,220
Loans to and receivables from customers attributable to	
Dealer financing	12
Leasing business	21,626
Other loans and receivables	3,276
Total loans to and receivables from customers	24,914
Value adjustment on portfolio fair value hedges	–
Derivative financial instruments	243
Marketable securities	104
Property and equipment	3
Assets leased out	28,872
Investment property	17
Deferred tax assets	95
Current tax assets	51
Other assets	1,670
Total assets	**57,184**
Liabilities to banks	–
Liabilities to customers	16,543
Notes, commercial paper issued	27,716
Derivative financial instruments	488
Provisions for pensions and other post-employment benefits	1
Other provisions	85
Deferred tax liabilities	804
Current tax liabilities	37
Other liabilities	1,313
Subordinated capital	196
Total liabilities	**47,184**
Net assets	**10,000**

The following table shows the reconciliation of the transferred assets and liabilities to the amount of the contribution in kind of the former shareholder Volkswagen AG to equity as of July 1, 2024:

€ million	Equity
Value of net assets before consolidation	**10,000**
Other consolidation effects	137
Amount of noncash equity contribution	**10,137**

Further implementation of the restructuring program saw the disposal of interests in joint ventures and an associated company by Volkswagen Bank GmbH. The disposals were completed with legal effect as of July 1, 2024. Prior to this, the interests were, in accordance with the requirements of IFRS 5, classified as held for sale and reported in the separate “Assets held for sale (IFRS 5)” balance sheet item.

The shares of the previously equity-accounted, consolidated joint venture Volkswagen Financial Services Digital Solutions GmbH, Braunschweig, were sold to Volkswagen Financial Services AG. Prior to the sale, an impairment loss of €14 million was recognized during the reporting year and reported in the net gain or loss on miscellaneous financial assets. The sale of the shares in Volkswagen Financial Services Digital Solutions resulted in a profit of €3 million in the net gain or loss on miscellaneous financial assets.

The shares in the previously equity-accounted, consolidated joint venture DFM N.V., Amersfoort and the shares in the unconsolidated associated Credit2 GmbH, Vienna, were sold to Volkswagen Finance Europe B.V., Amsterdam. Prior to the sale, an impairment loss of €3 million for the shares in Credi2 GmbH was recognized in the reporting year and reported in net gain or loss on miscellaneous financial assets. The sale of the shares in Credi2 GmbH did not result in any further net gain or loss. Furthermore, the sale of the shares in DFM N.V. produced a profit of €13 million, which was reported in the net gain or loss on miscellaneous financial assets.

FURTHER CHANGES TO THE BASIS OF CONSOLIDATION AT SUBSIDIARIES AFTER JULY 1, 2024

As of October 1, 2024, the subsidiary Volkswagen Leasing GmbH acquired the shares in company Volkswagen Mobility Services S.p.A, Milan, from Volkswagen Finance Europe B.V, Amsterdam, at a purchase price of €25.6 million. The purchase price was paid in cash. The acquired company operated a financial services business on the Italian market, including through the sale and processing of service agreements, e.g., for maintenance and wear and tear. A portfolio of cash and cash equivalents amounting to €116 million was acquired.

Since the transaction was carried out under common control by Volkswagen Financial Services AG and Volkswagen AG, the transferred assets and liabilities were recognized in the Volkswagen Bank GmbH Group at the consolidated carrying amounts on the date of initial recognition (predecessor accounting). The difference between the acquired assets and liabilities and the purchase price was €17 million and was recognized in equity under retained earnings.

The carrying amounts of the transferred assets and liabilities on the date of initial recognition were as follows:

€ million	IFRS-CONSOLIDATED CARRYING AMOUNTS AT ACQUISITION DATE OCTOBER 1, 2024
Cash reserve	116
Loans to and receivables from customers attributable to	
Other loans and receivables	25
Total loans to and receivables from customers	25
Property and equipment	1
Other assets	20
Total assets	**162**
Liabilities to banks	0
Liabilities to customers	116
Provisions for pensions and other post-employment benefits	1
Other provisions	1
Other liabilities	35
Total liabilities	**153**
Net assets	**9**

Following the acquisition, Volkswagen Mobility Services S.p.A., Milan was merged by absorption into the subsidiary Volkswagen Leasing GmbH, Italy branch, within the Volkswagen Bank GmbH Group as of November 1, 2024.

DISCLOSURES RELATING TO ASSOCIATES

Fintech Credi2 GmbH, headquartered in Vienna, provides white-label financing solutions in the buy-now, pay-later segment for banks, PSPs, issuers and their brokers. A highly scalable product-as-a-service approach allows clients to provide financing solutions for e-commerce and over-the-counter business in their own name quickly with no direct development or operating costs. The shares in the company were sold to Volkswagen Finance Europe B.V. as of July 1, 2024, as a result of the restructuring.

JOINT VENTURE DISCLOSURES PURSUANT TO IFRS 12

In the previous year, the equity-accounted joint ventures were presented separately as material joint ventures as of the reporting date due to their size and strategic importance for the Volkswagen Bank GmbH Group. In connection with the restructuring, the shares in joint ventures Volkswagen Financial Services Digital Solutions GmbH and DFM N.V. were sold as of July 1, 2024. Consequently, no summarized financial information for these joint ventures is provided.

The shares in joint ventures Volkswagen Financné služby Slovensko s.r.o. were classified as held for sale in accordance with the requirements of IFRS 5 and exempt from applying the equity method from the date of the classification onward. Accordingly, only the prior-year figures are presented for this companies.

Volkswagen Financial Services Digital Solutions GmbH, Braunschweig

Volkswagen Financial Services Digital Solutions GmbH, headquartered in Braunschweig, Germany, was a service provider specializing in information technology, particularly the development and operation of systems. The shares in the company were sold to Volkswagen Financial Services AG as of July 1, 2024, as a result of the restructuring. The company was subsequently merged by absorption into Volkswagen Financial Services AG.

DFM N.V., Amersfoort

DFM N.V., whose registered office is situated in Amersfoort, Netherlands, is a financial institution that offers financing products for Volkswagen Group vehicles to business and private customers in the Netherlands and thus helps to promote vehicle sales in the Volkswagen Group. The shares in the company were sold to Volkswagen Finance Europe B.V. as of July 1, 2024, as a result of the restructuring.

Volkswagen Financné služby Slovensko s.r.o., Bratislava

Volkswagen Financné služby Slovensko s.r.o. and its subsidiary Volkswagen Finančné služby Maklérska s.r.o., which are registered in Bratislava, Slovakia, are financial services providers that carry out sales and processing work in connection with the financial services products of other entities and therefore help to promote vehicle sales in the Volkswagen Group. Due to a project for strategic realignment, Volkswagen Bank GmbH has plans to sell the shares within the Volkswagen Group in the first quarter of 2025. The shares were therefore classified as held for sale in accordance with the requirements of IFRS 5 and exempt from applying the equity method from the date of the classification onward.

Summarized financial information for the joint ventures on a 100% basis:

€ million	VOLKSWAGEN FINANČNÉ SLUŽBY SLOVENSKO S.R.O. (SLOVAKIA) 2023
Shareholding (percent)	58%
Loans to and receivables from banks	1
Loans to and receivables from customers	555
Assets leased out	65
Miscellaneous assets	10
Total	**630**
of which: noncurrent assets	406
of which: current assets	224
of which: cash	1
Liabilities to banks	533
Liabilities to customers	8
Notes, commercial paper issued	–
Miscellaneous liabilities	6
Equity	84
Total	**630**
of which: noncurrent liabilities	170
of which: current liabilities	377
of which: noncurrent financial liabilities	166
of which: current financial liabilities	374
Revenue	76
of which: interest income	25
Expenses	–76
of which: interest expense	–16
of which: depreciation and amortization	–11
Profit/loss from continuing operations, before tax	**–1**
Income tax expense or income	–1
Profit from continuing operations, net of tax	**–1**
Profit/loss from discontinued operations, net of tax	–
Other comprehensive income, after tax	–
Total comprehensive income	**–1**
Dividends received	–

Reconciliation from the financial information to the carrying amount of the equity-accounted investment:

€ million	VOLKSWAGEN FINANČNÉ SLUŽBY SLOVENSKO S.R.O. (SLOVAKIA)
2023	
Equity of the joint venture as of Jan. 1, 2023	85
Profit/loss	–1
Other comprehensive income	–
Change in share capital	–
Change due to spinoffs	–
Exchange differences on translating foreign operations	–
Dividend	–
Equity of the joint venture as of Dec. 31, 2023	**84**
Share of equity	48
Other	–19
Carrying amount of the share of equity as of Dec. 31,2023	**29**

There were no unrecognized losses relating to interests in joint ventures. There are no contingent liabilities to joint ventures.

3. Assets held for sale (IFRS 5)

Volkswagen Bank GmbH intends to sell the shares of VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, in the first quarter of 2025 to Porsche Bank Aktiengesellschaft and Porsche Versicherungs Aktiengesellschaft in a further project for the strategic reorientation of Volkswagen Bank GmbH. In accordance with the requirements of IFRS 5, the shares of the equity-accounted joint venture VOLKSWAGEN Finančné služby Slovensko s.r.o. were for the first time classified as held for sale in the amount of €25 million as of June 30, 2024, and reported in the separate "Assets held for sale (IFRS 5)" balance sheet item. They were exempt from applying the equity method from the date of the classification onward. In the reporting year no changes in fair value resulting from the measurement in accordance with the provisions of IFRS 5 for the shares in VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, were recorded.

4. Consolidation methods

The assets and liabilities of the German and international entities included in the consolidated financial statements are reported in accordance with the uniform accounting policies applicable throughout the Volkswagen Bank GmbH Group. In the case of the equity-accounted investments, the pro rata equity is determined on the basis of the same accounting policies.

When subsidiaries are consolidated for the first time, the assets and liabilities, together with contingent consideration, are recognized at fair value on the date of acquisition. Subsequent changes in the fair value of contingent consideration do not generally result in an adjustment of the acquisition-date measurement. Goodwill is accounted for at the subsidiaries in the functional currency of those subsidiaries.

The net assets recognized at fair value as part of an acquisition transaction are depreciated or amortized over their relevant useful lives. If the useful life is indefinite, any requirement for the recognition of an impairment loss is determined at individual asset level using a procedure similar to that used for goodwill. Where hidden reserves and charges in the recognized assets and liabilities are uncovered during the course of purchase price allocation, these items are amortized over their remaining maturities.

The acquisition method described above is not applied when subsidiaries are newly established; no goodwill or negative goodwill can arise when newly established subsidiaries are included in the consolidation. The assets and liabilities of the subsidiaries are recognized at their values on the date of initial consolidation.

When subsidiaries are consolidated for the first time as a result from a company merger under common control by an ultimate parent company, e.g., Volkswagen AG, the acquisition method of IFRS 3 is not applied. Instead, the Group uses the predecessor accounting method in the recognition of assets and liabilities. Including these subsidiaries can therefore not result in goodwill or badwill.

Intragroup transactions are conducted on an arm's-length basis. Any resulting intercompany profits or losses are eliminated.

5. Currency translation

Transactions in foreign currencies are translated in the single-entity financial statements of Volkswagen Bank GmbH and its consolidated subsidiaries at the rates prevailing on the transaction date. Foreign currency monetary items are reported in the balance sheet using the middle rate at the closing date and the resulting gains or losses are recognized in profit or loss.

The foreign branches and subsidiaries which form part of the Volkswagen Bank GmbH Group are independent subunits whose financial statements are translated using the functional currency principle. Assets and liabilities, but not equity, must therefore be translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. Until the disposal of the subsidiary concerned, the resulting exchange differences on translating foreign operations are recognized in other comprehensive income and are presented as a separate item in equity.

The transaction data in the statement of changes in noncurrent assets is translated into euros using the monthly average rates for the relevant months of underlying transactions. A separate "Foreign exchange differences" line is reported to reconcile the carryforwards translated at the middle spot rate on the prior-year reporting date and the transaction data translated at average rates with the final balances translated at the middle spot rate on the reporting date.

The income statement line items are translated into euros using the monthly average rates for the relevant months of underlying transactions.

Rates supplied by an external market data provider are used for translation throughout the whole of the Volkswagen Bank GmbH Group.

The following table shows the closing date middle spot rates used and, for information purposes, the unweighted average rates for the year derived from the monthly average rates used.

		BALANCE SHEET, MIDDLE SPOT RATE ON DEC. 31		INCOME STATEMENT, AVERAGE RATE	
	1 € =	2024	2023	2024	2023
United Kingdom	GBP	0.83020	0.86910	0.84666	0.86991
Poland	PLN	4.27185	4.34090	4.30599	4.54295

6. Recognition of revenue and expenses

Revenue and expenses are recognized in accordance with the accrual basis of accounting and are reported in profit or loss in the period in which the substance of the related transaction occurs.

Interest income is recognized in the income statement using the effective interest method. Income from financing activities is included in the interest income from lending and securities transactions; leasing income is reported in the income statement under income from leasing transactions. The leasing revenue from operating lease contracts is recognized on a straight-line basis over the lease term. Contingent payments under finance leases and operating leases are recognized when the conditions for the contingent payments are satisfied.

Expenses relating to the funding of financing and leasing transactions are reported in interest expenses.

Gains from the sale of used ex-lease vehicles are recognized when the buyer has acquired title to the vehicle concerned. The gains are reported under income from leasing transactions. The expenses that are incurred in connection with the disposal of used ex-lease vehicles are recognized under depreciation, impairment losses and other expenses from leasing transactions.

In the case of service contracts, such as maintenance or inspection agreements, revenue is recognized on either a percentage-of-completion or straight-line basis, depending on the type of service performed. Percentage of completion is normally calculated by considering the services provided up to the reporting date as a proportion of the total anticipated services (output-based). If the customer pays for services in advance, the Group recognizes a corresponding contractual liability until the relevant service is performed.

A trade receivable is recognized for the period between revenue recognition and receipt of payment. Any financing component included in the transaction is not recognized because the period between the transfer of the goods and the payment of consideration is generally less than a year. In the Volkswagen Bank GmbH Group, contract origination costs are capitalized and amortized on a straight-line basis over the term of the contract only if the underlying contract has a term of at least one year and these costs would not have been incurred if the contract concerned had not materialized.

Net fee and commission income includes income and expenses from insurance brokerage as well as fees and commissions from the financing and financial services businesses. Fee and commission income from brokering insurance policies is recognized in accordance with contractual arrangements with the insurers when the entitlement arises, i.e., when the related premium is charged to the policyholder.

Fee and commission expenses arising from financing-business sales commission that are not included through the effective interest rate for the underlying financial assets are expensed in full on the date of performance.

Dividends are reported on the date on which the legal entitlement is established, i.e., generally the date on which a dividend distribution resolution is approved.

GOVERNMENT GRANTS

The Volkswagen Bank GmbH Group recognizes income from government grants if there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received. The Group regards the ECB as a government agency or similar institution for the purposes of IAS 20. The ECB's TLTRO III funding program is intended to stimulate borrowing in the eurozone by creating an incentive for participating banks to lend to the real economy. Volkswagen Bank GmbH believes that this support constitutes a government grant. The Volkswagen Bank GmbH Group recognizes the benefit in the accounting period in which the grant compensates the Group for the corresponding costs and reports the grant as a reduction in the related expense. The level of the benefit depends on the amount borrowed and on which of a number of lending thresholds are satisfied. Further information about the Volkswagen Bank GmbH Group's recognition of income in the context of the benefit from the TLTRO III funding program can be found in note (33) Further Income Statement disclosures.

7. Income taxes

Current income tax assets and liabilities are measured using the tax rates expected to apply in respect of the refund from or payment to the tax authorities concerned. Current income taxes are generally reported on an unnetted basis. Liabilities are recognized for potential tax risks using best estimates.

Deferred tax assets are recognized if it is probable that in the future sufficient taxable profits will be generated in the same tax unit against which the deferred tax assets can be utilized. No deferred tax assets that are not expected to be recovered within a reasonable period are recognized in the year in which they arise. If it is no longer likely that it will be possible to recover deferred tax assets recognized in previous years within a reasonable period, valuation allowances are applied.

Deferred tax assets and liabilities with the same maturities and relating to the same tax authorities are netted.

The introduction of a global minimum level of taxation (Pillar 2) will not result in any burdens for the Volkswagen Bank GmbH Group. Consequently, no current tax expense in connection with Pillar 2 income taxes is incurred. The Group has applied the exemption of the recognition and presentation of deferred taxes in connection with Pillar 2 income taxes.

8. Cash reserve

The cash reserve is carried at the nominal amount.

9. Financial instruments

In the case of regular-way purchases or sales, financial instruments are normally recognized on the settlement date, i.e., the date on which the asset is delivered. An exception to this rule arises in connection with the accounting treatment of derivatives, which are always recognized on the trade date.

Financial assets are classified and measured on the basis of the business model operated by an entity and the structure of its cash flows.

IFRS 9 breaks down financial assets into the following categories:
> Financial assets measured at fair value through profit or loss,
> Financial assets measured at fair value through other comprehensive income (debt instruments),
> Financial assets measured at fair value through other comprehensive income (equity instruments),
> Financial assets measured at amortized cost

Financial liabilities are classified using the following categories:
> Financial liabilities measured at fair value through profit or loss, and
> Financial liabilities measured at amortized cost.

In the Volkswagen Bank GmbH Group, the categories shown above are allocated to the classes "Financial assets and liabilities measured at amortized cost" and "Financial assets and liabilities measured at fair value".

The fair value option for financial assets and financial liabilities is not applied in the Volkswagen Bank GmbH Group.

Financial assets and financial liabilities are generally reported with their unnetted gross values. Offsetting is only applied if, at the present time, the offsetting of the amounts is legally enforceable by the Volkswagen Bank GmbH Group and there is an intention to settle on a net basis in practice.

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

Financial assets held within a business model whose objective is to collect contractual cash flows ("hold to collect" business model) are allocated to the category of financial assets measured at amortized cost measurement. The contractual cash flows of these financial assets consist solely of payments of principal and interest on the principal amount outstanding, such that the cash flow criterion is satisfied.

Financial liabilities other than derivatives are allocated to the measurement category of financial liabilities measured at amortized cost.

Gains and losses arising from the changes in amortized cost are recognized in profit or loss, including the effects from changes in exchange rates.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (DEBT INSTRUMENTS)

Financial assets held within a business model whose objective is to collect contractual cash flows and sell financial assets ("hold to collect and sell" business model) are classified in the category of financial assets measured at fair value through other comprehensive income measurement (debt instruments). The contractual cash flows of these financial assets consist solely of payments of principal and interest on the principal amount outstanding.

Changes in fair value that extend beyond the changes in the amortized cost of these financial assets are recognized in other comprehensive income (taking into account deferred taxes) until the financial asset concerned is derecognized. Only then are the accumulated gains or losses reclassified to profit or loss.

Changes due to specific factors affecting value, such as impairment losses, interest determined in accordance with the effective interest method and foreign currency gains or losses, are immediately recognized in profit or loss.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The measurement category of financial assets measured at fair value through profit or loss encompasses financial assets (debt instruments) for which the cash flow criterion is not satisfied, or that are managed within a business model that aims to sell these assets in order to realize cash flows ("sell" business model).

In addition, derivatives are allocated to the measurement categories of financial assets measured at fair value through profit or loss and financial liabilities measured at fair value through profit or loss.

In the case of these financial assets and liabilities, any changes in fair value are recognized in profit or loss.

FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (EQUITY INSTRUMENTS)

The Volkswagen Bank GmbH Group recognizes financial assets that represent an equity instrument and are not held for trading purposes in the measurement category of financial assets measured at fair value through other comprehensive income (equity instruments). Equity instruments are measured at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The accumulated gains or losses from remeasurement are transferred on derecognition to retained earnings and not to the income statement (i.e., they are not reclassified to profit or loss).

LOANS AND RECEIVABLES

Loans to and receivables from banks, and loans to and receivables from customers, originated by the Volkswagen Bank GmbH Group are generally recognized at amortized cost using the effective interest method. Gains or losses arising from the changes in amortized cost are recognized in profit or loss, including the effects from changes in exchange rates.

For reasons of materiality, non-interest-bearing current loans and receivables (due within one year) are not discounted and therefore no unwinding of discount is recognized.

Loans and receivables are generally derecognized when they are repaid or settled. There are no indications of derecognition for loans/receivables from ABS transactions carried out by the Group.

The accounting policies relating to receivables from customers attributable to the leasing business in the Volkswagen Bank GmbH Group are described in note (14) Leases.

MARKETABLE SECURITIES

The "Marketable securities" balance sheet item largely comprises investments of resources in the form of fixed-income securities from public- and private-sector issuers and asset-backed securities issued by unconsolidated special-purpose entities.

Asset-backed securities are allocated to the measurement category of financial assets measured at fair value through profit or loss.

Fixed-income securities are allocated to the measurement category of financial assets measured at fair value through other comprehensive income (debt instruments). Valuation allowances for marketable securities are recognized in profit or loss under the "Provision for credit risks" line item. Interest determined in accordance with the effective interest method and effects from changes in exchange rates are also recognized in profit or loss. In addition, the differences between the amortized cost and fair value arising from the remeasurement of fixed-income securities are recognized in other comprehensive income, taking into account deferred taxes.

Financial investments in equity instruments from marketable securities are measured at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The net gain on

measurement of these instruments is reported in the statement of comprehensive income under fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax.

EQUITY INVESTMENTS

The equity investments included in the "Miscellaneous financial assets" balance sheet item are measured as equity instruments generally at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The net gain on measurement of these equity investments is reported in the statement of comprehensive income under fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax.

As the equity investments are strategic financial investments, this classification provides a more meaningful presentation of the investments.

If, in the case of non-material equity investments, there is no active market and there is no evidence that the fair values are significantly different from cost, such equity investments are accounted for at cost and reported under financial assets measured at fair value.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments comprise derivatives designated as hedging instruments and derivatives not designated as hedging instruments. All derivatives are measured at fair value and are presented separately in notes (38) and (49).

The fair value is determined with the help of measurement software in IT systems using the discounted cash flow method and taking into account credit value adjustments and debt value adjustments.

In the Volkswagen Bank GmbH Group, entities enter into hedging transactions solely as part of their management of interest rate risk and/or currency risk.

Derivatives are used as hedging instruments to hedge fair values or future cash flows (referred to as hedged items). Hedge accounting in accordance with IFRS 9 is only applied in the case of hedges that can be demonstrated to be effective, both on designation and continuously thereafter. The Volkswagen Bank GmbH Group documents all relationships between hedging instruments and hedged items. When fair value hedges are applied, changes in the fair value of the derivative designated as the instrument used to hedge the fair value of a recognized asset or liability (hedged item) are recognized in profit or loss under net gain or loss on hedges. Changes in the fair value of the hedged item in connection with which the risk is being minimized are also reported in profit or loss under the same item. Gains or losses arising from the ineffectiveness of fair value hedges are also recognized in gain or loss on hedges.

Portfolio fair value hedge accounting reports transactions to hedge the risk of changes in the interest rates of hedged items (receivables from retail financing) on a portfolio basis. The hedged interest rate risk for the hedged items is based on the 3-month EURIBOR. The Volkswagen Bank GmbH Group exercises the option afforded in the provisions of IAS 39 regarding hedge accounting in its portfolio fair value hedge accounting treatment. As part of the accounting treatment of hedges in portfolio fair value hedge accounting, the hedged fair value changes for hedged items are recognized in a separate asset item in the balance sheet ("Change in fair value from portfolio fair value hedges").

In the case of derivatives that are designated as hedges of future cash flows in cash flow hedges and that satisfy the relevant criteria, the changes in the fair value of the derivative are recognized in separate items of other comprehensive income. The designated effective portion is recognized within other comprehensive income in OCI I. Effects on profit or loss under net gain or loss on hedges arise from the ineffective portion of the change in fair value as well as from the reclassification (on recognition of the hedged item) of changes in fair value previously recognized in other comprehensive income. The measurement of the hedged item remains unchanged.

Changes in the fair values of derivatives that do not satisfy the IFRS 9 or IAS 39 criteria for hedge accounting and are therefore accounted for in the measurement category of financial assets and financial liabilities measured at fair value through profit or loss are recognized in profit or loss under net gain or loss on financial instruments measured at fair value.

Interest income or interest expense related to derivatives designated as hedging instruments is reported in the income statement item in which the interest income or interest expense related to the hedged item is presented. Interest income or interest expense related to derivatives used in economic hedging relationships that do not meet the requirements of designation as hedging instruments is also reported in the income statement item in which the interest income or interest expense related to the financial assets and liabilities or the hedged item is presented.

PROVISION FOR CREDIT RISKS

The provision for credit risks, which is recognized in accordance with the expected credit loss model specified by IFRS 9 and in accordance with uniform standards applied throughout the Group, encompasses all financial assets measured at amortized cost, financial assets in the form of debt instruments measured at fair value through other comprehensive income, finance lease receivables and receivables related to payments due under operating leases that fall within the scope of IFRS 16, and credit risks from off-balance-sheet irrevocable credit commitments and financial guarantees. Revocable off-balance-sheet credit commitments are, by contrast, not included in the scope of the provision for credit risks. A credit commitment is considered revocable if a contractual or statutory basis for the revocation or termination exists and the Group also has the practical ability to revoke the credit commitment at any time. The calculation of the provision for credit risks takes into account the exposure at default, the probability of default and the loss given default.

Financial assets are subject to credit risks, which are taken into account by recognizing valuation allowances in the amount of the expected loss; such valuation allowances are recognized for both financial assets with objective evidence of impairment and non-impaired financial assets. These allowances are posted to separate valuation allowance accounts.

The general approach is used for financial assets measured at amortized cost (with the exception of trade receivables), financial assets (debt instruments) whose changes in fair value are recognized in other comprehensive income and for irrevocable credit commitments and financial guarantees unless there is already objective evidence of impairment on initial recognition. Financial assets are broken down into three stages in the general approach. Stage 1 consists of financial assets that are being recognized for the first time or that have not demonstrated any significant increase in default risk since initial recognition. Stage 2 consists of financial assets for which the risk of default has increased significantly since initial recognition. Financial assets demonstrating objective indications of impairment are allocated to Stage 3.

In the case of financial assets already impaired on initial recognition (POCI) and classified as Stage 4 for the purposes of the disclosures, the provision for credit risks is recognized in subsequent measurement on the basis of the cumulative changes in the expected credit loss for the entire life of the asset concerned.

The provision for credit risks is calculated on the basis of the individual financial asset. The parameters required for this calculation are established by assessing portfolios in which individual financial assets of a similar type are brought together. Such homogeneous portfolios are created, for example, on the basis of customer group (e.g. dealer), product (e.g. financing or leasing), or type of collateral (e.g. vehicle). In the case of significant financial assets (e.g., dealer financing loans/receivables and fleet customer business loans/receivables) with objective evidence of impairment, the measurement parameters are determined on the basis of the individual contract.

In the Volkswagen Bank GmbH Group, the provision for credit risks relating to trade receivables and to operating and finance lease receivables accounted for in accordance with IFRS 16 is uniformly determined using the simplified approach. The valuation allowance for trade receivables is calculated according to the extent to which the receivable is past due using a valuation allowance table (provision matrix).

Both historical information, such as average historical default probabilities for each portfolio, and forward-looking information, such as macroeconomic factors and trends (e.g. the rate of change for gross domestic product, the rate of change for industrial production, the unemployment rate, inflation, and short-term and long-term interest rates), linked to expected credit losses, is used to determine the measurement parameters for calculating the provision for credit risks. To model the measurement parameters, calculations are carried out for various probability-weighted scenarios using region-specific macroeconomic factors. The scenarios assume different economic trends and reflect their impact on credit risk and the provision for credit risks. In this regard, Volkswagen Bank GmbH analyzes macroeconomic factors that are also used in internal management. If statistical methods demonstrate that macroeconomic factors have an impact on credit risk, then the relevant forecast macroeconomic factors and their effects on credit risk are taken into account in the scenarios.

The Volkswagen Bank GmbH Group normally analyzes three scenarios: a baseline scenario, a positive scenario and a negative scenario. The baseline scenario uses validated risk parameters as also used in the internal risk calculations. The positive scenario assumes a more positive trend in probabilities of default and loss for the next 12 months compared with the baseline scenario, whereas the negative scenario assumes a rise in default probabilities and higher losses. Compared with the baseline scenario, the probability of default (PD) is reduced by 13.5% on average in the positive scenario, but is increased by an average of +27.4% in the negative scenario. The loss is reduced by 1.3% on average in the positive scenario, but is increased by an average of +2.7% in the negative scenario.

The calculation to determine whether the credit risk has increased significantly at the reporting date generally takes into account the maturity of the agreement. The credit risk expected for the reporting date on the date of initial recognition is compared against the actual credit risk on the reporting date on the basis of the 12-month probability of default; the expected probability of default for the reporting date is derived for the comparison taking the maturity of the agreement into account. Depending on the internal risk management models applied, threshold values are specified for expected credit risk using statistical methods and expert assessments, taking into account transaction-specific variables (such as maturity, payment record and credit process). A credit risk higher than the threshold value indicates a significant increase in credit risk. Depending on specific regional circumstances, qualitative factors may also be used to determine a significant increase in credit risk. Credit risk is assumed to have increased significantly, at the latest, if payments are past due by more than 30 days unless the financial assets have already been allocated to Stage 3 because of other objective evidence of impairment or, as a consequence of a substantial contractual modification, they are added to Stage 1 again at the reporting date despite payments being past due. A financial asset for which the credit risk is determined to be very low at the reporting date can normally be allocated to Stage 1. In the Volkswagen Bank GmbH Group, a very low credit risk can be assumed if the financial asset is assigned a one-year probability of default of less than 0.3%.

Objective evidence of impairment is identified in the Volkswagen Bank GmbH Group using the definition of default specified in Article 178 of the CRR. The existence of a variety of factors could be decisive in determining whether a default has occurred. Examples of such factors include payment more than 90 days past due, the initiation of enforcement measures, the threat of insolvency or overindebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures. The Volkswagen Bank GmbH Group uses the EBA's amended guidelines on the application of the definition

of default under Article 178 of the CRR. If the reason for the recognition of a default (e.g., disruption to payments) has been eliminated, this must then be followed immediately by a cure period of several months before the financial instrument can no longer be considered to be in default.

Reviews are regularly carried out to ensure the valuation allowances are appropriate.

Uncollectible loans or receivables that are already subject to a remediation for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off directly. Any valuation allowances previously recognized are utilized. Income subsequently collected in connection with loans or receivables already written off is recognized in profit and loss.

Loans and receivables are reported in the balance sheet at the net carrying amount. The provision for credit risks relating to off-balance sheet irrevocable credit commitments and financial guarantees is recognized within other liabilities.

Disclosures relating to the provision for credit risks are presented separately in note (64).

MODIFICATIONS

Modifications falling within the scope of IFRS 9 are adjustments of an individual financial instrument or finance lease in which the provisions of IFRS 9 must be applied in accordance with IFRS 16.80(b) and in which the nature, amount and/or timing of the contractual cash flows from the contract are modified. They can be caused by credit rating or market factors. If modified cash flows arise in connection with financial assets or financial liabilities, an assessment must be carried out to establish whether the modification is significant or not. The significance of a modification is assessed from both a qualitative perspective (e.g., change in cash flow currency, adjustment in subordination, switch from fixed to variable interest rate) and a quantitative perspective. As a quantitative guideline, the Volkswagen Bank GmbH Group deems any variation in the discounted cash flows for a financial asset or a financial liability of more than 10% to be significant.

If a modification is significant, the financial asset or financial liability concerned must be derecognized and the modified contract recognized as a new financial asset or financial liability at fair value, taking into account a new effective interest rate. In the case of financial assets that are credit-impaired when purchased or originated and thereby allocated to Stage 4, a credit-adjusted effective interest rate is applied. Financial assets that are not posted as credit-impaired as part of a significant modification and are subject to the general approach are allocated to Stage 1; in subsequent measurement, they are allocated to Stage 2 if a significant increase in credit risk is determined in connection with the modification.

If a modification is not significant, the gross carrying amount of the financial asset or financial liability must be adjusted such that the gross carrying amount after modification reflects the modified cash flows discounted with the original effective interest rate, including all the costs incurred as a result of the modification of the agreement. The old financial asset or financial liability is therefore not derecognized and there is no recognition of a new asset or liability. The difference between the gross carrying amount before and after modification is the modification gain or loss. If a significant increase in credit risk is determined as part of a non-significant modification of a financial asset subject to the general approach (see the section “Provision for credit risks”), the asset is allocated to Stage 2.

LIABILITIES

Liabilities to banks and customers, notes and commercial paper issued, and subordinated capital liabilities are recognized at amortized cost using the effective interest method. Gains or losses arising from the changes in amortized cost are recognized in profit or loss, including the effects from changes in exchange rates.

For reasons of materiality, discounting or unwinding of discounting is not applied to non-interest-bearing current liabilities (due within one year). They are therefore recognized at their repayment or settlement value.

10. Value adjustment on portfolio fair value hedges

This assets-side line item on the balance sheet recognizes changes in the hedged fair value in relation to the hedged interest rate risk for the hedged items covered by portfolio fair value hedge accounting. The effects arising from the amortization of changes in fair value recognized for hedged items (changes in hedged fair value) in portfolio fair value hedges are reported in the interest income from hedged financial assets.

11. Miscellaneous financial assets

Investments in subsidiaries that are not consolidated, other equity investments and investments in unconsolidated associates in the previous year are reported as miscellaneous financial assets.

Investments in unconsolidated subsidiaries and unconsolidated associates are recognized at cost taking into account any necessary impairment losses. Impairment losses are recognized in profit or loss if there are country-specific indications of significant or permanent impairment (e.g., imminent payment difficulties or economic crises).

The accounting policies applicable to equity investments are set out in note (9) Financial Instruments.

12. Intangible assets

Intangible assets are recognized in accordance with the cost model.

Purchased intangible assets are – provided they have a finite useful life – amortized on a straight-line basis over their useful lives. These assets mainly consist of software, which is generally amortized over three or five years.

Subject to the conditions specified in IAS 38, internally developed software is capitalized. Amortization is on a straight-line basis over the useful life of three to five years from the start of use and is reported under general and administrative expenses.

At every reporting date, intangible assets with finite useful lives are tested to establish whether there are any indications of impairment. An appropriate impairment loss is recognized if a comparison shows that the recoverable amount for the asset is lower than its carrying amount.

Intangible assets with indefinite useful lives are not amortized. An annual review is carried out to establish whether an asset has an indefinite useful life. In accordance with IAS 36, these assets are tested for impairment by comparing the carrying amount and recoverable amount at least once a year and additionally if relevant events or changes in circumstances should occur. If required, an impairment loss is recognized to reduce the carrying amount to a lower recoverable amount.

13. Property and equipment

Property and equipment (land and buildings plus operating and office equipment) is recognized in accordance with the cost model. Depreciation is applied on a straight-line basis over the estimated useful life.

Depreciation and amortization is based mainly on the following useful lives:

Property and equipment	Useful lives
Buildings and property facilities	10 to 50 years
Operating and office equipment	3 to 23 years

At every reporting date, property and equipment are tested to establish whether there are any indications of impairment, for example as a result of relevant events or changes in circumstances. The recoverable amount for the asset is compared against its carrying amount in such cases. If the recoverable amount of the asset concerned has fallen below its carrying value, an impairment loss is recognized in accordance with IAS 36.

Depreciation expense and impairment losses are reported within general and administrative expenses. Income from the reversal of impairment losses is recognized in net other operating income/expenses.

The property and equipment line item on the balance sheet also includes right-of-use assets recognized on the balance sheet in connection with leases in which the Volkswagen Bank GmbH Group is the lessee. The accounting policies for these right-of-use assets are set out in note (14) Leases within the subsection covering the Group as lessee.

14. Leases

GROUP AS LESSOR

The Volkswagen Bank GmbH Group operates both finance lease business and operating lease business. The leases are mainly vehicle leases, but to a lesser extent also involve land and buildings.

Lease income and lease expenses that the Group generates or incurs as a lessor are recognized under income from leasing transactions and depreciation, impairment losses and other expenses from leasing transactions in the income statement and are explained in note (21) Net income from leasing transactions. Net income from leasing transactions largely consists of the following components: revenue from operating leases, interest income from finance leases, gains and expenses from the disposal of used ex-lease vehicles, net interest income/expense from finance lease hedging derivatives and depreciation and impairment losses in respect of lease assets. Interest income from finance leases includes the effects arising from the amortization of changes in fair value recognized for hedged items (changes in hedged fair value) that result from finance lease receivables covered by portfolio fair value hedges.

A finance lease is a lease that transfers substantial risks and rewards to the lessee. Where residual value guarantees are agreed, residual value risks are passed on to the residual value guarantor. In the consolidated balance sheet, receivables from finance leases are reported within loans to and receivables from customers and the net investment in the lease generally equates to the cost of the lease asset. Interest income from these transactions is reported under leasing income in the income statement. The interest paid by the customer is allocated so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable. Net interest income/expense from hedging derivatives for the interest rate exposure for parts of the receivables from finance leases is reported under income from leasing business. Net interest income/expense from hedging derivatives is reported under income from leasing business in order to present hedged interest income from finance leases generated by the Volkswagen Bank

GmbH Group including net interest income/expense from hedging derivatives for the interest rate exposure.

In the case of operating leases, the substantial risks and rewards related to the leased asset remain with the lessor. In this case, the assets involved are reported in a separate “Lease assets” item in the consolidated balance sheet, measured at cost and reduced by straight-line depreciation over the lease term to the calculated residual carrying amount. Any impairment identified as a result of an impairment test in accordance with IAS 36 in which the recoverable amount (normally the value in use) is found to have fallen below the carrying amount is taken into account by recognizing an impairment loss. Generally, future depreciation rates are adjusted as a consequence of impairment. Depreciation and impairment losses are reported under depreciation, impairment losses and other expenses from leasing transactions. Reversals of impairment losses recognized in prior years for reasons that no longer apply are included in income from leasing transactions. Leasing revenue is recognized on a straight-line basis over the lease term and is reported in income from leasing transactions.

Where the Volkswagen Bank GmbH Group is a lessor, one of the ways in which it counters the risks arising in connection with the underlying leased assets (primarily vehicles) is to take into account residual value guarantees received for parts of the lease portfolio and to include residual value forecasts on the basis of internal and external information within residual value management. Residual value forecasts are regularly verified by a process of backtesting.

The Volkswagen Bank GmbH Group takes full account of the credit risk arising in connection with lease receivables by recognizing loss allowances in accordance with the provisions specified in IFRS 9. The accounting policies covering loss allowances for the credit risk on lease receivables are included in note (9) Financial Instruments in the subsection addressing the provision for credit risks.

GROUP AS LESSEE

The right-of-use asset for leases in which the Volkswagen Bank GmbH Group is the lessee is depreciated on a straight-line basis over the term of the lease. The depreciation expense is reported under general and administrative expenses. The allocation of the depreciation amounts for right-of-use assets to the categories “Right of use on land, land rights and buildings incl. buildings on third party land” and “Right of use on other equipment, operational and office equipment” is shown in note (69) Leases.

In the subsequent measurement of the lease liability, the carrying amount is updated using the effective interest method and taking into account the lease payments made. The interest expenses arising from the application of the effective interest method are reported under interest expenses in the income statement.

The right-of-use assets recognized in the balance sheet for leases are reported under those line items in which the lease’s underlying assets would have been reported if these assets had been in the beneficial ownership of the Volkswagen Bank GmbH Group. The right-of-use assets are therefore reported as of the reporting date under property and equipment.

Lease liabilities are carried at the present value of the lease payments. Exemptions are provided for short-term leases and leases in which the underlying asset is of low value. The Volkswagen Bank GmbH Group has elected to apply these exemptions and therefore does not recognize any right-of-use asset or lease liability for such leases. The associated lease payments are recognized as an expense under general and administrative expenses in the income statement. A lease is treated as low in value if the underlying asset is worth no more than €5,000 when new. Furthermore, the accounting requirements specified in IFRS 16 are not applied to leases for intangible assets.

Leases of the Volkswagen Bank GmbH Group may include extension or termination options that are taken into account when determining the lease term.

BUYBACK TRANSACTIONS

The Volkswagen Bank GmbH Group enters into vehicle purchase contracts in which there is a fixed buyback agreement with the vehicle sellers, who are entities in the Volkswagen Group. Ultimately, these contracts entitle the Group solely to use the vehicles during an agreed timeframe, the contracts being accounted for as leases. The Group is the lessee in the primary lease and uses the vehicles made available under the lease to conduct leasing business with customers. The leases with customers are treated as subleases linked to the right of use received for the period of use and are classified as finance leases or operating leases according to the classification criteria. The vast majority of buyback transactions are classified as finance leases and the values arising from the transfer of the right of use are consequently presented as receivables from finance leases in the balance sheet. To a lesser extent, some transactions are classified as operating leases and the values arising from the transfer of the right of use are thus in this case accounted for as lease assets.

In connection with buyback transactions, buyback receivables are also recognized under loans to and receivables from customers within other loans and receivables in the amount of the buyback values agreed at the inception of the lease. In the case of noncurrent leases (maturity of more than one year), the agreed buyback value is discounted at the inception of the lease. The unwinding of the discount during the term of the lease is recognized in interest income.

15. Investment property

Land and buildings held to earn rentals are reported under the Investment property line item in the balance sheet and recognized in accordance with the cost model. The fair values disclosed in the notes are determined by discounting the estimated future cash flows using the relevant long-term market discount rate. Depreciation is applied on a straight-line basis over useful lives of nine to 33 years. Any impairment identified as a result of an impairment test in accordance with IAS 36 is taken into account by recognizing an impairment loss.

16. Provisions for pensions and other post-employment benefits

Provisions are recognized for commitments in the form of retirement, invalidity and surviving dependants' benefits payable under pension plans. The benefits provided by the Group vary according to the legal, tax and economic circumstances of the country concerned, and usually depend on the length of service and remuneration of the employees.

The Volkswagen Bank GmbH Group provides occupational pensions in the form of both defined contribution and defined benefit plans. In the case of defined contribution plans, the Bank makes contributions to state or private pension schemes based on statutory or contractual requirements, or on a voluntary basis. Once the contributions have been paid, the Volkswagen Bank GmbH Group has no further obligations. In 2024, the total contributions made by the Volkswagen Bank GmbH Group came to €17 million (previous year: €8 million). This amount included contributions to the compulsory state pension system in Germany in an amount of €16 million (previous year: €8 million).

Pension schemes in the Volkswagen Bank GmbH Group are predominantly defined benefit plans in which there is a distinction between pensions funded by provisions (without plan assets) and externally funded plans (with plan assets). The pension provisions for defined benefit commitments are measured

by independent actuaries using the internationally accepted projected unit credit method in accordance with IAS 19. This means that the future obligations are measured on the basis of the proportionate benefit entitlements earned as of the reporting date. The measurement of pension provisions takes into account actuarial assumptions regarding discount rates, salary and pension trends, life expectancy and employee turnover rates, which are determined for each Group company depending on the economic environment.

Various transfers of personnel took place due to the restructuring as of July 1, 2024 between Volkswagen Financial Services AG, Volkswagen Bank GmbH and the Volkswagen Bank GmbH subsidiary, Volkswagen Leasing GmbH. In the process, provisions for obligations to employees, e.g., from pension obligations, were transferred from the transferring companies to the absorbing companies. In order to compensate for the transferred provisions, the value of the provisions under German commercial law was used to determine compensation payments. Positive differences from transfers from Volkswagen Financial Services AG, where the compensation payments received are greater than the acquired provisions pursuant to IFRS, are recorded as transactions by the owners through other comprehensive income and recognized as contributions in kind of the shareholder, Volkswagen Financial Services AG. Negative differences from transfers to Volkswagen Financial Services AG, where the compensation payments made are greater than the released provisions pursuant to IFRS, are also recorded as transactions by the owners through other comprehensive income and recognized as distributions in kind to the shareholder, Volkswagen Financial Services AG.

The transfers below took place from Volkswagen Financial Services AG to the Volkswagen Bank GmbH Group, including transfers to the consolidated subsidiary, Volkswagen Leasing GmbH. The differences are shown as contribution in kind of the shareholder Volkswagen Financial Services AG under retained earnings.

€ million	Present value of transferred obligations	Fair value of transferred plan assets	Provisions recognized in the balance sheet	Compensation payments	Difference
Pensions	162	110	53	141	89
Anniversary payments	21	–	21	25	4
Semiretirement	24	–	24	25	1
Time Assets	60	49	11	11	1
Other	0	–	0	0	0
Total	268	159	109	203	94

The transfers below took place from Volkswagen Bank GmbH to Volkswagen Financial Services AG. The differences are shown as distributions in kind from retained earnings to the shareholder, Volkswagen Financial Services AG.

€ million	Present value of transferred obligations	Fair value of transferred plan assets	Provisions recognized in the balance sheet	Compensation payments	Difference
Pensions	11	9	2	8	6
Anniversary payments	1	–	1	2	0
Semiretirement	2	–	2	2	0
Time Assets	10	8	2	2	0
Other	0	–	0	0	0
Total	24	17	7	14	7

Due to the increased significance of provisions for pensions and other post-employment benefits as a result of the personnel transfer, the presentation in the balance sheet has been adjusted. The previously combined "Provisions" (previous year: €196 million) balance sheet item was divided into two separate items, "Provisions for pensions and other post-employment benefits" and "Other provisions".

Detailed disclosures on provisions for pensions and other post-employment benefits are set out in note (50).

17. Other provisions

Under IAS 37, provisions are recognized if a present legal or constructive obligation to a third party has arisen as a result of a past event, it is probable that settlement in the future will result in an outflow of resources embodying economic benefits, and the amount of the obligation can be estimated reliably. If an outflow of resources is neither probable nor improbable, the amount concerned is deemed to be a contingent liability. In accordance with IAS 37, this contingent liability is not recognized but disclosed in note (71).

Provisions for litigation and legal risks are recognized and measured using assumptions about the probability of an unfavorable outcome and the amount of possible utilization.

Income from the reversal of other provisions is generally recognized in the income statement item or net income item in which the associated expense was recognized in previous fiscal years.

Provisions that are not associated with an outflow of resources within one year are recognized at their settlement amount discounted to the reporting date using market discount rates. An average discount rate of 2.61% (previous year: 2.87%) has been used for the eurozone. The settlement amount also includes expected cost increases.

18. Trust transactions

Volkswagen Bank GmbH acts as a trustee in some of its lending business. As the pass-through criteria specified in IFRS 9.3.2.4(b) and IFRS 9.3.2.5 are satisfied, the asset, which only needs to be recognized for the briefest of periods, and the matching liability are derecognized in full. The upshot is that trust business does not need to be reported on the balance sheet. The extent of this business is not material.

19. Estimates and assumptions by management

The preparation of the consolidated financial statements requires management to make certain estimates and assumptions that affect the recognition and measurement of assets, liabilities, income and expenses, and disclosures relating to contingent assets and liabilities for the reporting period.

Assumptions and estimates are based on the latest available information. The circumstances prevailing at the time the consolidated financial statements are prepared and future trends in the global and sector environment considered to be realistic are taken into account in the projected future performance of the business. The estimates and assumptions used by management have been made, in particular, on the basis of assumptions relating to macroeconomic trends (including energy prices and inflation) and developments in the automotive markets, financial markets (specifically including interest rate trends) and underlying legal conditions.

The planning assumption in respect of global economic development is that global economic output will grow overall in 2025 but at a slightly weaker pace when compared with 2024. The declining level of inflation in important economic regions and the resulting easing of monetary policy should have a positive effect on consumer spending. It is still expected that risks will arise from growing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will be impacted by ongoing geopolitical tensions and conflicts, with the Russia-Ukraine conflict, fighting in the Middle East and uncertainties in connection with the political orientation of the USA as particular sources of risk. It is assumed that both the advanced economies and the emerging markets will show a somewhat weaker momentum on average compared with the reporting year. The general expectation is that the global economy will continue on a path of stable growth through 2029.

These assumptions suggest that automotive financial services – in combination with the development of the vehicle markets – will prove highly important to global vehicle sales in 2025. Demand for solutions that provide access to mobility at the lowest possible total cost is expected to continue to grow in the markets of Volkswagen Bank GmbH Group's markets. The shift from financing in favor of lease contracts will also continue, as was initiated in European financial services business with individual customers. Integrated end-to-end solutions that include mobility-related service modules such as insurance and innovative packages of services are likely to become increasingly important. Additionally, demand is expected to increase for new forms of mobility, such as rental and car subscription (Auto-Abo) services, and for integrated mobility services including refueling and charging. Dealers remain important strategic partners. The seamless integration of financial services into the online vehicle offering is becoming increasingly important. According to assumptions, we estimate that this trend will also persist in the years 2026 to 2029.

The trend in the automotive industry closely follows global economic developments. It is assumed that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Moreover, a sudden outbreak of geopolitical tension and conflicts or the intensification of existing ones could lead to rising prices for materials and declining availability of energy. Trends in the markets for passenger cars in 2025 are expected to be positive overall, but with some variation from region to region. Overall, the global volume of new car sales is expected to be slightly higher than the level of the previous year. Growing demand for passenger cars is forecast worldwide in the period from 2026 to 2029. Trends in the markets for light commercial vehicles in the individual regions will be mixed. On the whole, we expect the sales volume for 2025 to be on the same level as in the previous year; for the years 2026 to 2029, we expect demand for light commercial vehicles to increase globally.

Interest rates declined slightly in Europe and across much of the rest of the world in fiscal year 2024 on account of falling inflation. A few central banks have already implemented interest rate cuts. The trend of rate cuts is expected to continue in 2025.

These and other assumptions and judgements are explained in detail in the report on expected developments, which is part of the management report.

As future business performance is subject to unknown factors that, in part, lie outside the control of the Group, assumptions and estimates continue to be subject to considerable uncertainty. If changes in parameters are different from the assumptions and beyond any influence that can be exercised by management, the amounts actually arising could differ from the estimated values originally forecast. If actual performance varies with the forecasts, the assumptions and, where necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

The assumptions and estimates largely relate to the items set out below.

FINANCIAL INSTRUMENTS

The procedure for determining the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. When possible, these estimates take into account the latest market data as well as rating classes and scoring information derived from empirical values and combined with forward-looking parameters. Further information on determining valuation allowances can be found in the disclosures on the provision for credit risks in notes (9) and (64).

The “Provision for credit risks” in note (9) Financial instruments describes how three scenarios of risk parameters are taken into account to determine the provision for credit risks and that objective indications of impairment are determined using the definition of default in accordance with Article 178 CRR. These measurement methods were not yet applied when determining the consolidated carrying amounts of the financial assets of Volkswagen Leasing GmbH that were transferred as of July 1, 2024. As part of a change in accounting-related estimates, the measurement methods were applied throughout the Group in the reporting year for all relevant financial assets of the Volkswagen Bank GmbH Group. The provision for credit risks throughout the Group is determined by taking into account three scenarios of risk parameters, resulting in the reversal of provision for credit risks of €19 million.

With regard to default risks of financial assets in the Volkswagen Bank GmbH Group, climate and environmental risks in the portfolio of nonfinancial companies and for collateral in the form of vehicles may become increasingly relevant in future reporting periods. In the portfolio of nonfinancial companies, possible transition risks, in particular, are classified as being of medium- to long-term relevance. Their nature varies within the individual sectors of the nonfinancial companies. The car trade, in particular, may be subject to medium- and long-term transition risks driven by additional transformation costs, long-term structural change and the need for capital expenditure on technology. The corresponding short-term transition risks are not classified as material. In terms of collateral in the form of vehicles, it can generally be assumed that the gradual transition from combustion engines to electric vehicles will continue. From today’s perspective, therefore, there are no heightened risks and the valuation approaches remain appropriate. Nevertheless, the impact of relevant risk drivers such as the CO_2 transition, technological changes, laws and provisions and customer interest are kept under observation and reassessed on a regular and ad hoc basis. Instruments to take ESG aspects into account in the credit processes were established within the Volkswagen Bank GmbH Group in order to counter ESG risks. As part of the credit approval process the Group assesses ESG risks on the basis of the comprehensive expertise of the front and back office.

Management estimates are necessary to determine the fair value of financial instruments. This relates to both fair value as a measurement standard in the balance sheet and fair value in the context of disclosures in the notes. Fair value measurements are categorized into a three-level hierarchy depending on the type of inputs used in the valuation technique and each level requires different management estimates. Fair values in Level 1 are based on prices quoted in active markets. Management assessments in this case relate to determining the primary or most advantageous market. Level 2 fair values are measured on the basis of observable market data using market-based valuation techniques. Management decisions for this level relate to selecting generally accepted, standard industry models and specifying the market in which the relevant input factors are observable. Level 3 fair values are determined using recognized valuation techniques and relying on some inputs that cannot be observed in an active market. Management judgment is required in this case when selecting the valuation techniques and determining the inputs to be used. These inputs are developed using the best available information. If the Bank uses its own data, it applies appropriate adjustments to best reflect market conditions. This is done with regard to fair value disclosures for loans to customers in the notes, as these are measured at amortized cost and not at fair value.

RECOVERABLE AMOUNT OF NONFINANCIAL ASSETS, JOINT VENTURES AND EQUITY INVESTMENTS

The impairment tests applied to nonfinancial assets (particularly goodwill and brand names), equity-accounted joint ventures and equity investments measured at cost require assumptions related to the future cash flows in the planning period and, where applicable, beyond. The assumptions about the future cash flows factor in expectations regarding future global economic trends, trends in the overall markets for passenger cars and commercial vehicles and expectations derived from these trends about financial services, taking into account market penetration, risk costs, margins and regulatory requirements. The assumptions are based on current estimates by third-party institutions, which include economic research institutes, banks, multinational organizations and consulting firms. The discount rates used in the discounted cash flow method applied when testing goodwill for impairment are based on specified cost of equity rates, taking into account historical experience and appropriate assumptions regarding macroeconomic trends. In particular the forecasts for short- and medium-term cash flows, and the discount rates used, are subject to uncertainty outside the control of the group.

RECOVERABLE AMOUNT OF LEASE ASSETS

The recoverable amount of leased assets in the Group mainly depends on the residual value of the leased vehicles when the leases expire because this value represents a considerable proportion of the expected cash inflows. Continuously updated internal and external information on trends in residual values – based on particular local circumstances and empirical values from the marketing of used vehicles – is factored into the forecasts of residual values for leased vehicles. These forecasts require the Group to make assumptions, primarily in relation to future supply and demand for vehicles and in relation to trends in vehicle prices. These assumptions are based on either professional estimates or information published by third-party experts. The professional estimates are based on external data (where available), taking into account any additional information available internally, such as values from past experience and current sales data. Forecasts and assumptions are regularly verified by a process of backtesting.

The mix of drive types in the Volkswagen Bank GmbH portfolio is changing constantly as the transition to zero-emissions mobility progresses. The implications of this transition for residual values in the portfolio are monitored continuously using an appropriate method for the analysis and evaluation of ESG factors, including technological and regulatory changes and CO_2 transition costs. The defined residual values of vehicles of different drive types are updated in line with the results of this monitoring at

regular intervals for the purposes of both new business and residual value forecasting. Customer behavior and the structure of the market are also key determining factors in this context alongside the aforementioned elements. No additional estimation uncertainty arising from ESG/sustainability considerations that would materially affect existing estimates, for example the recoverable amount of leased assets, in the consolidated financial statements is apparent as of the current reporting date. Possible future effects of ESG/sustainability factors on existing estimates are considered continuously.

LEASE TERM IN LESSEE ACCOUNTING

Under IFRS 16, the term of a lease is determined on the basis of the fundamental noncancelable term of the lease plus an assessment of whether any option to extend the lease will be exercised or whether any option to terminate the lease will be exercised. The lease term determined in this way and the discount rates used affect the amounts recognized for the right-of-use assets and the lease liabilities.

DEFERRED TAX ASSETS AND UNCERTAIN INCOME TAX ITEMS

When determining deferred tax assets, there is a need to make assumptions about future taxable income and the timing for any recovery of the deferred tax assets. The measurement of deferred tax assets for tax loss carryforwards is generally based on future taxable income within a planning horizon of five fiscal years. In the recognition of uncertain income tax items, the expected tax payment is used as the basis for the best estimate.

Tax liabilities are recognized for potential retrospective tax payments in the future; other liabilities are recognized for any additional tax costs incurred in this regard.

The entities in the Volkswagen Bank GmbH Group operate worldwide and are audited on an ongoing basis by the local tax authorities. Changes to tax legislation, decisions by the courts and their interpretation by the tax authorities in the countries concerned could give rise to tax payments that are different from the estimates made in the financial statements.

The assessment of uncertain tax exposures is based on the most likely figure if the risk were to materialize. The Volkswagen Bank GmbH Group makes a decision on a case-by-case basis as to whether to account for several tax uncertainties individually or in groups, depending on which approach better serves to predict whether the tax risk will materialize.

The pricing of individual services is particularly complex in contracts for cross-border intragroup services because, in many cases, there are no observable market prices or the application of market prices for similar services is subject to some uncertainty because the services are not comparable. In such cases – and for tax purposes – the pricing is determined using uniform measurement methods applied in generally accepted business practice.

Actual figures may differ from the original estimates if the circumstances differ from the assumptions made in the estimates.

INCOME FROM SERVICE CONTRACTS

The calculation of contractual service rates in service contracts is subject to assumptions about expenses during the term of contracts; these assumptions are based on past empirical data. The parameters used in the calculation of contractual service rates are regularly reviewed. During the term of contracts, income from service contracts is recognized on the basis of expenses incurred, plus a margin derived from the contractual service rates.

PROVISIONS

The recognition and measurement of provisions is also based on assumptions about the probability that future events will occur and the amounts involved, together with an estimation of the discount rate. Again, experience or reports from external experts are used whenever possible.

The measurement of pension provisions is based on actuarial assumptions regarding discount rates, salary and pension trends, and employee turnover rates, which are determined for each group company depending on the economic environment. Further information about the assumptions applied in relation to provisions for pensions and other post-employment benefits can be found in notes (16) and (50).

Other provisions are measured on the basis of expected values, which often results in changes involving either additions to the provisions or the reversal of unused provisions. Changes in the estimates of the amounts for other provisions are always recognized in profit or loss. The recognition and measurement of provisions for litigation and legal risks included within other provisions requires making predictions with regard to court decisions and the outcome of legal proceedings. Each case is individually assessed on its merits based on developments in the proceedings, the company's past experience in comparable situations and evaluations made by experts and lawyers. Further information about the assumptions applied in relation to other provisions can be found in note (17).

Income Statement Disclosures

Material changes to the items in the income statement detailed below result, among other things, from income and expenses, which must be taken into account within the Volkswagen Bank GmbH Group with the inclusion of Volkswagen Leasing GmbH in the basis of consolidation as of July 1, 2024.

20. Interest income from lending transactions and marketable securities

Income from lending transactions and marketable securities includes interest income from customer financing and dealer financing, interest income from direct banking business, interest income and expenses from hedging derivatives for financial assets outside the leasing business, and other interest income, which includes interest income from fixed-income securities.

The interest income from financial assets measured at amortized cost or at fair value through other comprehensive income included in interest income from lending transactions and marketable securities amounted to €3,471 million (previous year: €2,385 million). In the reporting year, financial assets measured at fair value through profit or loss accounted for a net income of €40 million arising from interest income and expenses (previous year: net income of €26 million from interest income and expenses).

Interest income and interest expense related to derivatives not designated as hedging instruments for hedging financial assets outside the leasing business gave rise to net income of €13 million (previous year: €4 million). Derivatives designated as a hedging instrument for hedging financial assets outside the leasing business resulted in net expense from interest income and expenses of €189 million (previous year: €134 million).

21. Net income from leasing transactions

The strong changes to net income from leasing transactions result in particular from the inclusion of Volkswagen Leasing GmbH in the basis of consolidation as of July 1, 2024.

The breakdown of net income from leasing transactions is as follows:

€ million	2024	2023
Leasing income from operating leases	3,726	626
Interest income from finance leases	797	135
Gains from the disposal of used ex-lease vehicles	4,428	548
Net interest income/expense from finance lease hedging derivatives	70	–
Miscellaneous income from leasing transactions	521	142
Income from leasing transactions	**9,541**	**1,451**
Lease assets depreciation and impairment losses	–2,905	–483
Expenses from the disposal of used ex-lease vehicles	–4,448	–494
Miscellaneous expenses from leasing transactions	–342	–57
Depreciation, impairment losses and other expenses from leasing transactions	**–7,696**	**–1,034**
Total	**1,845**	**418**

22. Interest expenses

Interest expenses include funding expenses for lending and leasing business and relate in an amount of €2,993 million (previous year: €1,240 million) to financial instruments not measured at fair value through profit or loss.

Interest income and interest expense related to derivatives not designated as hedging instruments for hedging financial liabilities came to €4 million (previous year: €4 million). Interest income and expenses on derivatives designated as hedging instruments for hedging financial liabilities amount to €125 million (previous year: €46 million).

The disclosures relating to the interest expenses for lease liabilities reported under the interest expense line item in the income statement can be found in note (69) Leases.

23. Net income from service contracts

Of the total income recognized for service contracts in the reporting year, an amount of €840 million (previous year: €95 million) related to service contracts requiring the recognition of income at a specific time, and €243 million (previous year: €0 million) related to service contracts requiring the recognition of income over a period of time.

Of the income from service contracts recognized in the reporting year, income of €656 million had been included in the contractual liabilities for service contracts within liabilities to customers as of January 1, 2024. For this information, income from service contracts realized following the absorption of Volkswagen Leasing GmbH as of July 1, 2024 was taken into account and included in the contractual liabilities for service contracts of Volkswagen Leasing GmbH as of January 1, 2024. Of the income recognized in the prior year, income of €21 million had been included in the contractual liabilities for service contracts as of January 1, 2023.

24. Provision for credit risks

The provision for credit risks relates to the following balance sheet items: loans to and receivables from banks, loans to and receivables from customers, marketable securities and other assets; in the context of the provision for credit risks in respect of credit commitments and financial guarantees, it also relates to the “Other liabilities” balance sheet item.

The breakdown of the amount recognized in the consolidated income statement is as follows:

€ million	2024	2023
Additions to provision for credit risks	–496	–322
Reversals of provision for credit risks	231	230
Direct write-offs	–87	–106
Income from loans and receivables previously written off	42	55
Net gain or loss from significant modifications	0	–
Total	**–310**	**–144**

25. Net fee and commission income

Net fee and commission income largely comprises income and expenses from insurance brokerage, together with fees and commissions from the financing business and the financial services business. The breakdown is as follows:

€ million	2024	2023
Fee and commission income	144	133
of which commissions from insurance broking	91	71
Fee and commission expenses	–103	–69
of which sales commission from financing business	–64	–43
of which commissions from insurance broking	–11	–
Total	**41**	**64**

26. Net gain or loss on hedges

The "Net gain or loss on hedges" item comprises gains and losses arising from the fair value measurement of hedging instruments and hedged items.

The details of the gains and losses are as follows:

€ million	2024	2023
Fair value hedges		
Gains/losses from micro fair value hedges		
Gains/losses on hedging instruments	106	43
Gains/losses on hedged items	–142	–59
Gains/losses from micro fair value hedges	–36	–16
Gains/losses from the ineffective portion of micro fair value hedges	–36	–16
Gains/losses from portfolio fair value hedges		
Gains/losses on hedging instruments	–78	–25
Gains/losses on hedged items	76	30
Gains/losses from the ineffective portion of portfolio fair value hedges	–2	5
Gains/losses from the ineffective portion of portfolio fair value hedges	–2	5
Cash flow hedges		
Gains/losses from the reclassification of reserves	–73	–23
Gains/losses from translation of foreign currency loans/receivables and liabilities	73	23
Gains/losses from the ineffective portion of hedging instruments	–1	–2
Total	**–39**	**–13**

27. Net gain/loss on financial instruments measured at fair value

The net gains or losses on derivatives not designated as hedging instruments, net gains or losses on marketable securities and loans/receivables measured at fair value through profit or loss, and net gains or

losses on derecognition of marketable securities measured at fair value through other comprehensive income are reported under this item. Gains and losses arising from changes in the fair value of derivatives that do not satisfy the requirements of IFRS 9 for hedge accounting at the micro level are recognized under gains and losses on derivatives not designated as hedging instruments.

The details of the gains and losses are as follows:

€ million	2024	2023
Gains/losses on derivatives not designated as hedging instruments	–98	–29
Gains/losses on marketable securities measured at fair value through profit/loss	24	13
Gains/losses on loans/receivables measured at fair value through profit/loss	–	–
Gains/losses on the derecognition of marketable securities measured at fair value through OCI	8	6
Total	**–66**	**–10**

28. General and administrative expenses

The breakdown of general and administrative expenses is shown in the following table:

€ million	2024	2023 adjusted[1]
Personnel expenses in general and administrative expenses	–373	–180
Nonstaff operating expenses	–665	–590
Advertising, public relations and sales promotion expenses	–20	–8
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	–7	–8
Other taxes	–12	–9
Income from the reversal of provisions and accrued liabilities	32	6
Total	**–1,045**	**–791**

1 Prior-year changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

The disclosures relating to the expenses from the depreciation of right-of-use assets included in general and administrative expenses and to the expenses from short-term leases and leases in which the underlying asset is of low value can be found in note (69) Leases.
The strong increase in personnel expenses results from the personnel transfer as a consequence of the restructuring under company law as of July 1, 2024.
The breakdown and explanation of personnel expenses is included in the separate note (74) Personnel expenses in conjunction with note (75) Average number of employees during the reporting period.

29. Net other operating income/expenses

The breakdown of the net other operating income/expenses is as follows:

€ million	2024	2023
Gains on the measurement of nonhedge foreign currency loans/receivables and liabilities	8	22
Income from cost allocations to other entities in the Volkswagen Group	85	36
Income from the reversal of provisions and accrued liabilities	30	18
Income from claims for damages	15	–
Income from the disposal of vehicles under loan agreements and finance leases	282	6
Income from nonsignificant modifications	7	6
Miscellaneous operating income	41	24
Losses on the measurement of nonhedge foreign currency loans/receivables and liabilities	–10	–12
Litigation and legal risk expenses	–10	–17
Expenses from the disposal of vehicles under loan agreements and finance leases	–270	–6
Expenses from nonsignificant modifications	–4	–2
Miscellaneous operating expenses	–47	–23
Total	**132**	**52**

30. Net gain or loss on miscellaneous financial assets

Net gain or loss on miscellaneous financial assets includes net gains or losses arising from the recognition of impairment losses and net gains or losses arising from the derecognition of joint ventures and associates.

31. Other financial gains or losses

Other financial gains or losses mainly consist of interest expenses in connection with pensions, tax-related issues and other provisions.

32. Income tax expense

Income tax expense includes the taxes charged in respect of the Volkswagen AG tax group, the taxes of subsidiary Volkswagen Leasing GmbH and taxes for which the international subsidiaries and branches are the taxpayers, as well as deferred taxes.

The components of the income tax expense are as follows:

€ million	2024	2023 adjusted[1]
Current tax income/expense, Germany	–367	–180
Current tax income/expense, foreign	–128	–87
Current income tax expense	**–496**	**–267**
of which income (+)/expense (–) related to prior periods	(–0)	(1)
Deferred tax income (+)/expense (–), Germany	154	157
Deferred tax income (+)/expense (–), foreign	–189	–37
Deferred tax income (+)/expense (–)	**–36**	**120**
Income tax expense	**–532**	**–147**

1 Prior-year changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

The reported tax expense in 2024 of €532 million (previous year: €147 million) is €193 million (previous year: €89 million) higher than the expected tax expense of €339 million (previous year: €236 million) calculated by applying the tax rate of 30.0% (previous year: 30.0%) to the consolidated profit before tax.

The following reconciliation shows the relationship between the income tax expense and the profit before tax for the reporting year:

€ million	2024	2023 adjusted[1]
Profit before tax	**1,130**	**786**
multiplied by the domestic income tax rate of 30.0 % (previous year: 30.0 %)		
= Imputed income tax expense in the reporting period at the domestic income tax rate	**–339**	**–236**
+ Effects from different foreign tax rates	16	19
+ Effects from tax-exempt income	41	7
+ Effects from non-deductible operating expenses	–1	–38
+ Effects from loss carryforwards	–	–
+ Effects from permanent differences	4	19
+ Effects from tax credits	0	–
+ Taxes attributable to prior periods	–16	30
+ Effects from changes in tax rates	–	–
+ Effects from non-deductible withholding taxes	0	–
+ Other variances	–236	52
= Income tax expense	**–532**	**–147**
Effective tax rate in %	47.0	18.7

1 Prior-year changes according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

The statutory corporation tax rate in Germany for the 2024 assessment period was 15.0%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 30.0%.

In the German tax group, a tax rate of 30.0% (previous year: 30.0%) was used to measure deferred taxes.

The effects from different income tax rates outside Germany arise because of the different income tax rates in the individual countries in which the Group companies are domiciled compared with the rates in Germany. These rates outside Germany vary between 19.0% and 30.0% (previous year: 15.0% and 30.0%).

The following table shows a breakdown of the as yet unused tax loss carryforwards:

	UNUSED TAX LOSS CARRYFORWARDS		OF WHICH UNUSABLE TAX LOSS CARRYFORWARDS	
€ million	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Usable indefinitely	–	2	–	–
Usable within the next 5 years	–	–	–	–
Limit on utilization between 5 and 10 years	–	–	–	–
Usable within more than 10 years	–	–	–	–
Total	**–**	**2**	**–**	**–**
thereon deferred tax assets recognized	–	0	–	0

The income taxes do not include amounts arising from the use of previously unrecognized tax losses, tax credits or temporary differences from previous periods. In addition, there were no effects from the recognition of impairment losses or reversal of impairment losses in respect of deferred tax assets.
No deferred tax liabilities for temporary differences or undistributed profits were recognized in fiscal year 2024.

Of the deferred taxes recognized in the balance sheet, an amount of €40 million (previous year: €69 million) relates to transactions reported in other comprehensive income. A breakdown of the changes in deferred taxes is presented in the statement of comprehensive income.

33. Further income statement disclosures

The figures reported for fiscal years 2023 and 2024 do not include any commission expenses and income for fees and commissions resulting from assets and liabilities not measured at fair value through profit or loss and not accounted for using the effective interest method.
The way interest rates developed over the reporting year meant that government grants in the amount of €106 million were more than offset by the interest expenses associated with the targeted longer-term refinancing operations.

Balance Sheet Disclosures

Material changes to the balance sheet items detailed below result, among other things, from assets and liabilities of Volkswagen Leasing GmbH, which must be taken into account within the Volkswagen Bank GmbH Group with the inclusion of Volkswagen Leasing GmbH in the basis of consolidation as of July 1, 2024.

34. Cash reserve

The cash reserve primarily includes credit balances of €12,157 million (previous year: €11,671 million) held with Deutsche Bundesbank.

35. Loans to and receivables from banks

Loans to and receivables from banks include credit balances and time deposits with banks and receivables from banks attributable to loans of €594 million (previous year: €272 million).

36. Loans to and receivables from customers

The "Loans to and receivables from customers" item includes deductions arising from the provision for credit risks recognized to cover the expected credit risk. The provision for credit risks is presented in notes (24) and (64).
Loans to and receivables from customers from retail financing largely comprise loans to private and commercial customers for the financing of vehicles. The vehicle itself is normally pledged as collateral for the financing of vehicles. Dealer financing encompasses floor plan financing as well as loans to the dealer organization for operating equipment and investment. Assets are pledged as collateral, but guarantees and charges on real estate are also used as security. Receivables from leasing transactions include receivables from finance leases and receivables due in connection with lease assets. Other loans and receivables primarily relate to lines of credit and overdrafts drawn down by customers, loans to and receivables from Volkswagen Group entities and receivables from leasing transactions with a buyback agreement. Receivables from leasing transactions and other loans and receivables recorded a strong rise thanks to the inclusion of Volkswagen Leasing Group in the basis of consolidation.

Receivables from leasing transactions include due receivables amounting to €670 million (previous year: €123 million). Of this amount, €362 million (previous year: €109 million) is attributable to finance leases and €308 million (previous year: €13 million) to operating leases. The due lease receivables are payable within one year.

37. Value adjustment on portfolio fair value hedges

This assets-side line item on the balance sheet recognizes changes in the hedged fair value in relation to the hedged interest rate risk for the hedged items covered by portfolio fair value hedge accounting.

The following table shows the amount reported in the balance sheet on the reporting date:

€ million	2024	2023
Value adjustment on portfolio fair value hedges	83	30

38. Derivative financial instruments

This item comprises the positive fair values from derivatives designated as a hedging instrument and from derivatives not designated as a hedging instrument. In the presentation within the following table, the positive fair values of hedging cross-currency interest rate swaps designated as hedging instruments are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

€ million	Dec. 31, 2024	Dec. 31, 2023
Transactions to hedge against		
currency risk on assets using fair value hedges	2	19
currency risk on liabilities using fair value hedges	–	–
interest-rate risk using fair value hedges	80	2
of which hedges against interest-rate risk using portfolio fair value hedges	10	2
interest-rate risk using cash flow hedges	10	–
currency risk on future cash flows using cash flow hedges	0	0
Hedging transactions	**92**	**21**
Assets arising from derivatives not designated as hedges	114	7
Total	**205**	**28**

39. Marketable securities

The marketable securities mainly consisted of fixed-income bonds from public-sector issuers amounting to €3,162 million (previous year: €3,505 million) and asset-backed securities from Volkswagen Financial Services (UK) Ltd., Milton Keynes, amounting to €560 million (previous year: €513 million).
Marketable securities amounting to €814 million (previous year: €1,221 million) were pledged as collateral for own liabilities. They are deposited at Deutsche Bundesbank and are furnished as collateral in connection with open market operations.

The "Marketable securities" balance sheet item also includes series A and C stocks in VISA Inc., USA, in the amount of €21 million (previous year: €11 million). The series A stocks are classified as equity instruments and are measured through the OCI reserve; the series C stocks are classified as debt instruments and are measured through profit or loss.

40. Equity-accounted investments and miscellaneous financial assets

Mio. €	Equity-accounted investments	Miscellaneous financial assets	Total
Gross carrying amount as of Jan. 1, 2024	**49**	**3**	**51**
Foreign exchange differences	–	–	–
Changes in basis of consolidation	–	–3,392	–3,392
Additions	–	3,392	3,392
Reclassifications	–	–	–
Held for sale (IFRS 5)	–48	–	–48
Disposals	–	–	–
Changes/remeasurements recognized in profit or loss	–1	–	–1
Dividends	–	–	–
Other changes recognized in other comprehensive income	–	–	–
Balance as of Dec. 31, 2024	**0**	**3**	**3**
Impairment losses as of Jan. 1, 2024	**19**	**3**	**22**
Foreign exchange differences	–	–	–
Changes in basis of consolidation	–	–	–
Additions	3	–	3
Reclassifications	–	–	–
Held for sale (IFRS 5)	–23	–	–23
Disposals	–	–	–
Reversal of impairment losses	–	–	–
Balance as of Dec. 31, 2024	**–**	**3**	**3**
Net carrying amount as of Dec. 31, 2024	**0**	**0**	**0**
Net carrying amount as of Jan. 1, 2024	**29**	**0**	**29**

€ million	Equity-accounted investments	Miscellaneous financial assets	Total
Gross carrying amount as of Jan. 1, 2023	**330**	**14**	**344**
Foreign exchange differences	–	–	–
Changes in basis of consolidation	–	–	–
Additions	–	2	2
Reclassifications	–	–	–
Held for sale (IFRS 5)	–311	–13	–325
Disposals	–	–	–
Changes/remeasurements recognized in profit or loss	30	–	30
Dividends	–	–	–
Other changes recognized in other comprehensive income	–	–	–
Balance as of Dec. 31, 2023	**49**	**3**	**51**
Impairment losses as of Jan. 1, 2023	**85**	**11**	**96**
Foreign exchange differences	–	–	–
Changes in basis of consolidation	–	–	–
Additions	4	2	6
Reclassifications	–	–	–
Held for sale (IFRS 5)	–41	–10	–51
Disposals	–	–	–
Reversal of impairment losses	–28	–	–28
Balance as of Dec. 31, 2023	**19**	**3**	**22**
Net carrying amount as of Dec. 31, 2023	**29**	**0**	**29**
Net carrying amount as of Jan. 1, 2023	**245**	**3**	**248**

The reclassifications shown in the "Assets held for sale (IFRS 5)" lines are the result of the reclassification of assets on the balance sheet to Assets held for sale (IFRS 5).

The presentation of equity-accounted investments refers in full to joint ventures.

Impairment losses in an amount of €3 million (previous year: €4 million) were recognized for equity-accounted joint ventures in the reporting year.

The amount of the impairment losses equated to the amount by which the determined recoverable amount fell below the carrying amount before recognition of the impairment losses.

41. Intangible assets

Mio. €	Internally generated software	Brand name, customer base	Goodwill	Other intangible assets	Total
Cost as of Jan 1, 2024	**–**	**19**	**–**	**41**	**60**
Foreign exchange differences	–	0	–	0	**1**
Changes in basis of consolidation	–	–	–	37	**37**
Additions	–	–	–	2	**2**
Reclassifications	–	–	–	–	**–**
Disposals	–	17	–	5	**22**
Balance as of Dec. 31, 2024	**–**	**3**	**–**	**75**	**78**
Amortization and impairment losses as of Jan. 1, 2024	**–**	**19**	**–**	**37**	**57**
Foreign exchange differences	–	0	–	0	**1**
Changes in basis of consolidation	–	–	–	37	**37**
Additions to cumulative amortization	–	–	–	2	**2**
Additions to cumulative impairment losses	–	–	–	–	**–**
Reclassifications	–	–	–	–	**–**
Disposals	–	17	–	3	**21**
Reversal of impairment losses	–	–	–	–	**–**
Balance as of Dec. 31, 2024	**–**	**3**	**–**	**73**	**75**
Net carrying amount as of Dec. 31, 2024	**–**	**–**	**–**	**3**	**3**
Net carrying amount as of Jan. 1, 2024	**–**	**–**	**–**	**4**	**4**

€ million	Internally generated software	Brand name, customer base	Goodwill	Other intangible assets	Total
Cost as of Jan 1, 2023	**–**	**18**	**–**	**38**	**56**
Foreign exchange differences	–	1	–	2	3
Changes in basis of consolidation	–	–	–	0	0
Additions	–	–	–	1	1
Reclassifications	–	–	–	–	–
Disposals	–	–	–	0	0
Balance as of Dec. 31, 2023	**–**	**19**	**–**	**41**	**60**
Amortization and impairment losses as of Jan. 1, 2023	**–**	**18**	**–**	**33**	**52**
Foreign exchange differences	–	1	–	2	3
Changes in basis of consolidation	–	–	–	–	–
Additions to cumulative amortization	–	–	–	2	2
Additions to cumulative impairment losses	–	–	–	–	–
Reclassifications	–	–	–	–	–
Disposals	–	–	–	–	–
Reversal of impairment losses	–	–	–	–	–
Balance as of Dec. 31, 2023	**–**	**19**	**–**	**37**	**57**
Net carrying amount as of Dec. 31, 2023	**–**	**–**	**–**	**4**	**4**
Net carrying amount as of Jan. 1, 2023	**–**	**–**	**–**	**4**	**4**

As of the reporting date, there were no intangible assets with indefinite useful lives (previous year: €1 million).

42. Property and equipment

Mio. €	Land and buildings	Operating and office equipment	Total
Cost as of Jan 1, 2024	**35**	**19**	**54**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	3	1	4
Additions	1	3	4
Reclassifications	0	–	0
Disposals	–	2	2
Balance as of Dec. 31, 2024	**39**	**21**	**60**
Depreciation and impairment losses as of Jan. 1, 2024	**19**	**16**	**35**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	3	1	4
Additions to cumulative depreciation	3	3	6
Additions to cumulative impairment losses	–	–	–
Reclassifications	–	–	–
Disposals	–	2	2
Reversal of impairment losses	–	–	–
Balance as of Dec. 31, 2024	**25**	**18**	**43**
Net carrying amount as of Dec. 31, 2024	**13**	**3**	**17**
Net carrying amount as of Jan. 1, 2024	**15**	**3**	**18**

Mio. €	Land and buildings	Operating and office equipment	Total
Cost as of Jan 1, 2023	**36**	**18**	**54**
Foreign exchange differences	0	0	1
Changes in basis of consolidation	–	–	–
Additions	0	3	3
Reclassifications	–	–	–
Disposals	2	2	4
Balance as of Dec. 31, 2023	**35**	**19**	**54**
Depreciation and impairment losses as of Jan. 1, 2023	**17**	**14**	**32**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	–	–	–
Additions to cumulative depreciation	3	3	6
Additions to cumulative impairment losses	–	–	–
Reclassifications	–	–	–
Disposals	1	2	3
Reversal of impairment losses	–	–	–
Balance as of Dec. 31, 2023	**19**	**16**	**35**
Net carrying amount as of Dec. 31, 2023	**15**	**3**	**18**
Net carrying amount as of Jan. 1, 2023	**19**	**3**	**23**

Rights of use on land, land rights and buildings incl. buildings on third party land included assets under construction with a carrying amount of €0 million.

43. Investment property

The following table shows the changes in investment property assets:

€ million	2024	2023
Cost as of January 1	**3**	**3**
Foreign exchange differences	–	–
Changes in basis of consolidation	30	–
Additions	0	–
Reclassifications	–	–
Disposals	–	–
Balance as of December 31	**33**	**3**
Depreciation and impairment losses as of January 1	3	2
Foreign exchange differences	–	–
Changes in basis of consolidation	13	–
Additions to cumulative depreciation	0	0
Additions to cumulative impairment losses	–	–
Reclassifications	–	–
Disposals	–	–
Reversal of impairment losses	–	–
Balance as of December 31	**16**	**3**
Net carrying amount as of December 31	**17**	**0**
Net carrying amount as of January 1	**0**	**0**

The fair value of investment property amounts to €18 million (previous year: €0 million). The fair value is determined using an income approach based on internal calculations (Level 3 of the fair value hierarchy). The main inputs for the calculation are future rental income and the cost of capital.

Operating expenses incurred for the maintenance of investment property came to €1 million in the reporting year, after an immaterial amount in the previous year.

The “Income from leasing transactions” line item in the income statement included €1 million in rental income from investment property in the reporting year. In the previous year there was no material rental income from investment property.

44. Deferred tax assets

The breakdown of the deferred tax assets is as follows:

€ million	Dec. 31, 2024	Dec. 31, 2023 adjusted[1]
Deferred tax assets	10,012	3,974
Tax loss carryforwards, net of valuation allowances	0	0
Amount before offset	10,012	3,974
of which noncurrent	4,927	701
Offset (with deferred tax liabilities)	–9,286	–3,073
Total	**726**	**901**

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

Deferred tax assets are recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2024	Dec. 31, 2023 adjusted[1]
Loans, receivables and other assets	240	645
Marketable securities and cash	2,143	2,655
Intangible assets/property and equipment	411	23
Assets leased out	6,858	635
Liabilities and provisions	405	17
Valuation allowances for deferred assets on temporary differences	–44	–
Total	**10,012**	**3,974**

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

45. Other assets

The details of other assets are as follows:

€ million	Dec. 31, 2024	Dec. 31, 2023
Vehicles returned for disposal	1,119	134
Restricted cash	613	167
Prepaid expenses and accrued income	121	16
Other tax assets	531	136
Assets from insurance contracts	–	–
Miscellaneous	456	175
Total	**2,840**	**627**

Restricted cash essentially consists of cash collateral of consolidated ABS special purpose entities furnished in the context of ABS transactions.

46. Noncurrent assets

€ million	Dec. 31, 2024	of which noncurrent	Dec. 31, 2023	of which noncurrent
Cash reserve	12,444	–	11,974	–
Loans to and receivables from banks	594	–	272	–
Loans to and receivables from customers	83,311	43,247	50,464	24,641
Value adjustment on portfolio fair value hedges	83	31	30	17
Derivative financial instruments	205	159	28	8
Marketable securities	3,743	–	4,029	–
Equity-accounted joint ventures	–	–	29	29
Miscellaneous financial assets	0	0	0	0
Intangible assets	3	3	4	4
Property and equipment	17	17	18	18
Assets leased out	36,548	33,744	3,424	3,424
Investment property	17	17	0	0
Current tax assets	33	–	7	–
Other assets	2,840	373	627	1
Assets held for sale (IFRS 5)	25	–	273	273
Total	**139,862**	**77,591**	**71,180**	**28,415**

47. Liabilities to banks and customers

In the previous year, the liabilities to banks had mainly comprised liabilities to Deutsche Bundesbank from targeted longer-term refinancing operations and arising from the tender transactions under the TLTRO III program, which have an initial term of three years. The liabilities were repaid in full in the fiscal year. The total amount drawn down as of the reporting date was €0.00 million (previous year: €7,000 million).

The liabilities to customers include customer deposits of €56,545 million (previous year: €38,178 million). They comprise call deposits and time deposits, as well as various savings bonds and savings plans. In terms of maturity, the "Direkt-Sparplan" and "Plus Sparbrief" savings products currently offer the longest investment horizon. The maximum maturity is ten years.

The following table shows the changes in the contractual liabilities from service contracts that are included in the liabilities to customers:

€ million	2024	2023
Contractual liabilities as of January 1	**49**	**62**
Additions and disposals	184	–13
Changes in consolidated Group	1,530	–
Foreign exchange differences	–	–
Contractual liabilities as of December 31	**1,763**	**49**

It is expected that income will be realized under contractual liabilities in the amount of €755 million (previous year: €16 million) in the next fiscal year and in the amount of €344 million (previous year: €33 million) in the subsequent fiscal years.

48. Notes, commercial paper issued

This item comprises bonds and commercial paper. Notes and commercial paper issued have risen sharply due to the inclusion of Volkswagen Leasing Group in the basis of consolidation.

€ million	Dec. 31, 2024	Dec. 31, 2023
Bonds issued	30,335	5,173
Commercial paper issued	–	–
Total	**30,335**	**5,173**

49. Derivative financial instruments

This balance sheet item comprises the negative fair values from derivatives designated as a hedging instrument and from derivatives not designated as a hedging instrument. In the following table, the negative fair values of hedging cross-currency interest rate swaps designated as hedging instruments are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

€ million	Dec. 31, 2024	Dec. 31, 2023
Transactions to hedge against		
currency risk on assets using fair value hedges	11	16
currency risk on liabilities using fair value hedges	–	–
interestrate risk using fair value hedges	315	6
of which hedges against interest-rate risk using portfolio fair value hedges	71	–
interestrate risk using cash flow hedges	3	–
currency risk on future cash flows using cash flow hedges	17	27
Hedging transactions	**347**	**49**
Liabilities arising from derivatives not designated as hedges	80	3
Total	**427**	**52**

50. Provisions for pensions and other post-employment benefits

The following amounts have been recognized in the balance sheet for benefit commitments:

€ million	Dec. 31, 2024	Dec. 31, 2023
Present value of funded obligations	218	83
Fair value of plan assets	188	69
Funded status (net)	**30**	**14**
Present value of unfunded obligations	126	88
Amount not recognized as an asset because of the ceiling in IAS 19	–	–
Net liability recognized in the balance sheet	**156**	**103**
of which provisions for pensions	156	103
of which other assets	–	–

Key pension arrangements in the Volkswagen Bank GmbH Group

For the period after the active working life of employees, the Volkswagen Bank GmbH Group offers its employees benefits under occupational pension arrangements. Most of the arrangements in the Volkswagen Bank GmbH Group are pension plans for employees in Germany classified as defined benefit plans under IAS 19. The majority of these obligations are funded by provisions recognized in the balance sheet. These plans are now closed for new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the Volkswagen Bank GmbH Group has further defined benefit plans in which the benefits are funded by appropriate external plan assets. The risks referred to above have been significantly reduced in these pension plans.
The main pension commitments are described below.

German pension plans funded solely by provisions

The pension plans funded solely by recognized provisions comprise both defined contribution plans with guarantees and final salary plans. For defined contribution plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest.

The modular pension entitlements earned annually are added together at retirement. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up to the retirement date. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk. The pension system provides for lifelong pension payments. The companies therefore bear the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the "Heubeck 2018 G" mortality tables – which already reflect future increases in life expectancy. To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

German pension plans funded by external plan assets

The pension plans funded by external plan assets are defined contribution plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. The pension expense is contributed on an ongoing basis to a separate pool of assets that is administered independently of the Bank in trust and invested in the capital markets. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses). As the assets administered in the trust meet the IAS 19 criteria for classification as plan assets, they are offset against the obligations.

The amount of the pension assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts' governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management analyses are conducted at regular intervals so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. Interest rates and equity prices therefore present the main risks. To mitigate market risk, the pension system also provides for funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is reported as the maximum of the present value of the guaranteed obligation and of the plan assets. If the value of the plan assets falls below the present value of the guaranteed obligation, a provision must be recognized for the difference. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the Volkswagen Bank GmbH Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the "Heubeck 2018 G" mortality tables – which already reflect future increases in life expectancy. In addition, independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

The calculation of the present value of the defined benefit obligations was based on the following actuarial assumptions:

Percent	GERMANY		INTERNATIONAL	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Discount rate	3.40	3.30	3,00-5,50	3,20-4,50
Pay trend	2.15	3.47	0,00-3,00	0,00-2,10
Pension trend	2.00	2.20	0,00-2,80	0,00-2,80
Staff turnover rate	1.21	1.10	0,00-4,00	0,00-3,60

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

With regard to life expectancy, the latest mortality tables in every country are taken into account. For example, in Germany calculations are based on the “2018 G” mortality tables developed by Professor Dr. Klaus Heubeck. The discount rates are generally determined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA 10+ Corporates index was taken as the basis for the obligations of German Group companies. Similar indices were used for foreign pension obligations.

The pay trends cover expected wage and salary trends, which also include increases attributable to career development. The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country. The employee turnover rates are based on past experience and future expectations.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

€ million	2024	2023
Net liability recognized in the balance sheet as of January 1	**103**	**92**
Change due to personnel transfer as of July 1, 2024	51	–
Current service cost	11	6
Net interest expense	4	3
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	0	0
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	–13	11
Actuarial gains (–)/losses (+) arising from experience adjustments	15	–1
Income/expenses from plan assets not included in interest income	3	3
Change in amount not recognized as an asset because of the ceiling in IAS 19	–	–
Employer contributions to plan assets	9	5
Employee contributions to plan assets	–	–
Pension payments from company assets	4	3
Past service cost (including plan curtailments)	–	0
Gains (–) or losses (+) arising from plan settlements	–	–
Changes in basis of consolidation	–	–
Other changes	–1	2
Foreign exchange differences from foreign plans	0	0
Net liability recognized in the balance sheet as of December 31	**155**	**103**

Various transfers of personnel took place due to the restructuring as of July 1, 2024 between Volkswagen Financial Services AG, Volkswagen Bank GmbH and the Volkswagen Bank GmbH subsidiary, Volkswagen Leasing GmbH. In the process, provisions for defined benefit plans were transferred from the companies transferring personnel to the companies absorbing personnel. The transfers resulted, among other things, in the significant changes in the liability recognized in the balance sheet compared to the previous year, as well as significant changes in the information below on the defined benefit obligations.

The change in the present value of the defined benefit obligations is attributable to the following factors:

€ million	2024	2023
Present value of obligations as of January 1	**172**	**147**
Change due to personnel transfer as of July 1, 2024	151	–
Current service cost	11	6
Interest cost (unwinding of discount on obligations)	8	5
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	0	0
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	–13	11
Actuarial gains (–)/losses (+) arising from experience adjustments	15	–1
Employee contributions to plan assets	–	–
Pension payments from company assets	4	3
Pension payments from plan assets	1	0
Past service cost (including plan curtailments)	–	0
Gains (–) or losses (+) arising from plan settlements	–	–
Changes in basis of consolidation	–	–
Other changes	2	7
Foreign exchange differences from foreign plans	0	0
Present value of obligations as of December 31	**343**	**172**

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		DEC. 31, 2024		DEC. 31, 2023	
Present value of defined benefit obligation if		€ million	Change in percent	€ million	Change in percent
Discount rate	is 0.5 percentage points higher	311	–9.48	157	–8.42
	is 0.5 percentage points lower	381	11.01	188	9.64
Pension trend	is 0.5 percentage points higher	355	3.21	178	3.66
	is 0.5 percentage points lower	334	–2.90	166	–3.35
Pay trend	is 0.5 percentage points higher	345	0.25	172	0.41
	is 0.5 percentage points lower	343	–0.20	171	–0.38
Longevity	increases by one year	352	2.45	176	2.79

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation. In other words, any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation by a measure that was roughly equivalent to an increase in life expectancy of one year.
The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 21 years (previous year: 19 years).

The following table shows a breakdown of the present value of the defined benefit obligation by category of plan member:

€ million	2024	2023
Active members with pension entitlements	284	118
Members with vested entitlements who have left the Bank	8	9
Retirees	51	45
Total	**344**	**172**

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

€ million	2024	2023
Payments due within the next fiscal year	4	4
Payments due between two and five years	24	18
Payments due in more than five years	315	150
Total	**344**	**172**

Changes in plan assets are shown in the following table:

€ million	2024	2023
Fair value of plan assets as of January 1	**69**	**55**
Change due to personnel transfer as of July 1, 2024	101	–
Interest income on plan assets determined using the discount rate	4	2
Income/expenses from plan assets not included in interest income	3	3
Employer contributions to plan assets	9	5
Employee contributions to plan assets	–	–
Pension payments from plan assets	1	0
Gains (+) or losses (–) arising from plan settlements	–	–
Changes in basis of consolidation	–	–
Other changes	3	5
Foreign exchange differences from foreign plans	0	0
Fair value of plan assets as of December 31	**188**	**69**

The investment of the plan assets to cover future pension obligations led to a result of €7 million (previous year: €5 million).

Employer contributions to plan assets are expected to amount to €12 million (previous year: €5 million) in the next fiscal year.

Plan assets are invested in the following asset classes:

	DEC. 31, 2024			DEC. 31, 2023		
€ million	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	5	–	5	2	–	2
Equity instruments	–	–	–	–	–	–
Debt instruments	2	–	2	–	–	–
Direct investments in real estate	–	–	–	–	–	–
Derivatives	–1	–1	–2	0	0	0
Equity funds	77	–	77	26	–	26
Bond funds	84	–	84	33	–	33
Real estate funds	5	–	5	1	–	1
Other funds	15	–	15	5	–	5
Asset-backed securities	–	–	–	–	–	–
Structured debt	–	–	–	–	–	–
Other	2	0	2	2	0	2

Of the total plan assets, 48% (previous year: 49%) are invested in German assets, 13% (previous year: 13%) in other European assets and 40% (previous year: 38%) in assets in other regions.

The following amounts have been recognized in the income statement:

€ million	2024	2023
Current service cost	11	6
Net interest on the net defined benefit liability	4	3
Past service cost (including plan curtailments)	0	0
Gains (–) or losses (+) arising from plan settlements	–	–
Net income (–) and expenses (+) recognized in profit or loss	**15**	**9**

51. Other provisions

In the reporting period, other provisions were broken down into provisions for employee expenses, provisions for litigation and legal risks, and miscellaneous provisions.

The following table shows the changes in other provisions, including maturities:

Mio. €	Employee expenses adjusted[1]	Litigation and legal risks	Miscellaneous provisions	Total adjusted[1]
Balance as of Jan. 1,2023 before adjustment	**39**	**32**	**8**	**80**
Changes due to the corrected accounting for provisions for Time Assets[1]	12	–	–	**12**
Balance as of Jan. 1,2023 adjusted	**51**	**32**	**8**	**91**
Foreign exchange differences	0	–	0	**0**
Changes in basis of consolidation	0	–	0	**0**
Utilization[1]	24	2	7	**33**
Additions/new provisions[1]	27	14	10	**51**
Unwinding of discount/effect of change in discount rate[1]	2	0	–	**2**
Reversals	0	16	1	**17**
Balance as of Dec. 31, 2023[1]	**55**	**28**	**10**	**93**
of which current[1]	23	20	9	**52**
of which noncurrent[1]	32	8	1	**40**
Balance as of Jan. 1,2024	**55**	**28**	**10**	**93**
Foreign exchange differences	0	–	0	0
Changes in basis of consolidation	9	49	34	91
Change due to personnel transfer as of July 1, 2024	44	0	0	44
Utilization	28	13	8	49
Additions/new provisions	27	2	19	47
Unwinding of discount/effect of change in discount rate	2	0	–	2
Reversals	28	21	6	55
Balance as of Dec. 31, 2024	**80**	**45**	**48**	**173**
of which current	38	8	40	86
of which noncurrent	42	37	8	88

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

Other provisions for employee expenses are recognized primarily for annually recurring bonuses such as long-term-service awards and other employee expenses.

The provisions for litigation and legal risks reflect the risks identified as of the reporting date in relation to utilization and legal expenses arising from the latest decisions by the courts and from ongoing civil proceedings involving dealers and other customers. They relate primarily to proceedings in relation to design aspects of loan agreements with customers that may obstruct the processing of statutory cancelation periods. For these provisions and for provisions for customer financing brokerage claims, Volkswagen Bank GmbH invokes the safeguard clause within the meaning of IAS 37.92 and opts not to disclose in detail any amounts, descriptions, or probability assumptions. As of the reporting date, provisions for litigation and legal risks amounted to €45 million (previous year: €28 million).

The timing of the cash outflows in connection with other provisions is expected to be as follows: 49% in the next year, 46% in the years 2026 to 2029 and 5% thereafter.

52. Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

€ million	Dec. 31, 2024	Dec. 31, 2023
Deferred tax liabilities	11,113	4,245
of which non-current assets and liabilities	6,222	1,472
Offset (with deferred tax assets)	–9,286	–3,073
Total	**1,827**	**1,171**

Deferred tax liabilities have been recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2024	Dec. 31, 2023
Loans, receivables and other assets	6,672	1,306
Marketable securities and cash	–5	31
Intangible assets/property and equipment	1	1
Assets leased out	785	34
Liabilities and provisions	3,660	2,873
Total	**11,113**	**4,245**

53. Other liabilities

The details of other liabilities are as follows:

€ million	Dec. 31, 2024	Dec. 31, 2023
Prepaid expenses and accrued income	1,387	118
Other tax liabilities	218	93
Social security and payroll liabilities	120	60
Miscellaneous	150	116
Total	**1,874**	**386**

54. Subordinated capital

The breakdown of subordinated capital is as follows:

€ million	Dec. 31, 2024	Dec. 31, 2023
Subordinated liabilities	180	10
of which: to other Volkswagen Group companies	–	–
Total	**180**	**10**

The Bank has not entered into any agreement to convert these liabilities into equity or another form of debt, nor is it planning any such conversion.

55. Noncurrent liabilities

€ million	Dec. 31, 2024	of which noncurrent	Dec. 31, 2023	of which noncurrent
Liabilities to banks	313	180	7,462	89
Liabilities to customers	83,367	15,309	46,221	3,172
Notes, commercial paper issued	30,335	23,832	5,173	3,385
Derivative financial instruments	427	271	52	14
Current tax liabilities	589	–	378	–
Other liabilities	1,874	843	386	54
Subordinated capital	180	102	10	–
Total	**117,085**	**40,537**	**59,682**	**6,714**

56. Equity

Volkswagen Bank GmbH's subscribed capital amounted to €318 million and was fully paid up. Until June 30, 2024, the sole shareholder was Volkswagen AG, Wolfsburg. Due to the fact that the shares in Volkswagen Bank GmbH were transferred to Volkswagen Financial Services AG as part of the restructuring, Volkswagen Financial Services AG, Braunschweig, became the sole shareholder as of July 1, 2024. There are no preferential rights or restrictions in connection with the subscribed capital.

The capital contributions made by the sole shareholder are reported under the capital reserves of Volkswagen Bank GmbH. In fiscal year 2024, capital reserves stood unchanged at €12,272 million.

Retained earnings comprise undistributed profits from prior years, including those of Volkswagen Leasing GmbH, which was absorbed into the Volkswagen Bank GmbH Group as part of the restructuring. They relate primarily to other revenue reserves.

Regardless of the transfer to the current sole shareholder Volkswagen Financial Services AG, the profit-and-loss transfer agreement with the previous sole shareholder Volkswagen AG continues to apply.

The HGB profit of €582 million (previous year: €621 million) will be transferred in accordance with the existing profit-and-loss transfer agreement to Volkswagen AG.

The accumulated deferred taxes in equity amounted to €40 million (previous year: €69 million).
In the reporting period significant changes to equity occurred from a contribution in kind made by the previous shareholder, Volkswagen AG. The contribution in kind resulted from the spin-off of Volkswagen Leasing GmbH by Volkswagen Financial Services Overseas AG under the predecessor accounting method. At Volkswagen Bank GmbH, the contribution in kind reported in accordance with the HGB is recognized in the capital reserves. Equity in accordance with IFRSs of Volkswagen Leasing GmbH that was additionally transferred under the predecessor accounting method at consolidated carrying amounts was recognized in retained earnings and miscellaneous other reserves. The total of contributions in kind in the Volkswagen Bank GmbH Group as of July 1, 2024 is €10,137 million.

Furthermore, a contribution in kind of €94 million was made to retained earnings by the shareholder Volkswagen Financial Services AG from positive differences and a distribution in kind of €7 million made from retained earnings to the shareholder Volkswagen Financial Services AG from negative differences in the context of the transfer of claims by employees (see note (16) Provisions for pensions and other post-employment benefits).

57. Capital management

Volkswagen Leasing GmbH become part of the own funds reporting of Volkswagen Bank GmbH with the restructuring under company law as of July 1, 2024. In this context, capital is defined as equity in accordance with the IFRSs. The aim of capital management in the Volkswagen Bank GmbH Group is to support the Bank's credit rating by ensuring that the Group has adequate capital backing, to obtain capital for the growth planned for the next few years and to satisfy regulatory capital requirements.

Regulatory capital is different from equity as defined by the IFRSs (for the components thereof, see the Statement of Changes in Equity). Regulatory capital consists of capital components referred to as Common Equity Tier (CET) 1 capital, Additional Tier 1 capital and Tier 2 capital net of certain deductions and adjustments and must meet specific requirements defined by law.

Corporate actions implemented by the previous and current parent company of Volkswagen Bank GmbH generally have an impact on both IFRS equity and regulatory capital. Corporate actions aimed at increasing equity were carried out in the reporting year. Regulatory capital increased by €8,749 million and equity in accordance with the IFRSs by €10,231 million, due in particular to the inclusion of

Volkswagen Leasing GmbH in the regulatory basis of consolidation and in the Volkswagen Bank GmbH Group.

Under the regulatory provisions – the Capital Requirements Regulation (CRR), *Kreditwesengesetz* (KWG – German Banking Act) and *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) – the banking supervisor generally assumes that capital adequacy requirements are satisfied if the entity subject to supervision has a CET1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6.0% and a total capital ratio of at least 8.0%. Furthermore, the capital buffer requirements and the capital requirements from the SREP decision must be fulfilled. In calculating these capital ratios, regulatory capital is measured against the own funds requirements determined in accordance with statutory provisions for counterparty risk, operational risk, market risk and credit value adjustments (CVAs). To ensure compliance with these requirements at all times, the Group has established a planning procedure that is integrated into the internal reporting system. In this procedure, the capital requirement is continuously determined based on actual and forecast business trends. This ensured that the minimum regulatory capital requirements continued to be satisfied at all times in the reporting period.

The following IFRS-based amounts and ratios were determined for Volkswagen Bank GmbH Group under the regulatory requirements:

	Dec. 31, 2024	Dec. 31, 2023
Total risk exposure amount (€ million)[1,3]	114,216	54,707
of which risk-weighted exposure amounts for credit risk[3]	107,439	50,545
of which own funds requirements for market risk * 12,5	352	560
of which own funds requirements for operational risk * 12.5	5,258	3,554
of which own funds requirements for credit valuation adjustments * 12.5	1,167	48
Own funds (€ million)	18,350	9,601
of which Common Equity Tier 1 capital	18,350	9,600
of which Additional Tier 1 capital	–	–
of which Tier 2 capital	–	1
Common Equity Tier 1 capital ratio (percent)[2]	16.1	17.5
Tier 1 capital ratio (percent)[2]	16.1	17.5
Total capital ratio (percent)[2,3]	16.1	17.6

1 According to Article 92(3) of the CRR
2 According to Article 92(1) of the CRR
3 Minor correction report in calendar year 2024 of approx. €15 million in total risk exposure. The key figures as of the reporting date of December 31, 2023 are not comparable on account of the reorganization under company law as of July 1, 2024.

Financial Instrument Disclosures

58. Carrying amounts, gains or losses and income or expenses in respect of financial instruments, by measurement category

The carrying amounts of financial instruments (excluding derivatives designated as a hedging instrument) broken down by IFRS 9 measurement category are shown in the following table:

€ million	Dec. 31, 2024	Dec. 31, 2023
Financial assets measured at amortized cost	70,947	59,694
Financial assets measured at fair value through profit or loss	678	524
Financial assets measured at fair value through other comprehensive income (debt instruments)	3,162	3,505
Financial assets measured at fair value through other comprehensive income (equity instruments)	16	7
Financial liabilities measured at amortized cost	113,119	59,289
Financial liabilities measured at fair value through profit or loss	80	3

Receivables from leasing transactions amounting to €26,290 million (previous year: €3,390 million) and the associated value adjustment on portfolio fair value hedges of receivables from finance leases amounting to €67 million and lease liabilities (as a lessee) amounting to €19 million (previous year: €14 million) are not allocated to any measurement class as specified in IFRS 9.

The net gains or losses and income or expenses in respect of financial instruments (excluding derivatives designated as hedging instruments) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

€ million	2024	2023
Financial assets measured at amortized cost	3,335	2,275
Financial instruments measured at fair value through profit or loss	42	6
Financial liabilities measured at amortized cost	–2,877	–1,101
Financial assets measured at fair value through other comprehensive income (debt instruments)	27	11
Total	**527**	**1,192**

The net gain/loss from financial investments in equity instruments is reported in the statement of comprehensive income under fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax.

The net gains/losses and income/expenses are determined as follows:

Measurement category	Measurement method
Financial assets measured at amortized cost	Interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and expenses/income from currency translation
Financial instruments measured at fair value through profit or loss	Fair value in accordance with IFRS 9 in conjunction with IFRS 13, including interest and expenses/income from currency translation
Financial liabilities measured at amortized cost	Interest expense using the effective interest method in accordance with IFRS 9, and expenses/income from currency translation
Financial assets measured at fair value through other comprehensive income (debt instruments)	Fair value valuation in accordance with IFRS 9 in conjunction with IFRS 13, interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and expenses/income from currency translation

The interest income from financial assets measured at amortized cost or at fair value through other comprehensive income included in interest income from lending transactions and marketable securities is calculated using the effective interest method and amounted to €3,535 million (previous year: €2,465 million).

The interest expenses in an amount of €2,926 million (previous year: €1,240 million) related to financial instruments not measured at fair value through profit or loss.

Expenses that arise from the direct write-off of uncollectible financial assets previously measured at amortized cost are reported and explained as a component of the "Provision for credit risks" line item in the income statement. Income recovered in respect of financial assets already written off is also reported and explained as a component of the "Provision for credit risks" line item in the income statement. After recognizing the income and expenses referred to above, the Volkswagen Bank GmbH Group did not for the most part generate or incur any gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost that resulted from the elimination of a contractual right to cash flows or from a transfer subject to the fulfillment of the derecognition conditions.

Furthermore, the Group did not generate or incur any material gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost as a consequence of substantial contractual modifications (see disclosures on the provision for the credit risks line item in the income statement).

59. Classes of financial instruments

Financial instruments are divided into the following classes in the Volkswagen Bank GmbH Group:

- Measured at fair value
- Measured at amortized cost
- Derivative financial instruments designated as hedges
- Not allocated to any measurement category
- Credit commitments and financial guarantees (off-balance-sheet)

The table below shows a reconciliation between the balance sheet items in which financial instruments are reported and the classes of financial instruments listed above. This includes financial instruments

that are assigned to the IFRS 9 measurement categories and financial instruments that are not assigned to any IFRS 9 measurement category at all (such as finance lease receivables) and are therefore reported under the “Not allocated to any measurement category” class. The assets and liabilities not constituting financial instruments that are contained in the balance sheet items are included in the “Not allocated to any class of financial instruments” column so that the reconciliation is complete.

Loans to and receivables from customers in the “Total loans to and receivables from customers” balance sheet item are reconciled to the “Measured at amortized cost” and “Not allocated to any measurement category” classes. The “Not allocated to any measurement category” class consists of the receivables from customers attributable to the leasing business.

Loans/receivables and liabilities designated as hedges with derivative financial instruments are included in the class “Measured at amortized cost”.

Within Miscellaneous financial assets, subsidiaries and joint ventures that are not consolidated for reasons of materiality are not deemed financial instruments in accordance with IFRS 9 and therefore do not fall within the scope of IFRS 7. For the purposes of reconciling the balance sheet item, they are shown in the “Not allocated to any class of financial instruments” category. Equity investments forming part of miscellaneous financial assets are reported as financial instruments in accordance with IFRS 9 in the class “Measured at fair value”.

The “Current tax assets” and “Current tax liabilities” balance sheet line items contain assets and liabilities arising from taxes under civil law due to or from entities in the Volkswagen Group. These receivables from and liabilities to Volkswagen Group companies are classified as financial instruments in the class “Measured at amortized cost”. “Current tax assets” and “Current tax liabilities” relating to the tax authorities do not constitute financial instruments, as a result of which they are shown in the “Not allocated to any class of financial instruments” category.

Liabilities to customers are reported in the “Measured at amortized cost” class, but the amount of lease liabilities (as a lessee) within the overall figure is shown in the “Not allocated to any measurement category” class. The “Not allocated to any class of financial instruments” column consists of advance payments received from service contracts.

The following table shows a reconciliation of the relevant balance sheet items to the classes of financial instruments:

			CLASSES OF FINANCIAL INSTRUMENTS									
	BALANCE SHEET ITEM		MEASURED AT AMORTIZED COST		MEASURED AT FAIR VALUE		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY		NOT ALLOCATED TO ANY CLASS OF FINANCIAL INSTRUMNETS	
€ million	**Dec. 31, 2024**	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	**Dec. 31, 2024**	Dec. 31, 2023	**Dec. 31, 2024**	Dec. 31, 2023	**Dec. 31, 2024**	Dec. 31, 2023
Assets												
Cash reserve	12,444	11,974	12,444	11,974	–	–	–	–	–	–	–	–
Loans to and receivables from banks	594	272	594	272	–	–	–	–	–	–	–	–
Loans to and receivables from customers	83,311	50,464	57,022	47,074	–	–	–	–	26,290	3,390	–	0
Value adjustment on portfolio fair value hedges	83	30	15	30	–	–	–	–	67	–	–	–
Derivative financial instruments	205	28	–	–	114	7	92	21	–	–	–	–
Marketable securities	3,743	4,029	–	–	3,743	4,029	–	–	–	–	–	–
Equity accounted joint ventures	–	29	–	–	–	–	–	–	–	–	–	29
Miscellaneous financial assets	0	0	–	–	0	0	–	–	–	–	0	0
Current tax assets	33	7	1	4	–	–	–	–	–	–	32	3
Other assets	2,840	627	871	340	–	–	–	–	–	–	1,969	287
Held for sale (IFRS 5)	25	273	–	–	–	–	–	–	–	–	25	273
Total	**103,278**	**67,734**	**70,947**	**59,694**	**3,856**	**4,036**	**92**	**21**	**26,357**	**3,390**	**2,026**	**593**
Equity and liabilities												
Liabilities to banks	313	7,462	313	7,462	–	–	–	–	–	–	–	–
Liabilities to customers	83,367	46,221	81,585	46,158	–	–	–	–	19	14	1,763	49
Notes, commercial paper issued	30,335	5,173	30,335	5,173	–	–	–	–	–	–	–	–
Derivative financial instruments	427	52	–	–	80	3	347	49	–	–	–	–
Current tax liabilities	589	378	547	365	–	–	–	–	–	–	43	13
Other liabilities	1,874	386	160	120	–	–	–	–	–	–	1,715	265
Subordinated capital	180	10	180	10	–	–	–	–	–	–	–	–
Relevant balance sheet items from liabilities related to the assets held for sale (IFRS 5)	–	–	–	–	–	–	–	–	–	–	–	–
Total	**117,085**	**59,682**	**113,119**	**59,289**	**80**	**3**	**347**	**49**	**19**	**14**	**3,520**	**327**

The “Credit commitments and financial guarantees (off-balance-sheet)” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €10,336 million (previous year: €10,215 million).

60. Fair values of financial assets and liabilities

The following table shows the fair values of financial instruments in the classes “measured at amortized cost”, “measured at fair value”, “derivative financial instruments designated as hedges” and the fair values of receivables from customers relating to the leasing business classified as “not allocated to any measurement category”. The fair value is the amount at which financial assets or liabilities could be sold on fair terms as of the reporting date. Where available, Volkswagen Bank GmbH used market prices without modification for measuring fair value (e.g., for marketable securities). If no market prices were available, the fair values for loans/receivables and liabilities were calculated by discounting using a maturity-matched discount rate appropriate to the risk. The discount rate was determined by adjusting risk-free yield curves, where appropriate, by relevant risk factors and taking into account capital and administrative costs. For reasons of materiality, the fair values of loans/receivables and liabilities due within one year were deemed to be the same as the carrying amount.

The equity investments included in the “Miscellaneous financial assets” balance sheet item are measured as equity instruments generally at fair value through other comprehensive income in exercise of the fair-value-through-OCI option.

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	114	7	114	7	–	–
Marketable securities	3,743	4,029	3,743	4,029	–	–
Miscellaneous financial assets	0	0	0	0	–	–
Measured at amortized cost						
Cash reserve	12,444	11,974	12,444	11,974	–	–
Loans to and receivables from banks	594	272	594	272	–	–
Loans to and receivables from customers	57,753	46,751	57,022	47,074	731	–323
Value adjustment on portfolio fair value hedges	–	–	15	30	–15	–30
Current tax assets	1	4	1	4	–	–
Other assets	871	340	871	340	–	–
Derivative financial instruments designated as hedges	92	21	92	21	–	–
Assets held for sale (IFRS 5)	–	–	–	–	–	–
Not allocated to any measurement category						
Lease receivables	26,478	3,399	26,290	3,390	189	9
Value adjustment on portfolio fair value hedges	–	–	67	–	–67	–
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	80	3	80	3	–	–
Measured at amortized cost						
Liabilities to banks	332	7,481	313	7,462	19	19
Liabilities to customers	81,712	46,093	81,585	46,158	126	–65
Notes, commercial paper issued	30,716	5,175	30,335	5,173	381	2
Current tax liabilities	547	365	547	365	–	–
Other liabilities	160	120	160	120	0	0
Subordinated capital	182	10	180	10	3	–
Derivative financial instruments designated as hedges	347	49	347	49	–	–

The fair value of irrevocable credit commitments is affected by changes in the credit quality of the borrower and in the market conditions for the relevant credit product between the commitment date and the measurement date. Because of the short period between commitment and drawdown and the variable interest rate tied to the market interest rate, market conditions only have a very minor impact. The fair value of irrevocable credit commitments was therefore largely influenced by the change in the credit quality of the borrower, which was determined as part of the process for calculating expected credit losses from irrevocable credit commitments and reported as a liability in the amount of €49 million (previous year: €72 million) under other liabilities. The fair value of financial guarantees also largely reflects the amount of expected credit losses and was reported as a liability in the amount of €3 million (previous year: €2 million) under other liabilities. Both expected credit losses are disclosed as a consolidated figure in note (64) Default Risk in the “Credit commitments and financial guarantees” class.

The fair values of financial instruments were determined on the basis of the following risk-free yield curves that are derived from indicators including overnight index swaps, zero-coupon rates and interest rate swaps in the relevant currency areas, e.g. overnight index swaps on €STER for EUR:

Percent	EUR	GBP	PLN	SEK	CZK
Interest rate for six months	2.384	4.561	5.928	2.577	3.792
Interest rate for one year	2.123	4.457	5.641	2.423	3.603
Interest rate for five years	2.062	4.049	4.997	2.505	3.663
Interest rate for ten years	2.227	4.071	5.155	2.715	3.808

61. Measurement levels of financial assets and liabilities

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. The following table shows the hierarchy breakdown for financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”. The individual level of classification is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

Level 1 is used to report the fair value of financial instruments such as marketable securities or notes and commercial paper issued for which a quoted price is directly observable in an active market.

Level 2 fair values are measured on the basis of inputs observable in the markets, such as exchange rates or yield curves, using market-based valuation techniques. Fair values measured in this way include those for derivatives and liabilities to customers.

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market. The fair values of loans to and receivables from customers measured at amortized cost are largely allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets (see note 60). Securities from ABS transactions of unconsolidated structured entities are also allocated to Level 3. Equity investments measured at fair value through other comprehensive income and using inputs that are not observable in the market are also reported under Level 3. The main inputs used to measure this equity investment are strategic planning and cost of equity rates.

As in the previous year, there was no need to reclassify instruments to different hierarchy levels in the reporting period.

The following table shows the allocation of financial instruments to the three-level fair value hierarchy by class:

€ million	LEVEL 1 Dec. 31, 2024	LEVEL 1 Dec. 31, 2023	LEVEL 2 Dec. 31, 2024	LEVEL 2 Dec. 31, 2023	LEVEL 3 Dec. 31, 2024	LEVEL 3 Dec. 31, 2023
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	–	–	114	7	–	–
Marketable securities	3,183	3,516	–	–	560	513
Miscellaneous financial assets	–	–	–	–	0	0
Measured at amortized cost						
Cash reserve	12,444	11,974	–	–	–	–
Loans to and receivables from banks	274	244	320	27	–	–
Loans to and receivables from customers	398	–	867	244	56,488	46,507
Current tax assets	–	–	1	4	–	–
Other assets	613	–	259	340	0	0
Derivative financial instruments designated as hedges	–	–	92	21	–	–
Total	**16,911**	**15,734**	**1,652**	**643**	**57,047**	**47,020**
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	80	3	–	–
Measured at amortized cost						
Liabilities to banks	–	–	332	7,481	–	–
Liabilities to customers	–	–	81,713	46,093	–	–
Notes, commercial paper issued	25,729	–	4,987	5,175	–	–
Current tax liabilities	–	–	547	365	–	–
Other liabilities	–	–	157	118	3	2
Subordinated capital	–	–	182	10	–	–
Derivative financial instruments designated as hedges	–	–	347	49	–	–
Total	**25,729**	**–**	**88,345**	**59,295**	**3**	**2**

The following table shows the changes in marketable securities and miscellaneous financial assets measured at fair value and allocated to Level 3.

€ million	2024	2023
Balance as of January 1	**513**	**491**
Foreign exchange differences	24	10
Portfolio changes	–	–
Changes in basis of consolidation	0	0
Measured at fair value through profit or loss	23	12
Measured at fair value through other comprehensive income	–	–
Balance as of December 31	**560**	**513**

The remeasurements recognized in profit or loss amounting to €23 million (previous year: €12 million) have been reported under net gain or loss on financial instruments measured at fair value. As in the previous year, in the year under review, the net remeasurement loss was attributable entirely to securities from ABS transactions of unconsolidated structured entities held as of the reporting date.

The risk variables relevant to the fair value of marketable securities are risk-adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk-adjusted interest rates on profit or loss after tax.

If, as of the December 31, 2024 reporting date, risk-adjusted interest rates had been 100 basis points higher, profit after tax would have been €10 million (previous year: €10 million) lower. If risk-adjusted interest rates as of December 31, 2024 had been 100 basis points lower, profit after tax would have been €10 million (previous year: €10 million) higher.

62. Offsetting of financial assets and liabilities

The table below contains information about the effects of offsetting in the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar arrangement.

The “Financial instruments” column shows the amounts that are subject to a master netting agreement but have not been netted because the relevant criteria have not been satisfied. Most of the amounts involved are positive and negative fair values of derivatives entered into with the same counterparty.

The “Collateral received/pledged” column shows the cash collateral amounts and collateral in the form of financial instruments received or pledged in connection with the total sum of assets and liabilities. It includes such collateral relating to assets and liabilities that have not been offset against each other. The collateral amounts primarily consist of pledged cash collateral in connection with ABS transactions and marketable securities pledged as collateral.

€ million	Gross amount of recognized financial assets/liabilities		Gross amount of recognized financial assets/liabilities offset in the balance sheet		Net amount of financial assets/liabilities reported in the balance sheet		AMOUNTS NOT OFFSET IN THE BALANCE SHEET: Financial Instruments		AMOUNTS NOT OFFSET IN THE BALANCE SHEET: Collateral received/pledged		Net amount	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Assets												
Cash reserve	12,444	11,974	–	–	12,444	11,974	–	–	–	–	12,444	11,974
Loans to and receivables from banks	594	291	–	–20	594	272	–	–	–	–	594	272
Loans to and receivables from customers	83,311	50,464	–	–	83,311	50,464	–	–	–	–	83,311	50,464
Value adjustment on portfolio fair value hedges	83	30	–	–	83	30	–	–	–	–	83	30
Derivative financial instruments	278	84	–73	–56	205	28	–176	–28	–14	–	15	–
Marketable securities	3,743	4,029	–	–	3,743	4,029	–	–	–549	–513	3,194	3,516
Miscellaneous financial assets	0	0	–	–	0	0	–	–	–	–	0	0
Current tax assets	1	4	–	–	1	4	–	–	–	–	1	4
Other assets	871	340	–	–	871	340	–	–	–	–	871	340
Assets held for sale (IFRS 5)	–	–	–	–	–	–	–	–	–	–	–	–
Total	**101,325**	**67,217**	**–73**	**–76**	**101,252**	**67,141**	**–176**	**–28**	**–563**	**–513**	**100,513**	**66,600**
Equity and liabilities												
Liabilities to banks	327	7,462	–15	–	313	7,462	–	–	–814	–1,264	–501	6,198
Liabilities to customers	81,604	46,172	–	–	81,604	46,172	–	–	–	–	81,604	46,172
Notes, commercial paper issued	30,335	5,173	–	–	30,335	5,173	–	–	–565	–120	29,770	5,053
Derivative financial instruments	485	128	–58	–76	427	52	–176	–28	–20	–24	231	0
Income tax liabilities	547	365	–	–	547	365	–	–	–	–	547	365
Other liabilities	160	120	–	–	160	120	–	–	–	–	160	120
Subordinated capital	180	10	–	–	180	10	–	–	–	–	180	10
Total	**113,638**	**59,430**	**–73**	**–76**	**113,565**	**59,355**	**–176**	**–28**	**–1,399**	**–1,408**	**111,990**	**57,919**

63. ABS transactions

The Volkswagen Bank GmbH Group uses ABS transactions for funding purposes. The related liabilities are recognized in the following items:

€ million	Dec. 31, 2024	Dec. 31, 2023
Bonds issued	16,606	150
Subordinated liabilities	180	–
Total	**16,786**	**150**

Of the total amount of liabilities arising in connection with ABS transactions, an amount of €7,560 million (previous year: €150 million) is accounted for by ABS transactions with financial assets. The corresponding carrying amount of the securitized loans and receivables from retail financing and the leasing business amounts to €22,158 million (previous year: €152 million). As of December 31, 2024, the fair value of the liabilities amounted to €17,058 million (previous year: €152 million). The fair value of the assigned loans/receivables that continued to be recognized amounted to €9,656 million as of December 31, 2024 (previous year: €146 million).

Collateral totaling €22,609 million (previous year: €164 million) has been pledged in connection with ABS transactions, of which €10,039 million (previous year: €164 million) is accounted for by collateral in the form of financial assets. In these arrangements, the expected payments are assigned to special purpose entities and the ownership of the collateral in the financed vehicles is transferred. The assigned loans/receivables cannot be assigned again to anyone else or used in any other way as collateral. The rights of the bond holders are limited to the assigned loans/receivables, and the payment receipts arising from these loans/receivables are used to repay the corresponding liability.

These asset-backed securities transactions did not lead to a derecognition of the loans or receivables from the financing business because the credit risk and timing risk were retained in the Group. The difference between the amount of the assigned loans/receivables and the associated liabilities results from the different terms and conditions and from the proportion of the ABSs held by the Volkswagen Bank GmbH Group itself or granted subordinated loans, which reduce the liabilities in the consolidation process.

The Volkswagen Bank GmbH Group is under a contractual obligation to transfer funds in certain circumstances to the structured entities included in its consolidated financial statements. As the loans/receivables are transferred to the special purpose entity by way of undisclosed assignment, it is possible that the loan/receivable has already been reduced in a legally binding manner at the originator, for example if the debtor effectively offsets it against amounts it is owed by the Volkswagen Bank GmbH Group. In this case, collateral must be furnished for the resulting compensation claims against the special purpose entity, for example if the rating of the Group company concerned declines to a contractually agreed reference value.

The ABS transactions in the Volkswagen Bank GmbH Group can be called early if the remaining exposures fall below a specified level (so-called clean-up call).

64. Default risk

The default risk arising from financial assets is essentially the risk that a counterparty will default. The maximum amount of the risk is therefore the amount of the claims against the counterparty concerned arising from recognized carrying amounts and irrevocable credit commitments.

The maximum default risk is reduced by collateral and other credit enhancements. The collateral held relates to loans to and receivables from banks and loans and receivables from customers in the classes “Measured at amortized cost”, “Measured at fair value” and “Not allocated to any measurement category”, and to “Credit commitments and financial guarantees (off-balance-sheet)”. The types of collateral held include vehicles, vehicles pledged as collateral, financial guarantees, marketable securities, cash collateral and charges on real estate.

In the case of financial assets with an objective indication of impairment as of the reporting date, the collateral reduced the risk by €1,041 million (previous year: €772 million). For financial assets in the

"Measured at fair value" class to which the IFRS 9 impairment requirements are not applied, the maximum credit and default risk was reduced by collateral with a value of €604 million (previous year: €519 million).

For financial assets on which impairment losses were recognized during the fiscal year and that are subject to enforcement measures, the contractually outstanding amounts total €40 million (previous year: €7 million).

As a consequence of the international distribution of business activities and the resulting diversification, there are no material concentrations of default risk in individual counterparties or individual markets. Sector concentrations in the dealership business are a natural part of the business for a captive financial services provider in the automotive industry and these concentrations are individually analyzed in the existing risk management processes. The loans and receivables from dealership business subject to the inherent sector concentrations described above are included in the loans to and receivables from customers arising from dealer financing.

As derivatives are only entered into with counterparties demonstrating strong credit ratings, and limits are set for each counterparty as part of the risk management system, the actual default risk arising from derivative transactions is deemed to be low.

For qualitative information, please refer to the risk report (Credit Risk section), which forms part of the management report.

PROVISION FOR CREDIT RISKS

Please refer to the provision for credit risks section in note (24) for disclosures on the accounting policies relating to the provision for credit risks.

The following tables show a reconciliation of the provision for credit risks relating to financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1,.2024	**132**	**250**	**323**	**28**	**–12**	**721**
Exchange differences on translating foreign operations	0	0	0	0	0	1
Changes in basis of consolidation	4	2	–	12	–	18
Newly extended/purchased financial assets (additions)	98	–	–	12	9	119
Other changes within a stage	12	–18	7	4	4	9
Transfers to						
Stage 1	6	–46	–9	–	–	–50
Stage 2	–27	125	–14	–	–	84
Stage 3	–6	–46	203	–	–	151
Financial instruments derecognized during the period (derecognitions	–43	–47	–55	–8	–2	–155
Utilizations	–	–	–43	–	–3	–46
Model or risk parameter changes	–	–	–	0	–	0
Balance as of Dec. 31, 2024	**176**	**220**	**412**	**48**	**–4**	**852**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1,2023	**204**	**227**	**240**	**28**	**–4**	**695**
Exchange differences on translating foreign operations	0	0	1	0	0	1
Changes in basis of consolidation	–	–	–	–	–	–
Newly extended/purchased financial assets (additions)	93	–	–	2	–4	91
Other changes within a stage	–81	2	51	7	5	–17
Transfers to						
Stage 1	6	–41	–9	–	–	–44
Stage 2	–25	136	–21	–	–	90
Stage 3	–5	–24	158	–	–	129
Financial instruments derecognized during the period (derecognitions	–60	–50	–52	–8	–2	–172
Utilizations	–	–	–44	–	–8	–52
Model or risk parameter changes	–	–	–	–	–	–
Balance as of Dec. 31, 2023	**132**	**250**	**323**	**28**	**–12**	**721**

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount as of Jan. 1, 2024	**48,166**	**7,155**	**902**	**3,942**	**249**	**60,415**
Exchange differences on translating foreign operations	117	33	0	10	0	161
Changes in basis of consolidation	3,252	24	–	474	–	3,750
Changes	7,724	–473	–217	451	–13	7,471
Modifications	1	0	0	–	–	1
Transfers to						
Stage 1	1,942	–1,863	–79	–	–	0
Stage 2	–4,618	4,662	–44	–	–	0
Stage 3	–228	–278	507	–	–	–
Carrying amount as of Dec. 31, 2024	**56,357**	**9,258**	**1,069**	**4,878**	**236**	**71,799**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Carrying amount as of Jan. 1, 2023	**38,787**	**6,821**	**838**	**3,248**	**293**	**49,986**
Exchange differences on translating foreign operations	129	12	1	3	0	145
Changes in basis of consolidation	–	–	–	–	–	–
Changes	10,279	–355	–291	691	–44	10,280
Modifications	3	1	0	–	–	3
Transfers to						
Stage 1	2,239	–2,203	–36	–	–	0
Stage 2	–2,997	3,064	–68	–	–	0
Stage 3	–274	–185	459	–	–	–
Carrying amount as of Dec. 31, 2023	**48,166**	**7,155**	**902**	**3,942**	**249**	**60,415**

The “Changes” line relates to changes in gross carrying amounts that are not allocated to the other lines in the reconciliation of the gross carrying amounts from the beginning to the end of the reporting period concerned. These changes include the addition and derecognition of financial assets during the reporting period.

The undiscounted expected credit losses on the initial recognition of purchased or originated credit-impaired financial assets amounted to €2 million (previous year: €2 million).

The following tables show a reconciliation for the provision for credit risks relating to financial assets measured at fair value through other comprehensive income:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2024	**9**	**3**	**–**	**–**	**–**	**12**
Exchange differences on translating foreign operations	–	–	–	–	–	–
Changes in basis of consolidation	0	–	–	–	–	0
Newly extended/purchased financial assets (additions)	0	–	–	–	–	0
Other changes within a stage	0	0	–	–	–	0
Transfers to						
Stage 1	2	–2	–	–	–	0
Stage 2	0	0	–	–	–	0
Stage 3	–	–	–	–	–	–
Financial instruments derecognized during the period (derecognitions)	–2	–	–	–	–	–2
Utilizations	–	–	–	–	–	–
Model or risk parameter changes	–	–	–	–	–	–
Balance as of Dec. 31, 2024	**9**	**2**	**–**	**–**	**–**	**10**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2023	**3**	**4**	**–**	**–**	**–**	**8**
Exchange differences on translating foreign operations	–	–	–	–	–	–
Changes in basis of consolidation	–	–	–	–	–	–
Newly extended/purchased financial assets (additions)	3	–	–	–	–	3
Other changes within a stage	3	1	–	–	–	4
Transfers to						
Stage 1	2	–2	–	–	–	0
Stage 2	–	–	–	–	–	0
Stage 3	–	–	–	–	–	–
Financial instruments derecognized during the period (derecognitions)	–2	–1	–	–	–	–2
Utilizations	–	–	–	–	–	–
Model or risk parameter changes	–	–	–	–	–	–
Balance as of Dec. 31, 2023	**9**	**3**	**–**	**–**	**–**	**12**

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at fair value through other comprehensive income:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	No provision for credit risks	Total
Carrying amount as of Jan. 1, 2024	**1,783**	**1,741**	**–**	**–**	**–**	**524**	**4,048**
Exchange differences on translating foreign operations	–	–	–	–	–	24	**24**
Changes in basis of consolidation	104	–	–	–	–	94	**197**
Changes	477	–917	–	–	–	37	**–403**
Modifications	–	–	–	–	–	–	**–**
Transfers to							
Stage 1	459	–459	–	–	–	–	**–**
Stage 2	–79	79	–	–	–	–	**–**
Stage 3	–	–	–	–	–	–	**–**
Carrying amount as of Dec. 31, 2024	**2,744**	**444**	**–**	**–**	**–**	**678**	**3,867**

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	No provision for credit risks	Total
Carrying amount as of Jan. 1, 2023	**876**	**2,768**	**–**	**–**	**–**	**503**	**4,147**
Exchange differences on translating foreign operations	–	–	–	–	–	10	**10**
Changes in basis of consolidation	–	–	–	–	–	–	**–**
Changes	907	–1,027	–	–	–	11	**–109**
Modifications	–	–	–	–	–	–	**–**
Transfers to							
Stage 1	–	–	–	–	–	–	**–**
Stage 2	–	–	–	–	–	–	**–**
Stage 3	–	–	–	–	–	–	**–**
Carrying amount as of Dec. 31, 2023	**1,783**	**1,741**	**–**	**–**	**–**	**524**	**4,048**

The following tables show a reconciliation of the provision for credit risks relating to irrevocable credit commitments and financial guarantees:

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1,2024	**16**	**10**	**41**	**8**	**75**
Exchange differences on translating foreign operations	0	0	0	0	**0**
Changes in basis of consolidation	–	–	–	–	**–**
Newly extended/purchased financial assets (additions)	7	–	–	1	8
Other changes within a stage	1	3	–20	–1	**–16**
Transfers to					
Stage 1	7	–2	–6	–	**0**
Stage 2	–4	4	–1	–	**0**
Stage 3	–3	–2	4	–	**0**
Financial instruments derecognized during the period (derecognitions)	–7	–4	–2	0	**–14**
Utilizations	–	–	–	–	**–**
Model or risk parameter changes	–	–	–	–	**–**
Balance as of Dec. 31, 2024	**18**	**10**	**17**	**8**	**52**

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1,2023	**22**	**18**	**22**	**29**	**92**
Exchange differences on translating foreign operations	0	0	0	0	**0**
Changes in basis of consolidation	–	–	–	–	**–**
Newly extended/purchased financial assets (additions)	6	–	–	0	**7**
Other changes within a stage	–4	–8	18	–21	**–15**
Transfers to					
Stage 1	1	–1	–	–	**0**
Stage 2	–1	1	–	–	**0**
Stage 3	0	0	1	–	**1**
Financial instruments derecognized during the period (derecognitions)	–8	–1	0	0	**–9**
Utilizations	–	–	0	–	**0**
Model or risk parameter changes	–	–	–	–	**–**
Balance as of Dec. 31, 2023	**16**	**10**	**41**	**8**	**75**

The following tables present a reconciliation of default risk exposures arising from irrevocable credit commitments and financial guarantees:

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount as of Jan. 1, 2024	**7,284**	**2,676**	**166**	**89**	**10,215**
Exchange differences on translating foreign operations	62	47	0	0	**108**
Changes in basis of consolidation	–197	–	–	–	**–197**
Changes	7	7	–12	15	17
Modifications	–	–	0	0	**–**
Transfers to					**–**
Stage 1	267	–235	–32	–	**0**
Stage 2	–1,014	1,015	–2	–	**0**
Stage 3	–9	–9	19	–	**0**
Carrying amount as of Dec. 31, 2024	**6,400**	**3,501**	**139**	**103**	**10,143**

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Carrying amount as of Jan. 1,2023	**8,097**	**3,527**	**312**	**214**	**12,149**
Exchange differences on translating foreign operations	40	20	0	0	**60**
Changes in basis of consolidation	–	–	–	–	**–**
Changes	–794	–928	–148	–126	**–1,995**
Modifications	–	–	0	0	**–**
Transfers to					
Stage 1	35	–35	0	–	**0**
Stage 2	–94	95	–1	–	**0**
Stage 3	0	–3	3	–	**0**
Carrying amount as of Dec. 31, 2023	**7,284**	**2,676**	**166**	**89**	**10,215**

The following table shows a reconciliation for the provision for credit risks relating to lease receivables in the class “Not allocated to any measurement category”:

	SIMPLIFIED APPROACH	
€ million	2024	2023
Balance as of Jan. 1	**147**	**120**
Exchange differences on translating foreign operations	–	–
Changes in basis of consolidation	386	–
Newly extended/purchased financial assets (additions)	177	33
Other changes within a stage	–	20
Financial instruments derecognized during the period (derecognitions)	–32	–25
Utilizations	–8	0
Model or risk parameter changes	–14	–
Balance as of Dec. 31	**655**	**147**

The following table shows a reconciliation of the gross carrying amounts of lease receivables in the class "Not allocated to any measurement category":

€ million	SIMPLIFIED APPROACH	
	2024	2023
Carrying amount as of Jan. 1	**3,538**	**3,174**
Exchange differences on translating foreign operations	–	–
Changes in basis of consolidation	22,005	–
Changes	1,469	364
Modifications	1	–
Carrying amount as of Dec. 31	**27,013**	**3,538**

MODIFICATIONS

During the reporting period and the prior-year period, there were contractual modifications of financial assets that did not lead to a derecognition of the asset concerned. These modifications were caused by either changes in credit ratings or adjustments agreed retrospectively that did not stem from customer credit quality (market-induced adjustments).

In the case of financial assets for which the provision for credit risks was determined in the amount of the lifetime expected credit losses, the amortized cost before contractual modifications amounted to €246 million (previous year: €207 million). In the reporting period, the contractual modifications of these financial assets gave rise to an overall net expense of €2 million (previous year: €1 million). In the case of trade receivables and lease receivables, which are all included in the simplified approach, the only modifications that are taken into account are those in which the underlying receivables are more than 30 days past due.

At the reporting date, the gross carrying amount of financial assets that had been modified since initial recognition and that, in the reporting period, had also been transferred from Stage 2 or Stage 3 to Stage 1 amounted to €6 million (previous year: €23 million). As a consequence, the measurement of the provision for credit risks for these financial assets was switched from the lifetime expected credit loss to a twelve-month expected credit loss.

MAXIMUM CREDIT RISK

The following table shows the maximum credit risk, broken down by class, to which the Volkswagen Bank GmbH Group was exposed as of the reporting date and to which the impairment model was applied.

€ million	Dec. 31, 2024	Dec. 31, 2023
Financial assets measured at amortized cost	70,947	59,694
Financial assets measured at fair value	3,178	3,505
Financial guarantees and credit commitments	10,077	10,140
Not allocated to any measurement category	26,357	3,390
Total	**110,559**	**76,729**

The assets disclosed as belonging to the class “Financial assets measured at fair value” are allocated to the measurement category “Financial assets measured at fair value through other comprehensive income (debt instruments)”.
The maximum credit risk associated with the financial guarantees in accordance with IFRS 7.B10 amounts to €99 million (previous year: €176 million).

The Volkswagen Bank GmbH Group intends to recover the following collateral accepted in the reporting year for financial assets:

€ million	Dec. 31, 2024	Dec. 31, 2023
Vehicles	72	134
Real estate	–	–
Other movable assets	–	–
Total	**72**	**134**

The vehicles are remarketed to Volkswagen Group dealers through direct sales and auctions.

DEFAULT RISK RATING CLASSES

The Volkswagen Bank GmbH Group uses internal risk management and control systems to evaluate the credit quality of the borrower before entering into any lending contract or lease. In the retail business, this evaluation is carried out by using scoring systems, whereas rating systems are used for fleet customers and dealer financing transactions. The results of the evaluation are allocated to a master scale based on the probability of default as the relevant criterion. The 16 risk classes in the master scale represent the default risk rating classes and are each defined according to the probabilities of default shown below.

In addition, the gross carrying amounts of the financial assets are broken down into three default risk categories so that default risk exposures can be presented on a uniform basis throughout the Group. Loans and receivables for which the credit quality is classified as “good” are allocated to default risk category 1. Loans to and receivables from customers whose credit quality has not been classified as “good” but who have not yet defaulted are included under default risk category 2. Accordingly, all loans and receivables in default are allocated to default risk category 3.

The following tables show the gross carrying amounts of financial assets by default risk category and by default risk rating class:

FISCAL YEAR 2024

€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
Default risk category 1 (loans/receivables not at risk of default – normal loans)	1	0.00%	0.06%	12,406	316	–	1,236	46
	2	0.06%	0.09%	544	6	–	314	–
	3	0.09%	0.15%	2,776	50	–	559	–
	4	0.15%	0.23%	4,369	69	–	834	0
	5	0.23%	0.36%	6,054	270	–	693	10
	6	0.36%	0.56%	12,509	1,772	–	2,381	11
	7	0.56%	0.88%	4,590	1,423	–	4,635	7
	8	0.88%	1.37%	6,856	1,238	–	5,117	6
	9	1.37%	2.14%	2,750	882	–	5,370	4
	10	2.14%	3.35%	3,093	715	–	3,754	32
	11	3.35%	5.23%	2,273	740	–	2,932	2
	12	5.23%	8.18%	608	675	–	1,050	6
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	13	8.18%	12.79%	193	488	–	1,168	1
	14	12.79%	20.00%	56	470	–	420	4
	15	20.00%	100.00%	24	588	–	439	3
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	100.00%	–	–	1,069	989	103
Total				**59,101**	**9,702**	**1,069**	**31,891**	**236**

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€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
	1	0.00%	0.06%	13,705	2	–	181	–
	2	0.06%	0.09%	397	3	–	158	0
	3	0.09%	0.15%	1,952	8	–	450	0
	4	0.15%	0.23%	3,063	13	–	391	0
	5	0.23%	0.36%	1,755	112	–	396	1
	6	0.36%	0.56%	4,625	731	–	1,021	20
	7	0.56%	0.88%	8,061	689	–	1,618	4
	8	0.88%	1.37%	7,706	1,681	–	757	8
	9	1.37%	2.14%	4,445	1,072	–	600	23
Default risk category 1 (loans/receivables not at risk of default – normal loans)	10	2.14%	3.35%	2,274	880	–	266	2
	11	3.35%	5.23%	991	784	–	872	3
	12	5.23%	8.18%	611	1,066	–	143	10
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	13	8.18%	12.79%	228	505	–	167	10
	14	12.79%	20.00%	103	321	–	50	14
	15	20.00%	100.00%	36	1,029	–	131	17
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	100.00%	–	–	902	280	138
Total				**49,949**	**8,896**	**902**	**7,480**	**249**

The following tables show the default risk exposures for irrevocable credit commitments and financial guarantees by default risk rating class:

FISCAL YEAR 2024

€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Stage 4
	1	0.00%	0.06%	657	22	–	0
	2	0.06%	0.09%	543	2	–	–
	3	0.09%	0.15%	294	9	–	–
	4	0.15%	0.23%	949	14	–	0
	5	0.23%	0.36%	491	71	–	9
	6	0.36%	0.56%	837	361	–	13
	7	0.56%	0.88%	605	600	–	11
	8	0.88%	1.37%	901	775	–	17
	9	1.37%	2.14%	467	285	–	3
Default risk category 1 (loans/receivables not at risk of default – normal loans)	10	2.14%	3.35%	320	557	–	9
	11	3.35%	5.23%	186	219	–	0
	12	5.23%	8.18%	99	187	–	3
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	13	8.18%	12.79%	42	139	–	0
	14	12.79%	20.00%	9	198	–	1
	15	20.00%	100.00%	1	61	–	0
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	100.00%	–	–	139	37
Total				**6,400**	**3,501**	**139**	**103**

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€ million	Default risk rating classes	Probability of default (>=)	Probability of default (<)	Stage 1	Stage 2	Stage 3	Stage 4
	1	0.00%	0.06%	221	4	–	–
	2	0.06%	0.09%	430	2	–	–
	3	0.09%	0.15%	773	3	–	–
	4	0.15%	0.23%	543	7	–	–
	5	0.23%	0.36%	933	39	–	1
	6	0.36%	0.56%	926	279	–	0
	7	0.56%	0.88%	1,106	432	–	3
	8	0.88%	1.37%	844	530	–	3
	9	1.37%	2.14%	463	275	–	1
	10	2.14%	3.35%	326	214	–	2
	11	3.35%	5.23%	398	335	–	1
Default risk category 1 (loans/receivables not at risk of default – normal loans)	12	5.23%	8.18%	124	455	–	2
	13	8.18%	12.79%	88	20	–	1
	14	12.79%	20.00%	64	15	–	0
Default risk category 2 (loans/receivables at risk of default – loans with intensified loan management)	15	20.00%	100.00%	45	64	–	2
Default risk category 3 (loans/receivables in default – nonperforming loans)	D	100.00%	100.00%	–	–	166	72
Total				**7,284**	**2,676**	**166**	**89**

65. Liquidity risk

Liquidity risk is defined primarily as the risk of not being able to meet payment obligations in full or when due. The companies of the Volkswagen Bank GmbH Group are funded primarily through capital market and ABS (asset-backed securities) programs as well as through deposits received in the direct banking business. In addition, a rolling liquidity planning system and a liquidity reserve in the form of cash and confirmed lines of credit that can be accessed at any time at short notice ensure that the Volkswagen Bank GmbH Group remains solvent and has an adequate supply of liquidity.

Further details on the funding and hedging strategy can be found in the Report on Economic Position in the “Liquidity Analysis” (page 24) and “Funding” (pages 24 – 25) sections, and in the risk report within the disclosures on the “Interest Rate Risk in the Banking Book (IRRBB)” (pages 52 – 53) and on the “Liquidity Risk” (pages 54 – 56) in the management report.

The maturity profile of assets held to manage liquidity risk is as follows:

€ million	Assets		Repayable on demand		Up to 3 months		3 months to 1 year		1 to 5 years		More than 5 years	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Cash reserve	12,444	11,974	12,444	11,974	–	–	–	–	–	–	–	–
Loans to and receivables from banks	594	272	274	244	320	0	0	27	–	–	–	–
Marketable securities	3,743	3,505	–	–	3,743	3,505	–	–	–	–	–	–
Total	**16,781**	**15,750**	**12,718**	**12,218**	**4,063**	**3,505**	**0**	**27**	**–**	**–**	**–**	**–**

The following table shows the maturity profile of undiscounted cash outflows from financial liabilities:

€ million	Cash outflows		Remaining contractual maturities: up to 3 months		3 months to 1 year		1 to 5 years		more than 5 years	
	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2024	Dec. 31, 2023
Liabilities to banks	322	7,998	94	551	41	7,352	127	38	60	57
Liabilities to customers	83,175	46,924	48,502	29,658	19,548	13,876	14,520	2,576	605	814
Notes, commercial paper issued	32,373	5,672	2,141	941	5,049	893	23,032	3,269	2,151	569
Derivative financial instruments	6,070	4,086	3,304	–	2,195	3,873	571	212	–	–
Other liabilities	160	120	75	22	80	96	4	1	1	1
Subordinated capital	190	10	26	–	59	10	105	–	0	–
Credit commitments	10,237	10,039	5,986	4,736	4,250	5,303	–	–	–	–
Total	**132,526**	**74,849**	**60,128**	**35,909**	**31,223**	**31,403**	**38,359**	**6,095**	**2,816**	**1,442**

The derivatives include both cash outflows relating to derivatives with negative fair values and cash outflows relating to derivatives with positive fair values in connection with which gross settlement has been agreed.

Financial guarantees with a maximum possible drawdown of €99 million (previous year: €176 million) are always assumed to be payable on demand.

A notable important source of funding for the reporting year is funding via customer deposits.

66. Market risk

For qualitative information, please refer to the risk report within the disclosures on “Interest Rate Risk in the Banking Book (IRRBB)” (pages 52 – 53) and “Other Market Risk (Currency and Fund Price Risk)” (page 54) in the management report.

For quantitative risk measurement, interest rate and foreign currency risk are measured using a value-at-risk (VaR) model on the basis of a historical simulation. The value-at-risk calculation indicates the size

of the maximum potential loss on the portfolio as a whole within a time horizon of 60 days, measured at a confidence level of 99%. To provide the basis for this calculation, all cash flows from non-derivative and derivative financial instruments are aggregated into an interest rate gap analysis. The historical market data used in determining value at risk covers a period of ten years.

This approach has produced the following values:

€ million	Dec. 31, 2024	Dec. 31, 2023
Interest rate risk	474	329
Currency translation risk	0	1
Total market risk[1]	**473**	**328**

1 As a result of correlation effects, the total market risk is not identical to the sum of the individual risks.

67. Hedging policy disclosures

HEDGING POLICY AND FINANCIAL DERIVATIVES

Given its international financial activities, the Volkswagen Bank GmbH Group is exposed to fluctuations in interest rates and foreign exchange rates on the international money and capital markets. The general rules governing the Group-wide currency and interest rate hedging policy are specified in internal Group guidelines and satisfy the Minimum Requirements for Risk Management (MaRisk – *Mindestanforderungen an das Risikomanagement*) issued by the German Federal Financial Supervisory Authority (BaFin). The partners used by the Group when entering into appropriate financial transactions are national and international banks with strong credit ratings whose credit quality is continuously monitored by leading rating agencies. The Group enters into suitable hedging transactions to limit currency and interest rate risks. Regular derivative financial instruments are used for this purpose.

MARKET RISK

Market risk arises when changes in prices on financial markets (interest rates and exchange rates) have a positive or negative effect on the value of traded products. The fair values listed in the tables in the notes were determined using the market information available on the reporting date and represent the fair values of the financial derivatives. They were determined on the basis of standardized techniques using generally applicable market risk variables, such as yield curves and exchange rates.

Interest rate risk

Changes in the level of interest rates in the money and capital markets represent an interest rate risk if the funding is not maturity-matched. Interest rate risk is managed at the level of the individual company based on an overall interest rate risk limit set for the entire Group and broken down into specific limits for each company. Interest rate risk is quantified using interest rate gap analyses to which various scenarios involving changes in interest rates are applied. The calculations take into account uniform risk ceilings applicable throughout the Group.

The hedging contracts entered into by the Group mainly comprise interest rate swaps and cross-currency interest rate swaps. Interest rate risk is hedged using fair value hedges and cash flow hedges at micro level and fair value hedges at portfolio level (portfolio fair value hedges). Fixed-income

assets and liabilities included in micro fair value hedges are recognized with the addition of a hedge adjustment based on the hedged fair value of the hedged item value rather than at amortized cost, the method used in their original subsequent measurement. The resulting effects in the income statement are generally offset by the opposite effects from the corresponding gains and losses on the interest rate hedging instruments (swaps).

Currency risk

The Volkswagen Bank GmbH Group avoids currency risk by entering into currency hedging contracts, which may be currency forwards, cross-currency swaps or cross-currency interest rate swaps. Generally speaking, all cash flows in foreign currency are hedged.

DESCRIPTION OF HEDGES AND METHODOLOGIES FOR MONITORING HEDGE EFFECTIVENESS

If possible, the hedge strategy aims to recognize hedges for suitable underlying transactions (hedged items) on an individual or portfolio basis. Assets or liabilities on the balance sheet serve as hedge items. Future transactions are currently not used as hedged items.

In the Volkswagen Bank GmbH Group, hedges to which micro-hedge accounting is applied are normally held to maturity. Individual risk components are not separated out and designated for the purposes of hedge accounting.

Hedge effectiveness in Volkswagen Bank GmbH is usually measured prospectively using the critical terms match method. Hedge effectiveness is analyzed retrospectively by testing for ineffectiveness using the dollar offset method. The dollar offset method compares the changes in the value of the hedged item expressed in monetary units with the changes in the value of the hedging instrument expressed in monetary units. The volume represented by the hedging instruments is generally the same as the volume represented by the designated hedged items.

Hedge ineffectiveness in micro-hedge accounting results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Individual yield curves are used when determining forward interest rates and prices and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Other factors (e.g. in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness.

In portfolio hedge accounting, derivatives for interest rate hedging are designated in a quarterly cycle. Effectiveness is checked by maturity band as part of this process. The designation proportions for the derivatives are determined on the basis of the volumes of the hedged item portfolios in the maturity bands. Derivatives are only considered for a hedging period in portfolio hedge accounting if a high prospective and retrospective effectiveness level is determined using regression tests. Ineffectiveness in portfolio hedge accounting is usually the result of changes in the fair values of hedging instruments and the hedged fair values of hedged items that do not fully offset each other.

DISCLOSURES ON GAINS AND LOSSES FROM FAIR VALUE HEDGES

In fair value hedges, the transactions hedge the risk of changes in the fair value of financial assets and financial liabilities. Changes in fair value that arise from the recognition of hedging instruments at fair value and those from the recognition of the associated hedged items at the hedged fair value generally have an offsetting effect and are reported under the net gain or loss on hedges.

The following table shows the degree of hedge ineffectiveness from fair value hedges broken down by type of risk, equating to the differences between the gains or losses on hedging instruments and those on hedged items:

€ million	2024	2023
Interest rate risk hedging	–4	17
Currency risk hedging	–34	–28
Combined interest rate and currency risk hedging	–	–

DISCLOSURES ON GAINS AND LOSSES FROM CASH FLOW HEDGES

Cash flow hedges are recognized with the aim of hedging risks arising from changes in future cash flows. These cash flows can arise from a recognized asset or a recognized liability.

The following table covering gains and losses from cash flow hedges shows the gains and losses on hedges recognized in other comprehensive income, the hedge ineffectiveness recognized under net gain or loss on hedges, and the gains or losses arising from the reclassification of cash flow hedge reserves recognized under net gain or loss on hedges:

€ million	2024	2023
Interest rate risk hedging		
Gain or loss from changes in fair value of hedged items within hedge accounting		
Recognized in other comprehensive income	0	–
Recognized in profit or loss	0	0
Reclassifications from the cash flow hedge reserve to profit or loss		
As a result of the early termination of hedges	–	–
As a result of the recovery of the hedged item	0	0
Currency risk hedging		
Gain or loss from changes in fair value of hedged items within hedge accounting		
Recognized in other comprehensive income	–36	–21
Recognized in profit or loss	–1	0
Reclassifications from the cash flow hedge reserve to profit or loss		
As a result of the early termination of hedges	–	–
As a result of the recovery of the hedged item	53	0
Combined interest rate and currency risk hedging		
Gain or loss from changes in fair value of hedged items within hedge accounting		
Recognized in other comprehensive income	1	–
Recognized in profit or loss	–	–
Reclassifications from the cash flow hedge reserve to profit or loss		
As a result of the early termination of hedges	–	–
As a result of the recovery of the hedged item	–2	–

In the table, effects recognized directly in equity are presented net of deferred taxes.

The gain or loss from changes in the fair value of hedges within hedge accounting equates to the basis for determining hedge ineffectiveness. Those gains or losses on changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items constitute the ineffective portion of cash flow hedges. This ineffectiveness within a hedge arises as a result of differences in the parameters applicable to the hedging instrument and the hedged item. These gains or losses are recognized immediately under the gain or loss on hedges.

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS

The following tables present a maturity analysis of the notional amounts of hedging instruments reported under the hedge accounting rules and those of derivatives to which hedge accounting is not applied:

FISCAL YEAR 2024

	RESIDUAL MATURITY			TOTAL NOTIONAL AMOUNT
€ million	Up to 1 year	1 to 5 years	more than 5 years	DEC. 31, 2024
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	3,426	14,056	1,200	18,681
Currency risk hedging				
Currency forwards/cross-currency swaps GBP	3,381	–	–	3,381
Currency forwards/cross-currency swaps PLN	899	7	–	906
Currency forwards/cross-currency swaps CZK	556	–	–	556
Currency forwards, other currencies	97	–	–	97
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps NOK	265	73	–	338
Cross-currency interest rate swaps PLN	–	269	–	269
Cross-currency interest rate swaps, other foreign currencies	–	–	–	–
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	13,669	30,656	0	44,325
Currency risk hedging				
Currency forwards/cross-currency swaps	–	–	–	–
Combined interest rate and currency risk hedging				
Cross-currency interest rate swap	–	–	–	–

In the reporting year, the average exchange rates used in the measurement of currency hedges were as follows for currencies with significant notional amounts: PLN 4.5781 (cash flow hedge) and 4.2965 (fair value hedge), GBP 0.8385 (cash flow hedge) and 0.8356 (fair value hedge).

The average exchange rates used in the measurement of interest rate/currency hedges in the previous year were as follows for the following currencies with significant nominal amounts: PLN 4.2736 (cash flow hedge) and NOK 11.6844 (cash flow hedge).

FISCAL YEAR 2023

€ million	RESIDUAL MATURITY Up to 1 year	1 to 5 years	more than 5 years	TOTAL NOTIONAL AMOUNT Dec. 31, 2023
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	1,650	2,350	500	4,500
Currency risk hedging				
Currency forwards/cross-currency swaps GBP	2,774	–	–	2,774
Currency forwards/cross-currency swaps CZK	–	–	–	–
Currency forwards/cross-currency swaps PLN	869	120	–	989
Currency forwards, other currencies	–	–	–	–
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps NOK	–	–	–	–
Cross-currency interest rate swaps, other foreign currencies	–	–	–	–
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	100	1,516	0	1,616
Currency risk hedging				
Currency forwards/cross-currency swaps	0	–	–	0
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	–	–	–

In the previous year, the average exchange rates used in the measurement of currency hedges were as follows for currencies with significant notional amounts: PLN 4.6388 (cash flow hedge) and 4.4668 (fair value hedge), GBP 0.8752 (cash flow hedge) and 0.8637 (fair value hedge).
The timings of the future payments for the hedged items in the cash flow hedges match the maturities of the hedging instruments.

As of the reporting date and the prior-year reporting date, none of the cash flow hedges recognized involved a hedged item whose underlying transaction was no longer expected to occur in the future.

DISCLOSURES ON HEDGING INSTRUMENTS USED IN HEDGE ACCOUNTING

The Volkswagen Bank GmbH Group regularly uses hedging instruments to hedge changes in the fair value of financial assets and financial liabilities.

The following overviews show the notional amounts, fair values and changes in fair value used to determine ineffectiveness in hedging instruments that are employed in the context of fair value hedges to hedge the risk arising from changes in fair value:

FISCAL YEAR 2024

€ million	Notional amount	Other assets	Other liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	17,648	80	315	–177
Currency risk hedging				
Currency forwards and option contracts, cross-currency swaps	2,668	2	11	–10
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	–	–	–

FISCAL YEAR 2023

€ million	Notional amount	Other assets	Other liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	5,859	2	6	–53
Currency risk hedging				
Currency forwards and option contracts, cross-currency swaps	2,831	19	16	4
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	–	–	–

The Volkswagen Bank GmbH Group also uses hedging instruments to hedge the risk arising from changes in future cash flows.

The following tables set out the notional amounts, fair values and changes in fair value to determine ineffectiveness in hedging instruments used in cash flow hedges:

FISCAL YEAR 2024

€ million	Notional amount	Other assets	Other liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	1,033	1	2	–412
Currency risk hedging				
Currency forwards/cross-currency swaps	2,272	3	17	–29
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	607	6	2	2

FISCAL YEAR 2023

€ million	Notional amount	Other assets	Other liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	–	–	–	–
Currency risk hedging				
Currency forwards/cross-currency swaps	–	–	–	–
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	–	–	–

The change in fair value used to determine ineffectiveness equates to the change in the fair value of the designated components of the hedging instruments.

DISCLOSURES ON HEDGED ITEMS TO WHICH HEDGE ACCOUNTING IS APPLIED

Disclosures on hedged items, broken down by risk category and type of designation, are required in addition to the disclosures on hedging instruments.

The tables below show the hedged items hedged in fair value hedges:

FISCAL YEAR 2024

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/ fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers including value adjustment on portfolio fair value hedges	10,789	62	–42	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	9,265	–185	259	–
Subordinated capital	–	–	–	–
Currency risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	648	4	4	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–
Combined interest rate and currency risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	–	–	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–

FISCAL YEAR 2023

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/ fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	1,389	30	30	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	4,446	–54	170	–
Subordinated capital	–	–	–	–
Currency risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	–	–	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–
Combined interest rate and currency risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	–	–	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–

The following tables present the hedged items hedged in cash flow hedges:

FISCAL YEAR 2024

€ million	Fair value change to determine ineffectiveness	Reserve for: Existing cash flow hedges	Reserve for: Terminated cash flow hedges
Interest rate risk hedging			
Designated components	–1	–1	–
Deferred taxes	–	0	–
Total interest rate risk	–1	0	–
Currency risk hedging			
Designated components	0	23	–
Nondesignated components	–	–	–
Deferred taxes	–	–7	–
Total hedging currency risk	0	16	–
Combined interest rate and currency risk hedging			
Designated components	4	–1	–
Deferred taxes	–	0	–
Total combined interest rate and currency risk	4	–1	–

FISCAL YEAR 2023

€ million	Fair value change to determine ineffectiveness	Reserve for: Existing cash flow hedges	Reserve for: Terminated cash flow hedges
Interest rate risk hedging			
Designated components	–	–	–
Deferred taxes	–	–	–
Total interest rate risk	–	–	–
Currency risk hedging			
Designated components	–31	–2	–
Nondesignated components	–	–	–
Deferred taxes	–	1	–
Total hedging currency risk	–31	–1	–
Combined interest rate and currency risk hedging			
Designated components	–	–	–
Deferred taxes	–	0	–
Total combined interest rate and currency risk	–	–	–

CHANGES IN THE CASH FLOW HEDGE RESERVE

In the accounting treatment of cash flow hedges, the designated effective portion of a hedge is reported in other comprehensive income (in OCI I). All changes in the fair value of hedging instruments in excess of the effective portion are reported in profit or loss as hedge ineffectiveness.

The following tables show a reconciliation for the cash flow hedge reserve (OCI I):

€ million	Interest rate risk	Currency risk	Combined interest rate and currency risk	Total
Balance as of Jan. 1,2024	**–**	**–1**	**–**	**–1**
Gains or losses from effective hedges	0	–36	1	–35
Reclassifications resulting from the recovery of the hedged item	–	53	–2	51
Balance as of Dec. 31,2024	**0**	**16**	**–1**	**15**

€ million	Interest rate risk	Currency risk	Combined interest rate and currency risk	Total
Balance as of Jan. 1,2023	**–**	**–7**	**–**	**–7**
Gains or losses from effective hedges	–	–21	–	–21
Reclassifications resulting from the recovery of the hedged item	–	26	–	26
Balance as of Dec. 31,2023	**–**	**–1**	**–**	**–1**

In the above tables, the effects on equity from the cash flow hedge reserve (OCI I) are presented net of deferred taxes. In the cash flow hedge reserve (OCI I), the deferred taxes on gains or losses from effective hedges amounted to losses of €15 million and the deferred taxes on reclassifications resulting from the recovery of the hedged item came to €22 million.

LIQUIDITY RISK/FUNDING RISK

The Volkswagen Bank GmbH Group takes precautions to minimize the risk from any potential liquidity squeeze by holding credit lines with Volkswagen AG and by using a debt issuance program allowing funds to be raised in multiple currencies. It also holds marketable securities from public-sector issuers that are readily marketable and can be deposited with central banks, and can thus be used to help safeguard liquidity.

Segment Reporting

68. Breakdown by geographic market

The presentation of the reportable segments within the meaning of IFRS 8 is based on the internal control and reporting structure of the Volkswagen Bank GmbH Group and is broken down according to the geographical markets in which the Volkswagen Bank GmbH Group operates.

Accordingly, the reportable segments are as follows: Germany, Italy, France and Other; the branches in Spain, the Netherlands, Greece, the United Kingdom, Portugal and Poland are reported on in the "Other" segment. The inclusion of Volkswagen Leasing GmbH in the basis of consolidation has an impact in the Germany and Italy segments. As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

All business transactions between the segments – where such transactions take place – are conducted on an arm's-length basis.

In accordance with IFRS 8, noncurrent assets are reported exclusive of financial instruments, deferred tax assets and post-employment benefits.

FISCAL YEAR 2024

	JAN. 1 – DEC. 31,2024					
€ million	Germany	Italy	France	Other	Consoli-dation	Total
Interest income from lending transactions and marketable securities in respect of third parties	2,183	437	192	699	–	3,510
Intersegment interest income from lending transactions and marketable securities	909	4	3	0	–916	–
Income from leasing transactions with third parties	7,113	565	1,844	18	–	9,541
of which impairment losses in accordance with IAS 36	85	3	17	–	–	105
Intersegment income from leasing transactions	–	–	–	–	–	–
Depreciation, impairment losses and other expenses from leasing transactions	–5,811	–558	–1,324	–2	–2	–7,696
of which impairment losses in accordance with IAS 36	–202	–66	–	–	–	–268
Net income from leasing transactions	1,303	7	520	17	–2	1,845
Interest expense	–2,918	–246	–341	–407	916	–2,997
Income from service contracts with third parties	686	282	115	–	–	1,083
of which period-related income	66	178	–	–	–	243
of which income related to a point in time	621	104	115	–	–	840
Intersegment income from service contracts	–	–4	–	–	4	–
Expenses from service contracts	–634	–274	–125	–	–4	–1,037
Net income from service contracts	52	4	–10	–	0	46
Provision for credit risks	–196	–10	–106	–1	4	–310
Fee and commission income from third parties	33	3	38	70	–	144
Fee and commission expenses	–26	–30	–19	–27	–	–103
Net fee and commission income	7	–27	19	43	–	41
Net gain or loss on hedges	–39	–	–	–	–	–39
Net gain or loss on financial instruments measured at fair value	56	8	–	22	–153	–66
General and administrative expenses	–715	–62	–131	–138	1	–1,045
Net other operating income	552	17	5	44	–150	467
Other operating expenses	–315	7	–3	–24	0	–336
Net other operating income/expenses	236	24	2	20	–151	132
Operating result	**878**	**139**	**147**	**254**	**–300**	**1,118**

FISCAL YEAR 2023

€ million	Germany adjusted[1]	Italy	France	Other	Consoli-dation	Total adjusted[1]
	JAN. 1 – DEC. 31,2023					
Interest income from lending transactions and marketable securities in respect of third parties	1,380	322	146	564	–	2,412
Intersegment interest income from lending transactions and marketable securities	582	4	1	0	–586	–
Income from leasing transactions with third parties	–	–	1,439	13	–	1,451
of which impairment losses in accordance with IAS 36	–	–	–	–	–	–
Intersegment income from leasing transactions	–	–	–	–	–	–
Depreciation, impairment losses and other expenses from leasing transactions	–	–	–1,033	–1	–	–1,034
of which impairment losses in accordance with IAS 36	–	–	–8	–	–	–8
Net income from leasing transactions	–	–	406	12	–	418
Interest expense	–1,223	–111	–197	–298	586	–1,243
Income from service contracts with third parties	–	–	95	–	–	95
of which period-related income	–	–	–	–	–	–
of which income related to a point in time	–	–	95	–	–	95
Expenses from service contracts	–	–	–101	–	–	–101
Net income from service contracts	–	–	–6	–	–	–6
Provision for credit risks	–81	–9	–51	–1	–2	–144
Fee and commission income from third parties	31	5	33	64	–	133
Fee and commission expenses	–17	–11	–14	–27	–	–69
Net fee and commission income	15	–6	19	37	–	64
Net gain or loss on hedges	–14	–	–	–	0	–13
Net gain or loss on financial instruments measured at fair value	110	–	–	12	–133	–10
General and administrative expenses	–481	–43	–143	–126	2	–791
Net other operating income	59	8	13	24	8	113
Other operating expenses	–30	–15	–5	–11	–	–61
Net other operating income/expenses	30	–7	7	14	8	52
Operating result	**318**	**150**	**181**	**213**	**–124**	**738**

1 Prior-year changes in the income statement item General and administrative expenses according to the disclosures on the corrected accounting for provisions for Time Assets values in the Changes to Prior-Year Figures section

The reported impairment losses and reversals of impairment losses in accordance with IAS 36 related to lease assets.

The breakdown of “Income from service contracts with third parties” into “of which period-related income” and “of which income related to a point in time ” described in note (23) “Net income from service contracts” has been carried over to the tables above.

Information on the main products can be taken directly from the income statement.

The breakdown of noncurrent assets in accordance with IFRS 8 and of the additions to noncurrent lease assets by geographic market is shown in the following tables:

€ million	DEC. 31, 2024					
	Germany	Italy	France	Other	Consolidation	Total
Noncurrent assets	26,061	3,290	4,793	10	–	34,153
Additions to noncurrent lease assets	6,196	902	2,832	–	–	9,930

€ million	DEC. 31, 2023					
	Germany	Italy	France	Other	Consolidation	Total
Noncurrent assets	32	4	3,431	9	–	3,476
Additions to noncurrent lease assets	–	–	1,818	–	–	1,818

Investments recognized under other assets were of minor significance.

The following table shows the reconciliation to consolidated revenue, consolidated operating result and consolidated profit before tax.

€ million	2024	2023 adjusted[1]
Segment revenue	**15,190**	**4,677**
Other companies	–	–
Consolidation	–912	–586
Group revenue	**14,279**	**4,091**
Segment profit or loss (operating result)	**1,418**	**862**
Other companies	–	–
Consolidation	–300	–124
Operating result	**1,118**	**738**
Share of profits and losses of equity-accounted joint ventures	–1	30
Net gain or loss on miscellaneous financial assets	23	23
Other financial gains or losses	–10	–5
Profit before tax	**1,130**	**786**

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

Other Disclosures

69. Leases

LESSOR ACCOUNTING FOR FINANCE LEASES

In the reporting year, interest income from the net investment in the lease amounting to €797 million (previous year: €135 million) was generated from finance leases. There was no income from variable lease payments that was not taken into account in the measurement of the net investment in the lease where finance leases were concerned.

The following table shows a reconciliation of the undiscounted lease payments under finance leases to the net investment in the leases.

€ million	Dec. 31,2024	Dec. 31,2023
Non-discounted lease payments	27,886	3,834
Non-guaranteed residual value	60	0
Unearned interest income	–1,965	–335
Loss allowance on lease receivables	554	–122
Other	–	–
Net investment	**26,534**	**3,377**

In the Volkswagen Bank GmbH Group, the net investment equates to the net receivables from finance leases.

As of the reporting date, the following payments are anticipated over subsequent years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2025	2026	2027	2028	2029	From 2030	Total
Lease payments	10,269	8,457	6,316	2,726	498	174	28,440

In the previous year, the following payments were anticipated over the subsequent years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2024	2025	2026	2027	2028	From 2029	Total
Lease payments	1,297	977	738	474	246	102	3,834

LESSOR ACCOUNTING FOR OPERATING LEASES

Income generated from operating leases is included in the income from leasing transactions and other operating income line items in the income statement. The following table shows a breakdown between income from leases without variable lease payments and income from leases with variable lease payments.

€ million	2024	2023
Lease income	3,727	628
Income from variable lease payments	–	–
Total	**3,727**	**628**

The impairment losses recognized as a result of the impairment test on lease assets amount to €268 million (previous year: €8 million) and are included in the depreciation, impairment losses and other expenses from leasing transactions. Impairment losses are based on continuously updated internal and external information, which is then fed into the forecasts of residual values for vehicles.
Income from reversals of impairment losses on lease assets applied in prior years amounted to €105 million (previous year: none) and is included in income from leasing business.

The following table shows the changes in the reporting year for assets leased out under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1,2024	**4,319**
Foreign exchange differences	–
Changes in basis of consolidation	37,410
Additions	12,075
Reclassifications	–
Disposals	7,308
Balance as of Dec. 31, 2024	**46,496**
Amortization and impairment losses as of Jan. 1, 2024	**895**
Foreign exchange differences	–
Changes in basis of consolidation	8,538
Additions to cumulative depreciation	2,636
Additions to cumulative impairment losses	268
Reclassifications	–
Disposals	2,284
Reversal of impairment losses	105
Balance as of Dec. 31, 2024	**9,948**
Net carrying amount as of Dec. 31, 2024	**36,548**
Net carrying amount as of Jan. 1, 2024	**3,424**

In the case of subleases that are classified as operating leases, right-of-use assets recognized in connection with buyback transactions are reported, from the perspective of the Volkswagen Bank GmbH Group

as lessor, under lease assets in the balance sheet and in the reconciliation showing the changes in movable lease assets.

As of the reporting date, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

€ million	2025	2026	2027	2028	2029	From 2030	Total
Lease payments	4,777	2,604	1,140	347	155	7	9,031

The following table shows the changes in the prior year for lease assets under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1,2023	**3,495**
Foreign exchange differences	–
Changes in basis of consolidation	–
Additions	1,818
Reclassifications	–
Disposals	995
Balance as of Dec. 31, 2023	**4,319**
Amortization and impairment losses as of Jan. 1, 2023	**818**
Foreign exchange differences	–
Changes in basis of consolidation	–
Additions to cumulative depreciation	475
Additions to cumulative impairment losses	8
Reclassifications	–
Disposals	407
Reversal of impairment losses	–
Balance as of Dec. 31, 2023	**895**
Net carrying amount as of Dec. 31, 2023	**3,424**
Net carrying amount as of Jan. 1, 2023	**2,677**

In the previous year, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

€ million	2024	2025	2026	2027	2028	From 2029	Total
Lease payments	488	104	108	117	121	14	952

LESSEE ACCOUNTING OUTSIDE OF BUYBACK TRANSACTIONS

The Volkswagen Bank GmbH Group is a party to leases as a lessee in various aspects of the business. These leases mainly involve the leasing of land and buildings and operating and office equipment. Furthermore, accounting for buyback transactions as leases also means that the Volkswagen Bank GmbH Group is the lessee in the primary lease in relation to the sellers of the vehicles – entities of the Volkswagen Group.

In the reporting year, interest expenses of €24 million (previous year: €16 million) were recognized under the interest expenses line item in the income statement in respect of lease liabilities amounting to €0 million (previous year: €0 million) reported under liabilities to customers on the balance sheet.

No right-of-use assets are recognized for short-term leases or leases in which the underlying asset is of low value.

In the reporting year, expenses for leases in which the underlying assets are of low value amounted to €3 million (previous year: €0 million). In the reporting year, expenses for short-term leases amounted to €1 million (previous year: €1 million). There were no variable lease expenses in the reporting year or in the previous year that were not taken into account in the measurement of the lease liabilities.

Right-of-use assets derived from leases are reported in the balance sheet of the Volkswagen Bank GmbH Group within property and equipment under the following items:

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on other equipment, operational and office equipment	Total
Gross carrying amount (or cost) as of Jan. 1, 2024	**22**	**6**	**28**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	1	–3	–2
Additions	0	3	4
Reclassifications	–	–	–
Disposals	–	2	2
Balance as of Dec. 31, 2024	**23**	**5**	**27**
Depreciation and impairment losses as of Jan. 1, 2024	**11**	**4**	**15**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	2	–1	0
Additions to cumulative amortization	2	2	5
Additions to cumulative impairment losses	–	–	–
Reclassifications	–	–	–
Disposals	–	2	2
Reversal of impairment losses	–	–	–
Balance as of Dec. 31, 2024	**15**	**3**	**17**
Net carrying amount as of Dec. 31, 2024	**8**	**2**	**10**
Net carrying amount as of Jan. 1, 2024	**11**	**2**	**13**

€ million	Right of use on land, land rights and buildings incl. buildings on third party land	Right of use on other equipment, operational and office equipment	Total
Gross carrying amount (or cost) as of Jan. 1, 2023	**22**	**5**	**27**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	–	–	–
Additions	–	2	2
Reclassifications	–	–	–
Disposals	0	1	1
Balance as of Dec. 31, 2023	**22**	**6**	**28**
Depreciation and impairment losses as of Jan. 1, 2023	**8**	**3**	**11**
Foreign exchange differences	0	0	0
Changes in basis of consolidation	–	–	–
Additions to cumulative amortization	2	3	5
Additions to cumulative impairment losses	–	–	–
Reclassifications	–	–	–
Disposals	–	1	1
Reversal of impairment losses	–	–	–
Balance as of Dec. 31, 2023	**11**	**4**	**15**
Net carrying amount as of Dec. 31, 2023	**11**	**2**	**13**
Net carrying amount as of Jan. 1, 2023	**13**	**3**	**16**

When assessing the lease term underlying a lease liability, the Volkswagen Bank GmbH Group makes a best estimate as to whether an extension option or a termination option will be exercised. In the event of a material change in the general parameters used for this estimate or a modification of the lease, this estimate is updated.

In the balance sheet, lease liabilities are reported under liabilities to customers. The following table shows a breakdown of the contractual maturities of undiscounted lease liabilities:

	REMAINING CONTRACTUAL MATURITIES			
€ million	Up to 1 year	1 – 5 years	more than 5 years	Total
Lease liabilities as of Dec. 31, 2024	6	13	6	24
Lease liabilities as of Dec. 31, 2023	4	7	4	16

Overall, leases in which the Volkswagen Bank GmbH Group is a lessee gave rise to total cash outflows of €4 million (previous year: €4 million) in the reporting year.

The following table shows an overview of the potential future cash outflows that have not been included in the measurement of the lease liabilities.

€ million	2024	2023
Future cash outflows to which the lessee is potentially exposed		
Variable lease payments	–	–
Residual value guarantees	–	–
Extension options	4	4
Termination options	–	–
Obligations under leases not yet commenced (contractual obligations)	–	–
Total	**4**	**4**

LESSEE TRANSACTIONS IN THE CONTEXT OF BUYBACK TRANSACTIONS

Depending on the classification of the subleases, the right-of-use assets recognized from primary leases as part of buyback transactions are reported either as finance leases and therefore as receivables from finance leases or as operating leases and therefore as lease assets, and are recorded in the relevant information on this balance sheet item.

In the reporting year, subleases in connection with buyback transactions gave rise to income of €31 million (previous year: none); this income was derived from both finance leases and operating leases.

In the case of assets leased as part of buyback transactions, the total cash outflows were reported in an amount equal to the value of the right of use recognized in the reporting year. Overall, this gave rise to total cash outflows of €27 million (previous year: none) in the reporting year.

70. Cash Flow Statement

Volkswagen Bank GmbH Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. Cash flows from investing activities comprise purchase payments and disposal proceeds relating to investment property, subsidiaries, joint ventures and other assets. Cash flows from financing activities reflect all cash flows arising from transactions involving equity, subordinated capital and other financing activities. All other cash flows are classified as cash flows from operating activities in accordance with standard international practice for financial services companies.

The definition of cash and cash equivalents of the Volkswagen Bank GmbH Group changed in the reporting year. By including the subsidiary Volkswagen Leasing GmbH in the basis of consolidation and by the first-time inclusion of Volkswagen Bank GmbH in the Volkswagen Financial Services AG Group as a result of the restructuring, the previous narrow definition of cash and cash equivalents to include only the cash reserve was abandoned and aligned to the definition of cash and cash equivalents of the superordinated Group. Cash and cash equivalents now comprise the entire "Cash reserve" balance sheet item, which essentially includes central bank balances, and cash and cash equivalents in the "Loans to and receivables from banks" balance sheet item. This provides a more meaningful presentation of cash and cash equivalents for the cash flow statement of the Volkswagen Bank GmbH Group, one which corresponds to the actual management.

The “Cash reserve” and “Loans to and receivables from banks” balance sheet items are reconciled to “Cash and cash equivalents” by adjusting “Loans to and receivables from banks” for the items which are not cash or cash equivalents:

€ million	Dec. 31, 2024	Dec. 31, 2023	Dec. 1, 2023
Cash reserve	12,444	11,974	3,543
Loans to and receivables from banks	594	272	233
Total of cash reserve and loans to and receivables from banks	**13,038**	**12,246**	**3,776**
Receivables from loans and debt instruments in receivables from banks	–	–	–
Receivables from time deposits in receivables from banks	–	–27	–
Trade receivables in receivables from banks	–	0	–
Other loans and receivables in receivables from banks	–1	0	0
Cash and cash equivalents	**13,036**	**12,218**	**3,776**

The changes in the balance sheet items used to determine the changes in the cash flow statement cannot be derived directly from the balance sheet because effects from the changes in the basis of consolidation have no impact on cash and are eliminated.

The following tables show the breakdown of the changes in subordinated capital (as part of financing activities) into cash and noncash transactions for the reporting year and the prior year.

			NONCASH TRANSACTIONS			
€ million	Balance as of Jan. 1,2024	Cash changes	Exchange rate changes	Changes in basis of consolidation	Measurement changes	Balance as of Dec. 31,2024
Subordinated capital	10	–26	–	196	–	180

			NONCASH TRANSACTIONS			
€ million	Balance as of Jan. 1,2023	Cash changes	Exchange rate changes	Changes in basis of consolidation	Measurement changes	Balance as of Dec. 31,2023
Subordinated capital	31	–21	–	–	–	10

71. Off-balance-sheet liabilities

CONTINGENT LIABILITIES

As a legal entity involved in the spin-off of the business shares of Volkswagen Leasing GmbH, pursuant to section 133(1) sentence 1 of the *Umwandlungsgesetz* (UmwG – German Transformation Act) Volkswagen Bank GmbH was liable as joint and several debtor for the liabilities established by the legal

entity transferring assets, Volkswagen Financial Overseas AG (at this time operating as Volkswagen Financial Services AG), until July 1, 2024, when the spin-off came into effect. Pursuant to section 133(3) sentence 2 of the UmwG, the joint and several liability of Volkswagen Bank GmbH is limited to the fair value of the net assets allocated to Volkswagen Bank GmbH with the spin-off of the business shares in Volkswagen Leasing GmbH as the upper liability limit. This results in contingent liabilities for the Volkswagen Bank GmbH Group of €8,986.3 million. In the unlikely event of claims arising from joint and several liability, potential claims for reimbursement might be made against Volkswagen Financial Services Overseas AG and Volkswagen Financial Services AG.

OTHER FINANCIAL OBLIGATIONS

€ million	DUE 2025	DUE 2026-2029	DUE From 2030	TOTAL Dec. 31, 2024
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
credit commitments to customers	10,237	–	–	10,237
long-term leasing and rental contracts	3	1	–	5
Miscellaneous financial obligations	86	53	–	140

In the case of irrevocable credit commitments, the Bank expects the customers to draw down the funds concerned.

€ million	DUE 2024	DUE 2025-2028	DUE From 2029	TOTAL Dec. 31, 2023
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
credit commitments to customers	10,039	–	–	10,039
long-term leasing and rental contracts	1	0	–	1
Miscellaneous financial obligations	10	24	–	34

72. Share-based payment awards

The remuneration system for the members of the Management Board consists of fixed and variable components. The variable remuneration consists of a performance-related annual bonus with a three-year assessment period and a long-term incentive (LTI). The LTI is a backward-looking long-term bonus with a three-year assessment basis and a maximum payout amount of 250%. The payout amount for the long-term bonus is determined by multiplying the target amount with the degree of target achievement for the annual result for each Volkswagen preferred stock and the ratio between the closing reference price at the end of the term plus a dividend equivalent and the initial reference price.

The variable remuneration of all other members of management and of selected beneficiaries below management level is composed of a performance-related annual bonus with a one-year assessment period and a backward-looking long-term bonus with a three-year assessment period. This long-term bonus functions in the same way as that granted to members of the Management Board.

MANAGEMENT MEMBERS AND SELECTED BENEFICIARIES BELOW MANAGEMENT LEVEL

In the reporting year, all other beneficiaries were granted a target amount, based on target attainment of 100%, of €8 million (previous year: €6 million). As of December 31, 2024, the total carrying amount of the obligation, which equated to the intrinsic value of the liabilities, amounted to €15 million (previous year restated: €12 million). A total expense of €14 million (previous year: €10 million) was recognized in the reporting period for this commitment.

73. Total fees charged by the auditor of the consolidated financial statements

In accordance with the requirements specified in section 314(1) no. 9 of the HGB, the table below shows the total fees charged in the reporting year by the auditor of the consolidated financial statements EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft.

€ million	2024	2023
Financial statement audit services	4	2
Other attestation services	0	0
Tax consulting services	–	–
Other services	0	–
Total	**5**	**3**

The fee paid to the auditor for audit services in the year under review was mostly attributable to the audit of the consolidated financial statements of Volkswagen Bank GmbH and of the annual financial statements of German Group companies, as well as to reviews of the reporting packages of German Group companies. Other attestation services related to the issue of a letter of comfort, the analysis of a contractual compliance issue and the audit of sustainability and the Sustainability Report. The auditor also provided miscellaneous services.

74. Personnel expenses

The personnel expenses of the Volkswagen Bank GmbH Group are reported under general and administrative expenses and explained below.

€ million	2024	2023 adjusted[1]
Wages and salaries	306	150
Social security benefits	54	22
Post-employment and other employee benefit costs	17	7
Total	**377**	**180**

1 Prior-year adjustments according to the disclosures on the corrected accounting for provisions for Time Assets in the Changes to Prior-Year Figures section

75. Average number of employees during the reporting period

Various transfers of personnel took place due to the restructuring as of July 1, 2024 among the companies Volkswagen Financial Services AG, Volkswagen Bank GmbH and the Volkswagen Bank GmbH subsidiary Volkswagen Leasing GmbH.

	2024	2023
Salaried employees	3,366	1,484
of which senior managers	61	32
of which part time	819	407
Vocational trainees	31	4

76. Related party disclosures

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen Bank GmbH has control over or over which it has significant influence, or natural persons and entities that have control over or can exercise significant influence over Volkswagen Bank GmbH, or who or which are under the influence of another related party of Volkswagen Bank GmbH.

Until June 30, 2024, Volkswagen AG, Wolfsburg, was the sole shareholder of Volkswagen Bank GmbH. Following completion of the restructuring effective July 1, 2024, Volkswagen Financial Services AG, Braunschweig, is the sole shareholder of Volkswagen Bank GmbH. Volkswagen AG is the parent company of Volkswagen Financial Services AG. Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The Extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect all of the shareholder representatives to the Supervisory Board of Volkswagen AG via the annual general meeting as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the

operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 2, 2025, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20% of the voting rights in Volkswagen AG on December 31, 2024. They therefore indirectly have significant influence over the Volkswagen Bank GmbH Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

Volkswagen AG and Volkswagen Bank GmbH have entered into a profit-and-loss transfer agreement. Due to the transfer of the shares in the share capital and the voting rights in Volkswagen Bank GmbH to Volkswagen Financial Services AG, the control agreement between the current shareholder Volkswagen AG and Volkswagen Bank GmbH was suspended. Since then, a new control agreement has come into effect between the current shareholder Volkswagen Financial Services AG and Volkswagen Bank GmbH.

Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities provide the entities in the Volkswagen Bank GmbH Group with funding on an arm's-length basis. Volkswagen AG and its subsidiaries have also furnished collateral in the Bank's favor as part of the operating business.

The production companies and importers in the Volkswagen Group provide the entities in the Volkswagen Bank GmbH Group with financial subsidies to support sales promotion campaigns.

Business transactions with unconsolidated subsidiaries, joint ventures, associates and other related parties in Volkswagen AG's group of consolidated entities are processed at arm's length.

The two tables below show the transactions with related parties. In these tables, the exchange rates used for asset and liability items are the closing rates, and the weighted average rates for the year are used for income statement items.

FISCAL YEAR 2024

€ million	Supervisory Board	Management Board	Volkswagen AG	Volkswagen Financial Services AG	Porsche SE	Other related parties in the consolidated entities	Unconsolidated subsidiaries	Joint ventures	Associates
Loans and Receivables	0	0	404	10	0	12,144	–	522	–
Valuation allowances on impaired loans and receivables	–	–	–	–	–	0	–	–	–
of which additions in current year	–	–	–	–	–	–	–	–	–
Obligations	2	3	5,214	11,602	–	8,314	–	10	–
Interest income	0	0	31	–	–	274	–	54	–
Interest expense	0	0	–128	–194	–	–206	–	–2	–
Goods and services provided	–	–	522	6	0	4,303	–	1	–
Goods and services received	–	–	8,877	237	–	3,240	–	101	0

FISCAL YEAR 2023

€ million	Supervisory Board	Management Board	Volkswagen AG	Porsche SE	Other related parties in the consolidated entities	Unconsolidated subsidiaries	Joint ventures	Associates
Loans and Receivables	0	0	3	–	2,186	0	2,185	–
Valuation allowances on impaired loans and receivables	–	–	–	–	–	–	–	–
of which additions in current year	–	–	–	–	–	–	–	–
Obligations	3	7	3,584	–	4,980	38	523	–
Interest income	0	0	21	–	61	–	70	–
Interest expense	0	0	–79	–	–129	–	–1	–
Goods and services provided	–	–	34	–	246	–	1	–
Goods and services received	–	–	4	–	229	–	189	–

The “Other related parties in the group of consolidated entities” column includes, in addition to sister entities, joint ventures and associates that are related parties in Volkswagen AG’s group of consolidated entities but do not directly belong to Volkswagen Bank GmbH. The relationships with the Supervisory Board and the Management Board/Board of Management comprise relationships with the relevant groups of people at Volkswagen Bank GmbH and the parent company Volkswagen Financial Services AG. For the period-related key figures, the Management Board and Supervisory Board of the previous parent company, Volkswagen AG, were taken into account within the Management Board and within the Supervisory Board in the year under review. Relationships with pension plans and the State of Lower Saxony were of lesser significance in the reporting year.

“Goods and services received” mainly resulted from IT services and other services in connection with financing transactions. “Goods and services provided” largely arose in connection with income from finance cost subsidies received and from the provision of services. “Goods and services provided” essentially were the result of income from leasing transactions.

Volkswagen Bank GmbH received a contribution in kind from the transfer of assets and liabilities of Volkswagen Leasing GmbH amounting to €10,137 million from the previous shareholder Volkswagen AG (see note (2)) and a contribution in kind from the positive difference between received compensation payments and acquired personnel provisions from the current shareholder Volkswagen Financial Services AG (see note (16)). In addition, Volkswagen Bank GmbH recognized a distribution in kind from the negative difference between compensation payments made and transferred personnel provisions to the shareholder Volkswagen Financial Services AG (see note (16)). In the previous year, the Volkswagen Bank GmbH Group had made capital contributions to related parties amounting to €2 million.

Members of the Management Board and Supervisory Board / Audit Committee of Volkswagen Bank GmbH are members of supervisory boards of other entities in the Volkswagen Group with which Volkswagen Bank GmbH sometimes conducts transactions in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

MANAGEMENT BOARD REMUNERATION IN ACCORDANCE WITH IAS 24

The following table shows the remuneration of the members of the Management Board.

€ million	2024	2023
Short-term benefits	2	1
Long-term benefits	–	1
Benefits on the basis of share-based payment awards	0	–
Termination benefits	–	–
Post-employment benefits	0	0

MANAGEMENT BOARD REMUNERATION

In the current fiscal year, the total payments made to members of the Management Board according to section 314(1) no. 6 of the HGB amounted to €1 million (previous year: €2 million).
As in the previous year, the total payments made to former members of the Management Board and their surviving dependants amounted to less than €0.5 million in the reporting year. The provisions recognized for this group of people to cover current pensions and pension entitlements amounted to €7 million (previous year: €3 million).

SUPERVISORY BOARD REMUNERATION

In accordance with a resolution passed by the Annual General Meeting, the members of the Supervisory Board who are not employees of the Volkswagen Group are entitled to annual remuneration. This remuneration is independent of the performance of the Bank. The members of the Supervisory Board who are employees of the Volkswagen Group receive a flat-rate remuneration from Volkswagen Bank GmbH. If they are also members of other supervisory boards of Group companies of Volkswagen AG, remuneration received for these functions is deducted from their entitlement. As a result, a total amount of less than €0.2 million (previous year: €0.2 million) was paid out to the members of the Supervisory Board in the reporting period.

The employee representatives on the Supervisory Board employed by Volkswagen Bank GmbH also receive their regular salaries under the terms of their employment contracts. This salary is based on the

provisions in the *Betriebsverfassungsgesetz* (BetrVG – German Works Constitution Act) and corresponds to the remuneration for equivalent employees with career development typical for the organization. Appropriate remuneration for the representative of the senior executives on the Supervisory Board corresponds to the remuneration for a corresponding function or role within the company.

77. Disclosures relating to unconsolidated structured entities

A structured entity is normally designed so that voting rights or similar rights are not the deciding factor in determining control over the entity.

Typical features of a structured entity are as follows:
> Limited scope of activities
> Narrowly defined business purpose
> Inadequate equity to finance the business activities
> Financing through a number of instruments that contractually bind investors and that give rise to a concentration of credit risk and other risks.

Volkswagen Bank GmbH maintained business relationships with structured entities in the year under review. These are ABS special purpose entities within Volkswagen AG's group of consolidated entities. The entities carry out a process of securitization by taking assets from lending agreements and leases for vehicles and transforming them into securities (asset-backed securities) on a maturity-matched basis. Volkswagen Bank GmbH has acquired these securities with an average term of 4 years. In the Volkswagen Bank GmbH Group, the securities have been allocated to the category of assets measured at fair value through profit or loss. The securities give rise to the following items reported in the consolidated income statement: interest income, which is recognized under interest income from lending transactions and marketable securities, and remeasurement effects, which are recognized under net gain or loss on financial instruments measured at fair value.

Under the principles specified in IFRS 10, these entities are not controlled by Volkswagen Bank GmbH and are therefore not included in the consolidated financial statements.

The financial services business of the associated entity in Volkswagen AG's group of consolidated entities is being funded as a result of the purchase of the securities issued by ABS special purpose entities within Volkswagen AG's group of consolidated entities.

The acquisition of the securities gives rise to counterparty default risk (from the assets contained in the issuer's securitized portfolio) and interest rate risk. The maximum risk of Volkswagen Bank GmbH from shares in unconsolidated structured entities is limited to the fair value of the purchased debt instruments reported in the balance sheet, among other things because the purchased securities have senior ranking in their exposure to losses incurred by the unconsolidated structured entities.

The following table contains disclosures on Volkswagen Bank GmbH's assets reported in the balance sheet that are related to unconsolidated structured entities and the maximum risk exposure of the Volkswagen Bank GmbH Group (disregarding collateral). The nominal amount of the securitized assets is also disclosed.

€ million	ABS SPECIAL PURPOSE ENTITIES	
	2024	2023
Reported in the balance sheet as of December 31		
Marketable securities	549	513
Loans to and receivables from customers	–	–
Maximum loss risk	549	513
Nominal volume of securitized assets	693	719

Volkswagen Bank GmbH Group companies did not provide unconsolidated structured entities with any noncontractual support during the reporting year.

78. Governing bodies of Volkswagen Bank GmbH

The members of the Management Board are as follows:

DR. VOLKER STADLER
Chair of the Management Board
Corporate Management & Operations, Volkswagen Bank GmbH

OLIVER ROES
Finance, Volkswagen Bank GmbH

CHRISTIAN LÖBKE
Risk Management, Volkswagen Bank GmbH

The members of the Supervisory Board as of the reporting date December 31, 2024 were as follows:

FRANK FIEDLER
Chair (as of July 1, 2024)
Member of the Board of Management of Volkswagen Financial Services AG
Risk, Tax and Legal

BJÖRN BÄTGE
Deputy Chair (as of July 1, 2024)
Chair (until June 30, 2024)
Group Treasury – Head of Global Markets of Volkswagen AG

SILVIA STELZNER
Deputy Chair
Executive Director of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Vehicle Trading International GmbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG

MARKUS BIEBER
Managing Director of the General Works Council of Volkswagen AG

PROF. DR. SUSANNE HOMÖLLE
Chair of Banking and Finance, University of Rostock

MARKUS KONRADT
Member of the Management Board of the Management Association
of Volkswagen Financial Services AG and Volkswagen Financial Services Overseas AG

DR. ALENA KRETZBERG (AS OF MARCH 1, 2024)
Member of the Board of Management of Volkswagen Financial Services AG
IT and Digitalization

KATRIN ROHMANN
Public auditor

BJÖRN SCHÖNE

Member of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Financial Services Overseas AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Vehicle Trading International GmbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG

ALINA ROß (AS OF JULY 1, 2024)

IG Metall Regional Management Lower Saxony and Saxony-Anhalt
Tariff Secretary and In-house counsel

The following were also members of the Supervisory Board in 2024:

MARION LEFFLER (UNTIL JUNE 30, 2024)

Member of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

CONNY SCHÖNHARDT (UNTIL JUNE 30, 2024)

Trade union secretary for the IG Metall Board of Management in the unit for vehicle construction coordination

DR. CHRISTIAN DAHLHEIM (UNTIL FEBRUARY 29, 2024)

Chair of the Board of Management of Volkswagen Financial Services AG

The composition of the committees of the Supervisory Board of Volkswagen Bank GmbH was as follows as of the reporting date, December 31, 2024:

MEMBERS OF THE AUDIT COMMITTEE

Katrin Rohmann (Chair)
Prof. Dr. Susanne Homölle (Deputy Chair)
Dr. Alena Kretzberg (as of July 1, 2024)
Silvia Stelzner

The Audit Committee had the following additional member in 2024:
Frank Fiedler (until June 30, 2024)

MEMBERS OF THE RISK COMMITTEE

Prof. Dr. Susanne Homölle (Chair)
Björn Bätge (Deputy Chair)
Frank Fiedler
Björn Schöne

MEMBERS OF THE NOMINATION COMMITTEE

Frank Fiedler (Chair) (as of July 1, 2024)
Silvia Stelzner (Deputy Chair)
Katrin Rohmann (as of March 1, 2024)

The following were also members of the Nomination Committee in 2024:
Dr. Christian Dahlheim (until February 29, 2024)
Björn Bätge (Chair) (until June 30, 2024)

MEMBERS OF THE REMUNERATION COMMITTEE

Frank Fiedler (Chair) (as of July 1, 2024)
Silvia Stelzner (Deputy Chair)
Björn Bätge (Chair) (until June 30, 2024)
Prof. Dr. Susanne Homölle (as of March 1, 2024)

The following were also members of the Remuneration Committee in 2024:
Dr. Christian Dahlheim (until February 29, 2024)

79. Letter of comfort in favor of the creditors of Volkswagen Leasing GmbH

Volkswagen Bank GmbH has issued the following hard letter of comfort:

Volkswagen Bank GmbH, with its registered office in Braunschweig, is the sole shareholder of the company under the name Volkswagen Leasing GmbH with its registered office in Braunschweig.

Volkswagen Bank GmbH undertakes vis-à-vis all current and future creditors of Volkswagen Leasing GmbH to ensure that Volkswagen Leasing GmbH is financially equipped in such a way that it is able at all times to properly fulfil all its current and future obligations.

The assignment of rights and obligations arising from this letter of comfort is excluded.

80. Events After the Reporting Date

Following the conclusion of Volkswagen AG's collective bargaining, Volkswagen Financial Services AG, Volkswagen Bank GmbH, Volkswagen Leasing GmbH, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG and Vehicle Trading GmbH embarked on their own collective bargaining with IG Metall, which concluded on January 31, 2025. The collective agreement of Volkswagen AG also applies to these companies through the follow-on collective agreement. The above-mentioned companies amended or supplemented the collective agreement of Volkswagen AG in a number of instances. This is expected to have no material impact on the consolidated financial statements as of December 31, 2025.

With reference to the explanations in the note “Assets held for sale (IFRS 5)” in the notes to the consolidated financial statements, the shares in joint venture VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, were sold to Porsche Bank Aktiengesellschaft and Porsche Versicherungs Aktiengesellschaft as of February 3, 2025.

Up to February 25, 2025, there were no other significant events that would have required a significantly different presentation of the assets, liabilities, financial position and profit or loss.

Shareholdings

Shareholdings of Volkswagen Bank GmbH and the Volkswagen Bank Group in accordance with sections 285 and 313 of the HGB and presentation of the companies included in the consolidated financial statements of the Volkswagen Bank Group in accordance with IFRS 12 as of December 31, 2024.

Name and registered office of the company	Currency	EXCHANGE RATE (1 EURO =)	VW BANK GMBH'S INTEREST IN CAPITAL IN %			EQUITY IN THOU-SANDS	PROFIT/ LOSS IN THOUS-ANDS	Foot-note	Year
		Dec. 31, 2024	Direct	Indirect	Total	local currency	local currency		
I. PARENT COMPANY									
Volkswagen Bank GmbH, Braunschweig									
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
Volkswagen Leasing GmbH	EUR		100.00	–	100.00	3,269,912	–	1)	2024
2. International									
Driver Master S.A., Luxemburg	EUR		–	–	–	31	–	2)	2023
Private Driver España 2020 -1, Fondo de Titulización, Madrid	EUR		–	–	–	–	–	2)	2023
Private Driver Italia 2020-1 S.r.l., Milan	EUR		–	–	–	10	–	2)	2023
Private Driver Italia 2024-1 S.r.l., Milan	EUR		–	–	–	–	–	2), 3)	
Tucknology S.A., Luxemburg	EUR		–	–	–	31	–	2)	2023
VCL Master Residual Value S.A., Luxemburg	EUR		–	–	–	31	–	2)	2023
VCL Master S.A., Luxemburg	EUR		–	–	–	31	–	2)	2023
VCL Multi-Compartment S.A., Luxemburg	EUR		–	–	–	31	–	2)	2023
B. Unconsolidated companies									
1. Germany									
2. International									

		EXCHANGE RATE (1 EURO =)	VW BANK GMBH'S INTEREST IN CAPITAL IN %			EQUITY IN THOUSANDS	PROFIT/ LOSS IN THOUSANDS		
Name and registered office of the company	Currency	Dec. 31, 2024	Direct	Indirect	Total	local currency	local currency	Footnote	Year
III. JOINT VENTURES									
A. Equity-accounted companies									
1. Germany									
2. International									
B. Companies accounted for at cost									
1. Germany									
2. International									
	EUR	–	58.00	–	58.00	83,733	–1,364	4)	2023
IV. ASSOCIATES									
A. Equity-accounted companies									
1. Germany									
2. International									
B. Associates accounted for at cost									
1. Germany									
2. International									
V. EQUITY INVESTMENTS									
1. Germany									
2. International									
	RUB	112.4384	1.00	–	1.00	21,763,274	1,681,435.00	4)	2023
Society for Worldwide Interbank Financial Telecommunications SCRL, La Hulpe	EUR	–	0.01	–	0.01	719,274	55,313	4), 5)	2023

1) Profit and loss transfer agreement

2) Structured entity in accordance with IFRS 10 and 12

3) New formation/ spin-off

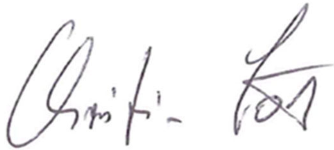
4) Figures in accordance with IFRS

5) Consolidated financial statements

Braunschweig, February 25, 2025

Volkswagen Bank GmbH
The Management Board

Dr. Volker Stadler Oliver Roes



Christian Löbke

Responsibility Statement

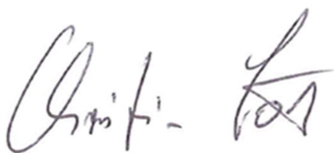
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the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

Braunschweig, February 25, 2025

Volkswagen Bank GmbH
The Management Board

Dr. Volker Stadler

Oliver Roes



Christian Löbke

Country-by-Country Reporting of Volkswagen Bank GmbH

The requirements of country-by-country reporting laid down in Article 89 of EU Directive 2013/36/EU (Capital Requirements Directive, CRD IV) have been transposed into German law in section 26a(1) sentence 2 of the KWG.

In this country-by-country report, required in accordance with section 26a(1) sentence 2 nos. 1 to 6 of the KWG, the Volkswagen Bank Group makes the disclosures listed below as of December 31, 2024:

- Name, nature of activities and geographical location of branch
- Sales revenue
- Number of employees on a full-time equivalent basis
- Profit or loss before tax
- Tax on profit or loss
- Public subsidies received

The report encompasses the disclosures required for all consolidated entities included in the IFRS consolidated financial statements.

Branches are understood to be the individual subsidiaries and, if appropriate, branches maintained by subsidiaries in individual countries. All figures included in this report were determined on an unconsolidated basis. Revenue has been adjusted for intragroup transactions within the same country.

Revenue is defined as the sum of the following components of the IFRS income statement:

- Interest income from lending transactions less interest expenses
- Income from leasing transactions and service contracts
- Net fee and commission income
- Net gain or loss on hedges
- Net gain/loss on financial instruments measured at fair value
- Other operating income

The number of employees is reported as an average on a full-time equivalent basis.

Tax on profit or loss is reported as effective income tax expense. Information on how the figure is determined can be found under income tax expense in the note 32 to the consolidated financial statements of Volkswagen Bank GmbH as of December 31, 2024.

In the country-by-country reporting, only direct EU subsidies are deemed public subsidies received.

Country	Sales revenue (€ million)	Employees	Profit/loss before tax (€ million)	Income tax (€ million)	Public subsidies received (€ million)
EU countries					
Germany	7,549	2,163	–167	489	–
France	2,175	429	485	0	–
Greece	27	52	18	1	–
United Kingdom	237	52	226	16	–
Italy	1,240	186	337	65	–
Luxembourg	–	–	–	–	–
Netherlands	0	0	0	0	–
Poland	129	75	91	10	–
Portugal	50	52	31	2	–
Spain	341	352	256	35	–

Company name	Company type	Domicile	Country
EU countries			
Volkswagen Bank GmbH	Bank	Braunschweig	Germany
Volkswagen Leasing GmbH	Financial Services Institution	Braunschweig	Germany
Volkswagen Bank GmbH, France branch	Bank	Roissy en France	France
Volkswagen Bank GmbH, Greece branch	Bank	Glyfada Athens	Greece
Volkswagen Bank GmbH, United Kingdom branch	Bank	Milton Keynes	United Kingdom
Private Driver Italia 2020-1 S.r.l.,	SPV	Milan	Italy
Private Driver Italia 2024-1 S.r.l.,	SPV	Milan	Italy
Volkswagen Bank GmbH, Italy branch	Bank	Milan	Italy
Volkswagen Leasing GmbH, Italy branch	Financial Services Institution	Milan	Italy
Driver Master S.A.	SPV	Luxembourg	Luxembourg
Trucknology S.A.	SPV	Luxembourg	Luxembourg
VCL Master Residual Value S.A.	SPV	Luxembourg	Luxembourg
VCL Master S.A.	SPV	Luxembourg	Luxembourg
VCL Multi-Compartment S.A.	SPV	Luxembourg	Luxembourg
Volkswagen Bank GmbH, Netherlands branch	Bank	Amersfoort	Netherlands
Volkswagen Bank GmbH, Poland branch	Bank	Warsaw	Poland
Volkswagen Bank GmbH, Portugal branch	Bank	Amadora	Portugal
Volkswagen Bank GmbH, Spain branch	Bank	Alcobendas-Madrid	Spain
Private Driver España 2020-1, Fondo de Titulización	SPV	Madrid	Spain

Independent auditor's report

To Volkswagen Bank GmbH, Braunschweig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of Volkswagen Bank GmbH, Braunschweig, and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2024, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January 2024 to 31 December 2024, and notes to the consolidated financial statements, including material accounting policy information, as well as the segment reporting in the notes to the consolidated financial statements. In addition, we have audited the group management report of Volkswagen Bank GmbH, which is combined with the Company's management report, for the fiscal year from 1 January 2024 to 31 December 2024. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration pursuant to Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB ["Handelsgesetzbuch": German Commercial Code] included in the "Corporate Governance Declaration" section of the management report (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2024 and of its financial performance for the fiscal year from 1 January to 31 December 2024, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. We do not express an opinion on the content of the group corporate governance declaration referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in

the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2024 to 31 December 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Identification of impaired loans and determination of the provision for Stage 3 credit risks in dealer financing

Reasons why the matter was determined to be a key audit matter

The identification of impaired loans and the determination of provisions for Stage 3 credit risks in dealer financing are significant areas in which the executive directors exercise judgment. The identification of impaired loans and the determination of an appropriate provision for Stage 3 credit risks entail uncertainties, which include various assumptions and estimation inputs, particularly regarding the dealers' financial performance, expected future cash flows and the valuation of collateral. As a result of the continued geopolitical tensions and challenging economic environment affecting the European economy, general automotive sales in particular are developing cautiously. Combined with a continued rise in prices driven by inflation in prior years and persistently high interest rates, as well as the resulting increase in refinancing costs for car dealers, these uncertainties are significantly elevated in the fiscal year.

Even minimal changes in the assumptions and estimation inputs can lead to significant variation in values.

In view of Volkswagen Bank GmbH's business model and the significance of dealer financing for its assets and financial performance as well as the judgment involved, we determined the identification of impaired loans and the determination of provisions for Stage 3 credit risks in dealer financing to be a key audit matter.

Auditor's response

During our audit, we analyzed the accounting-related processes for the identification of impaired loans and the determination of the provision for Stage 3 credit risks to check for the consideration of relevant risk factors. We tested the operating effectiveness of the controls implemented in these processes for identifying impaired loans and determining the provision for Stage 3 credit risks. Our audit procedures focused on the processes for evaluating the borrowers' economic situation, monitoring early warning

indicators, applying impairment triggers and thus for correctly applying internal risk classification procedures and for valuing collateral.

In addition, we performed substantive audit procedures on a sample basis and assessed the existence of any acute default risks and the determination of the provision for Stage 3 credit risks. We selected our sample applying a risk-based approach, using in particular criteria such as the inclusion of loans on watch lists for increased default risks, rating class, the level of exposure and the provision for credit risks already recognized.

As part of our risk-based sampling, we assessed whether the significant assumptions and estimates relating to dealers' expected cash flows including the carrying amounts of collateral held are consistent with the borrower's economic situation and market expectations. Furthermore, we checked the arithmetical accuracy of the provision determined for Stage 3 credit risks.

Our audit procedures did not lead to any reservations relating to the identification of impaired loans and the determination of the provision for Stage 3 credit risks in dealer financing.

Reference to related disclosures

The Company's disclosures on the valuation of the loan portfolios (including the dealer financing portfolio) are contained in the section "Accounting Policies" (note 9 "Financial instruments") of the notes to the consolidated financial statements as well as in the section "Report on Opportunities and Risks," subsection "Credit risk," passages "Collateral" and "Provisions" of the group management report, which is combined with the Company's management report.

Macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for Stage 1 and 2 non defaulted loans to and receivables from customers

Reasons why the matter was determined to be a key audit matter

The valuation of loans to and receivables from customers and the related determination of the provisions for Stage 1 and 2 credit risks are significant areas in which the executive directors exercise judgment. As of the reporting date, the model-based determination of provisions uses three macroeconomic scenarios to meet the requirements for an unbiased and probability-weighted estimate. The three scenarios (base, positive, negative) differ in terms of the assumptions and estimates of future macroeconomic developments and are reflected in the different specific credit risk parameters underlying the calculation of the provisions (loss given default, probability of default and credit conversion factor). The continued geopolitical tensions and challenging economic environment have an effect on the European economy and thus on credit risk parameters. Combined with a continued rise in prices driven by inflation in prior years and persistently high interest rates, these uncertainties are significantly elevated in the fiscal year.

Minimal changes in the assumptions can lead to significant variation in values.

In light of the significant volume of Stage 1 and 2 non-defaulted loans to and receivables from customers underlying the model-based determination of the provisions as well as the increased uncertainty and judgment involved in the macroeconomic scenarios, we consider the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers to be a key audit matter.

Auditor's response

As part of our audit, we analyzed the derivation of the scenarios to determine whether they are consistent with the macroeconomic forecasts of leading economic research institutes. We also consulted internal specialists to assess the appropriateness of the derived scenarios on the basis of our expectations of industry performance.

We analyzed the processes implemented by the executive directors of Volkswagen Bank GmbH in connection with the specific credit risk parameters derived from the scenarios and assessed the adequate design and operating effectiveness of the controls implemented in the process.

We examined the method used so as to check that the specific credit risk parameters are consistent with the relevant scenario. To test the adequate design of the credit risk parameters for each scenario, we first assessed the operating effectiveness of the controls implemented in the risk classification process with regard to the default risk. We also examined the appropriate valuation of the collateral using the recovery rates realized in the past.

We reperformed the calculations of the model-based provisions determined on the basis of the different scenarios and the different specific credit risk parameters and checked whether the Bank correctly included the scenarios in its calculation. In this context, we checked that the specific credit risk parameters relate to the entire term for the relevant derived scenario if there has been a significant increase in the credit risk of the loans to and receivables from customers since initial recognition (Stage 2 of the impairment model).

Our audit procedures did not give rise to any reservations with regard to the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers of Volkswagen Bank GmbH.

Reference to related disclosures

Disclosures on the model-based determination of the provisions for loans to and receivables from customers including the presentation of the different macroeconomic scenarios are included in the "Accounting Policies" section (note 9 "Financial instruments") of the notes to the consolidated financial statements and in the group management report, which is combined with the Company's management report, in the Report on Opportunities and Risks under the heading "Credit risk" in the passages addressing "Collateral" and "Provisions."

Determination of the expected residual values of assets leased under operating leases during impairment testing

Reasons why the matter was determined to be a key audit matter

The lease assets balance sheet item comprises vehicles under operating leases. The recoverability of the lease assets depends in particular on the expected residual value of the leased vehicles after expiration of the contractual term. The expected residual values are reviewed by the Company on a quarterly basis. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires management to make, in particular, assumptions about vehicle supply and demand in the future, as well as about vehicle price trends.

The residual values of vehicles are particularly influenced by the development of purchasing power in the respective markets and thus by demand driven by economic conditions and, in the case of electric vehicles, by a high pace of innovation. Due to the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the European economy, the estimation uncertainty in relation to the determination of the expected residual values remained heightened in the fiscal year. In this light, the determination of the expected residual values of assets leased under operating leases during impairment testing was a key audit matter.

Auditor's response

During our audit, we analyzed the process implemented by the executive directors of the Company for determining and monitoring the residual values to identify any risks of material misstatement and obtained an understanding of the process steps and controls. On this basis, we tested the operating effectiveness of the implemented controls over the determination and monitoring of the expected residual values. To assess the forecasting models used to determine the residual values, we analyzed the validation plans on the basis of the respective model designs to determine whether the validation procedures described in the plans allow an assessment of the models' forecast quality. We investigated whether the validation procedures and the backtesting performed led to any indications of model weaknesses or any need to adjust the models. Furthermore, we assessed whether the assumptions underlying the forecasting model and the inputs used for determining the expected residual values were clearly documented. To this end, we obtained evidence for the main inputs and assumptions used for mileage, age and lifecycle phase of the vehicles to determine the residual values and examined them for currentness and transparency. We assessed whether the marketing assumptions used reflect industry-specific and general market expectations as well as, in particular, current marketing results.

Our audit procedures did not lead to any reservations relating to the determination of the expected residual values of the assets leased under operating leases during impairment testing.

Reference to related disclosures

The disclosures on the accounting policies applied for lease assets are contained in the "Accounting Policies" section (note 14 "Lease assets") and the disclosures on the determination of the expected residual values of lease assets in the "Accounting Policies" section (note 19 "Estimates and assumptions by management") of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information.

The other information comprises the corporate governance declaration referred to above (disclosures on the quota for women on executive boards). The other information also comprises additional parts of the annual report of which we obtained a copy prior to issuing this auditor's report, such as the Human Resources Report, the Report of the Supervisory Board and the Responsibility Statement, but not the consolidated financial statements, not the management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and

risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the file "Volkswagen Bank_GmbH_KA+KLB_ESEF-2024-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2024 to 31 December 2024 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

Responsibilities of the executive directors and the Supervisory Board for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

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

We were elected as group auditor by the Annual General Meeting on 1 March 2024. We were engaged by the Supervisory Board on 10 July 2024, with an amendment on 2 December 2024. We have been the group auditor of Volkswagen Bank GmbH without interruption since fiscal year 2020.

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

In addition to the financial statement audit, we have provided the following services that are not disclosed in the consolidated financial statements or in the group management report:

- Limited assurance engagement on the group sustainability reporting within the meaning of Directive (EU) 2022/2464 ("CSRD") for the period from 1 January 2024 to 31 December 2024.

Other matter – use of the auditor's report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Laura Gundelach.

Hanover, 25 February 2025

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Gundelach	Ottner
Wirtschaftsprüferin	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Human Resources Report

Realignment of HR:
business driven – people focused.

EMPLOYEES

Volkswagen Bank GmbH employed 1,369 people in Germany as of December 31, 2024 (December 31, 2023: 1,102).

A total of 1,258 people (previous year: 432) were employed at the international branches of Volkswagen Bank GmbH.

Following the extensive restructurings of the Volkswagen Financial Services Group, the following companies have been part of the Volkswagen Bank Group since July 1, 2024: Volkswagen Leasing GmbH in Germany had 1,926 employees as of December 31, 2024. The Italian Volkswagen Leasing GmbH branches reported 87 employees as of December 31, 2024.

HUMAN RESOURCES STRATEGY

The MOBILITY2030 corporate strategy reinforces the objective of leveraging a mobility platform to play a central role in the Volkswagen Group as a provider of a wide range of mobility services. MOBILITY2030 sets out to realize this vision by focusing on the strategic dimensions of customer loyalty, vehicles, performance, data and technology, and sustainability.

The future success of Volkswagen Bank GmbH is founded on all employees who together make up a global team. This critical role of people working together is underpinned by the "Our team, our values" dimension, which captures the importance of employees for every single strategic dimension. The values referred to – courage, trust and customer focus – are intended to guide employees of Volkswagen Bank GmbH in their everyday activities and help motivate them to do their best.

The HR unit intends to do its utmost, through a range of different strategic initiatives, to help the Bank implement MOBILITY2030 and thereby contribute, with its own targeted actions, to the establishment of an effective high-performance organization. Closely aligned with the principle "business driven – people focused", the HR strategy focuses on precisely this objective. Human resources operations were significantly affected over the course of the reporting year by a wide range of factors including the ongoing advance of digitalization, sustained competition for the best people in the labor market and changing expectations of companies among younger generations.

The HR strategy aims to master these challenges by focusing in particular on targeted actions to provide support through the transformation and help to achieve the corporate objectives. Human Resources considers itself a strategic partner of the business divisions in this context and regards the new HR strategy and its focus on key HR activities such as talent acquisition, personnel development, future working culture and modes of working, HR planning and analysis, and HR digitalization as part of its contribution to implementing the higher-level MOBILITY2030 strategy. The 17 specific initiatives set out in the strategy are to be pursued in combination with the overarching priorities of diversity, integrity, compliance and international mindset.

Skilled, committed employees are the cornerstone of success and Volkswagen Bank GmbH accordingly enables its employees to develop their skills continuously. Knowledge and experience are becoming more critical all the time, especially in the field of digitalization.

One of the initiatives within the HR strategy covers the design and implementation of a strategic HR planning system that responds to changes in requirements for employees and enables the Bank to complete detailed analyses based on job profiles, skills and qualifications – looking at both present and future needs – to predict newly emerging roles and skills requirements in addition to the usual quantitative HR planning activities.

Line managers have a particular responsibility in this regard to enable and encourage the employees under them to contribute their ideas and expertise in a modern, diverse and flexible working environment. The targeted activities that Volkswagen Bank GmbH provides in the area of leadership ensure high quality standards of management conduct and know-how, as well as a shared understanding of the leadership culture. The leadership policy, which embodies the organization's corporate values and serves as a compass of values and North star for day-to-day leadership and management, was revised during the reporting year.

REGULATORY REQUIREMENTS RELATING TO REMUNERATION SYSTEMS

In the reporting year, Volkswagen Bank GmbH was subject to direct supervision by the ECB and implemented, throughout the Group, the *Institutsvergütungsverordnung* (IVV – German Regulation Governing Remuneration at Institutions) of September 20, 2021, last amended by Article 2 of the Regulation of November 10, 2022. The special regulatory requirements relating to remuneration systems applied in addition to the general requirements. Strategies and instruments already introduced, such as the Works Council agreement on variable remuneration, the variable remuneration ceiling, national and international risk-taker identification and the reporting system using a remuneration report, continued to be applied, adapted in line with the new version of the IVV where necessary and enhanced in fiscal year 2024. Furthermore, special governance functions (Remuneration Committee and Remuneration Officer) were used to ensure that the adequacy of the remuneration systems was continuously monitored. The remuneration strategy – and hence the remuneration systems – of Volkswagen Bank GmbH are informed by and help to implement the institution's business and risk strategy and are geared toward ensuring sustainability and constancy. This fosters a responsible and risk-conscious approach among staff and contributes materially to the lasting success of its business.

DIVERSITY

In addition to the advancement of women, the concept of diversity has been an integral component of the corporate culture at Volkswagen Financial Services AG since 2002. The Bank sent a clear signal with its Diversity Charter corporate initiative, which was signed in 2007. Under this initiative, Volkswagen Bank GmbH has pledged to respect and value diversity, and to promote employees according to their skills and ability. In 2018, Volkswagen Bank GmbH adopted a Diversity Policy to reinforce this approach and enshrined the policy in its organizational manual. The Diversity Policy ensures that diversity is recognized as the norm rather than an exception. Diversity becomes a strength through the conscious appreciation of the workforce. The Bank operates at an international level and thus workforce diversity is a substantial factor in the successful performance of the business.

The various actions the Bank takes in connection with its participation in the annual Diversity Day organized by German diversity non-profit *Charta der Vielfalt* also help to raise the profile of diversity matters.

Report of the Supervisory Board

and Volkswagen Bank GmbH

During the reporting period, the Supervisory Board has regularly concerned itself closely with the situation and development of the Bank. The Management Board regularly provided the Supervisory Board with timely and comprehensive information, both written and oral, on the key aspects of planning, on the situation of the Bank, including the risk position and risk management, and on business development. There are regular exchanges between the Chair of the Supervisory Board and the Management Board even outside of meetings. On the basis of the reports by the Management Board, the Supervisory Board continually monitored the conduct of the Bank's business and was thus able to perform the functions entrusted to it by law and under the articles of association without any restrictions. All decisions of fundamental importance to the Bank and other transactions requiring the approval of the Supervisory Board in accordance with the rules of procedure were reviewed and discussed with the Management Board before a resolution was adopted.

The Supervisory Board had eleven members through June 30, 2024 and ten members from July 1, 2024 onward. The Supervisory Board held five meetings in the reporting year. The Remuneration Committee met five times, the Audit Committee, the Risk and the Nomination Committee each met four times. The Credit Committee and the newly established Special Credit Committee adopted their resolutions outside of the meetings by circulation of written resolutions or using electronic credit applications. The average attendance rate was approximately 92%. Four meetings were held in person and one via video conference. Only one member participated via video conference.in the meeting on September 13, 2024 There were also four resolutions adopted by circulation of written resolutions and no decision was made by the Chair of the Supervisory Board via the expedited procedure.

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

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on February 29, 2024, following a detailed examination of its own and acting on the recommendation of the Audit Committee, the Supervisory Board recommended to the Annual General Meeting to adopt the annual financial statements of Volkswagen Bank GmbH prepared by the Management Board for 2023. It also submitted a recommendation regarding the election of the auditor and commented on the consolidated financial statements. The Supervisory Board discussed the audit findings with the auditor in this connection. The Supervisory Board additionally discussed the financial performance and approved the planning round 72 of the Volkswagen Bank Group. It also received a report on the status of the reporting system, data governance and data quality, the NeCst volume ramp-up and implementation of Release II, the IT strategy and the IT status of Volkswagen Bank GmbH, the status of a legal dispute with an IT service provider and the status of the “Koralle” project. It also adopted resolutions regarding various remuneration matters, the granting of a special license for investments in securities and on the authority in the lending decision process as of July 1, 2024.

At its meeting on April 17, 2024, the Supervisory Board adopted resolutions on the fixed and variable remuneration of the Management Board.

At its meeting on June 14, 2024, it decided on changes to the rules of procedure for the Supervisory Board and the Credit Committee to implement the lending decision process for the largest borrower of executive body loans, the composition of the Supervisory Board and its committees as of July 1, 2024, the adjustment of the remuneration of one member of the Management Board and the restructuring of the funding framework; it also confirmed the suitability of the Management Board members in the wake of performing additional secondary activities. It also discussed the financial performance of the Volkswagen Bank GmbH Group, cyber attacks and fraud cases, the status of customer service in Germany, the status of reporting and the status of the “Koralle” program. It received and discussed an update on ESG, the results of the ECB’s on-site inspection “Interest rate risk in the banking sector (IRRB)” and the status of a borrower of executive body loans. In addition, it decided the transfer of shares in Volkswagen Finančné služby Slovensko, s.r.o., Bratislava, Slovakia, to joint venture partner Porsche Bank AG.

At its meeting on September 13, 2024, the Supervisory Board approved the granting of a power of attorney for the head of the Taxes Department and decided to establish a Special Credit Committee for the approval of loans of the largest borrower of executive body loans and a quota for women on the Management Board and Supervisory Board. It also adopted resolutions on remuneration issues and received information on the financial performance of the Volkswagen Bank GmbH Group and the results of the cyber resilience stress test 2024. Furthermore, it discussed a review of Koralle Day 1 and the topic of culture and change.

At its meeting on November 8, 2024, the Supervisory Board reviewed the handling of the key issues in 2024 and looked ahead to the key issues for 2025. It discussed the analysis of the annual assessment of the Management Board and Supervisory Board and confirmed the suitability of both. Moreover, it adopted resolutions on the structure of the new remuneration system for the Management Board. It additionally looked at process optimizations in customer service and the expansion of the deposit business; it also held an in-depth discussion on the topic of data quality, the status of the safeguarding and process optimization of supervisory reporting. It also deliberated the status of selected supervisory topics, the financial performance of the Volkswagen Bank Group and a large exposure matter; furthermore, it approved the cross-border merger of Volkswagen Financial Services S.p.A., Milan/Italy, with Volkswagen Bank GmbH.

The chairs of the respective committees reported in detail on the content of their committee meetings in the Supervisory Board meetings.

COMMITTEE ACTIVITIES

The Supervisory Board has formed six committees from among its members to enable it to fulfill its responsibilities. Four of these committees are committees as described in section 25d of the KWG. The duties and responsibilities of the various committees are regulated in the respective committee rules of procedure.

Audit Committee

The Audit Committee held four regular meetings in the reporting period. A decision was made by circulation of written resolutions for approval on the adjustment of service agreements with a controlled company. The Committee has four members, who participated in all meetings during the reporting period.

At the meeting held on February 29, 2024, the Committee concerned itself with the annual financial statements and the management report, the consolidated financial statements and the group management report of Volkswagen Bank GmbH for the year ended December 31, 2023. As part of this review, the Audit Committee discussed with the auditor the reports on the audit of the annual financial statements, the management report, the consolidated financial statements and the group management report of

Volkswagen Bank GmbH as well as material transactions and issues related to financial reporting. Following a detailed consultation, the Audit Committee requested the Supervisory Board submit a recommendation to the sole shareholder regarding the adoption of the annual financial statements and the election of the auditor and to draw up the resolution covering the issue of the audit engagement in preparation for the Annual General Meeting. The Head of Internal Audit also provided further information relating to the unit's 2023 Annual Report for the Volkswagen Bank Group for the benefit of the Audit Committee.

The Audit Committee received a presentation on the compliance report and discussed its content on June 14, 2024. The Committee additionally considered pending supervisory audits and the adjustment of a transaction with a controlled company.

At its meeting on September 13, 2024, the Committee addressed the subject of audit planning and key audit matters together with representatives of the auditor. It also received a report on the 2024 half-yearly financial statements and the quality of the audit of the financial statements. Moreover, it addressed the change of compliance officer and the processing of audit findings in the Compliance unit.

On November 8, 2024, the Committee deliberated the services provided by auditors, the report on audit planning and processing and the CSRD reporting. The Committee also addressed the report of the Internal Audit unit and discussed the result of this year's deposit protection audit.

Risk Committee

The Risk Committee held four meetings in the reporting year. During the reporting period, there were no urgent transactions that would have required a decision by circulation of written resolutions for approval. The Committee has four members, who all participated in the four meetings.

At its meeting on February 29, 2024, the Risk Committee addressed the findings of the auditor with regard to risk management from the 2023 audit of the annual financial statements. The Committee then addressed the retrospective analysis of the 2023 risk strategy and the risk strategy and risk limits for 2024 and the lessons learned report on the early risk detection system in the retail business. Following an appropriate review, the Risk Committee confirmed that the incentives set by the Bank's remuneration system do factor in its risk, capital and liquidity structure and the probability and timing of income.
At its meeting on June 14, 2024, the Risk Committee discussed the registration of the documentation for the SREP on March 31, 2024. Furthermore, it considered the risk management report as of March 31, 2024, especially the special explanations on the ESG pages and the risk management organization as of July 1, 2024.

At its meeting on September 13, 2024, the Risk Committee deliberated the current capital ratios following implementation of the "Koralle" program and the results of the ad hoc risk inventory and discussed the business and risk strategy. Under a further agenda item, the Committee received an explanation of and discussed the current status of the large exposure and the management of residual values and residual value risks.

On November 8, 2024, the Risk Committee addressed the first risk management report in the new structure and its material changes. Moreover, the Committee discussed the status of the interest rate risk in the banking book and preparations for the EBA/ECB stress test 2025.

Remuneration Committee

The Remuneration Committee held five meetings in the reporting year. The committee had three members through June 30, 2024 and four members from July 1, 2024 onward. The attendance rate was 94%. There was one resolution adopted by circulation of a written resolution on one instance of a loan to managers in the reporting period.

At its meeting on February 28, 2024, the Remuneration Committee decided on recommendations for the determination of fulfillment regarding the constraints for granting variable remuneration, the determination of the bonus pool available for the members of the Management Board, changes in the sustainability component relevant to remuneration, and the evaluation of the impact of the remuneration systems on the risk, capital and liquidity situations. No facts were identified that are relevant to malus provisions within the meaning of section 18 of the *Institutsvergütungsverordnung* (IVV – German Regulation Governing Remuneration at Institutions) were identified. The Committee also discussed the recommendation to adjust the remuneration system starting on January 1, 2024, regarding the bonus KPIs 2023/2024 and an adjustment of the Management Board's fixed remuneration.

At its meeting on April 10, 2024, it issued recommendations on determining the variable remuneration of the members of the Management Board.

At its meeting on June 14, 2024, the Committee discussed the recommendation to adjust the fixed remuneration of one Management Board member.

At its meeting on September 13, 2024, the Remuneration Committee considered the remuneration report of Volkswagen Bank GmbH for fiscal year 2024, the review of the remuneration for the monitoring units and the gender pay gap. It decided on recommendations to adjust the rules on fuel cards for the Management Board and on the bonus KPIs 2024.

On November 8, 2024, the Remuneration Officer presented the remuneration control report 2023/2024 and a report on the appropriateness of employee remuneration. The Committee deliberated the appropriateness of Management Board remuneration and recommended that the Supervisory Board confirm the appropriateness of Management Board remuneration with regard to the regulatory requirements. Moreover, the Committee addressed the risk-taker analysis 2024 and 2025 and decided on recommendations for the Supervisory Board to adjust the criteria for the annual bonus and regarding the framework for termination payments for the Management Board.

Nomination Committee

The Nomination Committee held four meetings in the reporting year, each of which was attended by all three members of the Committee. Two decisions were made by circulation of written resolutions for approval in the reporting period.

The Committee addressed the future composition of the Supervisory Board and its committees due to the announced resignation of members in the decisions it made by circulation of written resolutions for approval.

At its meeting on May 22, 2024, the Nomination Committee deliberated the confirmation of resolutions reached in the prior year regarding changes to the composition of the Supervisory Board and its committees in connection with the “Koralle” project, the composition of the Credit Committee and the suitability of individual members of the Management Board following the acceptance of additional secondary activities and of the Supervisory Board following the acceptance of the mandate with other companies.

At its meeting on September 13, 2024, the Committee addressed the establishment of a Special Credit Committee, the suitability of individual members of the Supervisory Board and the determination of a quota for women for the Management Board and the Supervisory Board.

On October 2, 2024, the Committee addressed a personnel matter.

At its meeting on November 8, 2024, the Committee discussed the process for achieving the statutory quota for women when appointing members of the Management Board and the analysis of the annual assessment of the Management Board and Supervisory Board and confirmed the suitability of the Management Board and the Supervisory Board. The members of the Supervisory Board had for this purpose

completed questionnaires ahead of the meeting ready for analysis and discussion. The Committee also addressed the matter of the suitability of one member of the Supervisory Board.

Credit Committee

The Credit Committee is responsible for approving issues that the Supervisory Board has to deal with by law and under the rules of procedure relating to loan commitments, the assumption of sureties, guarantees and similar liabilities, bank borrowings, the purchasing of receivables and for master agreements governing the assumption of receivables. The Credit Committee is composed of three members of the Supervisory Board and makes its decisions by circulation of written resolutions or on the basis of electronic credit applications.

Special Credit Committee

Effective September 13, 2024, a Special Credit Committee was established consisting of three members that are not subject to any conflicts of interest pursuant to section 15 of the KWG. The Special Credit Committee decides on lending to Volkswagen Bank GmbH's largest borrower of executive body loans on the basis of an electronic credit application.

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

EDUCATION AND TRAINING

On September 12, 2024, the members of the Supervisory Board received training on the topic of "Risks of information and communication technologies (ICT)" and a company presentation by the new subsidiary Volkswagen Leasing GmbH, in particular with regard to the business model and the financial performance. The members of the Supervisory Board also independently completed the education and training necessary to perform their tasks.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, was appointed to audit both the consolidated financial statements of the Volkswagen Bank GmbH Group in accordance with the IFRSs and the annual financial statements of Volkswagen Bank GmbH in accordance with the HGB for the year ended December 31, 2024, including the bookkeeping system and management reports.

The consolidated financial statements of the Volkswagen Bank GmbH Group in accordance with the IFRSs and the annual financial statements of Volkswagen Bank GmbH in accordance with the HGB for the year ended December 31, 2024, together with the management reports, were submitted to the Audit Committee and the Supervisory Board. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Hanover, audited these financial statements, including the bookkeeping system and the management reports, and issued an unqualified auditor's opinion in each case.

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

At their meetings on February 26, 2025, the Audit Committee and the Supervisory Board commented on the consolidated financial statements and annual financial statements of Volkswagen Bank GmbH

prepared by the Management Board, and the Supervisory Board, following a detailed examination, recommended to the Annual General Meeting to adopt the annual financial statements for 2024 and to approve the consolidated financial statements.

In accordance with the control and profit-and-loss transfer agreement that existed up to and including December 31, 2024, the profits of Volkswagen Bank GmbH in fiscal year 2024 determined in accordance with the HGB have been transferred to Volkswagen AG.

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

Braunschweig, February 26, 2025

Frank Fiedler
Chair of the Supervisory Board

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