VOLKSWAGEN BANK

GMBH

PILLAR 3 DISCLOSURE REPORT

IN ACCORDANCE WITH THE CAPITAL REQUIREMENTS REGULATION

AS OF JUNE 30

2024

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

Foreword

The Pillar 3 Disclosure Report for the period ended June 30, 2024 is published in accordance with the supervisory law requirements of the Basel III framework (Regulation (EU) No. 2019/876 – the Capital Requirements Regulation or “CRR II” – of the European Parliament and the Council of May 20, 2019 to amend Regulation (EU) 575/2013 (CRR)).

Effective July 27, 2019, the CRR was updated by CRR Amendment Regulation (EU) 2019/876 As Regulation (EU) 2019/876 is an amendment to Regulation (EU) 575/2013, this document uniformly uses the term CRR. Unless otherwise specified, the term CRR always refers to the most recent version that was amended by Regulation (EU) 2020/873 of the European Parliament and of the Council of June 24, 2020 and has been in force since June 27, 2020.

The Regulation is supplemented with the Implementing Technical Standards issued by the European Banking Authority (EBA) EBA/ITS/2020/04 of June 24, 2020 and the corresponding Commission Implementing Regulation (EU) 2021/637 of March 15, 2021, which provides further information on the tables included in the report. This Report is based on the legal requirements in force as of the reporting date.

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

Volkswagen Bank GmbH acts as the parent of the institution group for supervisory law purposes and is responsible for implementing the requirements of supervisory law within the Group. This also includes the obligation to make regular disclosures in accordance with Article 433 of the CRR. Volkswagen Bank GmbH is classed as a large institution in accordance with Article 4 (1) 146 of the CRR and therefore observes the frequency requirements stipulated in Art. 433a of the CRR.

In accordance with Art. 433 of the CRR, the Pillar 3 Disclosure Report is updated regularly to meet the requirements and published as a separate report on Volkswagen Bank GmbH’s website shortly after the date on which the financial report is published. All requisite disclosures are made solely in this report.

Where available, the format templates stipulated by the EBA guidelines as well as the implementation and regulation standards for the disclosure of the information in accordance with Section 8 of the CRR have been utilized.

On January 24, 2022, the EBA published the final version of the EBA ITS on Pillar 3 disclosures of ESG risks in accordance with Art. 449a of the CRR (EBA/ITS/2022/01). In line with the EBA’s phased approach to these disclosure requirements, Volkswagen Bank GmbH is disclosing new ESG information as of the reporting date.

In addition to the information required under Art. 435 to 455 of Regulation (EU) No. 575/2013, the information required under section 26a of the German Banking Act is also disclosed. The country-by-country report is included in an annex to the annual financial statements in accordance with section 26 (1) sentence 2 of the KWG.

The Pillar 3 report complies with applicable legal and regulatory requirements and has been prepared in accordance with the internal policies, procedures, systems and checks.

Management has approved this report for publication and confirmed that Volkswagen Bank GmbH has complied with the requirements of Article 431 (3) of the CRR.

Braunschweig, September 2024

The Management Board

Disclosure of key metrics

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

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

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

Volkswagen Bank GmbH is required to publish a quarterly Pillar 3 report. Accordingly, the key metrics presented in the table relate to the current reporting period ending June 30, 2024 (Column A) and the previous quarters (Columns B to E).

TABLE 1: EU KM1 – KEY METRICS TEMPLATE

		A	B	C	D	E
	in € millions	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
	Available own funds (amounts)					
1	Common Equity Tier 1 (CET1) capital	10,618.5	10,657.6	9,600.6	9,585.7	9,237.2
2	Tier 1 capital	10,618.5	10,657.6	9,600.6	9,585.7	9,237.2
3	Total capital	10,618.5	10,657.9	9,601.5	9,587.1	9,240.2
	Risk-weighted exposure amounts					
4	Total risk-weighted exposure amount	55,358.8	54,069.4	54,721.6	52,617.4	52,970.6
	Capital ratios (as a percentage of risk-weighted exposure amount)					
5	Common Equity Tier 1 ratio (%)	19.18%	19.71%	17.54%	18.22%	17.44%
6	Tier 1 ratio (%)	19.18%	19.71%	17.54%	18.22%	17.44%
7	Total capital ratio (%)	19.18%	19.71%	17.55%	18.22%	17.44%
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2.25%	2.25%	2.25%	2.25%	2.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.27%	1.27%	1.27%	1.27%	1.27%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU 7d	Total SREP own funds requirements (%)	10.25%	10.25%	10.25%	10.25%	10.25%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)					
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.76%	0.70%	0.61%	0.62%	0.56%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	3.26%	3.20%	3.11%	3.12%	3.06%
EU 11a	Overall capital requirements (%)	13.51%	13.45%	13.36%	13.37%	13.31%
12	CET1 available after meeting the total SREP own funds requirements (%)	8.93%	9.46%	7.30%	7.97%	7.19%
	Leverage ratio					
13	Total exposure measure	90,794.5	85,862.7	75,477.8	75,593.5	72,607.6
14	Leverage ratio (%)	11.70%	12.41%	12.72%	12.68%	12.72%
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	0.00%	3.00%	3.00%	3.00%
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
	Liquidity Coverage Ratio					
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	20,160.2	16,654.9	13,233.7	11,199.2	9,690.0
EU 16a	Cash outflows - Total weighted value	9,639.5	9,052.3	8,606.6	7,883.0	7,363.1
EU 16b	Cash inflows - Total weighted value	3,256.7	3,325.1	3,279.4	3,143.3	2,984.4
16	Total net cash outflows (adjusted value)	6,382.9	5,727.1	5,327.3	4,739.7	4,378.6
17	Liquidity coverage ratio (%)	320.00%	297.00%	256.00%	241.00%	223.00%
	Net Stable Funding Ratio					

		A	B	C	D	E
	in € millions	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023
18	Total available stable funding	63,215.9	65,737.8	58,197.8	59,483.4	60,322.0
19	Total required stable funding	45,629.3	43,316.5	44,118.6	44,780.2	45,021.2
20	NSFR ratio (%)	139.00%	152.00%	132.00%	133.00%	134.00%

Volkswagen Bank GmbH's total capital of €10,618.5 million comprises solely Common Equity Tier 1 (CET1) capital. The Tier 2 (T2) capital eligible in the previous quarter had an original term of 20 years and matured effective June 30, 2024. The increase in own funds compared with December 31, 2023 is described in a separate chapter.

The total risk exposure amount of €55,358.8 million increased continuously during the course of the year 2024 by €637.2 million compared to December 31, 2023 for volume-related reasons in connection with ordinary business operations.

The leverage ratio fell by 1.02 percentage points compared to December 31, 2023 to 11.70%, primarily due to the increase in the total risk exposure amount. This is primarily due to an increase in central bank balances.

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

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

SEPARATE CONSIDERATION FOR EXCLUSION DUE TO MATERIALITY – REGULATORY VIEW

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

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

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

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

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

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

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

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

No information in accordance with Art. 439 (l) of the CRR in connection with Art. 452 of the CRR is disclosed as the institution group does not apply the IRB approach to calculate risk-weighted exposure amounts (EU CCR4, EU CR6, EU CR6-A, EU CR9, EU CR9.1). Accordingly, disclosure in accordance with Art. 453 (j) of the CRR (EU CR7) and Art. 453 (g) of the CRR (CR7-A) is dispensed with.

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

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

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

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

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

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

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

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

Volkswagen Bank GmbH does not hold any finance or bonds issued in accordance with standards other than EU standards (i.e. in accordance with the Green Bond Principles, Green Loan Principles, Sustainability Linked Loan Principles, etc.). Accordingly, the disclosure of template 10 of EBA/ITS/2022/01 has been dispensed with.

Volkswagen Bank GmbH waives the disclosure of exposures arising from economically sustainable activities with non-financial counterparties that are themselves not subject to any disclosure duties under Art. 19A or Art. 29A of Directive 2013/34/EU and in accordance with Commission Implementing Directive (EU) 2021/2178 (Banking Book Taxonomy Alignment Ratio (BTAR)).

Own funds

PILLAR 1 REQUIREMENTS

The own funds of an institution or an institution group are measured by reference to the prudential capital ratios. In this connection, Volkswagen Bank GmbH must observe the minimum capital ratios defined in Article 92 of the CRR at both the level of the individual institution and at the consolidated level of the institution group. According to this, a Common Equity Tier 1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6% and a total capital ratio of at least 8% are required.

In addition, Volkswagen Bank GmbH must comply with the regulatory capital buffer requirements. These provide for a capital conservation buffer of 2.5% and the institution-specific, countercyclical capital buffer. The countercyclical capital buffer is normally between 0% and 2.5%. It is calculated as a weighted average of the countercyclical buffer rates determined in the individual countries in which the relevant exposures are located.

The capital buffers for globally or otherwise systemically important institutions do not apply to Volkswagen Bank GmbH.

PILLAR 2 REQUIREMENTS

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 capital ratios and the capital buffer requirements. The legal basis for this capital add-on, or Pillar 2 requirement (P2R), is Art. 16 of Council Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. The decision of the ECB requires Volkswagen Bank GmbH to satisfy, at a consolidated level, a total SREP capital requirement (TSCR) of at least 10.25% and a Pillar 2 requirement of 2.25%. The Pillar 2 requirement calls for the provision of CET1 of at least 56.25%. The remainder of the Pillar 2 requirement can be met with Additional Tier 1 (AT1) capital and Tier 2 (T2) capital.

Volkswagen Bank GmbH complied with all minimum requirements at all times in the reporting period, both at individual bank level and at consolidated level.

Structure of own funds

DISCLOSURE OF OWN FUNDS

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

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

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

COMPOSITION OF OWN FUNDS

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

The information in the table refers to Volkswagen Bank GmbH's institution group and is based on IFRS accounting.

TABLE 2: EU CC1 – COMPOSITION OF REGULATORY OWN FUNDS

		A	B
in € millions		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	318.3	a)
	of which: Instrument type 1	0.0	n/a
	of which: Instrument type 2	0.0	n/a
	of which: Instrument type 3	0.0	n/a
2	Retained earnings	1,947.2	b)
3	Accumulated other comprehensive income (and other reserves)	8,646.7	c)
EU-3a	Funds for general banking risk	0.0	n/a
4	Amount of qualifying items referred to in Art. 484 (3) and the related share premium accounts subject to phase out from CET1	0.0	n/a
5	Minority interests (amount allowed in consolidated CET1)	0.0	n/a
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.0	n/a
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	10,912.2	n/a
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7	Additional value adjustments (negative amount)	–3.7	n/a
8	Intangible assets (net of related tax liability) (negative amount)	–82.0	d)
9	Not applicable		X
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	–0.1	e)

		A	B
in € millions		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	1.5	n/a
12	Negative amounts resulting from the calculation of expected loss amounts	0.0	n/a
13	Any increase in equity that results from securitised assets (negative amount)	0.0	n/a
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0.0	n/a
15	Defined-benefit pension fund assets (negative amount)	0.0	n/a
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0.0	n/a
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
20	Not applicable		X
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0.0	n/a
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0.0	n/a
EU-20c	of which: securitisation positions (negative amount)	0.0	n/a
EU-20d	of which: free deliveries (negative amount)	0.0	n/a
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Art. 38 (3) are met) (negative amount)	0.0	f)
22	Amount exceeding the 17,65% threshold (negative amount)	0.0	n/a
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0.0	n/a
24	Not applicable		X
25	of which: deferred tax assets arising from temporary differences	0.0	n/a
EU-25a	Losses for the current financial year (negative amount)	0.0	n/a
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0.0	n/a
26	Not applicable		X
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0.0	n/a
27a	Other regulatory adjusments	–209.3	n/a
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	–293.7	n/a
29	Common Equity Tier 1 (CET1) capital	10,618.5	n/a
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0.0	n/a
31	of which: classified as equity under applicable accounting standards	0.0	n/a
32	of which: classified as liabilities under applicable accounting standards	0.0	n/a
33	Amount of qualifying items referred to in Art. 484 (4) and the related share premium accounts subject to phase out from AT1	0.0	n/a
EU-33a	Amount of qualifying items referred to in Art. 494a(1) subject to phase out from AT1	0.0	n/a
EU-33b	Amount of qualifying items referred to in Art. 494b(1) subject to phase out from AT1	0.0	n/a
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0.0	n/a

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
35	of which: instruments issued by subsidiaries subject to phase out	0.0	n/a
36	Additional Tier 1 (AT1) capital before regulatory adjustments	0.0	n/a
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0.0	n/a
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.0	n/a
41	Not applicable		X
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0.0	n/a
42a	Other regulatory adjustments to AT1 capital	0.0	n/a
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	0.0	n/a
44	Additional Tier 1 (AT1) capital	0.0	n/a
45	Tier 1 capital (T1 = CET1 + AT1)	10,618.5	n/a
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0.0	g)
47	Amount of qualifying items referred to in Art. 484 (5) and the related share premium accounts subject to phase out from T2 as described in Art. 486 (4) CRR	0.0	n/a
EU-47a	Amount of qualifying items referred to in Art. 494a (2) subject to phase out from T2	0.0	n/a
EU-47b	Amount of qualifying items referred to in Art. 494b (2) subject to phase out from T2	0.0	n/a
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0.0	n/a
49	of which: instruments issued by subsidiaries subject to phase out	0.0	n/a
50	Credit risk adjustments	0.0	n/a
51	Tier 2 (T2) capital before regulatory adjustments	0.0	n/a
Tier 2 (T2) capital: regulatory adjustments			
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0.0	n/a
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.0	n/a
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.0	n/a
54a	Not applicable		X
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.0	n/a
56	Not applicable		X
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0.0	n/a
EU-56b	Other regulatory adjusments to T2 capital	0.0	n/a
57	Total regulatory adjustments to Tier 2 (T2) capital	0.0	n/a

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
58	Tier 2 (T2) capital	0.0	n/a
59	Total capital (TC = T1 + T2)	10,618.5	n/a
60	Total risk exposure amount	55,358.8	n/a
Capital ratios and requirements including buffers			
61	Common Equity Tier 1	19.18%	n/a
62	Tier 1	19.18%	n/a
63	Total capital	19.18%	n/a
64	Institution CET1 overall capital requirements	9.03%	n/a
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical capital buffer requirement	0.76%	n/a
67	of which: systemic risk buffer requirement	0.00%	n/a
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%	n/a
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.27%	n/a
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	8.93%	n/a
69	Not applicable		X
70	Not applicable		X
71	Not applicable		X
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	23.1	n/a
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0.0	n/a
74	Not applicable		X
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Art. 38 (3) are met)	958.0	n/a
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0.0	n/a
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	637.8	n/a
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0.0	n/a
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0.0	n/a
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	0.0	n/a
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0.0	n/a
82	Current cap on AT1 instruments subject to phase out arrangements	0.0	n/a
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0.0	n/a
84	Current cap on T2 instruments subject to phase out arrangements	0.0	n/a

in € millions		A Amounts	B Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0.0	n/a

COMMON EQUITY TIER 1 CAPITAL

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

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

The increase of €1,017.9 million in Common Equity Tier 1 capital since December 31, 2023 is primarily due to the decline in deferred tax assets recognized for temporary differences. As a result of the reduction in deferred tax assets, the threshold (10% limit) for the deduction of Common Equity Tier 1 capital is no longer exceeded. Accordingly, the deduction of €892.4 million is no longer applied to Common Equity Tier 1 capital, with the result that the latter has increased by the same amount compared to the previous quarter after the adoption of the annual financial statements for 2023. In addition, Common Equity Tier 1 capital has increased by €89.1 million since December 31, 2023 due to profit retention in accordance with IFRS.

TIER 2 CAPITAL

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

The subordinated liabilities, which were subject to interest at market rates, had original maturities of 20 years. Some of the liabilities were subject to a contractual call right by Volkswagen Bank GmbH if certain trigger events occur. However, in accordance with Article 78 of the CRR, this right can only be exercised with the prior permission of the supervisory authorities. The investors did not have any call rights. These subordinated liabilities expired as planned on June 30, 2024.

MAIN CHARACTERISTICS OF OWN FUNDS INSTRUMENTS

The conditions set out in Art. 28 of the CRR must be satisfied for Common Equity Tier 1 instruments to be included. Volkswagen Bank GmbH currently only includes its ordinary share capital in its own funds.

Own funds requirements

DISCLOSURE OF OWN FUNDS REQUIREMENTS AND RISK-WEIGHTED EXPOSURE AMOUNTS

The basis for the provisions concerning own funds requirements is formed by the regulatory provisions contained in Article 92 of the CRR. In this connection, it is necessary to calculate total risk exposure, which is derived from the calculation of the risk-weighted assets (RWA) for the credit risk including the counterparty credit risk as well as operational risk, market risk and for the credit valuation adjustments (CVA). The credit risk excluding the counterparty credit risk accounts for 92.1% of the total risk exposure amount, thus constituting the largest risk type.

The following table provides an overview of the breakdown of the total risk exposure amount and the own funds requirements. As Volkswagen Bank GmbH is subject to a quarterly disclosure duty, the figures in the table refer to the current reporting period ending June 30, 2024 as well as the previous quarter ending March 31, 2024.

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

		RISK WEIGHTED EXPOSURE AMOUNTS (RWEAS)		TOTAL OWN FUNDS REQUIREMENTS
		a	b	c
	in € millions	Jun 30, 2024	Mar 31, 2024	Jun 30, 2024
1	Credit risk (excluding CCR)	50,998.0	50,028.1	4,079.8
2	Of which the standardised approach	50,998.0	50,028.1	4,079.8
3	Of which the Foundation IRB (F-IRB) approach	0.0	0.0	0.0
4	Of which: slotting approach	0.0	0.0	0.0
EU 4a	Of which: equities under the simple riskweighted approach	0.0	0.0	0.0
5	Of which the Advanced IRB (A-IRB) approach	0.0	0.0	0.0
6	Counterparty credit risk - CCR	259.5	40.5	20.8
7	Of which the standardised approach	25.4	11.8	2.0
8	Of which internal model method (IMM)	0.0	0.0	0.0
EU 8a	Of which exposures to a CCP	1.1	1.5	0.1
EU 8b	Of which credit valuation adjustment - CVA	233.1	27.2	18.6
9	Of which other CCR	0.0	–0.0	0.0
10	Not applicable	X	X	X
11	Not applicable	X	X	X
12	Not applicable	X	X	X
13	Not applicable	X	X	X
14	Not applicable	X	X	X
15	Settlement risk	0.0	0.0	0.0
16	Securitisation exposures in the non-trading book (after the cap)	187.8	186.6	15.0
17	Of which SEC-IRBA approach	0.0	0.0	0.0
18	Of which SEC-ERBA (including IAA)	187.8	186.6	15.0
19	Of which SEC-SA approach	0.0	0.0	0.0
EU 19a	Of which 1250%	0.0	0.0	0.0
20	Position, foreign exchange and commodities risks (Market risk)	359.3	260.1	28.7
21	Of which the standardised approach	359.3	260.1	28.7
22	Of which IMA	0.0	0.0	0.0
EU 22a	Large exposures	0.0	0.0	0.0
23	Operational risk	3,554.1	3,554.1	284.3
EU 23a	Of which basic indicator approach	0.0	0.0	0.0
EU 23b	Of which standardised approach	3,554.1	3,554.1	284.3
EU 23c	Of which advanced measurement approach	0.0	0.0	0.0
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)	2,395.0	2,395.0	191.6
25	Not applicable	X	X	X
26	Not applicable	X	X	X
27	Not applicable	X	X	X
28	Not applicable	X	X	X
29	**Total**	**55,358.8**	**54,069.4**	**4,428.7**

The credit risk excluding the counterparty credit risk stood at €50,998.0 million as of June 30, 2024 and was therefore up by €969.9 million over the previous quarter. Volkswagen Bank GmbH uses the Credit Risk Standardized Approach (CRSA) to quantify credit risks. Further information on the composition of credit risk excluding counterparty credit risk can be seen in tables 13 and 14.

The increase in the counterparty credit risk from €40.5 million to €259.5 million is primarily attributable to the credit valuation adjustment (CVA) as well as the increased SA-CCR replacement costs due to changed market values. The substantial increase is mainly due to CVA risks, particularly an interest rate swap in connection with a new ABS transaction. Further information on the composition of counterparty credit risk can be found in Tables 16 through 20.

At €3,554.1 million, operational risk was unchanged over the previous quarter due to the application of the static principle. Volkswagen Bank GmbH applies the Standardized Approach in this connection.

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

DISCLOSURE OF COUNTERCYCLICAL CAPITAL BUFFERS

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

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

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

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

		A	B	C	D	E	F	G	H	I	J	K	L	M
	in € millions	General credit exposures		Relevant credit exposures – Market risk				Own fund requirements						
010	Breakdown by country:	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Securitisation exposures Exposure value for non-trading book	Securitisation exposures Exposure value for non-trading book	Relevant credit risk exposures – Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	DE	26,688.1	0.0	0.0	0.0	0.0	26,688.1	1,710.4	0.0	0.0	1,710.4	21,379.5	43.6%	0.75%
	ES	5,438.3	0.0	0.0	0.0	0.0	5,438.3	348.7	0.0	0.0	348.7	4,358.6	8.9%	0.00%
	FR	10,191.6	0.0	0.0	0.0	0.0	10,191.6	684.9	0.0	0.0	684.9	8,561.5	17.5%	1.00%
	GB	2,732.9	0.0	0.0	0.0	531.9	3,264.8	215.5	0.0	15.0	230.5	2,881.7	5.9%	2.00%
	GR	382.4	0.0	0.0	0.0	0.0	382.4	23.4	0.0	0.0	23.4	291.9	0.6%	0.00%
	IT	7,460.5	0.0	0.0	0.0	0.0	7,460.5	459.4	0.0	0.0	459.4	5,742.1	11.7%	0.00%
	NL	3,244.0	0.0	0.0	0.0	0.0	3,244.0	251.9	0.0	0.0	251.9	3,149.2	6.4%	2.00%
	PL	1,631.6	0.0	0.0	0.0	0.0	1,631.6	119.1	0.0	0.0	119.1	1,489.3	3.0%	0.00%
	PT	573.3	0.0	0.0	0.0	0.0	573.3	39.1	0.0	0.0	39.1	488.9	1.0%	0.00%
	SK	630.8	0.0	0.0	0.0	0.0	630.8	39.4	0.0	0.0	39.4	493.0	1.0%	1.50%
	Others	200.4	0.0	0.0	0.0	0.0	200.4	15.6	0.0	0.0	15.6	195.1	0.4%	0.32%
020	**Total**	**59,173.7**	**0.0**	**0.0**	**0.0**	**531.9**	**59,705.6**	**3,907.4**	**0.0**	**15.0**	**3,922.5**	**49,030.7**	**100.0%**	

At 43.6%, the own funds requirements for Germany of €1,710.4 million constitute the greatest proportion in the calculation of the countercyclical capital buffer. The countries listed cover more than 99% of Volkswagen Bank GmbH's own funds requirements. A further disaggregation of the countries listed under "Other" has been dispensed with for materiality reasons.

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

	in € millions	a
1	Total risk exposure amount	55,358.8
2	Institution specific countercyclical capital buffer rate	0.7638%
3	Institution specific countercyclical capital buffer requirement	422.8

Volkswagen Bank GmbH's institution specific countercyclical capital buffer rose only marginally from 0.6117% as of December 31, 2023 to 0.7638% as of June 30, 2024 at a consolidated level.

Credit risk and credit risk mitigation

QUANTITATIVE DISCLOSURE OF CREDIT AND DILUTION RISK

Table EU CR1-A shows the net credit exposure for loans and advances as well as bonds by maturity as of June 30, 2024.

TABLE 6: EU CR1-A – MATURITY OF EXPOSURES

		A	B	C	D	E	F
		Net exposure value					
	in € millions	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	2,211.8	13,614.5	16,563.7	1,772.4	16,228.2	50,390.6
2	Debt securities	0.0	798.8	2,012.2	298.7	532.6	3,642.3
3	Total	2,211.8	14,413.3	18,575.9	2,071.0	16,760.8	54,032.9

NONPERFORMING AND FORBORNE EXPOSURES

At 2.81%, Volkswagen Bank GmbH’s NPL ratio (FINREP) is below the 5% threshold.

TABLE 7: EU CQ1 – CREDIT QUALITY OF FORBORNE EXPOSURES

		A	B	C	D	E	F	G	H
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
			Non-performing forborne						
	in € millions	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
005	**Cash balances at central banks and other demand deposits**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	**Loans and advances**	**219.2**	**110.8**	**110.7**	**110.7**	**–1.3**	**–35.9**	**130.6**	**57.8**
020	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
040	Credit institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	3.2	3.2	3.2	3.2	0.0	–2.7	0.1	0.1
060	Non-financial corporations	181.6	75.3	75.1	75.1	–1.0	–19.0	113.4	41.9
070	Households	34.5	32.4	32.4	32.4	–0.3	–14.1	17.1	15.8
080	**Debt Securities**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
090	**Loan commitments given**	**59.5**	**57.3**	**57.3**	**52.3**	**0.0**	**0.0**	**0.0**	**0.0**
100	**Total**	**278.7**	**168.1**	**167.9**	**163.0**	**–1.3**	**–35.9**	**130.6**	**57.8**

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

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

		A	B	C	D	E	F	G	H	I	J	K	L
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
	in € millions		Not past due or Past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past-due or past-due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 year ≤ 5 years	Past due > 5 year ≤ 7 years	Past due > 7 years	Of which defaulted
005	**Cash balances at central banks and other demand deposits**	**25,764.4**	**25,762.1**	**2.3**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	**Loans and advances**	**50,588.9**	**50,123.1**	**465.8**	**1,308.0**	**765.4**	**160.6**	**157.7**	**125.0**	**94.2**	**0.9**	**4.2**	**1,298.1**
020	Central banks	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	3.4	3.4	0.0	0.6	0.4	0.1	0.0	0.1	0.0	0.0	0.0	0.6
040	Credit institutions	191.4	191.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
050	Other financial corporations	589.8	587.8	2.0	11.8	8.1	1.3	1.4	0.5	0.4	0.0	0.0	11.4
060	Non-financial corporations	25,400.6	25,058.8	341.7	777.3	532.3	72.2	69.0	47.0	53.1	0.4	3.4	771.1
070	Of which SMEs	6,537.3	6,453.5	83.8	261.0	211.9	8.3	19.9	10.2	10.6	0.0	0.0	256.5
080	Households	24,403.7	24,281.6	122.1	518.2	224.6	87.0	87.3	77.4	40.6	0.6	0.8	515.0
090	**Debt Securities**	**3,581.3**	**3,581.3**	**0.0**	**60.9**	**60.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**60.9**
100	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	General governments	1,965.7	1,965.7	0.0	60.9	60.9	0.0	0.0	0.0	0.0	0.0	0.0	60.9
120	Credit institutions	1,086.2	1,086.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	529.4	529.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Off-balance sheet exposures**	**13,926.4**	**X**	**X**	**267.7**	**X**	**X**	**X**	**X**	**X**	**X**	**X**	**258.7**
160	Central banks	0.0	X	X	0.0	X	X	X	X	X	X	X	0.0
170	General governments	1.5	X	X	0.3	X	X	X	X	X	X	X	0.2
180	Credit institutions	8	X	X	–	X	X	X	X	X	X	X	–
190	Other financial corporations	464.5	X	X	2.5	X	X	X	X	X	X	X	2.2
200	Non-financial corporations	10,531.2	X	X	257.6	X	X	X	X	X	X	X	250.5
210	Households	2,921.8	X	X	7.3	X	X	X	X	X	X	X	5.7
220	**Total**	**93,861.0**	**79,466.5**	**468.1**	**1,636.6**	**826.4**	**160.6**	**157.7**	**125.0**	**94.2**	**0.9**	**4.2**	**1,617.8**

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

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

		A	B	C	D	E	F	G
		Gross carrying/Nominal amount				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing					
	in € millions			of which: defaulted	of which: subject to impairment			
010	**On balance sheet exposures**	**55,539.1**	**1,368.9**	**1,359.1**	**55,539.1**	**–1,506.3**	**X**	**0.0**
020	Germany	28,640.8	902.8	898.7	28,640.8	–803.1	**X**	0.0
030	Italy	7,349.6	27.3	27.0	7,349.6	–68.4	**X**	0.0
040	France	7,086.8	276.8	273.4	7,086.8	–330.6	**X**	0.0
050	Spain	5,584.5	86.7	86.2	5,584.5	–201.3	**X**	0.0
060	United Kingdom	2,526.7	0.5	0.5	2,526.7	–15.6	**X**	0.0
070	Others	4,350.7	74.9	73.4	4,350.7	–87.2	**X**	0.0
080	**Off balance sheet exposures**	**14,194.2**	**267.7**	**258.7**	**X**	**X**	**57.3**	**X**
090	Germany	6,676.7	213.0	213.0	X	X	44.8	X
100	United Kingdom	2,282.7	0.0	0.0	X	X	2.1	X
110	France	2,221.2	35.7	26.8	X	X	0.9	X
120	Netherlands	1,509.2	9.9	9.9	X	X	4.7	X
130	Italy	639.0	0.4	0.4	X	X	1.8	X
140	Others	865.5	8.7	8.7	X	X	3.0	X
150	**Total**	**69,733.3**	**1,636.7**	**1,617.8**	**55,539.1**	**–1,506.3**	**57.3**	**0.0**

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

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

		A	B	C	D	E	F
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			of which: non-performing		of which: loans and advances subject to impairment		
	in € millions						
010	Agriculture, forestry and fishing	120.7	4.7	4.5	120.7	–4.5	0.0
020	Mining and quarrying	4.2	0.0	0.0	4.2	–0.1	0.0
030	Manufacturing	1,686.4	39.7	39.3	1,686.4	–25.0	0.0
040	Electricity, gas, steam and air conditioning supply	13.9	0.4	0.3	13.9	–0.4	0.0
050	Water supply	35.5	1.0	1.0	35.5	–1.1	0.0
060	Construction	1,329.7	84.2	84.0	1,329.7	–83.3	0.0
070	Wholesale and retail trade	15,768.7	373.8	373.7	15,768.7	–308.7	0.0
080	Transport and storage	883.2	114.2	114.2	883.2	–77.6	0.0
090	Accommodation and food service activities	374.5	17.7	17.2	374.5	–19.9	0.0
100	Information and communication	126.8	8.4	8.1	126.8	–8.4	0.0
110	Real estate activities	0.0	0.0	0.0	0.0	0.0	0.0
120	Financial and insurance actvities	368.9	16.9	16.4	368.9	–18.3	0.0
130	Professional, scientific and technical activities	1,845.4	30.8	30.0	1,845.4	–88.2	0.0
140	Administrative and support service activities	2,245.6	56.4	54.4	2,245.6	–134.6	0.0
150	Public administration and defense, compulsory social security	0.0	0.0	0.0	0.0	0.0	0.0
160	Education	255.9	4.9	4.7	255.9	–7.7	0.0
170	Human health services and social work activities	457.3	9.1	8.3	457.3	–10.6	0.0
180	Arts, entertainment and recreation	76.9	3.2	3.2	76.9	–3.5	0.0
190	Other services	584.2	12.0	11.9	584.2	–35.4	0.0
200	**Total**	**26,177.9**	**777.3**	**771.1**	**26,177.9**	**–827.1**	**0.0**

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

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

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

		A
	in € millions	Gross carrying amount
010	Initial stock of non-performing loans and advances	1,350.4
020	Inflows to non-performing portfolios	508.8
030	Outflows from non-performing portfolios	–551.2
040	Outflows due to write-offs	0.0
050	Outflow due to other situations	–551.2
060	Final stock of non-performing loans and advances	1,308.0

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

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

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated im-pair-ment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	in € millions		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		On perform-ing expo-sures	On non-performing exposures
005	**Cash balances at central banks and other demand deposits**	**25,764.4**	**25,749.8**	**14.6**	**0.0**	**0.0**	**0.0**	**–0.0**	**0.0**	**–0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
010	**Loans and advances**	**50,588.9**	**35,268.5**	**15,167.9**	**1,308.0**	**76.6**	**1,049.1**	**–742.1**	**–273.6**	**–491.6**	**–764.1**	**–13.5**	**–724.0**	**–14.8**	**26,861.8**	**514.0**
020	Central banks	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
030	General governments	3.4	1.6	1.8	0.6	0.1	0.5	–0.1	–0.0	–0.1	–0.4	–0.0	–0.4	0.0	2.3	0.2
040	Credit institutions	191.4	190.0	1.4	0.0	0.0	0.0	–0.3	–0.3	–0.0	–0.0	0.0	–0.0	0.0	0.6	0.0
050	Other financial corporations	589.8	312.2	277.5	11.8	0.9	10.5	–8.3	–3.0	–5.5	–7.6	–0.1	–7.5	–0.1	223.1	4.2
060	Non-financial corporations	25,400.6	16,965.6	8,302.6	777.3	53.5	566.0	–411.3	–162.1	–257.2	–415.9	–9.3	–378.5	–8.7	15,252.3	361.5
070	Of which: SMEs	6,537.3	3,950.8	2,577.3	261.0	21.2	195.1	–89.0	–28.8	–62.8	–201.2	–3.4	–176.1	–3.2	2,912.6	59.7
080	Households	24,403.7	17,799.1	6,584.6	518.2	22.2	472.0	–322.2	–108.3	–228.8	–340.2	–4.1	–337.6	–6.0	11,383.6	148.2
090	**Debt Securities**	**3,581.3**	**2,643.6**	**408.3**	**60.9**	**60.9**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
100	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
110	General governments	1,965.7	1,596.1	369.6	60.9	60.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
120	Credit institutions	1,086.2	1,047.5	38.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
130	Other financial corporations	529.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
140	Non-financial corporations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
150	**Off-balance sheet exposures**	**13,926.4**	**8,181.1**	**5,707.3**	**267.7**	**35.7**	**230.5**	**25.3**	**14.0**	**11.3**	**32.0**	**0.0**	**32.0**	**0.0**	**1,464.2**	**17.2**
160	Central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
170	General governments	1.5	0.0	1.5	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collaterals and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures - Accumulated im-pair-ment and provisions			Non-performing exposures - Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					
	in € millions		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		of which: stage 1	of which: stage 2		of which: stage 2	of which: stage 3		On perform-ing expo-sures	On non-performing exposures
180	Credit institutions	7.5	0.0	7.5	0.0	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.0	0.0	7.3	0.0
190	Other financial corporations	464.5	365.3	99.2	2.5	1.8	0.7	0.2	0.1	0.2	0.2	0.0	0.2	0.0	115.5	0.0
200	Non-financial corporations	10,531.2	6,167.9	4,326.4	257.6	29.3	228.1	19.1	9.5	9.6	31.7	0.0	31.7	0.0	1,304.4	16.8
210	Households	2,921.8	1,647.8	1,272.8	7.3	4.3	1.7	5.8	4.4	1.4	0.1	0.0	0.1	0.0	37.1	0.3
220	**Total**	**93,861.0**	**71,843.0**	**21,298.0**	**1,636.7**	**173.3**	**1,279.5**	**–716.9**	**–259.7**	**–480.3**	**–732.1**	**–13.5**	**–692.0**	**–14.8**	**28,326.0**	**531.2**

QUANTITATIVE DISCLOSURE OF THE USE OF THE STANDARDIZED APPROACH

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

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

TABLE 13: EU CR5 – STANDARDIZED APPROACH

		RISK WEIGHT																
	in € millions	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1,250%	Others	Total	Of which unrated
	Exposure classes	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	26,471.6	0.0	0.0	0.0	51.5	0.0	15.1	0.0	0.0	0.0	0.0	958.0	0.0	0.0	0.0	27,496.2	0.0
2	Regional government or local authorities	865.8	0.0	0.0	0.0	1.5	0.0	0.3	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	867.7	0.0
3	Public sector entities	697.3	0.0	0.0	0.0	6.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	704.0	0.0
4	Multilateral development banks	50.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.4	50.4
5	International organisations	125.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	125.9	125.9
6	Institutions	0.0	0.0	0.0	0.0	776.2	0.0	9.8	0.0	0.0	17.6	0.0	0.0	0.0	0.0	0.0	803.5	0.0
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	21,686.2	0.0	0.0	0.0	0.0	0.0	21,686.2	21,686.2
8	Retail	0.0	0.0	0.0	0.0	0.0	45.0	0.0	0.0	31,892.7	0.0	0.0	0.0	0.0	0.0	0.0	31,937.7	31,937.7
9	Secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Exposures in default	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	393.2	630.1	0.0	0.0	0.0	0.0	1,023.4	1,023.4
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Covered bonds	0.0	0.0	0.0	294.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	294.1	294.1
13	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
14	Unit or shares in collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
15	Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	23.1	0.0	0.0	0.0	0.0	0.0	23.1	23.1
16	Other items	1,540.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	507.2	0.0	0.0	0.0	0.0	2,096.3	4,144.3	4,144.3
17	**TOTAL**	**29,751.8**	**0.0**	**0.0**	**294.1**	**835.7**	**45.0**	**25.2**	**0.0**	**31,892.7**	**22,627.5**	**630.1**	**958.0**	**0.0**	**0.0**	**2,096.3**	**89,156.5**	**59,285.1**

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

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

		EXPOSURES BEFORE CCF AND BEFORE CRM		EXPOSURES POST CCF AND POST CRM		RWAS AND RWAS DENSITY	
	Exposure classes	On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	27,496.2	0.6	27,496.2	0.0	2,412.9	8.8%
2	Regional government or local authorities	867.7	1.4	867.7	0.0	0.5	0.1%
3	Public sector entities	702.6	1.2	704.0	0.0	1.4	0.2%
4	Multilateral development banks	50.4	0.0	50.4	0.0	0.0	0.0%
5	International organisations	125.9	0.0	125.9	0.0	0.0	0.0%
6	Institutions	892.8	410.0	784.9	18.6	177.7	22.1%
7	Corporates	22,687.0	9,732.0	21,404.3	281.9	20,945.3	96.6%
8	Retail	31,065.4	3,783.0	31,065.4	872.3	23,824.0	74.6%
9	Secured by mortgages on immovable property	0.0	0.0	0.0	0.0	0.0	0.0%
10	Exposures in default	1,036.6	226.4	1,010.2	13.2	1,338.4	130.8%
11	Exposures associated with particularly high risk	0.0	0.0	0.0	0.0	0.0	0.0%
12	Covered bonds	294.1	–	294.1	–	29.4	10.0%
13	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0%
14	Collective investment undertakings	0.0	0.0	0.0	0.0	0.0	0.0%
15	Equity	23.1	–	23.1	–	23.1	100.0%
16	Other items	2,604.4	–	4,020.0	124.3	2,245.3	54.2%
17	**TOTAL**	**87,846.3**	**14,154.4**	**87,846.3**	**1,310.2**	**50,998.0**	**57.2%**

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

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

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

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

USE OF CREDIT RISK MITIGATION TECHNIQUES

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

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

		UNSECURED CARRYING AMOUNT	SECURED CARRYING AMOUNT			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
	in € millions	a	b	c	d	e
1	Loans and advances	23,503.4	27,375.8	27,241.4	134.4	0.0
2	Debt securities	3,642.3	-	-	-	0.0
3	Total	27,145.6	27,375.8	27,241.4	134.4	0.0
4	Of which non-performing exposures	29.9	514.0	506.3	7.7	0.0
EU-5	Of which defaulted	29.7	510.1	502.4	7.6	0.0

Counterparty credit risk (CCR)

QUANTITATIVE DISCLOSURE OF COUNTERPARTY CREDIT RISK

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

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

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

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

		A	B	C	D	E	F	G	H
		Collateral used in derivative transactions				Collateral used in SFTs			
	in € millions	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Collateral type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	0.0	78.0	0.0	124.4	0.0	0.0	0.0	0.0
2	Cash – other currencies	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Domestic sovereign debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Other sovereign debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Government agency debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Corporate bonds	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Equity securities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Other collateral	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	**Total**	**0.0**	**78.0**	**0.0**	**124.4**	**0.0**	**0.0**	**0.0**	**0.0**

Under the revised Capital Requirements Regulation (CRR II), the methodology for calculating the risk exposure amount for counterparty credit risk for derivative transactions was applied in accordance with the new Standardized Approach (SA-CCR) among other things. SA-CCR still entails replacement expense and the potential future replacement value as well as a multiplier. In addition, a distinction is drawn between margin and non-margin transactions as well recognized netting, hedging and collateralization.

As of June 30, 2021, Volkswagen Bank GmbH applies solely SA-CCR for calculating risk exposure for derivatives. The following table shows the composition of the risk exposure determined in accordance with SA-CCR.

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

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

		A	B	C	D	E	F	G	H
	in € millions	Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	0.0	0.0	X	1.4	0.0	0.0	0.0	0.0
EU2	EU - Simplified SA-CCR (for derivatives)	0.0	0.0	X	1.4	0.0	0.0	0.0	0.0
1	SA-CCR (for derivatives)	29.3	61.2	X	1.4	126.8	126.8	126.8	25.4
2	IMM (for derivatives and SFTs)	X	X	0.0	0.0	0.0	0.0	0.0	0.0
2a	Of which securities financing transactions netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
2b	Of which derivatives and long settlement transactions netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
2c	Of which from contractual cross-prod-uct netting sets	X	X	0.0	X	0.0	0.0	0.0	0.0
3	Financial collateral simple method (for SFTs)	X	X	X	X	0.0	0.0	0.0	0.0
4	Financial collateral comprehensive method (for SFTs)	X	X	X	X	0.0	0.0	0.0	0.0
5	VaR for SFTs	X	X	X	X	0.0	0.0	0.0	0.0
6	**Total**	**X**	**X**	**X**	**X**	**126.8**	**126.8**	**126.8**	**25.4**

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

TABLE 18: EU CCR2 – TRANSACTIONS SUBJECT TO OWN FUNDS REQUIREMENTS FOR CVA RISK

		A	B
	in € millions	Exposure value	RWEA
1	Total transactions subject to the Advanced method	0.0	0.0
2	(i) VaR component (including the 3× multiplier)	X	0.0
3	(ii) stressed VaR component (including the 3× multiplier)	X	0.0
4	Transactions subject to the Standardised method	126.8	233.1
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	0.0	0.0
5	Total transactions subject to own funds requirements for CVA risk	126.8	233.1

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

TABLE 19: EUR CCR8 – EXPOSURES TO CCPS

		A	B
	in € millions	Exposure value	RWEA
1	**Exposures to QCCPs (total)**	**X**	**1.1**
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	56.1	1.1
3	(i) OTC derivatives	56.1	0.0
4	(ii) Exchange-traded derivatives	0.0	0.0
5	(iii) SFTs	0.0	0.0
6	(iv) Netting sets where cross-product netting has been approved	0.0	0.0
7	Segregated initial margin	0.0	X
8	Non-segregated initial margin	0.0	0.0
9	Prefunded default fund contributions	0.0	0.0
10	Unfunded default fund contributions	0.0	0.0
11	**Exposures to non-QCCPs (total)**	**X**	**0.0**
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	0.0	0.0
13	(i) OTC derivatives	0.0	0.0
14	(ii) Exchange-traded derivatives	0.0	0.0
15	(iii) SFTs	0.0	0.0
16	(iv) Netting sets where cross-product netting has been approved	0.0	0.0
17	Segregated initial margin	0.0	X
18	Non-segregated initial margin	0.0	0.0
19	Prefunded default fund contributions	0.0	0.0
20	Unfunded default fund contributions	0.0	0.0

All counterparties with which Volkswagen Bank GmbH has transacted derivatives are assigned to the regulatory exposure class "Institutions". The following table shows risk exposure by credit risk mitigation, broken down by risk weight and regulatory exposure class.

TABLE 20: EU CCR3 – STANDARDIZED APPROACH – CRR RISK EXPOSURES BY REGULATION RISK EXPOSURE CLASS AND RISK WEIGHTS

		RISK WEIGHT											
	in € millions	a	b	c	d	e	f	g	h	i	j	k	l
	Exposure classes	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2	Regional government or local authorities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	Public sector entities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	Multilateral development banks	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	International organisations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Institutions	0.0	56.1	0.0	0.0	126.8	0.0	0.0	0.0	0.0	0.0	0.0	182.8
7	Corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Retail	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Institutions and corporates with a short-term credit assessment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Other items	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	**Total exposure value**	**0.0**	**56.1**	**0.0**	**0.0**	**126.8**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**182.8**

Market risk

All companies in the Volkswagen Bank GmbH institution group are classified as non-trading book institutions. The institution group does not run a trading book. In the area of market risk, the institution group currently enters into currency risk. Own funds requirements stand at €28.7 million. Own risk models are not in use at this time.

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

The own funds required for foreign-currency risks multiplied by a factor of 12.5 equal €359.3 million as of June 30, 2024, equivalent to 0.6% of total risk exposure.

TABLE 21: EU MR1 – MARKET RISK UNDER THE STANDARDIZED APPROACH

		A
	in € millions	RWEAs
	Outright products	**X**
1	Interest rate risk (general and specific)	0.0
2	Equity risk (general and specific)	0.0
3	Foreign exchange risk	359.3
4	Commodity risk	0.0
	Options	**X**
5	Simplified approach	0.0
6	Delta-plus approach	0.0
7	Scenario approach	0.0
8	Securitisation (specific risk)	0.0
9	**Total**	**359.3**

Foreign-currency risks primarily arise from the translation of the capital resources held by the two branches in Poland and the United Kingdom from a foreign currency into euros. The increase of €99.1 million in foreign-currency risks from €260.1 million to €359.3 million is chiefly due to the transaction and maturity of foreign-currency loans and derivatives, changes in the amount of the capital resources and fluctuations in exchange rates.

Liquidity risk

QUALITATIVE DISCLOSURE OF LIQUIDITY REQUIREMENTS

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

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

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

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

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

If liquidity risk were to materialize, funding risk would result in higher costs and market liquidity risk would result in lower selling prices for assets, both of which would have a negative impact on results of operations. The consequence of illiquidity risk in the worst-case scenario is insolvency caused by illiquidity. Liquidity risk management at the Volkswagen Bank GmbH Group ensures that this situation does not arise.

COMPOSITION OF THE LIQUIDITY BUFFER

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

CONCENTRATION OF LIQUIDITY AND FUNDING SOURCES

The Volkswagen Bank GmbH Group is funded largely through direct banking deposits and by capital market and asset-backed security programs. Volkswagen Bank GmbH also participates opportunistically in the ECB's targeted longer-term refinancing operations (TLTRO).

In addition to a broadly diversified range of funding, Volkswagen Bank GmbH has two main sources of funding: Deutsche Bundesbank (TLTRO) and sources within the Volkswagen Group (cash collateral and deposits from subsidiaries in its function as a house bank).

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

DERIVATIVE EXPOSURES AND POTENTIAL COLLATERAL CALLS

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

Derivatives are expected to generate only minor liquidity effects.

CURRENCY MISMATCH IN THE LCR

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

DESCRIPTION OF THE DEGREE OF CENTRALIZATION OF LIQUIDITY MANAGEMENT AND THE INTERACTION BETWEEN THE INDIVIDUAL GROUP INSTITUTIONS

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

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

QUANTITATIVE DISCLOSURE OF LIQUIDITY REQUIREMENTS

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

TABLE 22: EU LIQ1 – QUANTITATIVE DISCLOSURES ON LCR

		A	B	C	D	E	F	G	H
	in € millions		Total unweighted value (average)				Total weighted value (average)		
EU 1a	Quarter ending on (DD Month YYY)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA), after application of haircuts in line with Article 9 of regulation (EU) 2015/61	X	X	X	X	20,160.0	16,655.0	13,234.0	11,199.0
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	38,238.0	33,529.0	29,067.0	26,717.0	1,863.0	1,747.0	1,588.0	1,533.0
3	*Stable deposits*	13,271.0	13,784.0	14,567.0	15,160.0	664.0	689.0	728.0	758.0
4	*Less stable deposits*	10,587.0	9,239.0	7,536.0	6,751.0	1,087.0	945.0	759.0	676.0
5	Unsecured wholesale funding	7,259.0	6,689.0	6,518.0	5,890.0	5,132.0	4,739.0	4,580.0	3,981.0
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	*Non-operational deposits (all counterparties)*	7,182.0	6,597.0	6,402.0	5,776.0	5,055.0	4,647.0	4,464.0	3,867.0
8	*Unsecured debt*	77.0	92.0	116.0	114.0	77.0	92.0	116.0	114.0
9	*Secured wholesale funding*	X	X	X	X	0.0	0.0	0.0	0.0
10	Additional requirements	4,210.0	4,593.0	4,640.0	4,720.0	535.0	600.0	608.0	626.0
11	*Outflows related to derivative exposures and other collateral requirements*	98.0	107.0	93.0	90.0	71.0	70.0	64.0	64.0
12	*Outflows related to loss of funding on debt products*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	*Credit and liquidity facilities*	4,111.0	4,486.0	4,546.0	4,630.0	464.0	530.0	544.0	563.0
14	*Other contractual funding obligations*	1,676.0	1,676.0	1,637.0	1,661.0	1,140.0	1,150.0	1,132.0	1,159.0
15	Other contingent funding obligations	10,113.0	9,728.0	9,727.0	9,796.0	970.0	816.0	698.0	584.0
16	TOTAL CASH OUTFLOWS	X	X	X	X	9,640.0	9,052.0	8,607.0	7,883.0
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
18	Inflows from fully performing exposures	4,012.0	4,038.0	3,946.0	3,760.0	2,137.0	2,162.0	2,116.0	2,033.0
19	Other cash inflows	2,146.0	2,159.0	2,065.0	1,872.0	1,120.0	1,164.0	1,163.0	1,110.0

		A	B	C	D	E	F	G	H
	in € millions	Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on (DD Month YYY)	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023	Jun 30, 2024	Mar 31, 2024	Dec 31, 2023	Sep 30, 2023
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)	X	X	X	X	0.0	0.0	0.0	0.0
EU-19b	(Excess inflows from a related specialised credit institution)	X	X	X	X	0.0	0.0	0.0	0.0
20	TOTAL CASH INFLOWS	6,157.0	6,197.0	6,011.0	5,632.0	3,257.0	3,325.0	3,279.0	3,143.0
EU-20a	*Fully exempt inflows*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-20b	*Inflows subject to 90% cap*	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EU-20c	*Inflows subject to 75% cap*	6,157.0	6,197.0	6,011.0	5,632.0	3,257.0	3,325.0	3,279.0	3,143.0
TOTAL ADJUSTED VALUE									
21	LIQUIDITY BUFFER	X	X	X	X	20,160.0	16,655.0	13,234.0	11,199.0
22	TOTAL NET CASH OUTFLOWS	X	X	X	X	6,383.0	5,727.0	5,327.0	4,740.0
23	LIQUIDITY COVERAGE RATIO	X	X	X	X	320.0%	297.0%	256.0%	241.0%

Changes in LCR over time

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

TABLE 23: EU LIQ2 – NET STABLE FUNDING RATIO

		A	B	C	D	E
		Unweighted value by residual maturity				Weighted value
	in € millions	No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	**Capital items and instruments**	**10,912.2**	**0.0**	**0.0**	**0.0**	**10,912.2**
2	*Own funds*	**10,912.2**	0.0	0.0	0.0	10,912.2
3	*Other capital instruments*	X	0.0	0.0	0.0	0.0
4	**Retail deposits**	**X**	**39,089.6**	**5,751.1**	**3,424.9**	**45,061.0**
5	*Stable deposits*	X	21,755.4	3,834.7	2,499.6	26,810.2
6	*Less stable deposits*	X	17,334.2	1,916.4	925.3	18,250.8
7	**Wholesale funding:**	**X**	**18,030.0**	**358.6**	**3,750.5**	**7,242.7**
8	*Operational deposits*	X	0.0	0.0	0.0	0.0
9	*Other wholesale funding*	X	18,030.0	358.6	3,750.5	7,242.7
10	**Interdependent liabilities**	**X**	**0.0**	**0.0**	**0.0**	**0.0**
11	**Other liabilities:**	**22.7**	**X**	**X**	**X**	**X**
12	*NSFR derivative liabilities*	**22.7**	X	X	X	X
13	*All other liabilities and capital instruments not included in the above categories*		0.0	0.0	0.0	0.0
14	**Total available stable funding (ASF)**	X	X	X	X	63,215.9
	Required stable funding (RSF) Items					
15	**Total high-quality liquid assets (HQLA)**	**X**	**X**	**X**	**X**	**70.3**
EU-15a	**Assets encumbered for a residual maturity of one year or more in a cover pool**	**X**	**153.3**	**0.0**	**0.0**	**0.0**
16	**Deposits held at other financial institutions for operational purposes**	**X**	**0.0**	**0.0**	**0.0**	**0.0**
17	**Performing loans and securities:**	**X**	**16,098.2**	**6,915.5**	**31,114.1**	**37,914.1**
18	*Performing securities financing transactions with financial customerscollateralised by Level 1 HQLA subject to 0% haircut*	X	**0.0**	**0.0**	**0.0**	**0.0**
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*	X	**361.0**	**18.5**	**713.0**	**758.4**
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sov-ereigns, and PSEs, of which:*	X	**13,082.1**	**4,940.7**	**20,883.9**	**26,783.4**

		A	B	C	D	E
		Unweighted value by residual maturity				Weighted value
	in € millions	No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	X	**18.7**	**19.8**	**11.4**	**26.7**
22	*Performing residential mortgages, of which:*	X	**7.2**	**2.4**	**21.3**	**0.0**
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	X	**0.0**	**0.0**	**0.0**	**0.0**
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*	X	**2,647.8**	**1,953.8**	**9,495.9**	**10,372.3**
25	**Interdependent assets**	**X**	0.0	0.0	0.0	0.0
26	**Other assets:**	**X**	1,187.7	0.1	5,643.4	6,123.5
27	*Physical traded commodities*	X	**X**	**X**	**0.0**	**0.0**
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*	X	**13.0**	**0.0**	**0.0**	**11.1**
29	*NSFR derivative assets*	X	**0.0**	**X**	**X**	**0.0**
30	*NSFR derivative liabilities before deduction of variation margin posted*	X	**92.7**	**X**	**X**	**4.6**
31	*All other assets not included in the above categories*	X	**1,082.0**	**0.1**	**5,643.4**	**6,107.8**
32	**Off-balance sheet items**	**X**	**681.8**	**290.3**	**13,157.4**	**1,521.5**
33	**Total RSF**	**X**	**X**	**X**	**X**	**45,629.3**
34	**Net Stable Funding Ratio (%)**	**X**	**X**	**X**	**X**	**138.5%**

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

DISCLOSURE OF INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK

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

TABLE 24: EU IRRBB1 – INTEREST RATE RISKS ON BANKING BOOK ACTIVITIES

		A	B	C	D
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
	in € millions	Current period	Last period	Current period	Last period
1	Parallel up	–467.1	–441.1	–158.4	–104.1
2	Parallel down	510.5	473.9	160.9	–1.5
3	Steepener	33.7	64.5	X	X
4	Flattener	–112.5	–139.4	X	X
5	Short rates up	–244.3	–261.0	X	X
6	Short rates down	259.2	277.7	X	X

The "Last period" presented corresponds to the figures as of December 31, 2023.

Exposure to securitization positions

QUALITATIVE DISCLOSURE OF THE RISK FROM SECURITIZATION POSITIONS

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

The Volkswagen Bank GmbH Group assumes clearly defined roles in the securitization process in the light of the legal framework for securitization transactions. As the originator, it generates receivables under financing agreements. The structuring and selling process entails selecting and separating the portfolio and contacting external partners as well as the overall coordination of the transaction (attorneys, investment banks, rating agencies, swap partners, auditors, regulatory authorities). The entity also manages the contract pool that has been sold (collection and dunning procedures) and forwards the resulting payments to the special purpose vehicle (SPV, i.e. the servicer). Finally, responsibility is assumed for reporting to investors, banks and credit rating agencies as well as for the regulatory disclosure requirements. The Volkswagen Bank GmbH Group also invests in securitization positions related to its own ABS transactions as well as those of the Volkswagen Financial Services AG subgroup so as to be able to use the securities thus created as collateral for funding from the ECB.

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

QUANTITATIVE DISCLOSURE OF THE RISK FROM SECURITIZATION POSITIONS

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

TABLE 25: EU SEC1 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS					STS	Non-STS			STS	Non-STS		
	in € millions		of which SRT		of which SRT		of which SRT									
1	**Total exposures**	**7,711.0**	**0.0**	**509.9**	**0.0**	**0.0**	**0.0**	**8,221.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**531.9**	**0.0**	**531.9**
2	Retail (total)	7,711.0	0.0	509.9	0.0	0.0	0.0	8,221.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3	residential mortgage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4	credit card	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	other retail exposures	7,711.0	0.0	509.9	0.0	0.0	0.0	8,221.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
7	Wholesale (total)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	531.9	0.0	531.9
8	loans to corporates	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	commercial mortgage	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	lease and receivables	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	531.9	0.0	531.9
11	other wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

TABLE 26: EU SEC3 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY OWN FUNDS REQUIREMENTS – INSTITUTION ACTING AS AN ORIGINATOR OR SPONSOR

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

TABLE 27: EU SEC4 – SECURITIZATION POSITIONS IN THE NON-TRADING BOOK AND ASSOCIATED REGULATORY OWN FUNDS REQUIREMENTS – INSTITUTION ACTING AS AN INVESTOR

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	in € millions	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100 % bis <1250 % RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250 % RW
1	**Total exposures**	**0.0**	**531.9**	**0.0**	**0.0**	**0.0**	**0.0**	**531.9**	**0.0**	**0.0**	**0.0**	**187.8**	**0.0**	**0.0**	**0.0**	**15.0**	**0.0**	**0.0**
2	Traditional securitisation	0.0	531.9	0.0	0.0	0.0	0.0	531.9	0.0	0.0	0.0	187.8	0.0	0.0	0.0	15.0	0.0	0.0
3	Securitisation	0.0	531.9	0.0	0.0	0.0	0.0	531.9	0.0	0.0	0.0	187.8	0.0	0.0	0.0	15.0	0.0	0.0
4	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
6	Wholesale	0.0	531.9	0.0	0.0	0.0	0.0	531.9	0.0	0.0	0.0	187.8	0.0	0.0	0.0	15.0	0.0	0.0
7	Of which STS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
8	Resecuritisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
9	Synthetic securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
10	Securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
11	Retail underlying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
12	Wholesale	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
13	Re-securitisation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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

TABLE 28: EU SEC5 – EXPOSURES SECURITIZED BY THE INSTITUTION – EXPOSURES IN DEFAULT AND SPECIFIC CREDIT RISK ADJUSTMENTS

		A	B	C
		Exposures securitised by the institution - Institution acts as originator or as sponsor		
	in € millions	Total outstanding nominal amount		
			Of which exposures in default	Total amount of specific credit risk adjustments made during the period
1	**Total exposures**	**11,725.4**	**253.7**	**90.9**
2	Retail (total)	11,725.4	253.7	90.9
3	residential mortgage	0.0	0.0	0.0
4	credit card	0.0	0.0	0.0
5	other retail exposures	11,725.4	253.7	90.9
6	re-securitisation	0.0	0.0	0.0
7	Wholesale (total)	0.0	0.0	0.0
8	loans to corporates	0.0	0.0	0.0
9	commercial mortgage	0.0	0.0	0.0
10	lease and receivables	0.0	0.0	0.0
11	other wholesale	0.0	0.0	0.0
12	re-securitisation	0.0	0.0	0.0

The outstanding total nominal amount for securitized exposures in the role as originator stands at €11.7 billion as of June 30, 2024. Of this, €253.7 million or 2.2% is classified as in default.

Environmental, social and governance risks (ESG risks)

QUALITATIVE REPORTING

Both the financial industry and the automotive industry are key sectors in the sustainability-driven transformation of society and the economy. As a wholly owned subsidiary of Volkswagen AG and, thus, as a captive financial services company within the Volkswagen Group, the Volkswagen Bank GmbH Group is aligned to the Group's automotive brands, promotes sales and assists them in opening up the market. At the Volkswagen Bank GmbH Group, we hold the key role of supporting, accompanying and, in particular, financing the Volkswagen Group's transformation across Europe. This is a challenge but also a major opportunity.

The needs and expectations of Volkswagen Group customers are our top priority. Accordingly, in addition to providing transformation finance for business customers or financing zero-emission mobility for private customers, our task continues to be to finance all Group vehicles in our classic business. As long as there is demand for new vehicles with conventional combustion engines, we will offer suitable financing solutions. The same thing applies to used-car business.

At the same time, we need to meet the expectations of our customers, investors and other stakeholders regarding our own transformation and that of our business model towards climate neutrality.

The European Union's "Green Deal" aims to bring environmental sustainability into line with economic growth. It provides a comprehensive framework for the transformation of the economy towards a sustainable, low-carbon and resource-efficient society by 2050. Under the "Green Deal", the EU has launched "Fit for 55", an initiative to reduce emissions of green-house gases by at least 55% by 2030 compared with 1990 levels. We attach key importance to sustainable mobility by encouraging environmentally friendly transportation, electric mobility and sustainable infrastructure development.

As enshrined in the European Commission's action plan for financing sustainable growth, the financial sector is to play a key role in Green Deal projects. To this end, the ECB has formulated its expectations with respect to banks' risk management and disclosures in its "Guide on Climate-Related and Environmental Risks" Meeting these expectations is an important step for us to implement climate-relevant aspects in our business strategy and operations. It is assumed that, looking forward, supervisory requirements will remain stringent.

For us, sustainability means striving to achieve economic, social and ecological goals simultaneously and with the same priority. We want to create lasting value, offer good working conditions and treat the environment and natural resources with care.

In this connection, it is of decisive importance to identify and manage environmental, social and governance (ESG) risks at each stage along the value chain. This broad-based approach not only supports sustainable development but also reinforces our company's value and resilience.

With its "New Auto" strategy, the Volkswagen Group is defining mobility for future generations. Our MOBILITY2030 strategy is closely aligned to the Volkswagen Group's strategic objectives. Sustainability is an integral component of both strategies.

Group stakeholders (e.g. investors, employees, customers, NGOs) have high expectations of the Company's ESG performance, including decarbonization and integrity. Accordingly, ESG performance influences the cost of capital and, for example, the Group's appeal as an employer.

Under our MOBILITY2030 strategy, we at Volkswagen Bank GmbH have defined five strategic dimensions in order to operationalize our "We are the key to mobility" vision and our mission to "meet our customers' mobility requirements by offering them sustainable solutions throughout the entire vehicle life cycle". These dimensions are

1. customer loyalty,
2. vehicle,
3. performance,
4. data and technology, and
5. sustainability.

By expressly integrating sustainability as a dimension of our overall strategy, we are highlighting the importance of this aspect for the Volkswagen Bank GmbH Group. We are vigorously driving forward the transition to zero-emission mobility. In doing so, we are particularly concentrating on environmentally friendly products, workflows and IT as well as the long-term achievement of climate neutrality subject to the use of possible compensation measures.

We are evolving from a provider of sales finance to an enabler of sustainability and sustainable mobility in the Volkswagen Group. Specifically, this means a clear focus on reducing carbon emissions. Progress towards carbon neutrality is to be measured using a specific key performance indicator (KPI) in order to assess the effectiveness of the measures and initiatives taken. For example, we collect data on the relevant carbon footprints for our classic products as well as for our business operations and IT for use as a KPI. Across Europe, we aim to reduce our emissions by 50% by 2025 compared to 2022 and to achieve climate neutrality (including carbon offsetting) in all our markets by 2030 at the latest.

The collection of data on the carbon emissions financed by the Volkswagen Bank GmbH Group shows that vehicle finance as well as the value chain of its business partners, particularly the automotive dealers, generate the two largest contributions to carbon emissions. Reflecting this, the calculation of financed emissions is particularly based on the emissions of the financed vehicles on the one hand and the financed businesses on the other.

Looking first at financed vehicles, it should be borne in mind in this context that only new vehicles that do not produce any carbon emissions on the road may be registered in the EU from 2035. The Volkswagen Group is aligning itself towards this goal, meaning that production of ICE vehicles will decline over the course of time by 2035 at the latest. As our business is closely linked to the Volkswagen Group's sales plans, we are part of the automotive transformation. One challenge for the Volkswagen Bank GmbH Group is to realign its sales strategies for electric vehicles. which are increasingly being marketed on a lease basis. Accordingly, they will account for only a small proportion of the classic financing business of Volkswagen Bank GmbH (Group) in the medium term. Combined with the gradual phasing-out of classic ICE vehicles, the associated business will therefore shrink.

On average, the vehicles currently being financed by the Volkswagen Bank GmbH Group currently have lower carbon emissions than anticipated in the decarbonization path set by the International Energy Agency (IEA) in its net-zero 2050 scenario. It is important to continue on the course that has been adopted by supporting and accompanying the Volkswagen Group's sales policy.

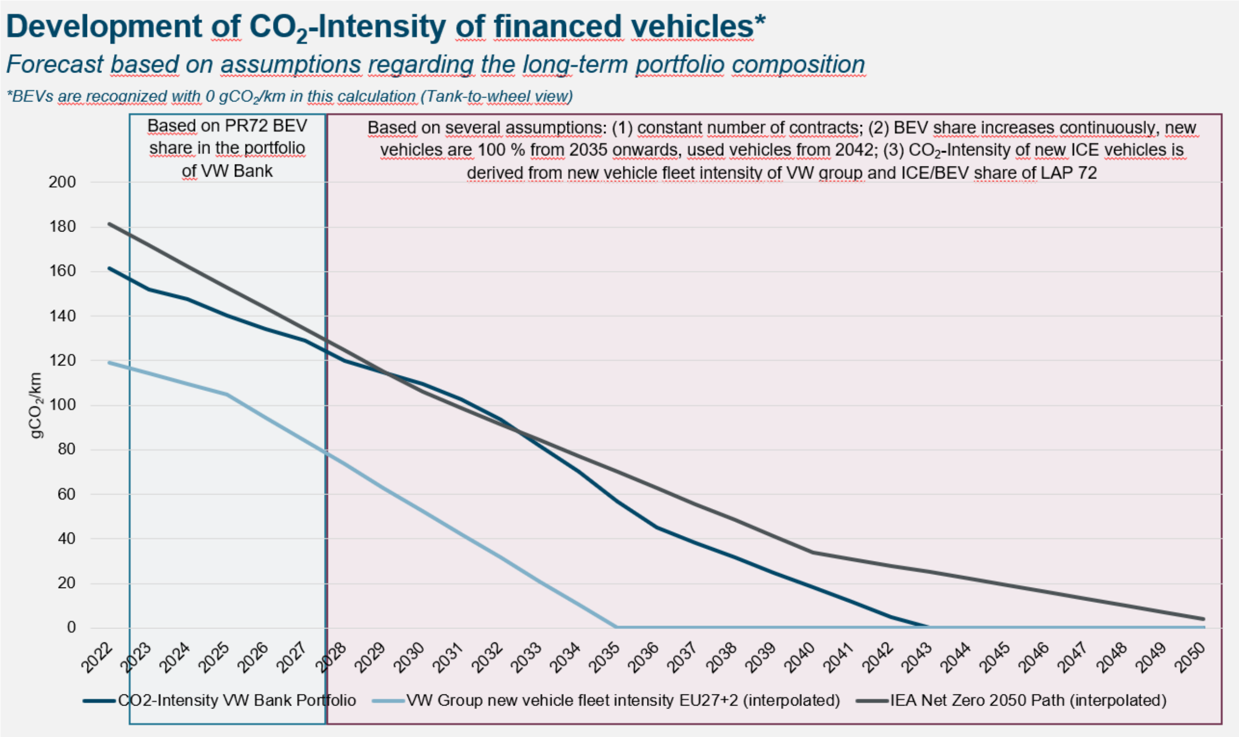

Fig. 1: Decarbonization pathway – carbon intensity of financed vehicles over time

With respect to the carbon emissions of the financed businesses, we are actively supporting our dealerships in their transformation in line with the Volkswagen Group's "goTozero" environmental mission statement. To help dealers reduce their own carbon footprint, we offer attractive financing for charging infrastructure (including photovoltaic systems) or investments in energy-efficient construction and refurbishment, among other things. We are budgeting for an annual increase in volumes here. In this way, we will be continuously widening the share of green finance in accordance with our newly established "green loan framework". In addressing future new business segments, we will be prioritizing from the outset the development of transition products that are as climate-neutral as possible.

To achieve carbon-neutral business operations by 2030 at the latest, we have implemented an environmental management system (UMS) in accordance with the DIN EN ISO 14001 standard. Reporting on carbon emission is based on ISO 14064. The main focus of our efforts to reduce carbon emissions in operations is on:

1. electricity consumption
2. heat production (particularly at data centers)
3. emissions of our fleet of company cars

The core elements of our measures for reducing emissions are green electricity, green heat and sustainable company vehicles. Established in 2015, this ongoing process is being systematically continued under our MOBILITY2030 strategy.

At the Braunschweig campus, the Volkswagen Bank GmbH Group's largest facility, we have already switched to natural electricity, resulting in carbon neutrality in this regard. To additionally reduce energy consumption, initiatives such as the replacement of lighting and air conditioning systems as well as the optimization of building automation are being rolled out.

The transition from gas to biomass-fired district heating in 2022 has substantially reduced emissions from the production of heat. In addition, buildings with low energy efficiency have been vacated, building shells renovated and the lease terminated for a property requiring heating oil.

We are creating incentives for more sustainable employee mobility and are carrying out pilot projects in the Netherlands, the United Kingdom and Ireland to minimize the emissions of our fleet of company vehicles.

As we will be offsetting unavoidable residual emissions, we will achieve carbon neutrality in our national and international business operations and IT by 2030 at the latest.

The following initiatives exemplify the range of actions that we are taking to achieve our strategic sustainability goals.

1. Support for the United Nations Sustainable Development Goals
   We are supporting the United Nations Sustainable Development Goals. With our sustainability strategy and our specific sustainable business activities, we work both externally and internally towards achieving the following SDGs in particular:

   5. Gender equality, 7. Affordable and clean energy, 8. Decent work and economic growth, 11. Sustainable cities and communities and 13. Climate action.

2. Sustainability project
   The sustainability project launched in mid-2021, which has played a vital role in initiating and implementing actions to enhance sustainability, came to a close at the end of 2023. The focus was on ESG-relevant risk, data and regulatory matters. the project prioritized the integration of ESG factors into the business operations of the Volkswagen Bank GmbH Group. Examples of its achievements include the staged implementation of climate stress tests in the Bank's stress testing program and the publication of ESG factors and new performance indicators in the Disclosure Report as well as the establishment of a green loan framework, the publication of ESG special reports as a foundation for future integration into regular risk management reporting, the development of the sustainability strategy, the provision of staff training in ESG matters and the integration of ESG risks into the corporate lending process, including the rollout in the international markets of the Volkswagen Bank GmbH Group.

3. Carbon footprint task force
   A carbon footprint task force was established in 2022 to address the complex issues relating to the carbon footprint. The task force is responsible for quantifying the financed emissions of Volkswagen Bank GmbH Group in accordance with the PCAF standard. In addition, it aims to develop methods and solutions that cover the different perspectives and requirements from the Bank's point of view in the context of carbon emissions. In addition to the carbon footprint according to the PCAF standard, this particularly entails disclosure requirements and (stakeholder) communications. In addition, the findings of the task force serve as a basis for the planned development of a specific carbon reduction plan in accordance with international standards.

4. Green product management
   As well as this, we are highlighting the relevance of green financing by establishing special green product management within the product development unit at Volkswagen Bank GmbH Group. The focus is on the (further) development of green financing and deposit-taking products, the expansion of relevant partnerships and the establishment of a framework for achieving our green volume targets.

5. Cooperation with the Volkswagen "goTOzero Retail" initiative
   To support the Volkswagen Group's car dealers in their efforts to reduce carbon emissions, Volkswagen has launched a "goTOzero Retail" initiative specially tailored to retail outlets. Car dealerships are playing a crucial role in the overall transformation process as this is where the journey to a new, climate-friendly mobility world is beginning for more and more people. At Volkswagen Bank GmbH (Group), we support this customer group-specific initiative across Europe particularly by providing finance for medium- and long-term investments, e.g. more efficient building technologies or the construction or renovation of buildings and outdoor facilities. In particular, the Netherlands have been advising national dealers since 2020 on tool-based measures for reducing the carbon footprint of the individual dealership operations.

6. Partnership with Naturschutzbund Deutschland e.V. (NABU)
   In addition to our bank-specific initiatives, we are also committed to environmental and climate protection. For this reason, Volkswagen Financial Services AG Group and Volkswagen Bank GmbH Group have been working with NABU since 2008 as part of a project and dialog partnership. Our joint focus is on moorland protection as a highly effective climate protection measure together with the positive impact on biodiversity. Since the partnership was forged, a sum of more than €7 million has been invested in national and international moorland protection projects. Further comprehensive moorland projects are already being prepared. Alongside moorland protection, Volkswagen Financial Services AG Group and Volkswagen Bank GmbH Group, together with NABU, are also committed to the renaturation of flowing waters. One specific project, for example, concerns the renaturation of the Aller River near Verden in Lower Saxony. The aim is to improve biodiversity and flood protection. These joint activities have already won several national and international environmental awards.

7. ESG market monitoring through market research and analysis
   We engage in active market research and analysis to keep abreast of the dynamic developments in ESG. In addition to general market observation on matters relating to sustainability and e-mobility, this also involves a differentiated view of strategies, customer expectations, products and advertising initiatives. As well as this, we are gradually incorporating sustainability within our own customer surveys, including at a European level. This market monitoring is supplemented by the activities performed by the "Political Affairs" unit.

The risk strategy defines the basic understanding and lays the framework for ESG activities for the future by defining the main elements of the risk strategy. At the same time, the focus area of sustainability has become a further component of the risk culture principles as sustainability risks are handled with greater awareness and employees become actively involved in the process at an early stage. The ECB's supervisory expectations published in its guide on climate-related and environmental risks are incorporated into the Bank's methodologies.

ESG risks are not treated as a separate risk type within the Volkswagen Bank GmbH Group. Rather, they are assigned to various risk types with their specific risk drivers. Climate and environmental risks in particular dominate sustainability risks, but social risks and governance risks are also considered when ESG risks are identified, evaluated and managed. In the case of climate and environmental risks, a difference is drawn between physical and transitional risks. Physical risks entail the direct impact of environmental changes on companies and their activities. They are linked to physical changes in the environment, such as climate change. Examples include natural disasters and environmental pollution. Transitional risks are related to the transition to a more sustainable economy and arise from changes in underlying political, technological, legal or economic conditions. They tend to reflect the ways in which companies respond to change and adapt. For example, new legislation and regulatory requirements pertaining to environmental and climate protection may influence companies' operations or, if consumers increasingly seek sustainable products and services, companies that are unable to respond sustainably may lose market share.

The Volkswagen Bank GmbH Group has incorporated ESG risks step by step as an integral part of its risk management framework. Given the interdependencies with all other types of risk, ESG risks have also been included in the current governance structure and in committee/line responsibility. This avoids duplicate structures and also involves all employees in ESG matters in their existing roles. Examples include the Stress Test Committee and the Asset Liability Management Committee.

Moreover, the Volkswagen Bank GmbH Group has established the position of Sustainability Officer. This entrenches the management relevance of sustainability at the highest decision-making level and simultaneously creates the basis for driving forward ESG initiatives on a Group-wide basis and across individual business units. The Sustainability Officer is, for example, responsible for aspects of the ESG taxonomy, corresponding definitions and Volkswagen Bank GmbH Group's overall ESG strategy. In addition, he sets the framework for consistent and comprehensive reporting and ensures that regulatory and market developments touching on ESG matters are monitored and that, where necessary, preliminary impact and gap analyses are initiated.

Their task is to identify on a structured basis ESG risk drivers which, if they materialize, are liable to have an adverse impact on the Bank's net assets, financial condition and results of operations as well as its reputation. To gain a full and well-documented overview of the impact of these risk drivers, the associated transmission channels are reconciled with the risk types in existence and their potential financial impact.

An example of this is shown in the following chart:

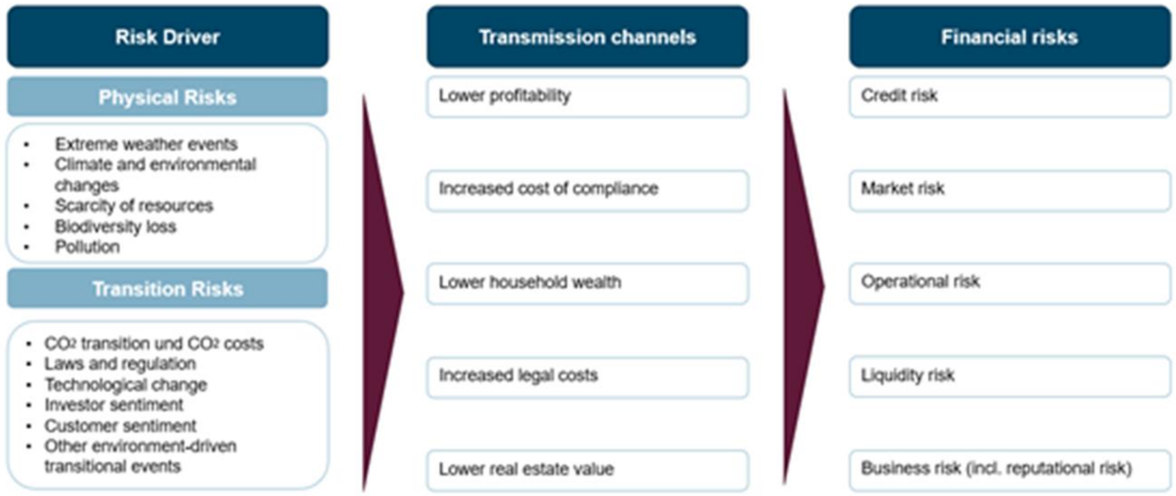

Figure 2: Risk drivers, transmission channels and financial impact

On top of this, the current portfolio structure is analyzed to identify the main portfolios in the light of Volkswagen Bank GmbH Group's business model and strategy as Group well the emissions financed. Geographical risks for the individual portfolios are also examined. This information is used to perform a relevance analysis of all risk drivers in the relevant risk types in the light of the transmission channels on the basis of qualitative expert opinions and quantitative information. A general risk assessment is performed for less relevant risk types. Finally, the materiality of the risk drivers is assessed in the short term (< 1 year), medium term (1–5 years) and long term (> 5 years). The materiality assessment for these risk drivers is performed as part of the Management Board's existing annual inventory process.

The Volkswagen Bank GmbH Group has identified the following material transmission channels for physical and transitory risk drivers for the various risk types:

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

From the perspective of Volkswagen Bank GmbH Group, automotive financing Group entails mobile assets, for which physical hazards are not a dominant risk driver and therefore play only a subordinate role in the alignment of its business policy. Even so, physical risks are included in risk management.

An overall assessment indicates that Volkswagen Bank GmbH Group is primarily exposed to transitory climate and environmental risk drivers with respect to credit and business risk in the medium and long term. The following risk drivers in particular are of relevance: carbon transition/costs, technological change, and legislation and regulatory requirements. However, the transitional risks relating to the residual value risk, liquidity risk and operational risk may likewise have a material impact.

Social and governance risks are not considered to be material for most of the risk types. The residual value risk and the business risk are exceptions. Within the residual value risk, social trends in particular can lead to a decline in residual values, while in terms of business risk, both social risks and governance risks are relevant with regard to the consumer protection and compliance risk drivers.

A climate stress-testing framework has been developed and provides for the standardized integration of climate and environmental risks in the stress testing program. The risk drivers and risk transmission channels to be considered are therefore identified and evaluated as part of the risk inventory. Climate scenarios and climate sensitivity analyses are defined on the basis of this analysis. The results are in turn incorporated in the risk inventory. The framework has been applied since 2023 and thus supporting the systematic analysis of the risk profile including an assessment of the potential impact via a feedback process.

The first institution-wide internal climate stress test was carried out in the first half of 2023 on this basis. It identified possible effects on the Volkswagen Bank GmbH Group’s capital and liquidity resources on the basis of various NGFS scenarios, combined with individual short-term effects of varying degrees of severity. The findings were consistent with the previously analyzed scenarios and risk volatilities. On the basis of the findings gained in the previous year on the physical risk of a flood, the “Physical Risk: River Flood impact on collateral value” sensitivity analysis has been integrated in the ICAAP reporting processes. This involves a regular analysis of the hypothetical adverse impact of the physical risk of a river flood. Regular ESG-related sensitivity analyses were also conducted within operational and liquidity risks, with the results incorporated in the current risk inventory and capital resources.

ESG risks in the Volkswagen Bank GmbH Group’s operational risk profile are monitored as possible risk events using the operational risk management instruments, which incorporate historical loss events (in the loss event database) as well as possible future risk events (identified in the risk self-assessment). The internal loss event database flags operational risk events that have occurred in connection with ESG risks. ESG risks are assigned to the OPR units in the various risk causes in accordance with the applicable OPR sub-strategies. In the case of the “Property damage and catastrophes” risk cause, for example, Corporate Security is responsible for analyzing and assessing possible risk exposure at individual locations with respect to individual risk drivers, backed by external data in the form of hazard maps. The OPR unit Outsourcing Coordination & BCM coordinates detailed BCM plans that reduce the risk of substantial losses for the Group. The OPR unit IT Governance & Steering is responsible for implementing numerous countermeasures at the existing data centers in Braunschweig to ensure business continuity in the event of physical threats. In the case of the “Legal violation” risk cause, the OPR units Legal and Integrity & General Secretariat are responsible for the avoidance of breaches of applicable law in the context of transitory risks. The aforementioned OPR units, supplemented by HR Governance & Steering, are also responsible within the applicable risk causes for Group management of the S and G risk drivers that impact the Group’s risk profile.

Volkswagen Bank GmbH Group’s goal when providing finance is to only accept ESG risks that it is able to assess with a high degree of effectiveness on the basis of broad-based expertise in the front office and back office units.

The integration of ESG aspects in lending started in dealer business and now forms an integral part of the identification of ESG risks for all corporate customers in risk-relevant business. Several instruments were included in the lending and decision-making processes.

An ESG questionnaire entitled “ESG-Scoring light” was introduced in 2022 and covers the following perspectives:

- Climate protection (emission reduction and energy supplies) and environmental protection as well as the sparing use of raw materials and energy in the “Climate and Environment” segment.
- Within “Social”, it takes account of occupational health and safety as well as employee co-determination.
- The “Governance” pillar covers aspects related to good corporate governance and compliance.

“ESG-Scoring light” is not a self-evaluation performed only by the customer. In accordance with our commitment to supporting corporate customers on their transformation journeys, the front office staff use the questionnaire as an opportunity for initiating close talks with customers on ESG matters and on their future orientation and transformation towards a sustainability strategy. This is used as a basis for calculating an ESG score. Potential findings from these conversations may find their way into customers’ transformation processes. Most of the dealerships had completed the "ESG-Scoring light" evaluation by the end of 2023. Most dealers achieved an overall "green" or "amber" rating in the traffic-light system.

As part of the corporate analysis performed by the back office, the credit analysts comment on the key ESG questions in the form of a further standardized questionnaire, the "key ESG questions", which is incorporated in the loan documentation and decision. These "ESG guide questions" also address all three ESG pillars. The results of "ESG-Scoring light" should be considered and taken into account in the assessment of the "ESG guide questions". In addition, the Volkswagen Bank GmbH Group requests further ESG-relevant information from risk-relevant corporate customers and appraises any sustainability strategies or sustainability reports that may have been published by the borrowers.

The guidelines drawn up in connection with these instruments form a basis for employees' work and have been included in the German and European organization manuals. As part of the integration process, the Volkswagen Bank GmbH Group holds several internal conferences and training sessions for target groups for the three lines of defense, including front office, financial risk (back office) and internal audit.

The Volkswagen Bank GmbH Group follows high ethical principles in its business activities and complies with applicable German and European laws and regulations, for example on conflict management, anti-money laundering, anti-corruption and conflicts of interest, and also observes other regulatory requirements. At the end of 2023, criteria were also introduced as the basis for new business decisions by the Volkswagen Bank GmbH Group to exclude controversial industries/business areas aside from predefined uses. Among other things, these criteria support the transformation process as defined in the green loan framework. This ensures that allowance is made for strategic reorientation and that the Volkswagen Bank GmbH Group meets the requirements of a sustainable future.

The borrower in question is assigned to a sector on the basis of its primary business activity. If it engages in multiple business activities, these must be evaluated in greater detail. Existing loans are reviewed critically in the light of their defined purpose and sector classification.

The Volkswagen Bank GmbH classifies the following industries/businesses as controversial[1]:

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

The industries/businesses classified as controversial are evaluated annually or on an ad-hoc basis to duly allow for dynamic developments.

[1] Arms/arms production: Article 51 of the Charter of the United Nations acknowledges nations' right to defend themselves. This emphasizes the need for an army that is appropriately equipped and thus legitimizes the grant of finance to arms manufacturers, particularly in the light of recent geopolitical events.

The company has defined key risk indicators (KRIs) in order to appropriately manage sustainability-related matters and particularly sustainability risks. The following KRIs are currently being used:

KRI	Objective/Further Explanation
Intensity of CO_2 emissions from financed/leased vehicles	Monitoring the reduction of average vehicle emissions.
CO_2 footprint of business operations and IT	Identification of activities with the highest CO_2 emissions and derivation of possible savings and efficiency measures.
ESG-Scoring light	A limit has been defined for each market for the maximum share of the overall red ESG score. Compliance with this requirement is reviewed on a quarterly basis.
Sustainability Index (SI)	Reputational risk indicator, which reflects the relationship between customer expectations and the respective status quo based on surveys of our customers - it is not intended to decrease.

The inclusion in risk reporting of information on the treatment of climate and environmental risks constitutes another key priority in an ESG context. For this reason, the Management Board and the Supervisory Board of the Volkswagen Bank GmbH Group are informed of ESG risks on a quarterly basis as part of the risk management report. The Management Board and the Supervisory Board are able to assess the impact of ESG risks on the Bank’s risk profile on the basis of the aggregated data contained in these reports.

The latest Volkswagen Group Sustainability Report sets out further Group-wide regulations relating to environmental, social and governance matters and provides additional specific guidelines on how these issues area addressed within the Group.

QUANTITATIVE REPORTING

TABLE 29: BANKING BOOK – INDICATORS OF POTENTIAL TRANSITORY RISKS RELATING TO CLIMATE CHANGE: CREDIT QUALITY OF THE EXPOSURES BY SECTOR, EMISSIONS AND REMAINING TERM

	SECTOR/SUBSECTOR	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
			Of which non-performing exposures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counter-party) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	in € millions		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
1	**Exposures towards sectors that highly contribute to climate change***	**20.585,8**	**338,8**	**0.0**	**6.590,9**	**714,8**	**-538,7**	**-221,4**	**-303,3**	**33.508.051,9**	**32.402.212,1**	**0.0**	**21.130,2**	**279,8**	**302,7**	**4,6**	**1**
2	A - Agriculture, forestry and fishing	120,7	0,0	0.0	31,0	4,7	-4,4	-0,8	-1,9	11.880,5	5.673,6	0.0	119,0	1,8	0,0	0,0	2
3	B - Mining and quarrying	4,2	1,4	0.0	1,3	0,0	-0,1	0,0	-0,1	693,4	248,8	0.0	4,2	0,0	0,0	0,0	2
4	B.05 - Mining of coal and lignite	0,5	0,5	0.0	0,0	0,0	0,0	0,0	0,0	85,6	56,4	0.0	0,5	0,0	0,0	0,0	3
5	B.06 - Extraction of crude petroleum and natural gas	0,4	0,4	0.0	0,1	0,0	0,0	0,0	0,0	30,8	0,0	0.0	0,4	0,0	0,0	0,0	2
6	B.07 - Mining of metal ores	0,2	0,0	0.0	0,1	0,0	0,0	0,0	0,0	4,8	0,0	0.0	0,2	0,0	0,0	0,0	2
7	B.08 - Other mining and quarrying	2,7	0,0	0.0	0,9	0,0	-0,1	0,0	-0,1	501,3	157,2	0.0	2,7	0,0	0,0	0,0	2
8	B.09 - Mining support service activities	0,5	0,5	0.0	0,2	0,0	0,0	0,0	0,0	70,9	35,2	0.0	0,5	0,0	0,0	0,0	2
9	C - Manufacturing	1.686,4	1,5	0.0	149,9	39,7	-25,0	-3,9	-7,9	161.798,9	88.107,0	0.0	1.683,1	3,0	0,3	0,0	2
10	C.10 - Manufacture of food products	58,4	0,0	0.0	17,2	2,7	-1,7	-0,4	-1,1	15.352,2	7.037,8	0.0	58,2	0,2	0,0	0,0	2
11	C.11 - Manufacture of beverages	4,3	0,0	0.0	1,5	0,3	-0,2	0,0	-0,1	2.924,5	1.155,2	0.0	4,2	0,1	0,0	0,0	2
12	C.12 - Manufacture of tobacco products	0,2	0,0	0.0	0,1	0,0	0,0	0,0	0,0	2,8	0,0	0.0	0,2	0,0	0,0	0,0	2
13	C.13 - Manufacture of textiles	10,2	0,0	0.0	2,1	0,9	-0,4	0,0	-0,3	3.327,8	1.418,0	0.0	10,1	0,1	0,0	0,0	2
14	C.14 - Manufacture of wearing apparel	9,5	0,0	0.0	2,7	0,7	-0,6	-0,1	-0,4	1.910,1	890,2	0.0	9,2	0,3	0,0	0,0	2
15	C.15 - Manufacture of leather and related products	5,4	0,0	0.0	2,4	0,2	-0,1	-0,1	-0,1	1.377,6	718,5	0.0	5,3	0,0	0,0	0,0	2
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	40,1	0,0	0.0	8,3	1,7	-0,9	-0,1	-0,6	5.694,3	2.349,2	0.0	39,7	0,4	0,0	0,0	2
17	C.17 - Manufacture of pulp, paper and paperboard	3,2	0,0	0.0	1,2	0,0	-0,1	0,0	0,0	2.791,8	1.182,4	0.0	3,2	0,0	0,0	0,0	2
18	C.18 - Printing and service activities related to printing	16,2	0,0	0.0	4,3	0,5	-0,4	-0,1	-0,2	4.061,5	2.256,4	0.0	16,1	0,2	0,0	0,0	2
19	C.19 - Manufacture of coke oven products	0,1	0,1	0.0	0,1	0,0	0,0	0,0	0,0	42,8	28,8	0.0	0,1	0,0	0,0	0,0	1
20	C.20 - Production of chemicals	8,7	0,0	0.0	3,2	0,3	-0,3	-0,1	-0,1	5.639,3	2.628,2	0.0	8,7	0,1	0,0	0,0	2
21	C.21 - Manufacture of pharmaceutical preparations	1,8	0,0	0.0	0,3	0,3	-0,1	0,0	-0,1	1.211,5	404,4	0.0	1,7	0,0	0,0	0,0	2
22	C.22 - Manufacture of rubber products	15,1	0,0	0.0	4,1	0,8	-0,3	-0,1	-0,2	7.056,1	2.802,3	0.0	15,1	0,0	0,0	0,0	2
23	C.23 - Manufacture of other non-metallic mineral products	18,8	0,0	0.0	5,5	0,3	-0,2	-0,1	0,0	4.119,6	1.736,7	0.0	18,7	0,0	0,0	0,0	2
24	C.24 - Manufacture of basic metals	18,5	1,4	0.0	9,0	0,3	-0,2	-0,1	-0,1	14.655,1	12.883,0	0.0	18,4	0,1	0,0	0,0	1
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	1.284,6	0,0	0.0	28,6	3,6	-2,2	-0,7	-1,2	21.353,2	9.917,5	0.0	1.283,7	0,6	0,3	0,0	2
26	C.26 - Manufacture of computer, electronic and optical products	14,5	0,0	0.0	2,8	0,6	-0,4	0,0	-0,3	4.198,7	1.968,4	0.0	14,5	0,0	0,0	0,0	2
27	C.27 - Manufacture of electrical equipment	14,3	0,0	0.0	2,7	0,4	-0,2	0,0	-0,1	5.001,9	2.300,0	0.0	14,2	0,1	0,0	0,0	2
28	C.28 - Manufacture of machinery and equipment n.e.c.	39,2	0,0	0.0	10,9	1,1	-0,7	-0,2	-0,4	13.117,3	5.043,7	0.0	39,1	0,0	0,0	0,0	2
29	C.29 - Manufacture of motor vehicles, trailers and semi-trailers	16,0	0,0	0.0	9,3	20,5	-12,8	-0,5	-0,2	16.712,4	14.907,0	0.0	15,9	0,1	0,0	0,0	1
30	C.30 - Manufacture of other transport equipment	4,6	0,0	0.0	1,6	0,3	-0,1	0,0	-0,1	2.102,3	1.283,6	0.0	4,5	0,1	0,0	0,0	2

	SECTOR/SUBSECTOR	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
			Of which non-performing exposures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions (Mln EUR)			GHG financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	in € millions		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions						
31	C.31 - Manufacture of furniture	13,5	0,0	0.0	4,5	0,5	-0,4	-0,1	-0,2	3.100,4	1.304,4	0.0	13,3	0,1	0,0	0,0	2
32	C.32 - Other manufacturing	29,7	0,0	0.0	6,9	1,0	-0,7	-0,1	-0,5	7.165,2	3.244,4	0.0	29,6	0,1	0,0	0,0	2
33	C.33 - Repair and installation of machinery and equipment	59,5	0,0	0.0	20,8	2,9	-2,0	-0,5	-1,4	18.880,7	10.646,8	0.0	59,1	0,4	0,0	0,0	2
34	D - Electricity, gas, steam and air conditioning supply	13,9	13,9	0.0	3,9	0,4	-0,4	-0,1	-0,2	1.667,1	720,3	0.0	13,7	0,2	0,0	0,0	2
35	D35.1 - Electric power generation, transmission and distribution	12,5	12,8	0.0	3,6	0,4	-0,4	-0,1	-0,2	327,0	170,4	0.0	12,3	0,2	0,0	0,0	2
36	D35.11 - Production of electricity	8,0	8,0	0.0	1,9	0,3	-0,1	-0,1	-0,1	1.180,1	514,3	0.0	7,8	0,2	0,0	0,0	2
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	1,0	1,0	0.0	0,2	0,0	0,0	0,0	0,0	123,4	28,4	0.0	1,0	0,0	0,0	0,0	2
38	D35.3 - Steam and air conditioning supply	0,4	0,4	0.0	0,1	0,0	0,0	0,0	0,0	36,5	7,2	0.0	0,4	0,0	0,0	0,0	2
39	E - Water supply; sewerage, waste management and remediation activities	35,5	0,0	0.0	16,3	1,0	-1,1	-0,3	-0,5	6.044,4	2.291,2	0.0	35,3	0,2	0,0	0,0	2
40	F - Construction	1.329,7	0,0	0.0	405,6	84,2	-83,2	-12,4	-44,1	215.481,8	116.088,2	0.0	1.321,7	8,0	0,0	0,0	2
41	F.41 - Construction of buildings	227,1	0,0	0.0	66,1	19,8	-10,7	-1,9	-8,4	58.767,5	45.458,6	0.0	225,3	1,8	0,0	0,0	2
42	F.42 - Civil engineering	61,5	0,0	0.0	18,8	6,5	-3,1	-0,6	-2,5	9.708,7	3.262,1	0.0	61,3	0,2	0,0	0,0	2
43	F.43 - Specialised construction activities	1.041,1	0,0	0.0	320,7	58,0	-69,4	-9,8	-33,2	147.005,7	67.367,4	0.0	1.035,1	6,0	0,0	0,0	2
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	15.768,7	300,6	0.0	5.373,3	436,0	-308,7	-181,1	-196,5	32.298.967,5	31.759.835,3	0.0	15.355,2	172,4	241,1	0,0	1
45	H - Transportation and storage	883,2	21,3	0.0	381,8	114,2	-77,6	-14,1	-36,5	139.591,9	64.106,4	0.0	857,1	26,1	0,0	0,0	2
46	H.49 - Land transport and transport via pipelines	675,3	18,6	0.0	314,3	81,1	-63,2	-10,9	-25,3	90.927,3	33.769,9	0.0	650,1	25,2	0,0	0,0	3
47	H.50 - Water transport	13,1	2,2	0.0	1,0	0,0	-0,1	0,0	0,0	21.551,5	21.199,2	0.0	13,1	0,0	0,0	0,0	1
48	H.51 - Air transport	4,8	0,0	0.0	1,0	0,2	-0,1	0,0	-0,1	420,0	143,6	0.0	4,8	0,0	0,0	0,0	2
49	H.52 - Warehousing and support activities for transportation	109,2	0,5	0.0	36,1	17,5	-7,8	-1,3	-6,2	19.516,6	6.758,4	0.0	108,6	0,6	0,0	0,0	2
50	H.53 - Postal and courier activities	80,7	0,0	0.0	29,4	15,4	-6,5	-1,8	-4,8	7.176,5	2.235,2	0.0	80,5	0,3	0,0	0,0	2
51	I - Accommodation and food service activities	374,5	0,0	0.0	131,4	17,6	-19,9	-4,4	-7,4	36.833,0	20.943,9	0.0	371,5	3,0	0,0	0,0	2
52	L - Real estate activities	368,9	0,0	0.0	96,4	16,9	-18,3	-4,3	-8,3	115.860,3	74.926,9	0.0	237,8	65,2	61,3	4,6	5
53	**Exposures towards sectors other than those that highly contribute to climate change***	**5.592,1**	**0,0**	**0.0**	**1.765,1**	**144,0**	**-288,4**	**-45,1**	**-112,6**	**X**	**X**	**X**	**5.506,0**	**48,9**	**24,8**	**12,4**	**4**
54	K - Financial and insurance activities	0,0	0,0	0.0	0,0	0,0	0,0	0,0	0,0	X	X	X	0,0	0,0	0,0	0,0	
55	Exposures to other sectors (NACE codes J, M - U)	5.592,1	0,0	0.0	1.765,1	144,0	-288,4	-45,1	-112,6	X	X	X	5.506,0	48,9	24,8	12,4	2
56	**TOTAL**	**26.177,9**	**338,8**	**0.0**	**8.356,0**	**858,8**	**-827,1**	**-266,5**	**-415,9**	**33.508.051,9**	**32.402.212,1**	**0.0**	**25.504,6**	**328,7**	**327,6**	**17,0**	**1**

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

Table 29 is required to show those assets that are exposed to ESG risks as a result of the transition to a carbon-neutral economy. Here, the focus is particularly on exposures to non-financial corporates operating in carbon-intensive sectors. The volume that is not in line with the goals and agreements of the Paris Climate Agreement of the European Union must also be presented transparently.

To identify relevant corporates, the Volkswagen Bank GmbH's entire portfolio of financial and non-financial corporates was analyzed at the customer level. Classification based on NACE codes[2] was used to determine the corporates affected by exclusions in connection with the Paris-aligned EU benchmarks in points d) to g) and Art. 12.2. An analysis was performed to determine whether a corporate whose main activities corresponded to this NACE code came within one of the four categories. Where this was the case, the customer with the corresponding NACE code was classified as affected. Where such an evaluation was not possible, an expert opinion concerning the customer impact was derived from external data.

On balance, only a very small proportion of Volkswagen Bank GmbH's business involves sectors that are affected by the exclusion of the Paris-aligned EU benchmarks. The proportion stands at 1.65% in the case of nonfinancial corporates, with the total coming to only 1.29%.

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

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

TABLE 30: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE RISKS: EXPOSURES TO THE 20 MOST CARBON-INTENSIVE CORPORATES

	A	B	C	D	E
in € millions	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate)*	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1	0,1	0.00%	0.0	4	2

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

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

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

TABELLE 31: BANKING BOOK - INDICATORS OF POTENTIAL CLIMATE CHANGE TRANSITION RISK: ALIGNMENT METRICS

	A	B	C	D	E	F	G	
	Sector	NACE Sectors	Portfolio gross carrying amount (in € millions)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % *	Target (year of reference + 3 years)	
1	Automotive	All	38.022,54	Average grams of CO_2 per km: 141,94	Jun 30, 2024	33,9%	Not reported due to VW FS AG restructur-ing.	
2	Automotive		15.435,41	Average share of low carbon technologies: 9,2%	Jun 30, 2024	-85,7%	Not reported due to VW FS AG restructur-ing.	

* Point in Time (PiT) distance to 2030 NZE2050 scenario in % (for each metric)

General information

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

Alignment metric 1 – average carbon intensity

The average carbon intensity of the vehicles financed and leased comprises the Volkswagen Bank GmbH Group's entire vehicle-based portfolio as of June 30, 2024. Only the vehicle-related credit facilities for automotive dealers are excluded as these vehicles are still held in the inventory as of the reporting date. The average WLTP figure for the vehicles is used to calculate carbon intensity, applying a figure of 0 gCO_2/km for electric-only vehicles. The reason for this is that the IEA scenario targets are based on the vehicles' average direct emissions. Consequently, the emissions indirectly caused by the electricity consumption of electric vehicles are not included. In accordance with "IEA Net Zero by 2050", a target of 106 gCO_2/km was applied to calculate the distance. The carbon intensity of the vehicles financed and leased currently exceeds this target by just under 34%.

Alignment metric 2 – average share of low carbon technologies

The share of low carbon technologies refers to the share of PHEVs, BEVs and FCEVs in new contracts over the twelve months preceding the reporting date. The reason for taking the number of new contracts is that the IEA scenario metric is aligned to the proportion of these drive-train types in new registrations. The target defined in the "IEA NET Zero by 2050" scenario is for low carbon technologies to account for 64% of new registrations by 2030. Accordingly, the share of the Volkswagen Bank GmbH Group's new contracts is 86% below this target.

TABLE 32: BANKING BOOK – INDICATORS OF POTENTIAL CLIMATE CHANGE PHYSICAL RISK: EXPOSURES SUBJECT TO PHYSICAL RISK

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O
		Gross carrying amount (Mln EUR)													
		of which exposures sensitive to impact from climate change physical events													
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	of which Stage 2 exposures	of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	Europe		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	of which non-performing exposures
1	A - Agriculture, forestry and fishing	120,7	43,3	0,9	0,0	0,0	2	14,0	22,7	7,5	11,9	2,1	-1,4	-0,4	-0,9
2	B - Mining and quarrying	4,2	1,6	0,0	0,0	0,0	2	0,5	0,9	0,2	0,7	0,0	0,0	0,0	0,0
3	C - Manufacturing	1.686,4	169,7	1,9	0,3	0,0	2	49,1	95,6	27,2	59,1	8,3	-5,8	-1,7	-3,6
4	D - Electricity, gas, steam and air conditioning supply	13,9	3,6	0,0	0,0	0,0	2	0,9	2,4	0,4	0,9	0,1	-0,1	0,0	-0,1
5	E - Water supply; sewerage, waste management and remediation activities	35,5	14,5	0,0	0,0	0,0	3	3,0	6,6	4,9	9,0	0,6	-0,5	-0,1	-0,3
6	F - Construction	1.329,7	431,9	4,5	0,0	0,0	2	79,3	301,5	55,6	158,0	47,0	-28,7	-5,0	-23,0
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	15.768,7	3.658,0	65,1	183,0	0,0	1	584,0	2.853,5	468,6	1.582,6	193,3	-97,7	-23,9	-63,3
8	H - Transportation and storage	883,2	326,5	21,9	0,0	0,0	3	55,4	240,6	52,4	168,1	67,1	-20,7	-5,6	-14,7
9	L - Real estate activities	368,9	80,9	22,5	18,7	4,6	6	34,3	82,5	9,9	41,7	10,0	-5,5	-2,3	-2,8
10	Loans collateralised by residential immovable property	0,0	0,0	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
11	Loans collateralised by commercial immovable property	1.927,7	26,9	23,1	36,2	130,9	3	17,3	186,2	13,7	31,1	38,5	-9,8	-0,6	-7,1
12	Repossessed colalterals	0,0	0,0	0,0	0,0	0,0	0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
13	Other relevant sectors (breakdown below where relevant)	5.966,6	2.193,6	34,5	21,3	0,0	2	456,0	1.588,2	205,2	568,7	150,8	-104,8	-15,9	-76,8

Table 32 requires the disclosure of information on banking book positions (including loans and advances, debt securities, and equity instruments not held for trading or sale) with nonfinancial corporates, loans secured by real estate, and repossessed real estate collateral that are particularly exposed to the physical risks of climate change and related chronic and acute climate-related hazards. The exposures identified are allocated to those economic sectors (NACE sectors) and geographic areas in which the counterparty operates or the asset underlying the collateral is located that are subject to acute and chronic climate change events.

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

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

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

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

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

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

TABLE 33: SUMMARY OF THE KEY PERFORMANCE INDICATORS (KPI) FOR TAXONOMY-ALIGNED ASSETS

	KPI			
	Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	% coverage (over total assets)*
GAR stock	**1.28%**	0.0	1.28%	22.03%
GAR flow	0.09%	0.0	0.09%	13.59%

*% of assets covered by the KPI over banks´ total assets

TABLE 34: ASSETS INCLUDED IN THE CALCULATION OF GAR

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
																	Disclosure reference date T
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	in million €	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transi-tional/ad-aptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	19.988,2	19.545,5	811,7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.545,49	811,66	0.0	0.0	0.0
2	**Financial corporations**	505,7	63,1	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	63,05	0,00	0.0	0.0	0.0
3	Credit institutions	505,7	63,1	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	63,05	0,00	0.0	0.0	0.0
4	Loans and advances	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
5	Debt securities, including UoP	505,7	63,1	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	63,05	0,00	0.0	0.0	0.0
6	Equity instruments	0,0	0,0	0,0	X	0.0	0.0	0.0	0.0	X	0.0	0.0	0,00	0,00	X	0.0	0.0
7	Other financial corporations	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
8	of which investment firms	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
9	Loans and advances	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
10	Debt securities, including UoP	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
11	Equity instruments	0,0	0,0	0,0	X	0.0	0.0	0.0	0.0	X	0.0	0.0	0,00	0,00	X	0.0	0.0
12	of which management companies	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Disclosure reference date T															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	in million €	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transi-tional/ad-aptation	Of which enabling
13	Loans and advances	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
14	Debt securities, including UoP	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
15	Equity instruments	0,0	0,0	0,0	X	0.0	0.0	0.0	0.0	X	0.0	0.0	0,00	0,00	X	0.0	0.0
16	of which insurance undertakings	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
17	Loans and advances	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
18	Debt securities, including UoP	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
19	Equity instruments	0,0	0,0	0,0	X	0.0	0.0	0.0	0.0	X	0.0	0.0	0,00	0,00	X	0.0	0.0
20	**Non-financial corporations (subject to NFRD disclosure obligations)**	0,1	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
21	Loans and advances	0,1	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
22	Debt securities, including UoP	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
23	Equity instruments	0,0	0,0	0,0	X	0.0	0.0	0.0	0.0	X	0.0	0.0	0,00	0,00	X	0.0	0.0
24	**Households**	19.482,4	19.482,4	811,7	0.0	0.0	0.0	0.0	0.0	X	X	0.0	19.482,44	811,66	0.0	0.0	0.0
25	of which loans collateralised by residential immovable property	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	X	X	0.0	0,00	0,00	0.0	0.0	0.0
26	of which building renovation loans	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	X	X	0.0	0,00	0,00	0.0	0.0	0.0
27	of which motor vehicle loans	19.482,4	19.482,4	811,7	0.0	0.0	0.0	0.0	0.0	X	X	0.0	19.482,44	811,66	0.0	0.0	0.0
28	**Local governments financing**	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
																	Disclosure reference date T
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	in million €	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transi-tional/ad-aptation	Of which enabling
29	Housing financing	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
30	Other local governments financing	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
31	Collateral obtained by taking possession: residential and commercial immovable properties	0,0	0,0	0,0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0,00	0,00	0.0	0.0	0.0
32	**TOTAL GAR ASSETS**	19.988,2	19.545,5	811,7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	19.545,49	811,66	0.0	0.0	0.0
	Assets excluded from the numerator for GAR calculation (covered in the denominator)																
33	**EU Non-financial corporations (not subject to NFRD disclosure obligations)**	23.649,8	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
34	Loans and advances	23.642,1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
35	Debt securities	0,0	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
36	Equity instruments	7,7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
37	**Non-EU Non-financial corporations (not subject to NFRD disclosure obligations)**	2.535,8	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
38	Loans and advances	2.535,8	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
39	Debt securities	0,0	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
40	Equity instruments	0,0	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
41	Derivatives	3,1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
42	On demand interbank loans	354,2	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
43	Cash and cash-related assets	1,7	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Disclosure reference date T															
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)			
	in million €	Total gross carrying amount			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transi-tional/ad-aptation	Of which enabling
44	Other assets (e.g. Goodwill, commodities etc.)	16.746,6	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
45	**TOTAL ASSETS IN THE DENOMINATOR (GAR)**	63.279,4	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
	Other assets excluded from both the numerator and denominator for GAR calculation																
46	Sovereigns	2.030,6	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
47	Central banks exposure	25.410,1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
48	Trading book	0,0	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
49	**TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR**	27.440,8	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
50	**TOTAL ASSETS**	90.720,1	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

In addition to the assets classified as debt securities towards companies that are subject to disclosure in accordance with Articles 19a or 29a of Directive 2013/34/EU and in accordance with Commission Implementing Regulation (EU) 2021/2178, Volkswagen Bank GmbH includes “motor vehicle loans” to “households” (Activity 6.5) in the numerator of the “green asset ratio” (GAR).
Also included, but of minor importance, are assets classified as “loans and advances” to companies that are subject to disclosure requirements in accordance with Articles 19a or 29a of Directive 2013/34/EU and Commission Implementing Regulation (EU) 2021/2178.

Real estate financing, which could otherwise be allocated to one of the Group 7 activities in accordance with the annexes to Commission Delegated Regulation (EU) 2021/2139, is not included due to the minor volumes involved.

Where it is necessary to test tires in order to determine the taxonomy alignment of vehicle financing, the financed gross book value is weighted using the procurement ratios for the potentially fitted tires, as information on the tires actually fitted is not available.

Volkswagen Bank GmbH assumes on the basis of an exchange with the Volkswagen Group that the “Do-No-Significant-Harm” (DNSH) criteria in connection with vehicle finance are fulfilled by the EU type approval procedure, as well as the performance of test drives and the observance of recycling requirements. Only vehicles from the Volkswagen Group are taken into account, as corresponding information from other manufacturers cannot be obtained.

Volkswagen Bank GmbH only considers electric-only vehicles in the “use-of-proceeds-known” cases of vehicle financing, as it cannot generally be assumed that the DNSH criterion for the prevention and reduction of environmental pollution with respect to observance of the emission limits for clean light commercial vehicles is complied with.

TABLE 35: GAR (%)

		Â	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
		Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered
	% (compared to total covered assets in the denominator)		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable				
				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
1	**GAR**	**30.9%**	**1.3%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**30.9%**	**1.3%**	**0.0%**	**0.0%**	**0.0%**	**22.0%**
2	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	97.8%	4.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	97.8%	4.1%	0.0%	0.0%	0.0%	22.0%
3	Financial corporations	12.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.6%
4	Credit institutions	12.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	12.5%	0.0%	0.0%	0.0%	0.0%	0.6%
5	Other financial corporations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6	of which investment firms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7	of which management companies	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
8	of which insurance undertakings	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
9	Non-financial corporations subject to NFRD disclosure obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
10	Households	100.0%	4.2%	0.0%	0.0%	0.0%	X	X	X	X	X	100.0%	4.2%	0.0%	0.0%	0.0%	21.5%
11	of which loans collateralised by residential immovable property	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
12	of which building renovation loans	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
13	of which motor vehicle loans	100.0%	4.2%	0.0%	0.0%	0.0%	X	X	X	X	X	100.0%	4.2%	0.0%	0.0%	0.0%	21.5%
14	Local government financing	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
15	Housing financing	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
16	Other local governments financing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
17	Collateral obtained by taking possession: residential and commercial immovable properties	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF
Disclosure date T: KPI movement															
Climate change mitigation (CCM)					Climate change adaptation (CCA)					TOTAL (CCM + CCA)					
Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-eligible)					Proportion of total recognized assets
	Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-aligned)					Proportion of total recognized assets financed by taxonomy-relevant sectors (taxonomy-aligned)				
			Of which special loans	Of which transitional activities	Of which enabling activities			Of which special loans	Of which adaptation activities	Of which enabling activities			Of which special loans	Of which transitional/adaptation activities	
40.4%	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**40.4%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**13.6%**
100.0%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.6%	0.0%	0.0%	0.0%	13.6%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
100.0%	0.2%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	100.0%	0.2%	0.0%	0.0%	0.0%	13.6%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
100.0%	0.2%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	100.0%	0.2%	0.0%	0.0%	0.0%	13.6%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	X	X	X	X	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Leverage

QUALITATIVE DISCLOSURE OF THE LEVERAGE RATIO

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

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

QUANTITATIVE DISCLOSURE OF THE LEVERAGE RATIO

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

TABLE 36: EU LR1 – LRSUM – SUMMARY RECONCILIATION OF ACCOUNTING ASSETS AND LEVERAGE RATIO EXPOSURES

		A
	in € millions	Applicable amount
1	Total assets as per published financial statements	87,504.4
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	1,709.5
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0.0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0.0
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from total exposure measure in accordance with point (i) of Article 429a(1) CRR)	–1.4
6	Adjustment for regularway purchases and sales of financial assets subject to trade date accounting	0.0
7	Adjustment for eligible cash pooling transactions	0.0
8	Adjustments for derivative financial instruments	–4.5
9	Adjustment for securities financing transactions (SFTs)	0.0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,475.3
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0.0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0.0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	0.0
12	Other adjustments	–888.8
13	**Total exposure measure**	**90,794.5**

The following table provides an overview of the individual components of the total exposure measure and compares the current reporting period with June 30, 2023.

TABLE 37: EU LR2 – LRCOM – LEVERAGE RATIO COMMON DISCLOSURE

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
	in € millions	Jun 30, 2024	Dec 31, 2023
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	88,378.2	73,549.5
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0.0	0.0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0.0	0.0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0.0	0.0
5	(General credit risk adjustments to on-balance sheet items)	0.0	0.0
6	(Asset amounts deducted in determining Tier 1 capital)	–271.1	–1,094.3
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	**88,107.1**	**72,455.2**
Risikopositionen aus Derivaten			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	78.2	427.2
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0.0	0.0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	133.9	57.4
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0.0	0.0
EU-9b	Exposure determined under Original Exposure Method	0.0	0.0
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0.0	0.0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0.0	0.0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (original Exposure Method)	0.0	0.0
11	Adjusted effective notional amount of written credit derivatives	0.0	0.0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0.0	0.0
13	**Total derivatives exposures**	**212.1**	**484.6**
Risikopositionen aus Wertpapierfinanzierungsgeschäften (SFTs)			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	0.0	0.0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0.0	0.0
16	Counterparty credit risk exposure for SFT assets	0.0	0.0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	0.0	0.0
17	Agent transaction exposures	0.0	0.0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0.0	0.0
18	**Total securities financing transaction exposures**	**0.0**	**0.0**
Securities financing transaction (SFT) exposures			
19	Off-balance sheet exposures at gross notional amount	14,204.1	14,224.6
20	(Adjustments for conversion to credit equivalent amounts)	–11,728.9	–11,686.7
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0.0	0.0
22	Off-balance sheet exposures	2,475.3	2,538.0
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	0.0	0.0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))	0.0	0.0
EU-22c	(-) (Excluded exposures of public development banks (or units) - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	0.0	0.0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	0.0	0.0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0.0	0.0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0.0	0.0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	0.0	0.0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	0.0	0.0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0.0	0.0
EU-22k	**(Total exempted exposures)**	**0.0**	**0.0**
Capital and total exposure measure			

		CRR LEVERAGE RATIO EXPOSURES	
		a	b
	in € millions	Jun 30, 2024	Dec 31, 2023
23	Tier 1 capital	10,618.5	9,600.6
24	**Total exposure measure**	**90,794.5**	**75,477.8**
Leverage ratio			
25	Leverage ratio (%)	11.70%	12.72%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	11.70%	12.72%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	11.70%	12.72%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	**Overall leverage ratio requirement (%)**	**3.00%**	**3.00%**
Choice on transitional arrangements and relevant exposures			
EU-27	Choice on transitional arrangements for the definition of the capital measure	n/a	n/a
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0.0	0.0
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0.0	0.0
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	90,794.5	75,477.8
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	90,794.5	75,477.8
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.70%	12.72%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	11.70%	12.72%

The leverage ratio excluding the impact of any temporary exclusions for central bank reserves stands at 11.70% in the current reporting period. This ratio corresponds to the leverage ratio including the impact of any temporary exclusions for central bank reserves. This is due to the fact that Volkswagen Bank GmbH does not make use of the option to temporarily apply the exemption for central bank reserves.

TABLE 38: EU LR3 – LRSPL – SPLIT-UP OF ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES, SFTS AND EXEMPTED EXPOSURES)

		A
	in € millions	CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	88,378.2
EU-2	Trading book exposures	0.0
EU-3	Banking book exposures, of which:	88,378.2
EU-4	Covered bonds	294.1
EU-5	Exposures treated as sovereigns	29,235.7
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	8.5
EU-7	Institutions	784.9
EU-8	Secured by mortgages of immovable properties	0.0
EU-9	Retail exposures	31,065.4
EU-10	Corporates	21,404.3
EU-11	Exposures in default	1,010.2
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4,575.0

As a non-trading book institution, Volkswagen Bank GmbH has on-balance-sheet exposures of €88.4 billion that are held solely in the banking book. At 35.2%, retail risk exposures of €31.1 billion constitute the largest item.

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