Convenience translation

Joint report

on the amendment of the intercompany agreement

between

VOLKSWAGEN AG, Wolfsburg,

and

Volkswagen Bank GmbH, Braunschweig,

1. Introduction

On 27.11.2014, Volkswagen Financial Services AG and Volkswagen Bank GmbH (hereinafter also: subsidiary company) concluded a profit transfer agreement (hereinafter referred to as "agreement"), which was transferred from Volkswagen Financial Services AG to VOLKSWAGEN AG (hereinafter referred to as "VW AG") by way of spin-off with effect from 01.09.2017. This agreement is to be adapted to changing regulatory frameworks.

In order to be effective, the amendments to the agreement require the approval of the Annual General Meeting of VW AG and the shareholders' meeting of the subsidiary company as well as entry in the commercial register at the registered office of the subsidiary company. The fundamental effectiveness of the profit transfer agreement since 27.11.2014 remains unaffected by the changes. It is a mere amendment and not a new conclusion of the profit transfer agreement.

In order to inform the shareholders of both companies and to prepare their respective resolutions, the Board of Management of VW AG and the management of the subsidiary company jointly submit the following report pursuant to Section 293a of the German Stock Corporation Act ("AktG").

2. Contracting Parties

a) Volkswagen Aktiengesellschaft

VW AG, headquartered in Wolfsburg and registered in the commercial register of the local court of Braunschweig under HRB 100484, is the listed parent company of the Volkswagen Group. The statutory share capital of VW AG is 1. EUR 283,315,873.28 and is divided into 295,089,818 ordinary shares and 206,205,445 preference shares. The shares are no-par value shares and bearer shares. The fiscal year is the calendar year.

The object of VW AG is the manufacture and sale of vehicles and engines of all kinds, their accessories as well as all plants, machines, tools and other technical products. The Company is entitled to carry out all transactions and take all measures that are related to the purpose of the company or appear to be directly or indirectly beneficial. It may also establish branches at home and abroad, incorporate other companies, acquire or participate in such companies.

Members of the Management Board are Oliver Blume (Chairman), Dr. Arno Antlitz, Ralf Brandstätter, Dr. Manfred Döss, Markus Duesmann, Gunnar Kilian, Thomas Schäfer, Thomas Schmall-von Westerholt, Hauke Stars.

As parent company of the Volkswagen Group, VW AG develops vehicles and components for the Group brands on the one hand, and produces and sells passenger cars and light commercial vehicles of the Volkswagen brand on the other hand. In its function as parent company, VW AG also holds direct and indirect interests in AUDI AG, SEAT S.A., ŠKODA AUTO A.S., Scania AB, MAN SE, Dr. Ing. h.c. F. Porsche AG, the subsidiary company and numerous other companies in Germany and abroad.

b) Volkswagen Bank GmbH

Volkswagen Bank GmbH, headquartered in Braunschweig and registered in the commercial register of the local court of Braunschweig under HRB 1819, is a credit institution within the Volkswagen Group. The statutory share capital of Volkswagen Bank GmbH amounts to EUR 318,279,200. The fiscal year is the calendar year.

The object of Volkswagen Bank GmbH is the operation of banking transactions, financial services and similar transactions in accordance with Section 1 of the German Banking Act (Kreditwesengesetz, "KWG") with the exception of the banking transactions referred to in Section 1 (1) sentence 2 number 1a, number 5, number 12 and (1a) sentence 2 number 1b KWG as well as all services that appear directly or indirectly conducive to the purposes of VW AG or the Volkswagen Group. The Company may, at home and abroad, establish other companies, acquire or participate in them, establish branches and operate all other transactions that are useful to its purpose.

Members of the Management Board are Dr. Michael Reinhart, Oliver Roes, Christian Löbke and Dr. Volker Stadler.

VW AG directly holds 100% of the shares in Volkswagen Bank GmbH.

3. Legal and economic reasons for amending the profit transfer agreement

Volkswagen Bank GmbH – until 31.08.2017 as part of the Volkswagen Financial Services AG Group – has been subject to supervision by the European Central Bank ("ECB") since 04.11.2014. The amendment to the profit transfer agreement concluded on 27.11.2014 is intended to adapt it to the changed regulatory framework conditions as a precautionary measure.

The adequacy of the capital adequacy of the Volkswagen Bank GmbH Group is monitored on an ongoing basis by European banking supervision. Following an amendment to the Capital Requirements Regulation ("CRR"), in particular by inserting Article 28 (3) sentence 2 letter d) and f) CRR by Regulation (EU) 2019/876 of 20 May 2019, the share capital is only deemed to be prudential eligible Common Equity Tier 1 capital if the profit transfer agreement meets certain requirements. On the one hand, it needs to be clarified that, when preparing the annual accounts, the controlled company has discretion to reduce the amount of profit transfers, because it can allocate amounts from the profit for the year to its retained earnings, provided that this is permissible under commercial law and economically justified on the basis of reasonable commercial judgement. On the other hand, the requirements for the terminability of the agreement and the effects of the termination must be clarified. In order to counter the risk that the conformity of the previous contractual clauses with the new requirements is not recognised, the company agreement is to be adapted in a CRR-compliant manner.

In addition, the profit transfer agreement is to remain essentially unchanged with regard to profit transfer.

Pursuant to Sections 14 et seq. of the Corporation Tax Act (Körperschaftsteuergesetz, "KStG"), the existence of a profit transfer agreement is a mandatory prerequisite for a corporation and trade tax group between the subsidiary company as a controlled company and VW AG as the

controlling company. The corporation and trade tax group results in a combined taxation of the subsidiary company as a controlled company and VW AG as the controlling company. This has the advantage that positive and negative results of the subsidiary company can be offset simultaneously with negative or positive results of VW AG and other companies in the group of companies. As a result, Group tax cash flow and Group tax expense can be optimized.

In order to ensure the tax group, binding information was obtained from the competent tax office with the result that the adjustments in the profit transfer agreement are to be classified as harmless to the tax group. In addition, the responsible tax office confirmed that the adjustments are not to be assessed as a conclusion of a new agreement.

4. Explanation of the profit transfer agreement

The main provisions of the agreemeent are as follows:

a) Pursuant to Paragragh 1(1) of the agreement, the subsidiary is obliged to transfer its entire profit to VW AG. Paragraph 2 of the agreement is decisive for the determination of profit on the basis of the reference in Paragraph 1(1) of the agreement, i.e. the profit is to be determined in accordance with the provisions of commercial law, in particular the provisions on distribution locks and in compliance with the provisions applicable to corporation tax at the time. In addition, Paragraph 1(2) to (4) of the agreement must be taken into account when transferring profits.

   Under Paragraph 1(2) of the agreement, the subsidiary company may, at its discretion, reduce the amount from the transfer of profits or build up other reserves from its profit for the year if and to the extent permitted by commercial law and reasonably necessary in commercial terms. What is new is that the consent of VW AG is not required for this. The subsidiary company may therefore allocate part or all of its profits to other reserves or to special items for general banking risks. Other reserves that are built up during the term of the agreement shall, insofar as this is justified from a reasonable commercial point of view, in particular in compliance with banking supervisory requirements, be released at the request of VW AG and used to offset an annual loss or transferred to VW AG as profit. The provision takes account of the provision in Section 14 (1) sentence 1 no. 4 KStG, according to which the formation of reserves is recognised for tax purposes only to the extent that it is economically justified in a commercial assessment. The necessity of compliance with banking supervisory requirements arises from the position of the subsidiary company as a parent company of an institution group within the meaning of Article 11 of the CRR. The subsidiary company is responsible for an adequate equity base of the institute group, which is governed by Article 92 CRR, Sections 10 to 10j and 25 a of the German Banking Act (Kreditwesengesetz, “KWG”) as well as various national and European regulations. The formation and release of reserves, which are part of the regulatory capital, must or can therefore only take place if the minimum supervisory requirements for the adequacy of the capital adequacy of the group of institutions are complied with.

   The transfer of income from the liquidation of other reserves created before the commencement of the agreement is excluded pursuant to Paragraph 1(3) of the agreement. This can already be indirectly derived by way of a contrario conclusion from Section 301

sentence 2 AktG. However, the express provision in Paragraph 1(3) of the agreement ensures legal clarity and certainty in that regard.

Pursuant to Paragraph 1 (4) of the Agreement, the provisions of Sections 291 et seq. AktG, in particular Sections 300 No. 1 and 301 AktG, as amended, must be observed. Pursuant to Section 300 No. 1 AktG, the amount required to replenish the statutory reserve evenly to tenth or the higher portion of the share capital specified in the Articles of Association, with the addition of a capital reserve, must be allocated to the statutory reserve, with the addition of a capital reserve, within the first five financial years beginning during the existence of the agreement or after a capital increase has been carried out, but at least the amount determined in Section 300 No. 2 AktG. Pursuant to Section 301 sentence 1 AktG, irrespective of which agreements have been made on the calculation of the profit to be transferred, a company may deduct as its profit at most the annual net income arising without the profit transfer, less a loss carried forward from the previous year, the amount to be allocated to the statutory reserves pursuant to Section 300 AktG and the amount to be allocated pursuant to Section 268 (8) of the German Commercial Code (Handelsgesetzbuch, "HGB"). If amounts have been allocated to other retained earnings during the term of the agreement, these amounts may be withdrawn from other retained earnings and transferred as profit in accordance with Section 301 sentence 2 AktG.

b) Paragraph 2 of the agreement provides that the profits and losses of the subsidiary company are to be determined in accordance with the provisions of commercial law, in particular the rules on distribution blocks, and in compliance with the provisions applicable to corporation tax from time to time. The dynamic reference ensures that even in the event of changes to the provisions of the KStG, the provisions relevant to the agreement must be taken into account.

c) Pursuant to Paragraph 3 sentence 1 of the agreement, VW AG is obliged to compensate for any losses incurred by the subsidiary company during the term of the agreement. The obligation does not exist to the extent that the loss can be offset by withdrawing amounts from the other retained earnings pursuant to Section 272 (3) HGB that were allocated to them during the term of the agreement. The obligation to offset losses ensures that the initial equity capital is not reduced during the term of the agreement. This secures the property interests of the subidiary company, its shareholders and its creditors.

In accordance with Paragraph 3 sentence 2 of the agreement, Sections 291 et seq. AktG in their currently valid version must also be observed. The dynamic reference ensures that the provisions relevant to the agreement also apply to amendments to Sections 291 et seq. AktG.

d) According to Paragraph 4 sentence 1 of the agreement, VW AG is entitled at any time to inspect books and other business documents of the subsidiary company. According to Paragraph 4 sentence 2 of the agreement, the management of the subsidiary company must provide all information about the affairs of its company at any time at the request of VW AG. The provision in Paragraph 4 of the agreement serves to clarify and specifically regulate and shape VW AG's right to information and the subidiary company's duty to provide information.

e) Even with an amendment of the agreement, the profit transfer agreement remains concluded for an indefinite period of time pursuant to Paragraph 5 (1) as of 27.11.2014. It is a mere amendment and not a conclusion of a new profit transfer agreement. According to Paragraph 5 (2), it cannot be terminated before the expiry of ten years, starting from 27.11.2014. This ensures that the conditions for the intended tax group are met, because the agreement must be concluded for at least five years pursuant to Section 14 (1) sentence 1 no. 3 sentence 1 KStG and must be carried out for its entire period of validity. During this minimum term of the agreement, VW AG and the subsidiary company cannot or could not terminate the agreement properly.

In accordance with Paragraph 5 (2) sentences 2 and 3, the agreement can only be terminated in writing at the end of a financial year of the subsidiary company after expiry of the minimum term with a notice period of two years. The effect of a termination takes effect at the beginning of the following financial year. VW AG remains obliged to grant the subsidiary company full compensation for all losses incurred during the current fiscal year. The contractual obligation of the subsidiary company to transfer the profits incurred during the current financial years remains unaffected. Pursuant to Paragraph 5 (2) sentence 4 of the agreement, compliance with the deadline depends on the date of receipt of the letter of termination by the other company. The termination at the end of the financial year is intended to ensure that the agreement runs in line with the respective financial year. The written form requirement, as well as the provision pursuant to Paragraph 5 (2) sentence 4 of the agreement on the time of receipt of the letter of termination, serves to clarify the procedure to be followed and thus to ensure legal certainty for VW AG and the subsidiary company. The notice period of two years serves as planning security during a stress test. The reference to the effects of the dismissal has been newly inserted. This passage takes the corresponding wording of Art. 28(3) letter f) of Regulation (EU) 2019/876 of 20 May 2019, thereby clarifying that the prudential requirements are met.

In addition to the right to ordinary termination, there is a right to extraordinary termination pursuant to Section 297 AktG by operation of law. Thereafter, VW AG and the subsidiary company may in principle terminate the contract for good cause without observing a period of notice. An important reason exists, in particular, if VW AG is unlikely to be able to fulfil its obligations under this contract. An important reason also exists if, after weighing all circumstances, the contractual party willing to terminate can no longer be expected to continue the contractual relationship. Notice of termination must be in writing. The reference to the applicability of Section 10 (5) KWG, which has only declaratory effect, has been newly inserted. Accordingly, Section 297 (1) AktG is not applicable if the purpose of the capital transfer is the transfer of own funds within the meaning of Art. 72 CRR.

According to Paragraph 5 (3), an amendment of the agreement is possible if banking supervisory requirements so require. From 1 January 2014, the provisions of the CRR in conjunction with the technical regulatory standards of European Banking Supervision and the supplementary legal regulations in national law will apply. These new rules are subject to a constant legal interpretation by European Banking Supervision, which in turn could also affect the provisions of this agreement. Paragraph 5 (3) of the agreement therefore makes it clear that the agreement may be adapted if this is necessary to comply with banking supervision law. Due to the provisions of stock corporation law, amendments to the agreement require the written consent of the general meeting or shareholder meeting of

both contracting parties and entry in the commercial register of the subsidiary company in addition to the written form.

If the contract ends, Paragraph 5(4) of the agreement provides that VW AG must provide security to the creditors of the subsidiary company pursuant to Section 303 AktG. According to Section 303 AktG, the obligation to provide security exists vis-à-vis creditors whose claims have been substantiated before the entry of the termination of the contract in the commercial register pursuant to Section 10 HGB has been published, if the creditors report to VW AG for this purpose within six months of the announcement of the entry. The right to demand security does not belong to creditors who, in the event of insolvency proceedings, have a right to preferential satisfaction from a cover pool established by law for their protection and supervised by the State. Instead of providing security, VW AG can vouch for the claim, whereby Section 349 HGB on the exclusion of the defence of the advance claim does not apply in this case.

5. No compensation and no severance payment, no contract review

VW AG directly holds 100% of the shares in the subsidiary company. There are no outside shareholders. Accordingly, compensation payments or severance payments to outside shareholders pursuant to Sections 304 and 305 AktG are not to be granted. In addition, there is no need for a contract review pursuant to Section 293b (1) AktG or an audit report pursuant to Section 293e AktG. In the absence of compensation payments and severance payments, it is also not necessary to evaluate the contracting companies in order to determine appropriate compensation or severance payments.

6. Consequences for shareholder participation

By means of the agreement, the subsidiary company subordinates the management of its company to VW AG, which is accordingly entitled to issue instructions to the management board of the subsidiary company. Under the agreement, the subsidiary company also undertakes to transfer its entire profit to VW AG, provided that the subsidiary company does not exercise its discretion to build up reserves. This is offset by VW AG's obligation to compensate for any annual loss otherwise incurred by the subsidiary company during the term of the agreement. Apart from this, there are no special consequences for the shareholders of VW AG, in particular because, in the absence of outside shareholders of the subsidiary company, no compensation or severance payments are owed.

Wolfsburg, 7 March 2023

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