

VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

ANNUAL REPORT

IFRS

2025

Key Figures

VOLKSWAGEN FINANCIAL SERVICES AG

| € million (as of Dec. 31) | 2025 | 2024 restated ¹ |
|---|---------|-------------------------------|
| Total assets | 202,271 | 191,719 |
| Loans to and receivables from customers attributable to | | |
| retail financing | 33,308 | 30,661 |
| dealer financing | 19,985 | 18,898 |
| leasing business | 53,614 | 53,264 |
| Lease assets | 56,205 | 46,779 |
| Deposits received in the direct banking business | 66,692 | 56,442 |
| Equity | 32,447 | 31,576 |
| Operating profit | 2,360 | 1,205 |
| Profit before tax | 2,436 | 1,189 |

1 Adjustment to prior-year figures in accordance with the explanations in chapter "Changes to Prior-Year Figures" of the notes.

| in percent (as of Dec. 31) | 2025 | 2024 restated ¹ |
|---|------|-------------------------------|
| Overhead ratio ² | 1.09 | 1.1 |
| Equity ratio ³ | 16.0 | 16.5 |
| Return on equity ⁴ | 7.6 | 7.5 |
| Common Equity Tier 1 capital ratio ⁵ | 16.3 | 18.1 |
| Tier 1 capital ratio ⁵ | 16.3 | 18.1 |
| Total capital ratio ⁵ | 17.8 | 19.8 |

1 Prior-year figures restated (excluding overhead ratio).

2 Personnel expenses, nonpersonnel indirect expenses and recognized amortization and depreciation reduced by income from services rendered/average total assets.

3 Equity / total assets.

4 Profit before tax / average equity.

5 According to Article 92(1) of the CRR

| Number (as of Dec. 31) | 2025 | 2024 |
|------------------------|--------|--------|
| Employees | 10,414 | 10,340 |
| Germany | 6,321 | 6,387 |
| International | 4,093 | 3,953 |

| RATING (AS OF Dec. 31) | STANDARD & POOR'S | | | MOODY'S INVESTORS SERVICE | | | FITCH RATINGS LIMITED | | |
|----------------------------------|-------------------|-----------|----------|---------------------------|-----------|----------|-----------------------|-----------|----------|
| | Short-term | Long-term | Outlook | Short-term | Long-term | Outlook | Short-term | Long-term | Outlook |
| Volkswagen Financial Services AG | A-2 | BBB+ | negative | P-2 | Baa1 | stable | F1 | A- | negative |
| Volkswagen Bank GmbH | A-2 | BBB+ | stable | P-1 | A1 | negative | F1 | A | negative |

All figures in the report are rounded individually which may lead to minor discrepancies when added together. The prior-year comparison figures are shown in parentheses next to the figures for the current fiscal year.

| COMBINED MANAGEMENT REPORT | | CONSOLIDATED FINANCIAL STATEMENTS | | FURTHER INFORMATION | |
|-----------------------------------|--|--|--|----------------------------|---------------------------------|
| 5 | Fundamental Information about the Group | 73 | Income Statement | 229 | Responsibility Statement |
| 10 | Report on Economic Position | 74 | Statement of Comprehensive Income | 230 | Independent Auditor's Report |
| 22 | Volkswagen Financial Services AG (condensed, in accordance with the HGB) | 75 | Balance Sheet | 242 | Human Resources Report |
| 25 | Report on Opportunities and Risks | 77 | Statement of Changes in Equity | 244 | Report of the Supervisory Board |
| 66 | Report on Expected Developments | 78 | Cash Flow Statement | | |
| | | 79 | Notes to the Consolidated Financial Statements | | |

COMBINED MANAGEMENT REPORT

| | |
|-----------|--|
| 5 | Fundamental Information about the Group |
| 10 | Report on Economic Position |
| 22 | Volkswagen Financial Services AG (condensed, in accordance with the HGB) |
| 25 | Report on Opportunities and Risks |
| 66 | Report on Expected Developments |

Fundamental Information about the Group

The companies of the Volkswagen Financial Services AG Group provide a wide range of automotive financial services for retail and business customers.

BUSINESS MODEL

The Volkswagen Financial Services AG Group is a central and integrated provider of financial and mobility services within the Volkswagen Group. Its business activities are closely aligned with the manufacturers and dealer organizations of the Volkswagen Group.

The core responsibilities are:

- > To support sales of Group products for the benefit of the Volkswagen Group brands and their distribution partners
- > To strengthen customer loyalty to the Volkswagen Financial Services AG Group and the Group brands along the automotive industry value chain, including through the targeted use of digital products and mobility solutions
- > To create synergies for the Group by combining Group and brand requirements in the finance and mobility services areas
- > To generate and sustain a high level of return on equity for the Group

The business model comprises the following operating segments:

Financing

Vehicle-related financing products for retail and corporate customers, e.g. in the form of deferred payment credit and three-way financing, are distributed predominantly through the Volkswagen Group dealers. Financing products are also available to the authorized dealers themselves, in particular for inventory vehicles, working capital and investment loans.

Leasing business

This segment includes finance leasing and operating leasing for private and corporate customers, along with a range of mobility offerings covering periods from several days to multiple years, as well as fleet management services.

Direct banking

Volkswagen Bank GmbH primarily offers deposit products such as overnight money accounts, term deposits, and savings bonds for private and business customers. In addition, current accounts and various payment-transaction solutions are provided. The direct banking business is operated in Germany and through the Bank's branch in Poland.

Insurance and services

This segment includes, for example, comprehensive and third-party liability insurance products. It also covers credit protection insurance safeguarding customers against financial difficulties, such as unemployment, as well as insurance brokerage activities. Additional service products include tire replacement, maintenance and inspection contracts, and extended warranties.

ORGANIZATION OF VOLKSWAGEN FINANCIAL SERVICES AG

The restructuring program completed as of July 1, 2024, consisted of comprehensive cross-company organizational changes with the aim of laying the foundation for the successful implementation of the Group's strategy in the mobility sector, taking into account the regulatory framework. As a consequence of this, Volkswagen Financial Services AG, as a financial holding company, together with the German and European companies, including their respective subsidiaries and investees, is supervised by the European Central Bank (ECB). Significant subsidiaries of Volkswagen Financial Services AG include Volkswagen Bank GmbH and its wholly owned subsidiary, Volkswagen Leasing GmbH. Since the restructuring, the non-European companies have been grouped together in the Volkswagen Financial Services Overseas AG Group.

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

The Board of Management of Volkswagen Financial Services AG comprises six board departments. Until December 31, 2025, Dr. Christian Dahlheim, who is responsible for Corporate Management, which includes, for example, strategy, internal audit, integrity, compliance and communication, was Chair of the Management Board. Anthony Bandmann will take over as Chair of the Management Board on January 1, 2026. Mr. Bandmann is responsible for the Sales and Marketing board department as well as for the Europe region, including Germany. Dr. Ingrun-Ulla Bartölke is responsible for Finance and Procurement. Frank Fiedler was Chief Risk Officer until September 30, 2025, responsible for risk, taxes and legal. As of October 1, 2025, Christian Løbke was appointed to the Board of Management with responsibility for risk management. Since October 1, 2025, legal matters have been the responsibility of Dr. Dahlheim, while Dr. Bartölke is responsible for tax matters. Dr. Dahlheim is in charge of Human Resources and Organization, in which Arne Puls has managerial responsibility as Chief Representative. Dr. Alena Kretzberg is responsible for IT and Digital. Kai Vogler, Chief Representative of Volkswagen Financial Services AG, assumed responsibility for Anthony Bandmann's sales and marketing portfolio on February 1, 2026.

MOBILITY2030 STRATEGY

The core mission of the companies within the Volkswagen Financial Services AG Group is to jointly develop and offer a broad range of mobility services together with the Volkswagen Group brands. Customers receive fast, digital, flexible access to mobility.

As a provider of mobility solutions, the Volkswagen Financial Services AG Group has defined a clear growth plan in its MOBILITY2030 strategy, guided by its vision ("We are the key to mobility") and mission ("We meet our customers' mobility needs with sustainable solutions along the entire vehicle lifecycle"). The objective is to maintain a longer and more continuous relationship with both the customer and the vehicle along the automotive value chain.

Within the framework of the MOBILITY2030 strategy, six strategic dimensions were defined:

- > **Customer loyalty:** “We maximize customer loyalty to the Volkswagen Group brands.”
- > **Vehicle:** “We own the Volkswagen Group’s car parc and unlock business potential throughout the entire vehicle lifecycle – together with the Group brands and dealers.”
- > **Data and Technology:** “We leverage data and technology as core enablers of our success.”
- > **Profitability:** “We use our capital efficiently and deliver adequate returns to our shareholder.”
- > **Sustainability:** “We drive the transition to emission-free mobility along the Volkswagen Group’s sustainability principles.”
- > **People and Values:** “Our people are key.”

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

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND A COMBINED MANAGEMENT REPORT

The consolidated financial statements are prepared in accordance with the IFRS Accounting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code).

Based on the statutory requirements, the Volkswagen Financial Services AG Group is exercising the option to prepare a combined management report.

SIGNIFICANT CHANGES IN EQUITY INVESTMENTS

Effective January 3, 2025, Volkswagen Pon Financial Services B.V., a 60 % subsidiary of Volkswagen Financial Services AG with its registered office in Amersfoort, the Netherlands, acquired a 100 % interest in Autolease Midden Nederland B.V., with registered office in Tiel, the Netherlands.

Additionally, Volkswagen Pon Financial Services B.V. incorporated a new entity with the name Autolease Europe B.V., with its registered office in ‘s-Hertogenbosch, the Netherlands, effective March 11, 2025, and this new entity acquired a leasing portfolio effective May 1, 2025. The formation and the acquisition are intended to expand the leasing business in the Netherlands.

Effective February 3, 2025, Volkswagen Bank GmbH, with its registered office in Braunschweig, Germany, sold its entire interest in Volkswagen Finančné služby Slovensko s.r.o., with its registered office in Bratislava, Slovakia, to Porsche Bank AG and Porsche Versicherungs AG, with registered offices in Salzburg, Austria.

Moreover, effective February 3, 2025, Volkswagen-Versicherungsdienst GmbH, with its registered office in Braunschweig, Germany, sold its entire interest in Volkswagen-Versicherungsdienst GmbH, with its registered office in Vienna, Austria, to Porsche Bank AG, with registered office in Salzburg, Austria. The objective was a strategic realignment of the markets between Porsche Bank AG and Volkswagen Financial Services AG.

Effective April 1, 2025, Volkswagen Financial Services AG sold its 25.1 % interest in J.P. Morgan Mobility Payment Solutions S.A., with its registered office in Strassen, Luxembourg, to the majority shareholder J.P. Morgan International Finance Limited, with registered office in Delaware, USA. The sale took place as part of the streamlining of Volkswagen Financial Services AG’s equity investment portfolio.

Effective July 1, 2025, Volkswagen Financial Services S.p.A., with its registered office in Milan, Italy, previously a wholly owned subsidiary of Volkswagen Financial Services AG, was merged into

Volkswagen Bank GmbH. The merger serves to streamline the investment structure of Volkswagen Financial Services AG.

There were no other significant changes in equity investments.

INTERNAL MANAGEMENT

The Group's key performance indicators are determined on the basis of IFRSs and are presented as part of the internal reporting system. The most important nonfinancial performance indicators are penetration, number of current contracts and new contracts concluded. The financial key performance indicators are the volume of business, operating result, return on equity and the overhead ratio.

KEY PERFORMANCE INDICATORS

| | Definition |
|--|---|
| Nonfinancial performance indicators | |
| Penetration | Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles, based on Volkswagen Financial Services AG's consolidated entities. |
| Current contracts | Contracts recognized as of the reporting date |
| New contracts | Contracts recognized for the first time in the reporting period |
| Financial performance indicators | |
| Volume of business | Loans to and receivables from customers arising from retail financing, dealer financing, leasing business and lease assets. |
| Operating result | Interest income from lending transactions and marketable securities, net income from leasing transactions, interest expense, net income from service contracts, net income from insurance business, provision for credit risks, net fee and commission income, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income, general and administrative expenses and net other operating income / expenses |
| Return on equity | Return on equity before tax, which is calculated by dividing profit before tax by average equity. |
| Overhead ratio | Personnel expenses, nonpersonnel indirect expenses and recognized amortization and depreciation reduced by income from services rendered/average total assets. |

CORPORATE GOVERNANCE DECLARATION

Increase in the proportion of women

Women accounted for 50% of the workforce of Volkswagen Financial Services AG in Germany and 51% internationally as of December 31, 2025. Women are still not represented to such a high level in the Company's management structures, however. The Company remains formally committed to sustainably increase the proportion of women in leadership positions.

PROPORTION OF WOMEN – TARGET AND ACTUAL VALUES FOR GERMANY

| | Target 2026 | Actual 2025 |
|-------------------------|-------------|-------------|
| Second management level | 27.3 | 25.9 |
| First management level | 19.7 | 17.2 |
| Management Board | 20.0 | 40.0 |
| Supervisory Board | 25.0 | 41.6 |

The target figures for female representation across the first and second level of management in Germany that are valid until 2026 were confirmed in the reporting year. The progress made in increasing the proportion of women in management relative to the targets adopted by Volkswagen Financial Services is monitored regularly both in Germany and internationally.

The Board of Management maintains the necessary transparency by means of regular progress reports. Particular effort is made to ensure that female candidates are considered during succession planning to help establish compliance with the relevant targets. The targets are also discussed regularly, together with pertinent tools and best practices for achieving them, at the meetings of HR managers throughout Europe. A Diversity Award was presented for the first time to HR managers in the reporting period, recognizing activities that promote a diverse workforce in the companies.

CONSOLIDATED NONFINANCIAL STATEMENT

Pursuant to section 315b(2) of the HGB, Volkswagen Financial Services AG exercises the option not to issue a consolidated nonfinancial statement. Please refer to the separate combined nonfinancial statement of the Volkswagen Group and Volkswagen AG for fiscal year 2025, as part of the Group Management Report in the 2025 Annual Report of the Volkswagen Group.

The combined nonfinancial statement will also be available in German on this website <https://www.volkswagen-group.com/de/finanzberichte-18134> and in English on this website <https://www.volkswagen-group.com/en/financial-reports-18134> as of March 10, 2026.

Report on Economic Position

The global economy recorded positive growth in 2025. Global demand for vehicles increased slightly as compared with the previous year. At €2.4 billion, the operating result was very strongly up on the prior year.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS

Implementation of the restructuring program as of July 1, 2024 and the resulting first-time preparation of consolidated financial statements as of December 31, 2024 have led to significant changes in the key performance indicators and the items of the income statement and balance sheet. As a result, it is not possible to compare the figures with those of the income statement and therefore to assess the year-on-year business performance.

The operating result was €2.4 billion in fiscal year 2025. In addition to interest income from lending transactions and marketable securities, interest expenses as well as general and administrative expenses, net income from leasing transactions was a key factor.

New business (new contracts) in Europe amounted to 6.9 million in 2025.

Volkswagen Financial Services AG closed the fiscal year with a business volume of €163.1 billion.

The share of financed and leased vehicles in the Group's worldwide deliveries (penetration) stood at 56.7% at the end of 2025.

The money and capital market rates relevant for funding decreased slightly during the course of 2025. Risk premiums (spreads) narrowed significantly in the second half of the year, after reaching high levels at times early in the year, mainly due to uncertainty surrounding the impact of the US government's economic policy measures.

The sustained strong demand for our products led to significant portfolio growth at Volkswagen Financial Services AG in fiscal year 2025, and the volume of loans and receivables in the loan portfolio was further expanded. The quality of the loan portfolio remained at a stable level.

Despite strained markets, the Volkswagen Financial Services AG Group's residual value portfolio continued to grow in 2025. Changes in residual value risk continue to be closely monitored on an ongoing basis, leading to corresponding measures where required.

The liquidity risk for the Volkswagen Financial Services AG Group was generally stable in fiscal year 2025. The existing sources of funding were adequate to enable the growth achieved in the second half of the fiscal year. A wide range of funding instruments were used in a number of different currency areas, regions and countries.

The funding structure remained broadly diversified in terms of the instruments used. The Group's main sources of funding, comprising money and capital markets, ABSs, and also funding through banks and deposits in individual markets, continued to be readily available at Group level and could still be used as required.

The Board of Management of Volkswagen Financial Services AG considers the course of business in 2025 to have been positive.

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

| | Actual 2024 | Forecast for 2025 | | Actual 2025 |
|--|-------------|-------------------|-----------------------------------|-------------|
| Nonfinancial performance indicators | | | | |
| Penetration (percent) | 53.4 | = 53.4 | on previous year's level | 56.7 |
| Current contracts (thousands) | 17,921 | > 17,921 | slightly up on previous year | 18,735 |
| New contracts (thousands) | 2,870 | > 2,870 | very strong up on previous year | 6,897 |
| Financial performance indicators | | | | |
| Volume of business (€ million) | 149,644 | = 149,644 | on previous year's level | 163,112 |
| Operating result (€ million) | 1,246 | > 1,246 | very stronger up on previous year | 2,360 |
| Return on Equity in (percent) | 7.9 | = 7.9 | on previous year's level | 7.6 |
| Overhead ratio (percent) | 1.1 | = 1.1 | on previous year's level | 1.09 |

DEVELOPMENTS IN THE GLOBAL ECONOMY

The global economy continued to grow in 2025 at a pace similar to the previous year. In this context, the pace of growth picked up slightly in the emerging markets, while momentum in the advanced economies remained roughly at the prior-year level. While inflation rates fell in many countries, they remained elevated in some cases. Due to these differing conditions, central banks reduced key policy rates to varying degrees. Overall, geopolitical uncertainties, particularly those related to the economic policy stance of the USA and the increase in geo-economic measures, placed a strain on the global economic environment.

Europe

In the reporting year, the economy in Western Europe exhibited positive growth overall, higher than the prior-year level. Development in the individual countries in Northern and Southern Europe was mixed. In response to falling inflation rates, the European Central Bank lowered its key interest rate in eight rate cuts, beginning in June 2024. In 2025, the economies of Central Europe grew overall at a slightly higher pace on average than in the same period of the previous year, while Eastern Europe recorded a smaller increase.

Germany

German gross domestic product stagnated at the prior-year level in 2025 after having fallen in the two preceding years. Compared with 2024, the unemployment rate rose somewhat on average over the year. The harmonized rate of inflation in the reporting year was somewhat lower than the prior-year level.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was high in fiscal year 2025.

Movement on the European passenger car market was similar to that of the previous year in the year under review. Sales of financial services products exceeded the prior-year figure, primarily in the new car business. A positive trend was also observed in the sale of after-sales products such as servicing, maintenance and spare parts agreements.

New passenger car registrations in Germany in the period from January to December 2025 were on a level with the prior year. There was an increase in the number of new contracts in the financial services

business. This trend is attributable to leasing contracts with individual and corporate customers. New vehicle financing was on a level with the prior year. The penetration of new vehicles exceeded the previous year's figure and trends on the used car business were also positive. The number of new service contracts increased year on year, primarily in the field of maintenance. There were fewer new contracts in the insurance business, but there was an increase in the number of passenger car insurance contracts concluded.

Sector-specific environment

The sector-specific environment in the European financial market in the reporting period was dominated by the continuation of the monetary policy easing that had begun in the previous year. The ECB lowered its key interest rate in a total of four steps to 2.0% in the first half of the year. The inflation rate in the eurozone stabilized around the target rate of around 2% over the course of the year. With regard to economic growth, the positive effects of increased public spending are offsetting the negative effects of trade tensions. The holdings in the Asset Purchase Program (APP) and the Pandemic Emergency Purchase Program (PEPP) were reduced as planned due to redemptions. Over the course of the year, the holdings fell below the 2.4 trillion mark in the APP and the 1.5 trillion mark in the PEPP.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In 2025, the volume of the passenger car market worldwide was slightly up on the prior-year figure, with all regions developing favorably. While Africa, South America, Asia-Pacific, the Middle East, and Central and Eastern Europe recorded significant to slight growth, Western Europe and North America remained in the range of the prior year.

The global volume of new registrations of light commercial vehicles in fiscal year 2025 was similar to the previous year.

Sector-specific environment

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

Europe

In Western Europe, the number of new passenger car registrations in 2025 was in the range of the previous year. The performance of the large individual passenger car markets in this region was mixed. The United Kingdom registered slight growth and Spain significant growth, while the market volume in Italy and France decreased slightly.

In the reporting year, the volume of new registrations for light commercial vehicles in Western Europe was significantly down year on year.

In the Central and Eastern Europe region, there was a slight increase in the volume of the passenger car market between January and December 2025. Positive movement was recorded in the number of vehicles sold in the major markets of Central Europe.

In fiscal year 2025, the market volume of light commercial vehicles in Central and Eastern Europe was significantly lower than in the previous year.

Germany

The number of new passenger car registrations in Germany from January to December 2025 was in the range of the previous year. There was positive development primarily in new registrations of all-electric vehicles. Production in Germany increased to 4.2 million vehicles (+2.0%) in 2025, while passenger car exports stagnated at 3.2 million units (-0.3%).

The number of light commercial vehicles sold in Germany in the reporting year was noticeably lower than the 2024 comparative figure.

FINANCIAL PERFORMANCE

Due to the restructuring implemented in the previous year, a meaningful variance analysis is not possible. As the current Volkswagen Financial Services AG was non-operational until June 30, 2024, the financial performance for the prior-year period only reflects operating business in the second half of 2024. Consequently, we are not providing a comparison with the prior-year financial performance, but only explaining financial performance in the reporting period.

The course of business was positive for the Volkswagen Financial Services AG Group in fiscal year 2025.

The operating result for fiscal year 2025 amounted to €2,360 million. Consolidated profit before tax, after including the share of profits and losses of equity-accounted investments, the net gain or loss on miscellaneous financial assets of other financial investments and the other financial result, amounted to €2,436 million. Return on equity amounted to 7.6%. Income from lending transactions and marketable securities amounted to €3,506 million.

Net income from leasing transactions stood at €6,293 million. The impairment losses on lease assets of €675 million included in the surplus from leasing transactions were attributable to current market movements and expectations. With interest rates in the European market falling slightly, interest expenses amounted to €4,639 million. Net income from service contracts was €384 million. Net income from insurance business amounted to €103 million. The net addition to the provision for credit risks amounted to €791 million. Net fee and commission income amounted to €260 million. The net loss on hedging transactions amounted to €88 million and the net gain on financial instruments measured at fair value amounted to €15 million. General and administrative expenses amounted to €2,188 million and largely contain personnel and non-staff operating expenses.

The overhead ratio was 1.09%.

Net other operating expenses amounted to €495 million and contained amounts recognized as provisions for legal risks. The share of profits and losses of equity-accounted investments amounted to €139 million. The net loss on miscellaneous financial assets of €48 million includes impairment losses in the current fiscal year of equity-accounted associates amounting to €20 million, on unconsolidated subsidiaries amounting to €8 million, on joint ventures measured at cost amounting to €4 million and on associates measured at cost amounting to €26 million. On the basis of these figures, together with the other income and expense components, the Volkswagen Financial Services AG Group generated profit after tax of €1,580 million.

Under Volkswagen Financial Services AG's current control and profit-and-loss transfer agreement, a profit of €644 million reported by Volkswagen Financial Services AG in its single-entity financial statements prepared in accordance with the HGB was transferred to the sole shareholder, Volkswagen AG.

The German companies continued to account for the highest business volumes with 37% of all current contracts.

The volume of receivables at Volkswagen Bank GmbH developed positively. Increases were recorded in the customer and dealer financing portfolios, as well as receivables from direct banking business.

Despite the difficult environment, Volkswagen Leasing GmbH expanded its portfolio of leases noticeably compared with the previous year. The operating result was strongly above the prior-year level.

Volkswagen Autoversicherung AG was able to consolidate and slightly improve its position in a market shaped by premium increases and persistently intense competition. Volkswagen Autoversicherung AG holds a portfolio of 616 thousand vehicle insurance policies, a year-on-year increase of 27 thousand policies.

In 2025, Volkswagen Versicherung AG was operating primary and reinsurance business in 16 international markets, complementing the core business in Germany.

Volkswagen-Versicherungsdienst GmbH, which operates as the sales partner in the German market for both Volkswagen Autoversicherung AG and Volkswagen Versicherung AG, played a part in the successful performance of these companies. Overall, the activities of Volkswagen-Versicherungsdienst GmbH made a steady contribution to the earnings of Volkswagen Financial Services AG.

NET ASSETS AND FINANCIAL POSITION

Lending business

At €180.7 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Financial Services AG Group – accounted for approximately 89 % of the Group's total assets.

The volume of retail financing lending increased by €2.6 billion to €33.3 billion (+8.6%), and the number of new contracts in the fiscal year was 817 thousand. The number of current contracts stood at 2,175 thousand at the end of the year.

The overall lending volume in dealer financing – which comprises loans to and receivables from Group dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – increased to €20.0 billion (5.8%).

Receivables from leasing transactions were on a level with the previous year at €53.6 billion (+0.7%). Lease assets grew by €9.4 billion to €56.2 billion (20.2%).

A total of 1,822 thousand new leases were entered into in the reporting period. There were 4,692 thousand lease vehicles in the contract portfolio as of December 31, 2025. As in the previous year (1,984 thousand), the largest contribution again came from Volkswagen Leasing GmbH, which had a contract portfolio of 2,178 thousand lease vehicles.

Compared with the previous year, the Volkswagen Financial Services AG Group's total assets increased to €202.3 billion (+5.5%). This increase was mainly due to the growth in receivables from customers and in lease assets, reflecting the expansion of business in the past fiscal year.

There were 11,868 thousand service and insurance contracts at the end of the year. The new business volume comprised 4,259 thousand contracts.

Deposit business and borrowings

In terms of the capital structure, the significant liability items included liabilities to banks in the amount of €7.3 billion (+27.3%), liabilities to customers amounting to €89.7 billion (8.5%) and notes and commercial paper issued in the amount of €62.1 billion (+0.6%). The increase in liabilities to customers is attributable in particular to the expansion of direct bank deposits by €10.8 billion to €66.7 billion (+19.2%). Further details on the funding and hedging strategy can be found in the Liquidity Analysis and Funding sections and in the disclosures on interest-rate risk and liquidity risk in the risk report.

Subordinated capital

Subordinated capital still amounted to €2.7 billion.

Equity

IFRS equity comprises subscribed capital, which remained unchanged at €250 million, capital reserves, which also remained unchanged at €16.7 billion, retained earnings of €15.8 (previous year: €14.8 billion), and miscellaneous reserves of €-0.3 billion (previous year: €-0.2 billion). Total equity in accordance with the IFRSs was €32.4 (previous year: €31.6 billion). This resulted in an equity ratio (equity divided by total assets) of 16.0% based on total assets of €202.3 billion.

Changes in off-balance-sheet liabilities

Off-balance sheet liabilities decreased by a total of €0.9 billion compared with the previous year and amounted to €10.6 billion as of December 31, 2025.

KEY FIGURES BY SEGMENT AS OF DECEMBER 31, 2025

| in thousands | Germany | United Kingdom | France | Sweden | Italy | Spain | Other companies ¹ | VW FS AG Group |
|---|--------------|----------------|--------------|------------|--------------|--------------|------------------------------|----------------|
| Current contracts | 6,923 | 2,639 | 1,721 | 599 | 1,986 | 1,379 | 3,488 | 18,735 |
| Retail financing | 919 | 15 | 127 | 71 | 382 | 316 | 344 | 2,175 |
| of which: consolidated | 919 | 15 | 127 | 71 | 382 | 316 | 169 | 2,000 |
| Leasing business | 2,029 | 1,043 | 479 | 114 | 195 | 98 | 735 | 4,692 |
| of which: consolidated | 2,029 | 1,043 | 479 | 114 | 195 | 98 | 367 | 4,324 |
| Service/insurance | 3,975 | 1,580 | 1,115 | 414 | 1,409 | 965 | 2,409 | 11,868 |
| of which: consolidated | 3,975 | 1,580 | 1,115 | 251 | 1,409 | 965 | 1,191 | 10,487 |
| New contracts | 2,398 | 1,200 | 671 | 243 | 730 | 418 | 1,237 | 6,897 |
| Retail financing | 294 | 29 | 59 | 33 | 142 | 105 | 154 | 817 |
| of which: consolidated | 294 | 29 | 59 | 33 | 142 | 105 | 80 | 742 |
| Leasing business | 814 | 406 | 167 | 44 | 78 | 37 | 274 | 1,822 |
| of which: consolidated | 814 | 406 | 167 | 44 | 78 | 37 | 148 | 1,696 |
| Service/insurance | 1,289 | 765 | 445 | 166 | 510 | 276 | 809 | 4,259 |
| of which: consolidated | 1,289 | 765 | 445 | 101 | 510 | 276 | 429 | 3,814 |
| € million | | | | | | | | |
| Loans to and receivables from customers attributable to | | | | | | | | |
| Retail financing | 16,973 | 220 | 783 | 1,120 | 6,902 | 5,295 | 2,015 | 33,308 |
| Dealer financing | 7,535 | 3,011 | 2,524 | 30 | 1,723 | 1,219 | 3,945 | 19,985 |
| Leasing business | 22,569 | 19,808 | 3,982 | 1,315 | 1,344 | 174 | 4,422 | 53,614 |
| Lease assets | 33,730 | 5,046 | 6,247 | 2,043 | 3,716 | 2,142 | 3,281 | 56,205 |
| Investment ² | 14,602 | 2,462 | 3,557 | 971 | 1,619 | 881 | 1,652 | 25,743 |
| Operating result | 1,676 | 33 | 76 | 92 | 269 | 173 | 41 | 2,360 |
| Percent | | | | | | | | |
| Penetration ³ | 69.3 | 50.2 | 63.0 | 54.2 | 66.1 | 43.6 | 40.6 | 56.7 |
| of which: consolidated | 69.3 | 50.2 | 63.0 | 54.2 | 66.1 | 43.6 | 45.3 | 59.2 |

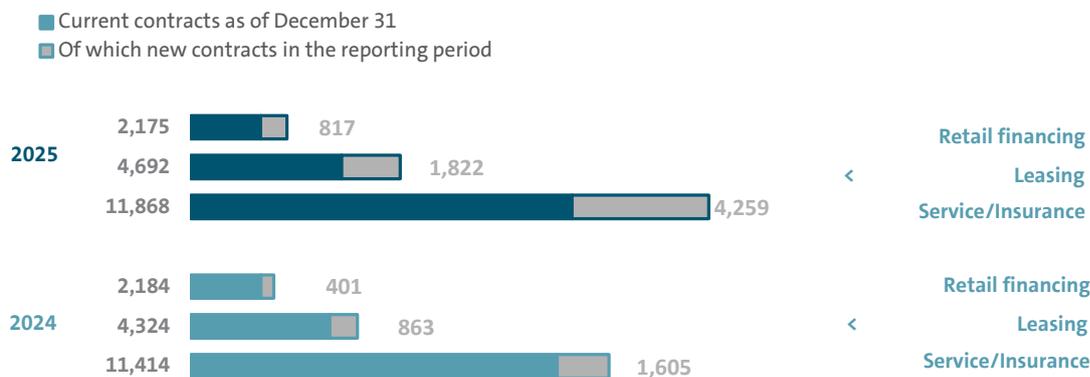
1 Based on contract numbers, Other Companies include the markets of Belgium, Denmark, Greece, Ireland, Luxembourg, the Netherlands, Norway, Poland, Portugal, Switzerland, and the Czech Republic. The penetration rate includes the above-mentioned markets, but excludes Luxembourg and Switzerland. It also includes the Volkswagen Financial Services AG holding company, the holding and financing companies in Belgium and the Netherlands, Vehicle Trading International (VTI) GmbH, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, EURO-Leasing GmbH and consolidation effects.

2 Corresponds to additions to lease assets classified as noncurrent assets.

3 Ratio of new contracts for new Group vehicles under retail financing and leasing business to deliveries of Group vehicles

NEW AND CURRENT CONTRACTS AS OF DECEMBER 31

In thousands



REGULATORY OWN FUNDS

Volkswagen Financial Services AG has been obliged by supervisory law to comply with the requirements of Regulation (EU) No. 575/2013 (CRR) and to meet the minimum capital requirements. In connection with this, Volkswagen Financial Services AG must comply with the minimum capital ratios in accordance with Article 92(1) of the CRR at consolidated level (IFRS). The CRR minimum ratio is 4.5% for Common Equity Tier 1 capital, 6% for Tier 1 capital and 8% for total capital.

In addition, Volkswagen Financial Services AG must meet the combined capital buffer requirement in accordance with section 10i of the *Kreditwesengesetz* (German Banking Act – KWG), as well as the requirements for the capital conservation buffer, the institution-specific countercyclical capital buffer and the systemic risk buffer.

Over and above the statutory minimum ratios and capital buffer requirements, the European Central Bank (ECB), in its capacity as the competent supervisory authority for Volkswagen Financial Services AG, may decide to impose a capital add-on as part of the Supervisory Review and Evaluation Process (SREP). The legal basis for this capital add-on, known as the Pillar 2 Requirement (P2R), is codified in Article 16 of Regulation (EU) No. 1024/2013 conferring specific tasks on the European Central Bank concerning policies relating to the prudential supervision of credit institutions. The ECB decision imposes a total SREP capital requirement (TSCR) of at least 10.25% and a Pillar 2 requirement of 2.25% on Volkswagen Financial Services AG at consolidated level. According to the ECB's decision, at least 56.25% of the Pillar 2 requirement must be held in the form of Common Equity Tier 1 capital. The remaining Pillar 2 requirement can be met using Additional Tier 1 capital (AT1) and Tier 2 capital (T2).

Volkswagen Financial Services AG complied with all minimum requirements at consolidated level at all times during the reporting period.

The total capital ratio (ratio of own funds to total risk exposure) was 17.8% at the end of the reporting period (previous year restated: 19.8%), significantly above the statutory minimum ratio.

The Tier 1 capital ratio and Common Equity Tier 1 capital ratio were each 16.3% (previous year restated: 18.1%) at the end of the reporting period, and therefore also significantly above the respective minimum ratios specified in the CRR.

Total risk exposure is calculated on the basis of credit risks, market risks, operational risks and risks arising from credit valuation adjustment (CVA charge). Volkswagen Financial Services AG uses the Credit Risk Standardized Approach (CRSA) to quantify credit risk and calculate risk-weighted exposure amounts.

The Standardized Approach as specified in Article 313 of the CRR is used to calculate the own funds requirements for operational risk. The own funds requirements for the CVA charge are determined using the foundation approach specified in Article 384 of the CRR. The own funds requirements for market risk are calculated as specified in Article 351 of the CRR in accordance with the Standardized Approach for foreign exchange risk.

The following overview shows details of the composition of the total risk exposure amount and own funds:

| | Dec. 31, 2025 | Dec. 31, 2024 ³ |
|---|---------------|----------------------------|
| Total risk exposure ¹ (€ million) | 185,639 | 164,780 |
| of which risk-weighted exposure amounts for credit risk | 159,545 | 146,899 |
| of which own funds requirements for market risk * 12,5 | 6,855 | 5,982 |
| of which own funds requirements for operational risk * 12.5 | 16,834 | 9,772 |
| of which own funds requirements for credit valuation adjustments * 12.5 | 2,405 | 2,127 |
| Own funds (€ million) | 32,986 | 32,651 |
| of which Common Equity Tier 1 capital | 30,240 | 29,905 |
| of which Additional Tier 1 capital | - | - |
| of which Tier 2 capital | 2,746 | 2,746 |
| Common Equity Tier 1 capital ratio ² (percent) | 16.3 | 18.1 |
| Tier 1 capital ratio ² (percent) | 16.3 | 18.1 |
| Total capital ratio ² (percent) | 17.8 | 19.8 |

1 According to Article 92(3) of the CRR

2 According to Article 92(1) of the CRR

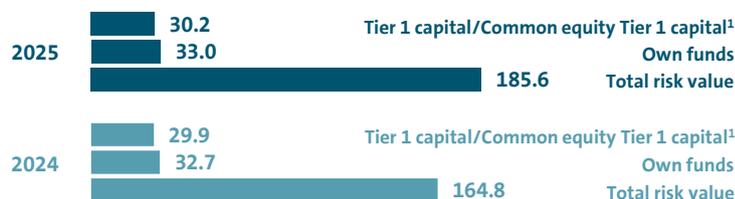
3 Correction report for the reporting date 31 December 2024 in the calendar year 2025 following the publication of the annual report.

REGULATORY RATIOS OF THE VOLKSWAGEN FINANCIAL SERVICES AG GROUP AS OF DEC. 31

Ownfunds and total risk exposure/total risk value
in € billion

**Tier 1 capital ratio/
Common equity Tier 1
capital ratio**

**Overall ratio/
Total capital ratio**



16.3 %

17.8 %

18.1 %

19.8 %

1 The amount of Tier 1 capital is the same as the amount of Common Equity Tier 1 capital because Volkswagen Financial Services AG has not issued any Additional Tier 1 instruments.

The decline in regulatory capital ratios (hard Common Equity Tier 1 ratio, Tier 1 capital ratio, and total capital ratio) compared with the previous year is mainly attributable to the fact that the increase in the total risk exposure amount more than offset the increase in own funds.

The €20.8 billion increase in the total risk exposure amount is mainly due to an increase in business volume in the corporate and retail segments and the entry into force of CRR III.

The €0.3 billion increase in own funds is primarily attributable to an increase in retained earnings.

TIER 1 CAPITAL RATIO/COMMON EQUITY TIER 1 CAPITAL RATIO
In %

OVERALL RATIO/CRR/SOLVV TOTAL CAPITAL RATIO
In %



Volkswagen Financial Services AG has a capital planning process that is designed to ensure compliance with the regulatory minimum capital ratios including in the event of rising business volumes. In addition to contributions to the capital reserves and the targeted raising of Tier 2 capital in the form of subordinated liabilities, ABS transactions can be used to optimize capital management. This gives Volkswagen Financial Services AG a sound foundation for the further expansion of its financial services business.

LIQUIDITY ANALYSIS

The companies of the Volkswagen Financial Services AG Group are funded primarily through capital market and ABS (asset-backed securities) programs and direct bank deposits. If necessary, funding can be supplemented by central bank liquidity through open market transactions of the Volkswagen Bank Group. Committed and uncommitted credit facilities with external banks and with companies of the Volkswagen Group are also available to protect against unexpected liquidity fluctuations. An additional committed credit line with Volkswagen AG serves solely as a liquidity backup; its utilization is not intended in the normal course of business. Volkswagen Financial Services AG Group's liquidity reserves are held in the form of bonds from various governments, federal states, supranational institutions, multilateral development banks and covered bonds with a nominal value of €3.2 billion. In addition, the Volkswagen Financial Services AG Group also holds senior ABS notes issued by special purpose vehicles of Volkswagen Bank GmbH with a nominal volume of €9.0 billion that are deposited as collateral in the pledge account of Volkswagen Bank GmbH at the Deutsche Bundesbank.

In conjunction with various Internal Liquidity Adequacy Assessment Process (ILAAP) metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. Measuring and limiting the ILAAP metrics ensures that the liquidity position is adequate at all times. The liquidity coverage ratio (LCR) is a key ILAAP metric used by Treasury to manage the short-term liquidity of the Volkswagen Financial Services AG Group's prudential scope of consolidation. From January to December of the reporting period, it was between 124% and 184% for the Volkswagen Financial Services AG Group and hence above the regulatory minimum of 100% at all times. Changes in the liquidity ratio are monitored continuously and managed actively by defining an internal steering limit. Central bank balances, government bonds and other securities such as bonds issued by federal states, supranational institutions and covered bonds are recognized as highly liquid assets for the LCR.

In addition to the ILAAP metrics at Group level, the Minimum Requirements for Risk Management (MaRisk) must be complied with. The requirement under MaRisk to bridge any liquidity needs over a time horizon of seven and 30 days using a highly liquid liquidity buffer and a corresponding reserve was also met at all times under a range of stress scenarios. Compliance with this requirement is determined and continuously monitored by the liquidity risk management department. To this end, the cash flows for the coming 12 months are projected and compared against the funding potentials in each maturity bucket. The funding potentials were sufficient to cover liquidity needs at all times, both in the baseline scenario and in the stress tests required by MaRisk. The recovery indicator survival period remained within the defined limits through the 2025 reporting year.

FUNDING

Strategic principles

In terms of funding, the Volkswagen Financial Services AG Group pursues the goal of ensuring liquidity at all times. The diversification concept involves optimizing the available instruments, currencies, maturities and fixed interest rates, considering cost and risk aspects.

By pooling its activities in a European financial services provider and through the spin-off of Volkswagen Leasing GmbH to Volkswagen Bank GmbH as of July 1, 2024, the funding strength of Volkswagen Bank GmbH can be used for the growth of the leasing business in Germany and Europe. In addition to bond issues and ABS transactions, the significant increase in customer deposits at Volkswagen Bank GmbH supplements the funding mix.

Implementation

The following bonds were issued in fiscal year 2025:

CAPITAL MARKET TRANSACTIONS 2025

| Originator | Month | Volume and currency | Maturity |
|---|----------|---------------------|-----------|
| Volkswagen Bank GmbH, Braunschweig (Green) | June | 800 million EUR | 3 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | June | 700 million EUR | 6 years |
| Volkswagen Financial Services N.V., Amsterdam | June | 330 million HKD | 3 years |
| Volkswagen Financial Services N.V., Amsterdam (Green) | July | 325 million EUR | 2 years |
| Volkswagen Financial Services N.V., Amsterdam (Green) | July | 250 million GBP | 6 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | October | 600 million EUR | 3 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | October | 900 million EUR | 4 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | October | 500 million EUR | 7 years |
| Volkswagen Financial Services N.V., Amsterdam (Green) | October | 500 million SEK | 1.5 years |
| Volkswagen Financial Services Polska Sp. z o.o., Warsaw | October | 500 million PLN | 3 years |
| Volkswagen Financial Services Polska Sp. z o.o., Warsaw | October | 200 million PLN | 4 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | December | 750 million EUR | 2 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | December | 1,0 billion EUR | 4 years |
| Volkswagen Bank GmbH, Braunschweig (Green) | December | 750 million EUR | 7 years |

Volkswagen Leasing GmbH is no longer active as an issuer of unsecured bonds on the capital market.

Asset-backed securities (ABSs) were issued in euros and sterling.

The following table shows the ABS transaction details:

ABS TRANSACTIONS IN FISCAL YEAR 2025

| Originator | Transaction name | Month | Country | Volume and currency |
|--|------------------|----------|----------------|---------------------|
| Volkswagen Leasing GmbH, Braunschweig | VCL 44 | February | Germany | 1.25 billion EUR |
| Volkswagen Leasing GmbH, Braunschweig | VCL 45 | June | Germany | 1.0 billion EUR |
| Volkswagen Financial Services (UK) Ltd., Milton Keynes | Driver UK 10 | October | United Kingdom | 750 million GBP |
| Volkswagen Leasing GmbH, Braunschweig | VCL 46 | October | Germany | 1.25 billion EUR |

The issuance of commercial paper and the use of bank credit lines together with borrower's note loans completed the funding mix.

The company continued to implement its strategy of mainly obtaining maturity-matched funding by borrowing on terms with matching maturities and by using derivatives. A currency-matched funding approach was taken by raising liquidity in local currency, and currency risks were largely eliminated by using derivatives.

Ratings

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

In December 2025, S&P confirmed the ratings of Volkswagen Financial Services AG and Volkswagen Bank GmbH with a long-term rating of BBB+ and a short-term rating of A-2. Following the change at Volkswagen AG, the outlook for Volkswagen Financial Services AG was lowered to "negative", while the outlook for Volkswagen Bank GmbH remained "stable".

On March 18, 2025, Moody's downgraded the ratings of Volkswagen Financial Services AG to a long-term rating of Baa1 following the downgrade of Volkswagen AG on March 17, 2025, confirmed the short-term rating at P-2, and reset the outlook back to "stable". By contrast, Volkswagen Bank GmbH was confirmed with a long-term rating of A1 and a short-term rating of P-1. The outlook remains "negative".

In September 2025, Fitch confirmed the ratings of Volkswagen Financial Services AG (long-term A-, short-term F1), Volkswagen Bank GmbH (long-term senior preferred A, short-term F1). The outlook was changed from "stable" to "negative" on April 10, 2025, in the wake of the change at Volkswagen AG on April 7, 2025.

Volkswagen Financial Services AG

(Condensed, in accordance with the HGB)

2025 BUSINESS PERFORMANCE

Volkswagen Financial Services AG reported a result from ordinary activities after tax amounting to €644 (317) million for fiscal year 2025.

Sales revenue amounted to €603 million (previous year: €831 million), with cost of sales coming to €399 million (previous year: €678 million). These items primarily include the income from cost allocations to Group companies and the expenses related to personnel.

Other operating income came to €30 (176) million, with other operating expenses amounting to €4 (35) million. Other operating income includes income from the reversal of provisions amounting to €19 million. Other operating expenses included issue costs of €2 million.

The Company generated net investment income of €1,150 (519) million. This primarily comprises income of €1,165 million from profit transfers, offset by expenses of €17 million from loss absorption. Volkswagen Bank GmbH (€815 million), Vehicle Trading International GmbH (€138 (335) million), Volkswagen Versicherung AG (€110 (118) million) and Volkswagen Insurance Brokers GmbH (€69 (75) million) accounted for a large proportion of the profit transfers.

The profit after tax of €644 million will be transferred to Volkswagen AG pursuant to the existing control and profit-and-loss transfer agreement.

The Company's long-term financial assets amount to €25,531 (22,217) million. These long-term financial assets primarily comprise shares in affiliated companies (€18,700 (17,109) million) and loans to affiliated companies (€6,159 (4,187) million).

The Company has receivables from affiliated companies amounting to €11,137 (12,605) million and receivables from other investees and investors amounting to €1,781 (6,341) million.

The provisions of €479 (533) million consist of provisions for pensions (€302 million) and other provisions (€177 million).

The liabilities of €21,565 (24,318) million primarily include bond liabilities (€9,950 million) and loan liabilities. Liabilities to affiliated companies amount to €9,074 (8,893) million and liabilities to associates to €0.2 (2) million. Bonds amounting to €2,450 (1,300) million were repaid in the fiscal year.

With total assets amounting to €38,797 million and equity amounting to €16,753 million, the equity ratio is 43.2 (40.3)%.

MANAGEMENT, AND OPPORTUNITIES AND RISKS RELATING TO THE BUSINESS PERFORMANCE OF VOLKSWAGEN FINANCIAL SERVICES AG

Volkswagen Financial Services AG operates as a holding company and is integrated into the internal management concept of the Volkswagen Financial Services AG Group. It is thus subject to the same key performance indicators and the same opportunities and risks as the Volkswagen Financial Services Group. The legal requirements governing the management of Volkswagen Financial Services AG as a legal entity are observed using key performance indicators such as net assets, net income and liquidity. This internal management concept and these opportunities and risks are described in the section on the fundamental information about the Volkswagen Financial Services AG Group as well as in the report on opportunities and risks in this management report.

INCOME STATEMENT OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, FOR FISCAL YEAR 2025

| € million | 2025 | 2024 |
|--|--------------|------------|
| Sales | 603 | 831 |
| Cost of sales | 399 | 678 |
| Gross profit on sales | 204 | 153 |
| General and administrative expenses | 408 | 390 |
| Other operating income | 30 | 176 |
| Other operating expenses | 4 | 35 |
| Net income from long-term equity investments | 1,150 | 519 |
| of which income under profit and loss transfer agreements | 1,165 | 560 |
| of which expenses from absorption of losses | 17 | 41 |
| Financial result | 51 | -47 |
| of which income from affiliated companies | 534 | 586 |
| of which expenses from affiliated companies | 208 | 281 |
| Income tax expense | 379 | 59 |
| Profit after tax | 644 | 317 |
| Profits transferred under a profit-and-loss transfer agreement | 644 | 317 |
| Losses absorbed under a profit-and-loss transfer agreement | - | - |
| Net income | - | - |
| Profit brought forward | - | - |
| Net retained profits | - | - |

BALANCE SHEET OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, AS OF DECEMBER 31, 2025

| € million | 31.12.2025 | 31.12.2024 |
|-------------------------------------|---------------|---------------|
| Assets | | |
| A. Fixed assets | | |
| I. Intangible assets | 44 | 60 |
| II. Property and equipment | 23 | 24 |
| III. Financial assets | 25,531 | 22,217 |
| | 25,598 | 22,301 |
| B. Current assets | | |
| I. Receivables and other assets | 13,138 | 19,174 |
| II. Cash-in-hand and bank balances | 1 | 49 |
| | 13,139 | 19,223 |
| C. Prepaid expenses | 60 | 80 |
| Total assets | 38,797 | 41,604 |
| Equity and liabilities | | |
| A. Equity | | |
| I. Subscribed capital | 250 | 250 |
| II. Capital reserves | 16,503 | 16,503 |
| III. Retained earnings | - | - |
| IV. Net retained profits | - | - |
| | 16,753 | 16,753 |
| B. Provisions | 480 | 533 |
| C. Liabilities | 21,564 | 24,318 |
| D. Deferred income | - | 0 |
| Total equity and liabilities | 38,797 | 41,604 |

Report on Opportunities and Risks

Volkswagen Financial Services AG is responding systematically to the challenging fiscal year dominated by geopolitical tensions with balanced, active opportunity and risk management to secure its long-term business success.

OPPORTUNITIES AND RISKS

In this section, the opportunities and risks that arise in connection with business activities are presented. The opportunities and risks are grouped into various categories. Unless specifically stated, there were no material year-on-year changes to the individual risks or opportunities.

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

Macroeconomic opportunities and risks

In a challenging market environment, the Board of Management of Volkswagen Financial Services AG anticipates that number of deliveries to Volkswagen Group customers will increase by around 1% year-on-year in 2026. The Volkswagen Financial Services AG Group supports sales of vehicles by supplying financial services products.

European economic growth is being significantly driven by further inflation developments and the monetary policy easing cycle that has already been implemented. Overall inflation has declined on average. Key interest rates are expected to remain at their current low levels. If overall inflation were to rise again, this could lead to a renewed tightening of monetary policy, thereby weakening economic growth.

Global economic growth could also be further dampened by geopolitical tensions, should these give rise to shortages and delays in global supply chains, for example, or result in a renewed upward trend in inflation. This, in turn, could also impact negatively on both consumption and investment climate.

The macroeconomic environment could, however, also create opportunities for the Volkswagen Financial Services AG Group if inflation takes a more positive path than anticipated, for example, or if geopolitical tensions ease and economic growth proves stronger as a result.

Strategic opportunities and risks

The Volkswagen Financial Services AG Group identifies opportunities in developing innovative products that address customers' evolving mobility requirements. Growth segments such as mobility products and service offerings are being systematically developed and expanded. Further opportunities may be created by launching established products in new markets.

The Volkswagen Financial Services AG Group also sees opportunities in the ongoing digital transformation of the business and the increasing customer demand for usage rather than ownership. Our objective is to respond to this development by expanding our product range across the entire vehicle lifecycle and further strengthening the used-car business. This will create opportunities to tap into new customer groups, develop new distribution channels and generate additional efficiency and increase revenue.

By expanding digital sales channels, the Group is enhancing its direct-to-customer business as a complement to the dealership. Changing customer needs are thus addressed and the competitive position of Volkswagen Financial Services AG reinforced.

Furthermore, the refinancing capabilities of Volkswagen Bank GmbH create opportunities to finance the planned business growth of the companies within the Volkswagen Financial Services AG Group.

Opportunities from credit risk

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

Opportunities from residual value risk

When vehicles are remarketed, Volkswagen Financial Services AG may be presented with the opportunity to achieve a price that is higher than the contractual residual value if prices actually achieved from remarketing rise more than anticipated.

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

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

- > The Board of Management of Volkswagen Financial Services AG is the governing body with responsibility for the executive management of the business. In this role, the Board has set up the divisions Accounting, Treasury, Risk Management, Controlling, and Integrity and Compliance, each with clearly separated functions and clearly assigned areas of responsibility and authority, to ensure that accounting and financial reporting processes are carried out properly. The tasks of the Treasury function are performed by Volkswagen Bank GmbH under an outsourcing agreement.
- > There are Group-wide requirements and rules that form the basis of a standardized, proper and continuous financial reporting process.

- > Among other things, the accounting policies for the domestic and foreign entities included in the consolidated financial statements of Volkswagen Financial Services AG are governed by the accounting and financial reporting requirements of the IFRS Accounting Standards (IFRSs). The accounting policies for the single-entity financial statements of Volkswagen Financial Services AG are governed by the accounting and financial reporting requirements of the German Commercial Code (HGB).
- > The accounting requirements also govern specific formal requirements for the consolidated financial statements. In addition to defining the basis of consolidation, the components of the IFRS reporting packages to be prepared by the Group companies are also defined in detail. The accounting requirements also include specific requirements for the presentation and settlement of intercompany transactions and the related balance reconciliation process.
- > At Group level, specific control activities aimed at ensuring that the consolidated financial reporting provides a true and fair view include the analysis and any necessary adjustment of IFRS reporting packages prepared by the consolidated entities, taking into account the reports submitted by the auditor and the related discussions concerning the financial statements.
- > These are supplemented by the clear definition of areas of responsibility and various monitoring and review mechanisms.
- > These monitoring and review mechanisms are designed with both integrated and independent process components. Automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as double-checking by a second person.
- > Internal auditing is a key component of the monitoring and control system. It carries out regular audits of accounting-related processes in Germany and abroad as part of its risk-oriented auditing activities and reports on these audits directly to the Board of Management of Volkswagen Financial Services AG.

In summary, the existing ICS and IRMS of the Volkswagen Financial Services AG are intended to ensure that the financial position of the individual entity Volkswagen Financial Services AG and of the Volkswagen Financial Services AG Group as of the reporting date of December 31, 2025 has been based on information that is reliable and has been properly recognized. In addition, the accurate recording, the processing and the evaluation of all transactions and their inclusion in the accounting system as a whole must be ensured.

No material changes were made to the internal monitoring and control system of Volkswagen Financial Services AG after the reporting date.

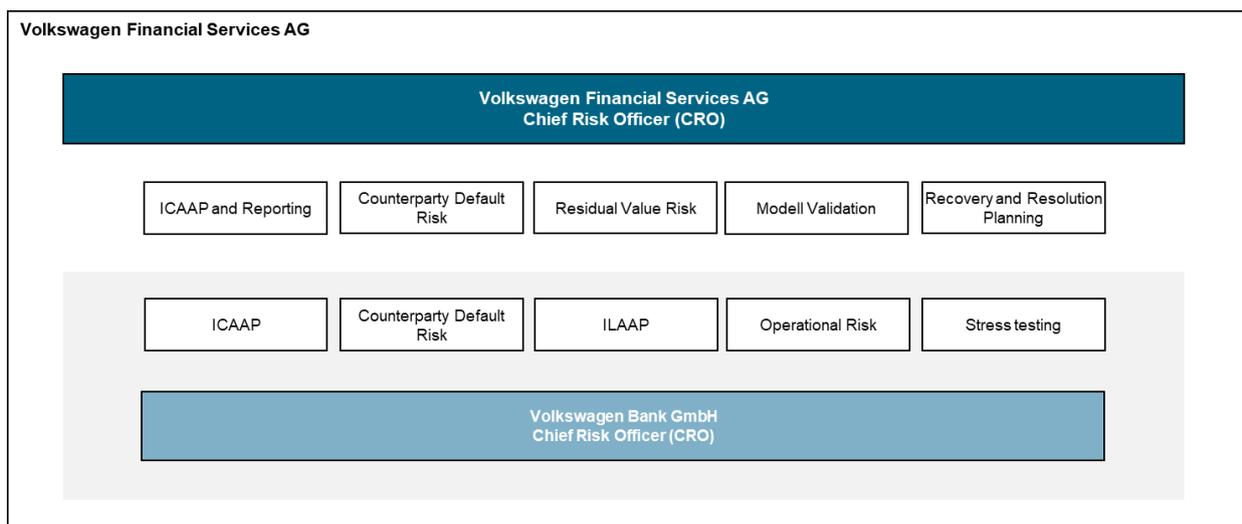
ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

At Volkswagen Financial Services AG, risk is defined as the danger of loss or damage that could occur if an expected future development turns out to be less favorable than planned. Volkswagen Financial Services AG is exposed to a large number of risks typical for the financial services sector within the scope of its primary operating activities, and enters into those risks in the context of its agreed risk strategy to ensure that it can selectively exploit any resulting market opportunities. Volkswagen Financial Services AG has implemented a risk management system in close cooperation with Volkswagen Bank GmbH to identify, assess, manage, monitor and communicate risks. The risk management system comprises a framework of risk principles, organizational structures and processes for assessing and monitoring risks. The individual elements are tightly focused on the activities of the individual divisions. This structure is

to ensure that any trends that could represent a risk to the business as a going concern are identified in good time so that appropriate corrective action can then be initiated at an early stage.

Responsibility for risk management at Volkswagen Financial Services AG lies with the Board of Management as a whole, whereby the Chief Risk Officer (CRO) is responsible for its operational implementation. In this role, the CRO submits regular reports to the Board of Management as a whole and the Supervisory Board on the overall risk position of Volkswagen Financial Services AG.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM



The Board of Management is supported by several risk management units that were established to perform the operational risk control functions. For example, Volkswagen Financial Services AG and Volkswagen Bank GmbH take an integrated approach to managing risks. In practice, operational implementation for the residual value risk processes, defined model validation activities and recovery and resolution planning lies with Volkswagen Financial Services AG’s risk management units. The expertise of the risk management function at Volkswagen Bank GmbH is additionally used for liquidity risk (ILAAP), operational risk and stress testing activities. Risk-bearing capacity is determined and the internal capital adequacy of Volkswagen Financial Services AG and Volkswagen Bank GmbH is assessed (under the internal capital adequacy assessment process – ICAAP) in close collaboration between the two companies; counterparty default risk is managed in the same way.

Volkswagen Financial Services AG has implemented appropriate procedures to ensure the adequacy of the risk management system. The individual elements of the system are subject to ongoing risk-based monitoring by the internal audit department.

There was no change in the existing Pillar II requirements of 2.25% for Volkswagen Financial Services AG in 2025. The Pillar 2 requirement is determined and reviewed annually by the ECB as the banking supervisor. It must be satisfied in addition to the Pillar 1 minimum capital requirements and covers risks that are underestimated in the minimum capital requirements or are not covered by them. The clear, unequivocal separation of tasks and areas of responsibility, both organizationally and in terms of personnel, ensures that the system is fully functioning at all times and regardless of the personnel involved.

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

In particular, these include models for conducting credit quality analyses in the lending business, for quantifying the risk categories and the risk-bearing capacity, and for valuing collateral, as well as standardized procedures for identifying, analyzing and measuring direct and indirect residual value risks. Risk management is therefore responsible for identifying potential risks, as well as analyzing, quantifying and measuring risks, and for subsequently deriving risk management measures.

Local risk management is responsible for implementing and complying with the Volkswagen Financial Services AG's risk management requirements in each market.

In summary, ongoing risk monitoring, open and direct communication with the Board of Management and the integration of the insights gained into operational risk management form the basis for optimal leverage of market potential from the Board of Management's perspective, based on informed and effective management of Volkswagen Financial Services AG's overall risk.

RISK STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Board of Management of Volkswagen Financial Services AG.

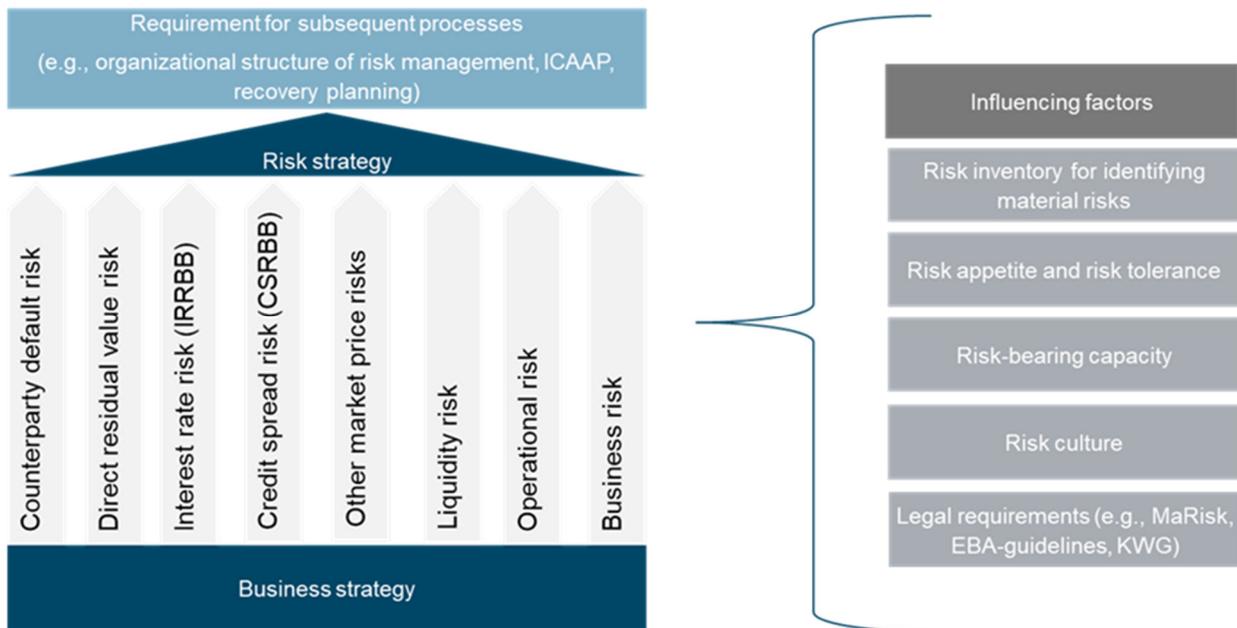
As part of this overall responsibility, the Board of Management has implemented a strategy process and a business and risk strategy. The Group-wide MOBILITY2030 business strategy sets out the fundamental views of the Board of Management of Volkswagen Financial Services AG on key matters relating to business policy. It includes the objectives for each major business activity and the strategic areas for action to achieve the relevant objectives. Moreover, the business strategy serves as the starting point for the preparation and associated development of the risk strategy.

The risk strategy is reviewed annually and on an ad hoc basis, adapted as necessary and discussed with and approved by the Board of Management of Volkswagen Financial Services AG, based on the risk inventory, the risk-bearing capacity and the legal requirements. The risk strategy presents the key objectives of and measures for risk management for each risk category, taking into account the business policy focus, risk tolerance and risk appetite. Achievement of the risk strategy objectives is reviewed annually. The origins of any discrepancies that arise are analyzed and then discussed with Volkswagen Financial Services AG's Board of Management.

The risk strategy contains all material quantifiable and unquantifiable risks. More detailed information and specific examples of the individual risk categories are presented in the form of subrisk strategies and operationalized in the business and risk planning process.

The Board of Management of Volkswagen Financial Services AG is responsible for determining and subsequently implementing the Volkswagen Financial Services AG Group's overall risk strategy.

RISK STRATEGY PROCESS



RISK INVENTORY

The objective of the risk inventory, which has to be performed at least once a year, is to identify the main categories of risk. To do this, all known risk categories are analyzed to determine whether they exist at Volkswagen Financial Services AG and are relevant. The relevant risk categories are analyzed in more detail in the risk inventory and quantified, while non-quantifiable risk categories are assessed by experts, and then evaluated in terms of their materiality for Volkswagen Financial Services AG. In accordance with the requirements set out in the ECB Guide to the internal capital adequacy assessment process (ICAAP) and the ECB Guide to the internal liquidity adequacy assessment process (ILAAP), the risk inventory is carried out using both the economic and normative perspectives and, in addition, a gross approach (i.e. an analysis of the risks that does not take into account specific techniques designed to mitigate the underlying risks). Volkswagen Financial Services AG also has an ILAAP-specific framework for risk identification in place as required by the ILAAP guide.

The risk inventory carried out for 2025 came to the conclusion that the quantifiable risk categories of counterparty risk, direct residual value risk, interest rate risk, credit spread risk in the banking book (CSRBB), other market risks, funding risk and operational risk, as well as the non-quantifiable risk category business risk, consisting of earnings risk, reputation risk and strategic risk including the ESG add-on, as well as business model risk, had to be classified as material risk categories. Indirect residual value risk and pension risk were classified as immaterial due to their low proportion of overall risk. Existing other risk subcategories are included in the named risk categories.

RISK-BEARING CAPACITY, RISK LIMITING AND STRESS TESTING

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

In the economic risk-bearing capacity analysis, the overall economic risk is compared against the risk-taking potential. An institution has the capacity to bear its risk if, as a minimum, all material risks to which the institution is exposed are covered at all times by the institution's risk-taking potential. The main risks are quantified as part of the economic risk-bearing capacity analysis with a confidence level of 99.9% and a time horizon of one year.

The objective of the normative perspective is to ensure that all relevant regulatory capital ratio requirements are met (in particular, the requirements for the total capital ratio and Common Equity Tier 1 capital ratio) in the planning period. To this end, Volkswagen Financial Services AG analyzes a baseline scenario and a multidimensional adverse scenario over a forward-looking time horizon of three years beyond the current year and constantly monitors its compliance with the regulatory capital requirements and its internally specified early warning thresholds.

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

Building on the risk appetite framework of Volkswagen Financial Services AG, the risk limit system that has been put in place limits the risk at different levels, thereby aiming to safeguard the economic risk-bearing capacity of Volkswagen Financial Services AG.

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

In a second step, the limits for the risk categories are broken down and allocated at the level of the branches and subsidiaries. The business risk, consisting of earnings risk, reputational risk and strategic risk including ESG markup and business model risk, is not limited but treated as a deduction from the risk-taking potential.

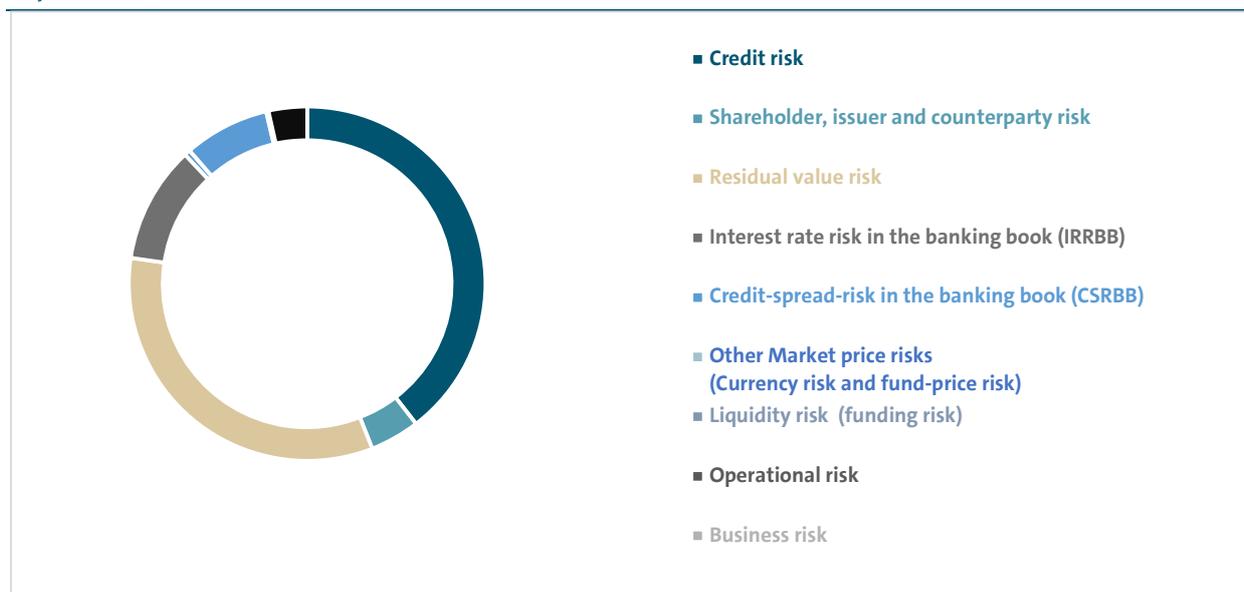
The limit system provides management with a tool that enables it to meet its strategic and operational corporate management responsibilities in accordance with statutory requirements.

As of December 31, 2025, risk-taking potential amounted to €30.4 billion and comprised CET1 capital (€30.3 billion) plus accumulated earnings after dividend deduction (€2.2 billion) less hidden charges and loss allowance shortfalls (€2.1 billion in total). As of December 31, 2025, 58% of risk-taking potential was utilized by the risks outlined above. In the period January 1, 2025 to December 31, 2025, the maximum utilization of the risk-taking potential in the economic perspective was 59%.

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

In 2025, the calculations of risk-bearing capacity confirmed that all material risks that could adversely impact the financial position or financial performance were adequately covered by the available risk-taking potential at all times. The stress tests did not indicate any need for action.

DISTRIBUTION OF RISKS BY RISK CATEGORY
As of December 31, 2025



CHANGES IN RISK CATEGORIES¹

| | € MILLION | | SHARE IN PERCENT | |
|---|---------------|---------------|------------------|---------------|
| | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 |
| Risk category | | | | |
| Credit risk | 6,965 | 6,874 | 40 | 43 |
| Shareholder, issuer and counterparty risk | 797 | 1,139 | 5 | 7 |
| Residual value risk | 5,863 | 4,849 | 33 | 30 |
| Interest rate risk in the banking book (IRRBB) | 1,876 | 2,245 | 11 | 14 |
| Credit-spread-risk in the banking book (CSRBB) | 94 | 102 | 1 | 1 |
| Other market risk (currency and fund pricerisk) | 1,372 | 326 | 8 | 2 |
| Liquidity risk (funding risk) | 34 | 62 | 0 | 0 |
| Operational risk | 617 | 418 | 4 | 3 |
| Business risk | – | – | – | – |
| Total | 17,617 | 16,017 | 100 | 100 |

¹ The confidence level is 99.9% as standard.

RISK CONCENTRATIONS

Volkswagen Financial Services AG is a captive financial services provider in the automotive sector. The business model, which focuses on promoting vehicle sales for the various Volkswagen Group brands, results in concentrations of risk, which can take a variety of forms.

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

- > just a few borrowers/contracts account for a large proportion of the loans/leasing business (counterparty concentrations)
- > A small number of sectors account for a large proportion of the loans (sector concentrations)
- > Many of the loans are to businesses within a defined geographical area (regional concentrations)
- > Loans/receivables are secured by just one type of collateral or by a limited range of collateral types (collateral concentrations)
- > Residual values subject to risk are limited to a small number of vehicle segments or models (residual value concentrations) or
- > Volkswagen Financial Services AG's income is generated from just a few sources (income concentrations).

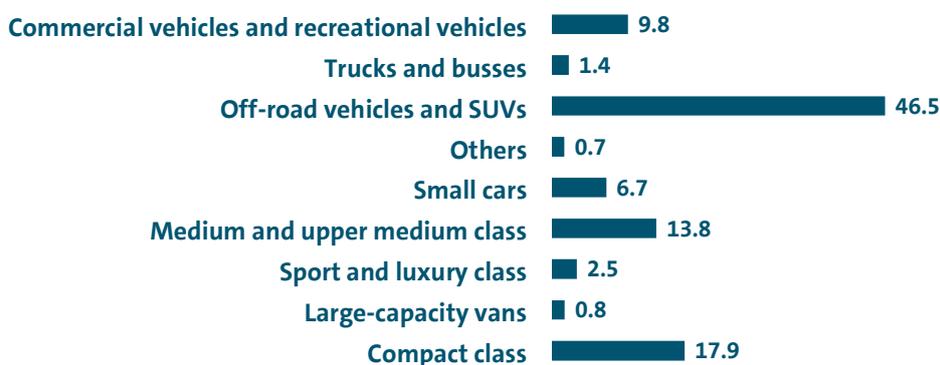
These potential concentrations are mitigated by diversification, for example with regard to the dimensions of brands, models and countries.

Counterparty concentrations from customer financing are only of minor significance because of the large proportion of business accounted for by retail lending. In terms of regional distribution, the Company aims for broadly based diversification of business across regions.

In contrast, sector concentrations in the dealership business are a natural part of the business for a captive and these concentrations are therefore individually analyzed.

Likewise, a captive cannot avoid collateral concentrations because the vehicle is the predominant collateral asset by virtue of the business model. Risks can arise from concentrations of collateral if downward pricing trends in used vehicle markets or segments lead to lower proceeds from the recovery of assets and, as a consequence, there is a fall in the value of the collateral. Nevertheless, in terms of the vehicles used as collateral, Volkswagen Financial Services AG enjoys a broad diversification across all vehicle segments (see following diagram) based on a large range of vehicles from the different brands in the Volkswagen Group.

COLLATERAL STRUCTURE AS OF DECEMBER 31, 2025
In %



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

MODEL RISKS

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RISKS

The increasing emphasis placed on sustainability and the need to manage ESG risks are changing the financial system. We intend to be proactively involved in these changes and make the most of the opportunities that arise.

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

Based on the objectives of the sustainability dimension as part of the MOBILITY2030 corporate strategy formulated for Volkswagen Financial Services AG, the risk strategy stipulates the fundamental understanding of how to manage ESG risks and sets out risk strategy guidelines for the operational

framework in this area. These strategies are complemented by the separate sustainability strategy updated at the beginning of 2025.

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

To reflect the changing stakeholder demands on sustainability at Volkswagen Financial Services AG, the Company has gradually integrated ESG risks as an integral element of the risk management framework in recent years in a comprehensive sustainability project.

Over the course of the restructuring, a plan was drawn up for Volkswagen Financial Services AG to meet the ECB and BaFin ESG requirements, based on which the requirements were rolled out across Volkswagen Financial Services AG as a whole and its international subsidiaries in 2025.

Volkswagen Financial Services AG does not treat ESG risks as a separate risk category, but rather as a risk driver of existing risk categories. Climate- and environment-specific risk drivers are particularly important for Volkswagen Financial Services AG, but social and governance risks are also taken into account in the identification, assessment and management of ESG risks.

To ensure that ESG risks are appropriately identified, quantified, managed and monitored, a qualitative and quantitative assessment of the ESG risk drivers within the existing risk categories was carried out for the first time for Volkswagen Financial Services AG in 2025 as part of an annual materiality assessment. Starting from the results of the materiality assessment, scenarios were devised, which were quantified as part of an internal climate stress test. The definition of ESG key risk indicators integrates them into the risk strategy so that they can be managed. These are intended to limit the agreed ESG KPIs on the risk side and cover the most relevant ESG risk drivers. To ensure appropriate monitoring, ESG risks were integrated into the quarterly risk management report in 2025.

To address material ESG risks, Volkswagen Financial Services AG has already established tools to take ESG aspects into account in the lending processes. During the loan origination process, ESG risks are assessed at Volkswagen Financial Services AG on the basis of the comprehensive expertise of the front and back offices. Relevant ESG factors are considered when determining residual values.

As a captive, Volkswagen Financial Services AG focuses on financing and leasing passenger cars for retail and corporate customers as well as individual mobility. A material risk for Volkswagen Financial Services AG therefore arises from the transformation of the automotive sector and the impacts on both vehicle dealers and vehicle residual values.

On the funding side, however, the mobility revolution is being supported by the issuance of green bonds, which are backed by a positive ESG rating of Volkswagen Financial Services AG. To issue green bonds, Volkswagen Financial Services AG has established a Green Finance Framework on the basis of the ICMA-GBP-2021 and LMA/LSTA/APLMA-GLP-2023 standards. The objective here is to base funding overall to a greater extent on sustainability criteria.

Volkswagen Financial Services AG carries out a range of measures in its business operations to ensure that it becomes net carbon neutral and to prevent the danger of serious environmental damage. For example, cutting carbon emissions is a top priority.

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

Volkswagen Financial Services AG also has a tradition of supporting specific social and environmental protection projects through donations and sponsorship, such as wetland restoration projects run by NABU e. V. (Nature And Biodiversity Conservation Union in Germany).

RISK REPORTING

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

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

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

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

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

Volkswagen Financial Services AG strives to ensure the high quality of the information contained in the risk reports about structures and trends by means of a process of constant refinement and ongoing adjustment in line with current circumstances.

RECOVERY AND RESOLUTION PLANNING

During the course of fiscal year 2025, the Volkswagen Financial Services AG Group updated its Group-wide recovery plan and submitted it to the ECB (the competent supervisory authority).

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

The recovery plan also sets out the responsibilities and the processes to be followed in the management of a crisis and specifies a Group-wide set of recovery indicators to support ongoing monitoring. The recovery indicators are spread over different corporate units so that a broad range of indicators are covered. The range includes capital, liquidity, profitability and market-based indicators, all of which are continually monitored. Both the Board of Management and the Supervisory Board are

notified on a quarterly basis of the status of the recovery indicators as of the reporting date in question in the risk management report.

Volkswagen Financial Services AG has additionally assisted the competent resolution authorities with the preparation of a Group resolution plan during the current fiscal year. The objective of the resolution plan is to safeguard the resolvability of the Group. This involves Volkswagen Financial Services AG providing the resolution authorities with information and analyses for this purpose in accordance with its supporting duties as defined in section 42 of the Recovery and Resolution Act (SAG). Formal submission of the Group resolution plan is expected during the first quarter of fiscal year 2026.

CURRENT REGULATORY FACTORS

After years of tightening the regulatory framework for institutional and financial holding groups, the focus of the current EU legislature is on competitiveness and cutting red tape by seeking to simplify the regulatory framework, against the backdrop of the European Union's declining competitiveness relative to China and the US. It remains to be seen whether this will have a positive effect on the regulatory framework requirements, aside from minor improvements. According to a letter from the European Commission dated October 1, 2025 to the European supervisory authorities, an analysis in the area of supervisory and financial regulation has identified mandates for 430 delegated acts, of which 115 are to be deprioritized at the suggestion of the European Commission. This is likely to slow down the pace of delegated acts, but will not effectively reverse the trend unless measures of significantly greater scope are taken. Experience shows that the draft legislation may contain significant, but as yet unforeseen, tightening that will need to be identified and highlighted by the associations during the expected consultation processes. This also applies in the context of the desired simplifications, which may lead to significant tightening in a number of important areas. Volkswagen Financial Services AG, for the financial holding group, and Volkswagen Bank GmbH (group), as part of the Volkswagen Financial Services AG financial holding group, will consider these and implement and incorporate the final drafts. This may also have implications for business and risk strategies.

CRR III, which is concerned primarily with the implementation of Basel IV (also referred to by the Basel Committee as the completion of Basel III), came into force on July 9, 2024. In addition, the definition criteria were expanded. This expansion led to a widening of the prudential scope of consolidation at the level of the financial holding group. This relates to the statutory definition of providers of ancillary services undertakings in Article 4(1)(18) of CRR III, which resulted in two additional companies having to be included in the prudential scope of consolidation of the Volkswagen Financial Services AG financial holding group. In addition, the reporting requirements and specific requirements for the individual risk categories that must be backed by capital are governed by the delegated regulations. Most of the CRR III requirements are applicable as of January 1, 2025, although the CRR III reporting requirements were required to be implemented by June 30, 2025, with the following exceptions. The requirements for determining and reporting own funds requirements for market risk were deferred to January 2, 2027, by Delegated Regulation (EU) 2025/1496.

In terms of credit risk, the final European Banking Authority (EBA) report with a draft delegated regulation on the allocation and determination of risk weights for off-balance sheet exposures has been available since August 2025. This also contains guidance on how, in the future, to assess the circumstances under which a commitment cannot be assumed to be irrevocably terminable and a higher standard credit conversion factor therefore has to be applied. This may result in higher capital requirements.

The EBA published its final guidelines on ancillary services undertakings on January 9, 2026. The EBA did not address the criticism expressed by the banking associations that some of the criteria developed

by the EBA for determining whether an entity is an ancillary services undertaking are no longer covered by the legal definition in Article 4(1)(18) of CRR III. In addition to the very extensive clarification of terminology in Article 4(1)(18) of CRR III, the final EBA guidelines also stipulate that financing interconnectedness and dependencies on banking products must be considered as criteria for classification as an ancillary services undertaking. On the basis of the final EBA guidelines that have now been published, we are currently examining which companies may need to be included in the prudential scope of consolidation. If further companies were required to be included in the prudential scope of consolidation of Volkswagen Financial Services AG, these would mainly be smaller companies, meaning that no material adverse effects on meeting capital and liquidity requirements are to be expected.

In addition, in August 2025, the EBA published its final report with drafts of three delegated regulations about collecting and recording operational risk losses, two of which are relevant to the Volkswagen Financial Services AG financial holding group. On the one hand, this relates to the final draft of a risk taxonomy for operational risk, which contains a list of the types, categories and attributes of operational risk events that institutions must use when recording operational risk losses. On the other, this concerns the draft amendments to the loss data set by estimating the annual operational risk losses using a specified methodology if, as in the case of Volkswagen Financial Services AG, new undertakings are added to the prudential scope of consolidation as a result of the establishment of a financial holding group effective July 1, 2024.

In order to implement CRD VI, which also came into force on July 9, 2024, and which was to be transposed into national law by January 10, 2026, and to apply from January 11, 2026, the Bundestag adopted the Finance Committee's recommendation on the Banking Directive Transposition and Bureaucracy Relief Act, or BRUBEG for short. The law still requires the approval of the Federal Council. A final version of the law is expected in the first quarter of 2026, and it is scheduled to come into force on April 1, 2026. The law contains numerous new requirements and will lead to a significant tightening of the sanctions regime and the expansion of the powers of the supervisory authorities. One focus is the future obligation on Volkswagen Financial Services AG to approve a Group ESG risk plan, which must be reported to the supervisory authority without undue delay and will describe how Volkswagen Financial Services AG intends to manage and monitor its transition to a sustainable economy. Volkswagen Bank GmbH has a corresponding obligation in respect of the Volkswagen Bank GmbH Group. Volkswagen Financial Services AG, Volkswagen Bank GmbH, and Volkswagen Leasing GmbH are currently analyzing the legal changes and are in the process of developing the necessary implementation measures and will implement them accordingly.

As a significant financial holding company and the parent company of the Volkswagen Financial Services AG financial holding group, Volkswagen Financial Services AG has been subject to direct supervision by the ECB since July 1, 2024. As a result, it must comply with the EBA guidelines, the requirements of the ECB and the requirements of the German Federal Financial Supervisory Authority (BaFin), including the *Mindestanforderungen an das Risikomanagement* (MaRisk – German Minimum Requirements for Risk Management) insofar as BaFin has not limited the scope of its requirements to less significant institutions. The Volkswagen Financial Services AG (Group) is also subject to the ECB's Supervisory Review and Evaluation Process (SREP) for the Volkswagen Financial Services AG Group. The EBA has published guidelines concerning SREP implementation and assessment and updates them from time to time. The EBA published its most recent set of revised guidelines on SREP and supervisory stress testing on March 18, 2022; they have been in effect since January 1, 2023. The revised SREP guidelines serve largely to implement requirements of CRD V, incorporate the stipulations of various new and revised EBA guidelines, and are intended to help refine supervisory practice. The changes being introduced also include a requirement that ESG risks be incorporated into business model analysis. ESG

risks and their consequences are to be assessed in this context with regard to the viability and sustainability of the business model and the long-term resilience of the financial holding group. In future, this assessment will probably have an increased effect on the level of the overall SREP score. On October 25, 2025, the EBA published a consultation paper on changes to the SREP and supervisory stress tests, in particular to reflect changes in regulatory requirements that have since come into effect, including aspects such as resilience. Following completion of the SREP, Volkswagen Financial Services AG (Group) will be notified of the additional capital requirements and expectations required under Pillar II, as well as implementation recommendations that Volkswagen Financial Services AG (Group) must comply with.

In light of the fact that subsidiaries of Volkswagen Financial Services AG, in particular Volkswagen Bank GmbH and Volkswagen Leasing GmbH, are large-scale originators of securitizations, the provisions of the German Securitization Regulation and compliance with the requirements for STS securitizations are also highly relevant for these companies. In June 2025, the European Commission presented proposals for reviving the securitization framework, on which the Council formulated its position on December 19, 2025, and the rapporteur of the ECON Committee of the European Parliament presented their report with proposed amendments for discussion in the European Parliament's ECON Committee on December 11, 2025. While the Commission's draft would result in significantly higher capital requirements for bank investors in triple-A-rated senior STS auto ABS securitization tranches, the Council's position would lead to a significant reduction in capital requirements for these securitization tranches, which are important for refinancing. The proposal by the European Parliament's rapporteur also envisages capital relief for these securitization tranches. Due to its significance, the legislative process is being closely monitored and tracked by the industry associations.

The provisions of the Prudential Backstop Regulation for nonperforming loans as described in Article 47a of the CRR, which entered into force on April 26, 2019, also have a regulatory effect on the capital requirement for credit risk. Regulatory minimum capital requirements for risk exposures that have been nonperforming for more than two years have been in force since 2021. Failure to comply in full with the regulatory minimum capital requirement necessitates a deduction from Common Equity Tier 1 capital. There are deductions from equity in light of the fact that vehicle collateral is currently not eligible for prudential purposes for the Volkswagen Financial Services AG (Group) financial holding group, which applies the CRSA. This deduction from equity also affects Pillar 2.

The Volkswagen Financial Services AG financial holding group must also ensure that its management of nonperforming loans complies with the EBA Guidelines on the management of nonperforming and forborne exposures, the ECB's Guidance to banks on nonperforming loans and the revised MaRisk published in August 2021. More significant implications for the credit risk strategy can arise should the proportion of nonperforming risk exposures reach or exceed 5% at the level of the Volkswagen Financial Services AG financial holding group or at the level of the Volkswagen Bank GmbH Group. The Volkswagen Financial Services AG financial holding group must additionally comply with the EBA Guidelines on Loan Origination and Monitoring, which define wide-ranging requirements for the assessment of lending operations and thus have implications for credit decisions.

Regulatory influences result from the requirements relating to interest rate risks. These include, first, the guidelines on interest rate risk in the banking book (IRRBB) and, second, the credit spread risk in the banking book (CSRBB) from non-trading book activities. The adopted delegated act regarding CRD V on the supervisory IRRBB outlier test specifies the six supervisory shock scenarios plus the criteria to be used to assess whether there is a strong decline in net interest income or in the economic value of equity that could trigger supervisory measures. The IRRBB package is rounded off by extensive reporting requirements on interest rate risk, which were required to be implemented by September 30, 2024. The necessary IT is currently being implemented on an ongoing basis as part of the LiMA project.

Other regulatory effects on risk management in Pillar 2 stem in particular from the supervisory requirements for IT in financial institutions (BAIT), which were republished in a somewhat reduced form on January 10, 2025, the EBA Guidelines on information and communications technology (ICT) and security risk management, and the EBA Guidelines on outsourcing arrangements, which are also considered in the MaRisk published in August 2021.

In addition, the Digital Operational Resilience Act (DORA) for the financial sector is highly relevant for the requirements for IT. It will also significantly shape the relationship with ICT service providers. DORA establishes a standardized framework for the effective and all-inclusive management of cybersecurity and ICT risk for financial market participants and critical ICT service providers as defined in the regulation. The aim is to sustain resilient operations in the event of a serious business interruption that could jeopardize the security of the network and information systems. This is designed to ensure that financial market participants can continue to operate securely and reliably even in the event of major incidents impacting ICT.

DORA focuses on six main areas: ICT risk management, the reporting of ICT-related incidents and material cyberthreats, digital operational resilience testing (including threat-led penetration testing, TLPT), third-party ICT risk management, a European oversight framework for critical third-party ICT service providers, and information sharing and (cyber) emergency exercises. A large proportion of the requirements were already familiar from the EBA Guidelines on ICT and security risk management and EBA Guidelines on outsourcing arrangements and from the supervisory requirements for IT in financial institutions (BAIT) and MaRisk. In this respect, many familiar requirements have now been elevated to a statutory level. In order to avoid duplicate regulation, BaFin has excluded financial services companies that are directly subject to the DORA regulation from the scope of application of the BAIT. This means that the Volkswagen Bank GmbH and Volkswagen Leasing GmbH subsidiaries are no longer directly governed by the BAIT. However, the BAIT continues to apply to Volkswagen Financial Services as the parent company of the Volkswagen Financial Services AG Group.

In addition, DORA contains a range of mandates for issuing delegated regulations, the last of which are to be published and applied over the course of 2025. Of particular importance for risk management at the Volkswagen Financial Services AG Group is the delegated regulation for the further harmonization of ICT risk management instruments, methods, processes and strategies.

The requirements of DORA and the associated delegated regulations were implemented by December 31, 2025, as part of a project to strengthen the resilience of the Volkswagen Financial Services AG Group. Remaining tasks were transferred to line functions and will be implemented there. Based on current planning, this work is expected to be completed by the end of 2026.

Additionally, the ECB published its Guide on outsourcing cloud services to cloud service providers on July 16, 2025. The ECB guide scrutinizes the requirements of DORA in the context of outsourcing cloud services to cloud service providers, which in many cases are also likely to be critical ICT service providers within the meaning of DORA, and sets out expectations regarding the implementation of DORA in this regard.

In July 2025, the EBA also published its consultation paper on new guidelines for third-party risk management for non-ICT-related services, which also includes subcontracting to other service providers. This will extend the scope to include the outsourcing of services, including outsourcing agreements as a subset of outsourced services. A consultation on this was held until October 2025. A particular focus in this respect is on the provision of services for critical or important functions. The draft guidelines are intended to replace the previous EBA guidelines on outsourcing and to be aligned as far as possible with the requirements of DORA. In addition, the information requirements for the information register will also be aligned with the requirements of DORA, making it possible to maintain only a single information

register in the future. If these new guidelines are implemented as proposed, they are likely to result in considerable additional effort. Institutions will therefore be given a period of two years for existing service contracts to review and modify existing third-party service agreements and to update the information register in line with new and amended information requirements. The credit industry associations have called for a stronger focus of the requirements on critical and important functions and harmonization with DORA requirements, as far as this is reasonable and justifiable in terms of the effort involved. It therefore remains to be seen to what extent the proposals by the credit industry associations for a less bureaucratic implementation will be incorporated.

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

It focuses on seven key areas: a) the responsibilities of the management body, b) the scope of application of the data governance framework, c) key roles and responsibilities for data governance, d) the implementation of an integrated data architecture at group level, e) the effectiveness of data quality controls, f) the timeliness of internal risk reporting and g) implementation programs. Risk reports must be submitted within 20 working days. Volkswagen Financial Services AG is taking this topic very seriously and is implementing the individual elements in line with a plan presented to the Board of Management. The CRO of Volkswagen Financial Services AG is the Head of Data Governance.

Considering climate and environmental risks in risk management, including transition risks, will continue to be important in the future. This will also require the Volkswagen Financial Services AG Group to address these risks in the future, as these risks can act as drivers of existing risk types and must be taken into account in the identification, assessment, monitoring and management of those risk types. Whereas large amounts of data are already being collected to identify and assess potential climate and environmental risks, whether for internal risk management or for public disclosure purposes, the issue of the relevance and quality of this data for managing transition plans will also be important in future.

Of particular importance is the ECB's Guide on climate-related and environmental risks, whose requirements were implemented by the end of September 2025 according to a plan coordinated with the ECB after the establishment of the financial holding group. This plan also included the new Volkswagen Bank GmbH Group, with Volkswagen Leasing GmbH as a subsidiary of Volkswagen Bank GmbH.

It is worth noting that ESG risks must not only be taken into account comprehensively in risk management; a comprehensive disclosure of ESG risks is now required. For example, the Volkswagen Financial Services AG financial holding group's Pillar 3 Disclosure Report as of December 31, 2024 was required to disclose comprehensive sustainability-related information for the first time. In particular, this concerns information on CO₂ emissions, including those related to vehicle financing (Scope 3 emissions).

It can be expected that the emissions intensity will decline with an increase in the proportion of battery-powered vehicles financed, i.e., leased CO₂ emissions are likely to fall relative to the portfolio of loans and receivables over the next few years.

The EBA published its guidelines on the management of ESG risks on January 9, 2025 with the aim of ensuring that the CRD VI requirements for managing ESG risks are implemented consistently across the EU, and the requirements were to be implemented by January 11, 2026. Whereas a large part of the requirements for managing ESG risks is known from the EBA Guidelines on climate-related and environmental risks and from the MaRisk published at the end of June 2023, these guidelines are noteworthy for the fact that they define standards that are quite binding in some cases; these can be used in the future to measure and verify whether the relevant requirement for managing ESG risks has been

met, even though the EBA has somewhat broadened the scope for appropriate, proportional implementation in some areas compared with the consultation paper. Whereas today it is often still sufficient for ESG risks to be considered in the various risk management processes for all types of risk, the EBA guidelines lay out stipulations in a range of cases that are as specific as possible and that must be complied with for the particular requirement to be deemed met, and to have been considered adequately.

Specifications resulting from the CRD VI requirements are also new. This relates in particular to the requirements for the transition plan to be prepared. Accordingly, the management body will, following implementation at the national level, be responsible for the development of specific plans with quantifiable objectives to monitor and mitigate physical and transition risks resulting over the short, medium and long term from the business model and strategy of Volkswagen Financial Services AG not being consistent with the relevant political objectives of the European Union or more general trends to transition to a more sustainable economy with regard to ecological, social and governance factors. The long-term time horizon should be at least ten years. Moreover, an interim target has to be set for 2030 to demonstrate to the supervisory authorities how the plan enables Volkswagen Financial Services AG to identify and measure ESG risks that are linked to the EU's target of reducing greenhouse gas emissions by 55% compared to 1990 levels. Furthermore, the transition plans must be consistent with the business strategy, risk appetite, ICAAP and the other risk management processes. In December 2025, Volkswagen Financial Services AG adopted a transition plan for the Group, which it submitted to the supervisory authorities in January 2026.

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

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

- > Requirements related to risk culture
- > The functioning and effectiveness of the management bodies of the supervised institution (including the committees of the supervisory board and the independent members)
- > The functioning and effectiveness of the internal control functions, comprising the risk management function, the compliance function and the internal audit function, as well as
- > The design and implementation of the risk appetite framework

The ECB describes observed good practices for each of these topics.

In terms of the policies on the composition and functioning of the governing bodies, a suitability policy and a diversity policy in particular are expected in the future.

A large number of expectations and recommendations set out in the consultation paper were heavily criticized by the banks, as some of them go well beyond existing regulatory requirements and it is questionable whether they will really strengthen governance as intended, although this would be

welcomed in principle. It therefore remains to be seen what the final ECB guide on governance and risk culture will look like. Volkswagen Financial Services AG and Volkswagen Bank GmbH will scrutinize the final ECB guide and derive any need for action and any measures to be taken, where applicable.

Finally, in August 2025, the EBA published a consultation paper on revised guidelines on internal governance that serve to clarify the implementation of CRD VI. In particular, these include extensive additional detailed requirements for documenting the organization by mapping tasks in the form of an overview, including details of reporting lines and the areas of responsibility of the persons who are part of the corporate governance arrangements, so as to identify and close organizational gaps. These will be required to be supplemented by signed individual statements of responsibility for the governing body, consisting of the board of management and supervisory or administrative board, for key function holders and members of senior management, in order to strengthen accountability and responsibility. These requirements will apply at the level of the individual company as well as on a subconsolidated and consolidated basis. Even though strengthening governance is generally to be welcomed, the documentation requirements should be proportionate to the strengthening of internal governance and take greater account of the already extensive internal rules governing the organization. The associations therefore criticized the partially highly detailed requirements for documenting the organization as disproportionate.

In addition, the revised draft of the EBA guidelines on internal governance sets out the following significant changes: the network and information systems are expected to be configured and managed in accordance with the requirements of DORA. This will then also apply across the entire Group. Group-wide implementation is already underway as part of the DORA project. In addition, business and continuity management is also expected to comply with the DORA requirements. This also applies Group-wide. The EBA guidelines now also take ESG risks into account in corporate governance processes, which are described in much greater detail in the EBA guidelines on ESG risk management. Internal control functions should be strengthened and given direct access and a reporting line to the Supervisory Board. In addition, the remuneration of the heads of internal control functions should, in future, be overseen directly by the Supervisory Board. Potential conflicts of interest involving a head of an internal control function who is also a member of the Board of Management should be effectively mitigated through appropriate safeguards and risk mitigation measures. In the future, corporate culture should also incorporate diversity and inclusion. In addition, institutions should also aim to establish a culture of equality, diversity, and inclusion, and prevent discrimination and harassment as part of their risk culture. Volkswagen Financial Services AG is already committed to these values as part of its corporate culture.

Volkswagen Financial Services AG will continue to study the draft EBA guidelines on internal governance and, once they have been published in their final form, will determine whether any action is required and what measures need to be taken to implement them.

NEW PRODUCT AND NEW MARKET PROCESS

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

Volkswagen Financial Services AG maintains a product manual containing details of all products and markets intended to form part of the business activities.

CHANGES TO OPERATING PROCESSES OR STRUCTURES

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

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

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

OVERVIEW OF RISK CATEGORIES

Risk category

Counterparty Default Risk

Credit Risk

Counterparty and Issuer Risk

Country Risk

Shareholder Risk

Residual Value Risk

Market Price Risk

Interest Rate Risk in the Banking Book (IRRBB)

Credit Spread Risk in the Banking Book (CSRBB)

Other Market Price Risks (Currency and Fund Price Risk)

Liquidity Risk (Funding Risk)

Business Risk

Earnings Risk

Reputational Risk

Strategic Risk

Business Model Risk

Operational Risk

Process Risks

External Risks

Technology Risks

Unless specifically stated, there were no material year-on-year changes to the individual risks or opportunities.

Counterparty default risk

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

In the Volkswagen Financial Services AG Group, counterparty default risk encompasses the following risk categories: credit risk, counterparty risk, issuer risk, country risk and shareholder risk.

Credit risk

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

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

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

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on financial position and financial performance. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of borrowers or lessees to make payments, the

recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

Risk identification and assessment

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

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

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

Rating systems for corporate customers

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

Scoring systems in the retail business

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

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

Supervision and review of retail and corporate systems

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

A structured validation approach that can accommodate both central and local responsibilities is applied to the models and procedures used to assess credit quality in the retail and corporate areas. The validation focuses in particular on the discriminatory power and calibration of the models appropriate to the risk. If a need for action is identified, appropriate measures are derived and their implementation is monitored to ensure consistent application of the standards.

Collateral

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

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

Provisions

The calculation of provisions is based on the expected loss model in accordance with IFRS 9. Provisions are determined as a function of the results of the rating and scoring processes applied.

The provision for credit risks in accordance with IFRS 9 is determined on the basis of the credit risk parameters used in the internal risk calculations (see also “Risk Identification and Assessment” and the following sections).

Risk monitoring and control

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

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

Trends

The volume of loans and receivables in Volkswagen Financial Services AG's loan portfolio increased continuously in fiscal year 2025 (+€21.1 billion in December 2025 compared with December 2024). Overall, credit risk was observed to remain stable at a moderate level. Nevertheless, the financial situation of individual corporate customers deteriorated, particularly in the German market, leading to a default in fiscal year 2025.

Retail portfolio

The sustained strong demand for our retail products led to a significant increase in the volume of loans and receivables in the loan portfolio in fiscal year 2025 (€+16.3 billion in December 2025 compared with December 2024). The main growth drivers are the markets in Germany, France and Italy, as well as the inclusion of the Danish market for the first time. The increase is primarily attributable to the operating lease and instalment of loan products. Overall, credit risk in Volkswagen Financial Services AG's retail portfolio was stable at a moderate level. The default rate remained stable at 2.6% in fiscal year 2025, and the percentage provision for credit risks remained stable at 1.5% in both December 2024 and December 2025.

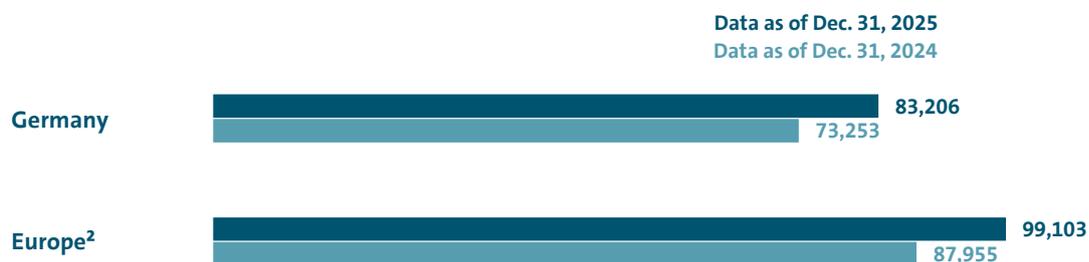
Corporate portfolio

In Volkswagen Financial Services AG's corporate portfolio, an increase in the volume of loans and receivables was recorded in fiscal year 2025 (+€4.8 billion as of December 2025 compared with December 2024), driven primarily by the German market. The rise is attributable to both the dealer financing portfolio and the corporate non-dealer portfolio.

Risk in the corporate portfolio was shaped by a rise in the default rate (from 3.2% as of December 2024 to 3.7% as of December 2025) and an increasing percentage provision for credit risks (1.5% as of December 2024 and 1.8% as of December 2025). The increase in the default rate is attributable to the default of individual dealers and fleet customers, particularly in the German market.

BREAKDOWN OF LENDING VOLUME BY REGION¹

€ million



¹ Figures before application of consolidation effects

² Europe excluding Germany

BREAKDOWN OF LENDING VOLUME BY PD BAND AND PORTFOLIO¹

€ million

| PD band | Retail | Corporate | Total |
|---------------|-------------------------|------------------------|--------------------------|
| < = 1 % | 54,106 29.7% | 24,531 13.5% | 78,638 43.1% |
| > 1 % < 100 % | 72,278 39.6% | 25,995 14.3% | 98,273 53.9% |
| 100% | 3,441 1.9% | 1,957 1.1% | 5,398 3.0% |
| Total | 129,826 71.2% | 52,483 28.8% | 182,309 100.0% |

¹ Figures before application of consolidation effects

Counterparty/Issuer risk

Counterparty risk arises in connection with interbank investments, derivatives and pension funds. Counterparty risk is a subcategory of counterparty credit risk and describes the risk that a counterparty may be unable to make payments of interest and/or repayments of principal as contractually required. Similarly, issuer risk is the risk that the issuer of a security could become insolvent during the maturity of the product and, as a consequence, some or all of the invested capital, including the expected interest payments, has to be written off. Issuer risk results from the purchase of securities to optimize liquidity management and to fulfill statutory and/or regulatory requirements.

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

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

Risk identification and assessment

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

Risk monitoring and control

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

Country risk

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

Shareholder risk

Shareholder risk refers to the risk that after contributions of capital or loans regarded as equity are made to a company, losses with negative effects on the carrying amount of the shareholding might occur (e.g., silent contributions). In principle, Volkswagen Financial Services AG only makes such equity investments to help it achieve its corporate objectives.

The investments must therefore support its own operating activities and are intended to be held on a long-term basis. If shareholder risk were to materialize in the form of a loss of fair value or even the complete loss of an equity investment, this would have a direct impact on relevant financial data. The net assets and financial performance of Volkswagen Financial Services AG would be adversely affected by write-downs recognized in profit or loss.

Risk identification and assessment

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

Risk monitoring and control

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

Residual value risk

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

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

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

Risk identification and assessment

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

To quantify the UL, the difference between the selling price of the vehicles sold, adjusted for damage and mileage variances, and the contractual residual value is measured. A discount is derived from the history of these variances.

The UL is calculated as the product of the contractual residual value and the discount for leased vehicles that have not yet been sold. It can be calculated for each individual lease for each vehicle in the portfolio. As in the calculation of the EL, the UL portfolio is calculated as the aggregated ULs of the individual vehicles and is determined quarterly. The results from the calculation of the EL and UL are fed into the assessment of the risk situation, e.g., they are one of the factors used in assessing the adequacy of the provisions for risks and are included in the calculation of risk-bearing capacity.

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

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

Risk monitoring and control

Risk Management monitors direct residual value risk within Volkswagen Financial Services AG.

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

Due to the distribution of risks, the risks entered into are not always fully covered on an individual contract basis due to the different curves of the residual value (degressive curve) and the repayment (progressive) during the term of the contract. The risk amounts assigned to the remaining term must therefore still be earned and written down in the future for the risks already identified.

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

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

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

Trends

CHANGES IN DIRECT RESIDUAL VALUE RISK

| Direct residual value risk | Dec. 31, 2025 | 31.12.2024 |
|--|---------------|------------|
| Number of contracts | 3,339,993 | 2,897,927 |
| Guaranteed residual values (€ million) | 64,112 | 52,478 |
| Risk exposure in % | 5.6 | 6.0 |

Despite a continued tense market situation in the reporting period, contract growth was recorded in 2025. At the same time, there was an increase in residual value risk, which was due in particular to the growing portfolio and the pressure on the residual values of first-generation used battery electric vehicles (BEVs). The reasons for this are both ongoing technological developments, which are leading to greater technological advances between generations, and the continuing political uncertainties surrounding tariffs, trade conflicts, and environmental premiums.

The residual values of vehicles with combustion engines remain above the level seen before the COVID-19 pandemic and are stable overall.

As part of the management of residual value risk, Volkswagen Financial Services AG has firstly specified rules for managing residual value. The processes for this include the calculation of the risk exposures of forward-looking residual value forecasts. Secondly, it has established uniform requirements for the Group, which reflect the accounting standards governing the recognition of provisions for credit risks. On the basis of this mandatory outer framework, the divisions/markets monitor and control their business policy activities, planning and decisions in compliance with their assigned authority. Residual value risk is monitored at portfolio level by means of regular reporting and the annual planning process.

Interest rate risk in the banking book (IRRBB)

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

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

Risk identification and assessment

For Volkswagen Financial Services AG, present value interest rate risk is calculated and reported in the context of the monthly monitoring process using the value at risk (VaR) method.

The model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations, a 365-day holding period and a 99.9% confidence level. Negative interest rates can also be factored into the historical simulation.

The VaR calculated for operational management purposes estimates potential losses under historical market conditions, but stress tests are also carried out in which interest rate positions are subject to exceptional interest rate changes and worst-case scenarios. The results from the simulations are analyzed to assess whether any of the situations could represent a serious potential risk. This process also includes the monthly quantification and monitoring of the changes in present value resulting from the interest rate shock scenarios of +200 basis points and -200 basis points as specified by BaFin and from the scenarios relating to interest rate risk in the banking book specified by the ECB and the Basel Committee on Banking Supervision. The behavior of investors with indefinite deposits is analyzed using internal models and methods for managing and monitoring interest rate risk.

Supplementing the present value perspective, interest rate risk in the Volkswagen Financial Services AG Group is also measured from an earnings or periodic perspective on a quarterly basis. The earnings perspective relates to the periodic results and therefore establishes a direct connection to the income statement. A threshold is used to monitor periodic interest rate risks.

Risk monitoring and control

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

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

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

The Board of Management of Volkswagen Financial Services AG receives a report on the latest interest rate risk position each month.

Trends

Interest rate risk in the banking book remains high at the level of Volkswagen Financial Services AG due to pronounced interest rate volatility.

Credit spread risk in the banking book (CSRBB)

The credit spread risk in the banking book (CSRBB) as defined by the EBA is the risk driven by changes of the market price for credit risk and liquidity risk. Volkswagen Financial Services AG has developed and implemented methods for measuring CSRBB from the present value and periodic perspective to comply with the EBA requirements (EBA/GL/2022/14). Volkswagen Financial Services AG regularly assesses the CSRBB for its securities portfolios.

For Volkswagen Financial Services AG, the CSRBB is calculated and reported in the context of the monthly monitoring process using the value at risk (VaR) method. The model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations, a 365-day holding period and a 99.9% confidence level. The VaR for CSRBB is subject to limits agreed by the Board of Management. If limits are exceeded, the situation is escalated on an ad hoc basis to the Board of Management and the Asset Liability Management Committee (ALM Committee). As soon as limit utilization increases, risk-relieving measures are agreed between Risk Management and Treasury.

Other market risk (currency and fund price risk)

Currency risk arises from foreign exchange exposures and potential changes in the corresponding exchange rates. Volkswagen Financial Services AG is exposed to structural currency risks. These risks arise from the equity investments in the relevant local currency in the foreign subsidiaries or their branches.

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

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

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

The VaR model is based on a historical simulation and calculates potential losses, based on a ten-year history of market fluctuations (volatility), a 365-day holding period and a 99.9% confidence level.

Liquidity risk

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

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

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

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

Risk identification and assessment

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

In conjunction with various ILAAP metrics, the normative and economic perspectives of liquidity adequacy are assessed over short-, medium- and long-term time horizons. Measuring and limiting the ILAAP metrics ensures that the liquidity position is adequate at all times. In the normative perspective, the liquidity coverage ratio (LCR) is used to assess the short-term liquidity risk; this approach is complemented by an analysis of the net stable funding ratio (NSFR), which is a longer-term structural liquidity ratio. The economic perspective also distinguishes between the analysis time horizons. For the purposes of safeguarding solvency at all times, utilization limits are specified for potential funding over the short- and medium-term time horizons. In this regard, the survival period functions as a key indicator as part of the recovery plan. Unexpected funding risks are quantified in order to manage the medium- to long-term funding structure. Liquidity adequacy is evaluated using a baseline scenario and multiple adverse scenarios, and is complemented by reverse stress tests. Stress tests are applied to funding matrices using a scenario approach with scenario triggers from the institution itself or the market, or a combination of the two. Two approaches are used to determine the parameters for these stress scenarios. The first approach uses observed historical events and specifies different degrees of impact from hypothetical, but conceivable events. To quantify the funding risk, this approach takes into account the relevant aspects of illiquidity risk and changes in spreads driven by credit ratings or the market. A risk assessment is a key component in the system to ensure appropriate liquidity adequacy at all times. All ILAAP metrics are linked with other elements of the ILAAP (including liquidity contingency plan, recovery plan) to ensure that an effective overall process is in place. Funding risk is also included in the calculation of risk-bearing capacity for the Volkswagen Financial Services AG Group.

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

Risk monitoring and control

The Volkswagen Bank GmbH Treasury function is responsible for operational management of the Volkswagen Financial Services AG Group's liquidity. To this end, it prepares funding matrices, carries out cash flow forecasts and uses this information to determine the relevant range of liquidity coverage. The results of the analyses, the current liquidity situation and potential funding measures are presented and discussed at the meetings of the Operational Liquidity Committee (OLC), which are generally held every two weeks. The OLC comprises representatives from the Risk Management (Volkswagen Bank GmbH), Controlling (Volkswagen Leasing GmbH), Direct Bank and Treasury (both Volkswagen Bank GmbH) departments.

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

Risk communication

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

Trends

Liquidity risk at the level of Volkswagen Financial Services AG remained stable. The prevailing global uncertainty did not result in any unanticipated liquidity outflows. Funding instruments remained available and stable at all times. The main ILAAP metrics remained within the specified limits at all times.

Business risk

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

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

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

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

Earnings risk (specific profit or loss risk)

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

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

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

Risk identification and assessment

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

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

Risk monitoring and control

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

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

Reputational risk

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

The responsibilities of the Corporate Communications division include avoiding negative reports in the press or similar announcements that could inflict damage on the reputation of the Company. If this is unsuccessful, the division is then responsible for assessing the situation and initiating appropriate communications aimed at specific target groups to limit the reputational damage as far as possible. The strategic objective is therefore to prevent or reduce any negative variance between actual reputation and the level of reputation the Company expects. A loss of reputation or damage to the Company's image could have a direct impact on financial performance.

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

Strategic risk

Strategic risk (also referred to as the risk from general business activities) is the risk of a direct or indirect loss arising from strategic decisions that are flawed or based on false assumptions. Strategic risk also includes all risks that result from the integration/reorganization of technical systems, personnel or corporate culture (integration/reorganization risk). These risks may be caused by fundamental decisions about the structure of the business made by the management in relation to the positioning of the Company in the market.

The objective of Volkswagen Financial Services AG is to manage its acceptance of strategic risk enabling it to systematically leverage earnings potential. In the worst-case scenario, a materialization of strategic risk could jeopardize the continued existence of the Company as a going concern.

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

Business model risk

Business model risk arises as a result of the economic dependency of an entity on its group parent. The value for business model risk is derived using a scenario-based approach.

The underlying scenario in the climate stress test simulates the risks of the transformation to a provider of emission-free mobility, which is supplemented by additional rising risk parameters.

The additional capital that would be required to satisfy all creditor claims is calculated to determine the business model risk. An analysis of business model risk is carried out annually and the value of this risk is currently assessed at €0.

Operational risk

Operational risk (OpR) is defined as the risk of loss resulting from inadequate or failed internal processes (process risk), people (HR risk) or systems (technological risk), or resulting from external events (third-party risk). This definition includes legal risk.

Other categories of risk, such as reputational or strategic risk, do not fall within the scope of operational risk and are analyzed separately.

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

The operational risk strategy specifies the focus for the management of operational risk; work instructions such as the operational risk manual set out the associated implementation process and allocate responsibilities.

The strategic risk objectives are implemented on the basis of the 3 lines of defense model. The local operational risk units in Germany and abroad are responsible for the local operational risk management as the 1st line of defense. In this context, it is important to observe the central requirements of risk management with regard to methodology and procedures (central operational risk unit) and the operational risk units responsible for specific risk categories (governance functions with expert knowledge, risk owners for individual causes of risk), which act as the 2nd line of defense.

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

Risk identification and assessment

Operational risks or losses are identified and assessed by the 1st line of defense working in pairs (assessor and approver) with the help of two tools: a risk self-assessment and a loss database.

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

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

The value-at-risk for operational risk is determined quarterly by the central operational risk unit using a loss distribution approach (LDA) that incorporates the results of risk self-assessments and losses incurred.

Risk monitoring and control

Operational risk is managed by the operational risk units (1st line of defense) on the basis of the provisions in force and the requirements laid down by the special operational risk units responsible for specific risk categories (2nd line of defense). Local management decides whether future risks or losses are to be ruled out (risk prevention), mitigated (risk mitigation), consciously accepted (risk acceptance) or transferred to third parties (risk transfer).

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

Risk communication

Operational risks are communicated on a quarterly basis as part of the risk management reports of Volkswagen Financial Services AG. The quarterly details are supplemented by the annual operational risk report of Volkswagen Financial Services AG in which the main events in the year are presented and assessed again in one coherent report. Ad hoc reports are issued in addition to the regular reports, provided that the relevant specified criteria are satisfied.

Trends

Operational risk generally developed in line with the strategic requirements. Legal risks are an exception. At Volkswagen Financial Services (UK) Ltd., Milton Keynes, there was an unexpected need to recognize a provision for credit risks that was triggered by investigations by the Financial Conduct Authority (FCA) into financing commissions at all market participants. Irrespective of this development, legal risk (within the litigation risk category) accounts for the largest proportion of overall operational risk. It is followed by the risk category External risk – external services and outsourced tasks. In addition, the topic of technology risks – information and communication technology (in particular due to the generally growing number of cyber attacks and the increasing importance of implications from artificial intelligence) continues to constitute a high risk potential.

These three important causes of risk are described in detail in the following.

Process risks – compliance risk

At Volkswagen Financial Services AG, compliance risk encompasses all risks that could arise from non-compliance with statutory rules and regulations or other official or regulatory requirements, or that could be caused by a breach of internal company regulations.

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

In addition, integrity risk encompasses all risks that arise from a failure of employees to conduct themselves in an ethically acceptable manner or to act in accordance with the Group's principles or the FS values, thereby presenting an obstacle to the sustained success of the business.

Volkswagen Financial Services AG addresses the three categories of risk by means of a compliance and integrity function whose task is to specify and implement risk-mitigating measures in the role of a governance function.

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

As a component of the compliance function, the role of the compliance officer is to work toward implementing effective procedures to ensure compliance with key and core legal rules and regulations for Volkswagen Financial Services AG and toward establishing appropriate controls. This is achieved, in particular, by specifying mandatory compliance requirements for legal stipulations classified as material. These requirements include documenting responsibilities and processes, establishing controls to the extent required and raising employee awareness of pertinent rules so that employees comply with the rules as a matter of course, reflecting a fully functioning compliance culture.

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

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

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

The compliance officer is responsible for coordinating ongoing legal monitoring, the purpose of which is to ensure that new or amended legal regulations and requirements are identified promptly. For their part, the compliance theme coordinators must work in collaboration with the legal department and the various other departments to implement measures aimed at identifying new or amended regulations and requirements relevant to their areas of responsibility at an early stage and, if such relevance is established, furnishing an analysis of materiality for the Bank. The respective compliance officer is notified of any identified regulations and requirements in accordance with the process description.

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

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

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

The compliance requirements for Volkswagen Financial Services AG are specified centrally and must be implemented autonomously in the subsidiaries or their branches. Any deviation from the minimum requirements or guidelines is only possible if accompanied by a description of the reasons (such as local statutory requirements) and only in consultation with, and with the consent of, the Compliance Officer of Volkswagen Financial Services AG.

As in the case of the compliance function, the central integrity function only specifies the framework for the Group. The Internal Compliance Risk Assessment (ICRA) – which also covers human rights issues – is used to assess compliance and integrity aspects in the subsidiaries or branches of Volkswagen Financial Services AG. The responsibility for implementing the requirements, for example by raising awareness of the ethical principles among employees, remains with the local entity concerned.

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

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

In addition, the Board of Management receives an annual compliance report, although this can be updated during the year if required. The annual compliance report contains a presentation of the appropriateness and effectiveness of the compliance requirements implemented to ensure compliance with key and core legal regulations and requirements.

For its part, the Board of Management has entered into its own voluntary undertaking regarding compliance and integrity. This ensures that compliance and integrity issues are always discussed and taken into account in connection with all decisions made by the Board of Management.

External risks – external services and outsourced tasks

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

As part of the restructuring of the Volkswagen Financial Services AG and Volkswagen Bank GmbH Group subgroups implemented in the previous year, internal outsourcing agreements were entered into in various functions. As Volkswagen Financial Services AG itself acts as a key IT service provider within the Group, numerous software services from external providers that are essential for risk-relevant or financial processes are outsourced.

However, nonrecurring or occasional outsourcing of services and services that cannot be provided by the institution itself due to legal or actual circumstances are not considered outsourcing. Simply purchasing software without accompanying services is also not generally classified as outsourcing.

The goal of outsourcing risk management is to identify and mitigate all risks associated with outsourcing at an early stage. If elevated risks are identified, measures such as changing service providers or insourcing tasks can be considered. The legal bases for the approach are derived from the German Banking Act (KWG), the Minimum Requirements for Risk Management (MaRisk) and the EBA Guidelines on outsourcing arrangements (EBA/GL/2019/02).

Risks are identified by a risk-based examination of the circumstances. The first step is to determine whether the outsourcing involves a third party or other procurement from a third-party supplier whether the outsourcing is allowed. A risk assessment is then carried out, leading to the outsourcing being classified as “significant” or “not significant”. Depending on the level of risk, different requirements apply to management, control and contract arrangements.

To ensure effective management, a framework policy was introduced to govern the outsourcing process. A risk-based examination of the circumstances must be carried out before any outsourcing. In particular, the responsible outsourcing manager checks the quality of the services provided and initiates appropriate measures in the event of discrepancies. All outsourcing activities must be coordinated with the central outsourcing coordination unit, which is informed of all risks and reports regularly to senior management. The central outsourcing manager has overall responsibility for all outsourcing activities.

Technology risks – Information technology

Information and communication technology (ICT) is of pivotal importance to Volkswagen Financial Services AG in the context of advancing digital transformation and the increasing connectivity of business processes. Due to the development or expansion of new technologies, such as artificial intelligence, but also because of the tense geopolitical situation, the financial sector is facing a wide range of threats. As regards cyber risks, a general rise in the number of cyber threats on businesses and their customers was evident. The nature of these attacks is continually evolving and becoming increasingly professionalized (examples being DDoS or ransomware attacks, supply chain attacks). Hackers are using new technologies to carry out more sophisticated, tailored attacks. This means that companies are increasingly dependent on stable, secure, resilient IT.

ICT risks are part of operational risk and refer to all potential threats and vulnerabilities arising from the use of IT systems, digital infrastructures, and communication networks that could compromise the confidentiality, integrity, including authenticity, and availability of information. ICT risks arise, for example, from cyberattacks, system failures, data loss or vulnerabilities at third-party providers. In light of the potential losses arising from the disruption or interruption of business operations, preventive measures and countermeasures are being continuously implemented and refined to maintain resilient IT systems at Volkswagen Financial Services AG. The focus here is on ensuring the confidentiality, integrity, authenticity and availability of information. The measures are based on various instruments of the “3 lines of defense” model to safeguard security, stability and compliance within the entire IT-based business operations.

We are continuously investing in ICT security measures and focusing on the ongoing monitoring of threats as well as sensitizing and training our employees. Identified potential vulnerabilities are systematically entered into the ICT risk process, assessed and managed in line with the risk appetite. In addition, the ICT risk control function, consisting of representatives from information security, IT compliance, ICT emergency management and ICT third-party management, among others, is responsible for ensuring the appropriate management and ongoing monitoring of ICT risk. The ICT risk management framework is regularly reviewed by the Company to identify any need for adjustments. Volkswagen Financial Services AG is taking these measures in response to the entry into force of the EU Digital Operational Resilience Act (DORA) in January 2025, which significantly increases the requirements for a standardized framework for the effective and comprehensive management of ICT risks for financial market participants and critical third-party ICT service providers. Addressing these requirements is intended to strengthen the Company's digital resilience in the long term and ensure the appropriate management of ICT risks.

SUMMARY

Volkswagen Financial Services AG strives to handle risks in a responsible manner as part of its operating activities. This approach is based on a multifaceted system for identifying, measuring, analyzing, monitoring and controlling risks, which is part of a comprehensive risk- and return-oriented management system.

Volkswagen Financial Services AG will continue to invest in optimizing its control system and risk management systems in order to meet the business and statutory requirements for the management and control of risks.

As is clear from the above details in the risk report, there is currently no evidence of any risks that could jeopardize the continued existence of Volkswagen Financial Services AG as a going concern.

As of December 31, 2025, the regulatory own funds requirements amounted to €14.8 billion. The actual available own funds amounted to €33.0 billion and therefore exceeded the regulatory requirements.

Forecast of material risks

Credit risk forecast

The volume of loans and receivables subject to credit risk for Volkswagen Financial Services AG is expected to continue expanding in fiscal year 2026 (by +5% compared with December 2025, based on the 2026 budget). Overall, the geopolitical and macroeconomic environment is expected to lead to a challenging risk situation for selected Volkswagen Financial Services AG markets, both in the retail portfolio and in the corporate portfolio. That is why it is vital to continue closely monitoring the development of credit risks at Volkswagen Financial Services AG and to proactively address any such developments as they arise. The objective for fiscal year 2026 is to achieve a stable risk situation in the loan portfolio.

Residual value risk forecast

For 2026, the continuing economic and geopolitical uncertainties are expected to lead to a persistently tense risk situation. Volkswagen Financial Services AG's specific risk situation will depend significantly on further developments in inflation and purchasing power in the markets. The portfolios of Volkswagen Financial Services AG are expected to continue growing, particularly due to the implemented growth programs, the expansion of the fleet business and the ongoing trend away from financing towards leasing. First-generation BEVs remain under pressure in the short term, and BEV risk performance is reflected in reduced residual values for new business. However, it can be assumed that the residual values of second-generation ICEs and BEVs will stabilize.

Forecast interest rate risk in the banking book

A present value analysis of interest rate risk indicates a vulnerability to rising interest rates. There is a general expectation that interest rate risk in the banking book will remain at a comparable level to the previous year in 2026. However, unexpected significant interest rate increases cannot be ruled out in light of the overall economic situation.

Liquidity risk forecast

The risk situation is considered to be stable. The established sources of funding remain available despite the prevailing geopolitical uncertainties. Funding diversification continues to be extended and existing sources of funding are being expanded.

Operational risk forecast

The year 2025 has demonstrated that we can effectively manage potential operational risk in such a way that this risk does not materialize to any significant extent.

We predict that our management will be equally successful in 2026 and we do not therefore anticipate any significant rise in operational risk. We expect the effectiveness of fraud protection to remain stable and the high level of quality in processes, staff skills and qualifications, and IT systems to be maintained.

Report on Expected Developments

The global economy is expected to grow at a similar pace in 2026 as in the reporting period. Global demand for passenger cars will probably vary from region to region and be on a level with the previous year. With our broad product range and services, we believe we are well prepared for the future challenges in the mobility business.

The Report on Opportunities and Risks describes the risks and opportunities that could cause actual results to differ from the forecast developments. In the following, we describe the expected development of the Volkswagen Financial Services AG Group and the general conditions affecting its business activities. These developments give rise to opportunities and potential benefits that are included in the planning process on an ongoing basis so that Volkswagen Financial Services AG can exploit them as soon as possible.

Our assumptions regarding external factors are based on current assessments by third-party institutions, including economic research institutes, banks, international organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2026 at a similar pace to 2025. Falling inflation in major economic regions and the gradual easing of monetary policy as a result are expected to boost consumer demand. We continue to see risks in the increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial, energy and commodity markets, and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are constraining growth prospects; risks stem in particular from the Russia-Ukraine conflict and the confrontations in the Middle East, as well as from growing uncertainties regarding the economic policy stance of the USA and the global increase of geo-economic measures which could further exacerbate geopolitical tensions. We anticipate that advanced economies will maintain, on average, a momentum comparable to that of the reporting year, while the group of emerging markets is expected to exhibit somewhat softer dynamics.

We also foresee the global economy continuing on a path of steady growth through 2030.

Europe

In Western Europe, we expect the economy to grow at a somewhat slower rate than in the reporting year, with a further decline in the average inflation rate, but we do not expect the European Central Bank (ECB) to make any further key interest rate cuts as a result.

We estimate that the pace of growth in Central Europe will pick up somewhat in 2026, with some countries seeing persistently high though less dynamic price increases than in the previous year. Economic output in Eastern Europe will probably continue to recover at a similar pace to the reporting year following the heavy slump in 2022 as a result of the Russia-Ukraine conflict.

Germany

We expect gross domestic product (GDP) to develop positively in Germany in 2026, with a somewhat higher growth rate than in the previous year. The German inflation rate is likely to decrease somewhat on average over the year, while the labor market situation is unlikely to improve much.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We assume that automotive financial services will continue to prove highly important to global vehicle sales in 2026 in synergy with the development of the vehicle markets. We expect demand to rise in markets where market penetration has so far been low. Regions with already established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. The shift from financing to lease contracts that has begun in the European financial services business with individual customers will continue. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are likely to become ever more important. Additionally, we expect that demand will increase for new forms of mobility, such as rental and car subscription services. Dealers will remain important strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We estimate that this trend will also persist in the years 2027 to 2030.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

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

We predict that trends in the markets for passenger cars in the individual regions will be mixed but generally stable overall in 2026. Overall, the global volume of new car sales is expected to be on a level with the previous year. We are forecasting growing demand for passenger cars worldwide in the period from 2027 to 2030.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2026 to be on a level with the previous year's figure. For the years 2027 to 2030, we expect demand for light commercial vehicles to increase globally.

Europe

For 2026, we anticipate that the volume of new passenger car registrations in Western Europe will be on a level with the reporting year. For the major individual markets of Italy and the United Kingdom, we expect growth in 2026 to be at the prior-year level, with growth in France to be similar to the previous year. We estimate that the Spanish market will come in at slightly below the level recorded in the previous year.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2026 to be slightly higher than in the previous year. Mixed development is anticipated in the major individual markets of France, the United Kingdom, Italy and Spain.

We expect a strong year-on-year increase in sales of passenger cars overall in markets in Central and Eastern Europe in 2026 – subject to the further development of the Russia-Ukraine conflict. We expect a mixed development in the major markets of this region.

Registrations of light commercial vehicles in the markets of Central and Eastern Europe in 2026 will probably noticeably exceed the prior-year figures – subject to the further development of the Russia-Ukraine conflict.

Germany

In the German passenger car market, we expect the volume of new registrations in 2026 to be at the prior-year level.

We anticipate that the number of registrations of light commercial vehicles in 2026 will be noticeably up on the figure recorded the previous year.

INTEREST RATE TRENDS

The European Central Bank (ECB) and other central banks further lowered their key interest rates in 2025. No significant interest rate changes are expected for 2026, with geopolitical uncertainties weighing on the economy and inflation close to the target value.

MOBILITY CONCEPTS

Social and political factors have an increasing impact on many people's individual mobility behavior. Among the general public, environmental and climate protection has grown immensely in importance over the last few years and is attracting increasing attention from lawmakers. Especially in large metropolitan areas, new challenges are appearing in connection with the design of an intelligent mobility mix consisting of public transport combined with motorized and non-motorized private transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

The companies in the Volkswagen Financial Services AG Group closely monitor developments in the mobility market and are working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model. Simple, convenient, transparent, safe, reliable, flexible – these are the standards that the Company has set for itself. In collaboration with the automotive brands of the Volkswagen Group, the companies of the Volkswagen Financial Services AG Group aim to take a leading position in the development of new mobility concepts, as has been the case in the conventional automotive business for many years.

From traditional financing and leasing to long- and short-term rental business and car subscription services, the companies of the Volkswagen Financial Services AG are already able to meet a large proportion of customer mobility needs through their partnership with the Europcar Mobility Group, a majority holding of Volkswagen AG.

As is the case with vehicles powered by combustion engines, the companies of the Volkswagen Financial Services AG Group are close partners of the Volkswagen Group brands in the marketing of electric vehicles. Attractive leasing products, complemented by maintenance and wear-and-tear packages, play an important role in the marketing of the Volkswagen Group's electric vehicles.

In this context, the Volkswagen Financial Services AG Group intends to continue offering its customers a one-stop shop, remaining true to the essence of its brand slogan "The Key to Mobility" in the future.

NEW MARKETS/INTERNATIONALIZATION/NEW SEGMENTS

The finance, leasing, insurance and mobility services segments are essential for acquiring customers and developing loyal, long-term customer relationships worldwide. The Volkswagen Financial Services AG Group evaluates market-entry concepts to systematically drive the roll-out of these business activities in additional European markets in its role as financial services provider and strategic partner for the Volkswagen Group brands. The objective of these efforts is to establish a solid foundation for profitable growth of the business volume.

SUMMARY OF EXPECTED DEVELOPMENTS

Increasing fragmentation of the global economy, accompanied by growing protectionist tendencies in the USA, is creating greater uncertainty about future economic growth in Europe. Growth prospects are also being clouded by ongoing geopolitical tensions and conflicts. The Russia-Ukraine conflict is particularly prominent here.

The Volkswagen Financial Services AG Group's business performance in 2026 will remain largely dependent on the development of the Volkswagen Group's unit sales. Increased collaboration with the Group brands, particularly through strategic joint projects, is planned. At the same time, the Volkswagen Financial Services AG Group will continue its efforts to fully leverage potential along the automotive value chain.

The Volkswagen Financial Services AG Group's overarching objective is to meet the needs and expectations of its customers as effectively as possible, together with the Group brands. Our customers expect flexible mobility services, which we provide through a range of leasing products, among other things. Advancing digitalization should stimulate business growth.

The established, successful product combinations and mobility offerings will be continually adapted to customer requirements and refined.

In parallel with its market-based activities, the Volkswagen Financial Services AG Group aims to further strengthen its position in the European competitive environment through strategic investment in structural projects as well as programs that focus on process optimization and productivity improvements.

OUTLOOK FOR 2026

The Board of Management of Volkswagen Financial Services AG expects economic growth in Europe to recover and accelerate in 2026. The primary source of risk is inflation, the future course of which will determine the development of interest rates to a very significant extent. In addition, growth prospects will be affected by geopolitical tensions and conflicts.

In view of the underlying conditions described here and the trends evident in the market, the following overall picture emerges: the earnings outlook is based on the assumption of intensified cooperation with the individual Group brands, increased investments in future-oriented digitalization, potential effects of geopolitical upheaval, and continued uncertainty regarding the macroeconomic conditions in the real economy and the actual development of deliveries to customers of the Volkswagen Group brands.

The operating result for fiscal year 2026 is expected to be significantly higher than in the previous year. New contracts and penetration are expected to be on a level with the previous year.

Current contracts in 2026 are expected to be slightly above fiscal year 2025, and business volume will be noticeably higher than fiscal year 2025.

The return on equity is expected to be up significantly year-on-year in 2026 as a result of the forecast earnings performance and stable capital adequacy situation.

We are expecting the overhead ratio to be on a level with the previous year.

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

| | Actual 2025 | Forecast for 2026 | |
|--|-------------|-------------------|-----------------------------------|
| Nonfinancial performance indicators | | | |
| Penetration (percent) | 56.7 | = 56.7 | in the range of previous year |
| Current contracts (thousands) | 18,735 | > 18,735 | slightly up on previous year |
| New contracts (thousands) | 6,897 | = 6,897 | in the range of previous year |
| Financial performance indicators | | | |
| Volume of business (€ million) | 163.112 | > 163,112 | noticeably up on previous year |
| Operating result (€ million) | 2.360 | > 2,360 | significantly up on previous year |
| Return on equity (percent) | 7.6 | > 7.6 | significantly up on previous year |
| Overhead ratio (percent) | 1.09 | = 1.09 | in the range of previous year |

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



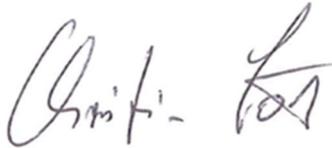
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

This annual report contains forward-looking statements on the future business development of Volkswagen Financial Services AG Group. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Financial Services AG currently considers them to be realistic. The estimates given entail a degree of risk, and actual developments may differ from those forecast. If material parameters relating to the most important sales markets vary from the assumptions, or material changes arise from the exchange rates, commodity and energy prices or supply of parts relevant to the Volkswagen Group, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators and risks and opportunities presented in this annual report turn out to be different from current expectations, or additional risks and opportunities or other factors emerge that affect the development of the business. Forward-looking statements are not updated and no obligation is assumed to update any forward-looking statements made in this annual report, except as required by law.

CONSOLIDATED FINANCIAL STATEMENTS

| | |
|------------|--|
| 73 | Income Statement |
| 74 | Statement of Comprehensive Income |
| 75 | Balance Sheet |
| 77 | Statement of Changes in Equity |
| 78 | Cash Flow Statement |
| 79 | Notes to the Consolidated Financial Statements |
| 79 | General Information |
| 79 | Basis of Presentation |
| 80 | Changes to Prior-Year Figures |
| 88 | Effects of New and Revised IFRSs |
| 88 | New and Revised IFRSs Not Applied |
| 90 | Accounting Policies |
| 119 | Income Statement Disclosures |
| 128 | Balance Sheet Disclosures |
| 151 | Financial Instrument Disclosures |
| 187 | Segment reporting |
| 192 | Other Disclosures |
| 225 | Shareholdings |

FURTHER INFORMATION

| | |
|-------------|---------------------------------|
| 229 | Responsibility Statement |
| 2230 | Independent Auditor's Report |
| 242 | Human Resources Report |
| 244 | Report of the Supervisory Board |

Income Statement

of the Volkswagen Financial Services AG Group

| € million | Note | Jan. 1. – Dec. 31, 2025 | Jan. 1. – Dec. 31, 2024 restated ¹ | Change in percent |
|--|------------------------|-------------------------|--|-------------------|
| Interest income from lending transactions and marketable securities | 5, 9, 21, 60 | 3,506 | 2,124 | 65.1 |
| Income from leasing transactions | | 29,005 | 12,770 | X |
| Depreciation, impairment losses and other expenses from leasing transactions | | -22,712 | -9,684 | X |
| Net income from leasing transactions | 5, 9, 14 - 15, 22, 71 | 6,293 | 3,087 | X |
| Interest expense | 5, 9, 23, 60 | -4,639 | -3,024 | 53.4 |
| Income from service contracts | | 3,310 | 1,459 | X |
| Expenses from service contracts | | -2,925 | -1,356 | X |
| Net income from service contracts | 5, 24 | 384 | 104 | X |
| Income from insurance transactions | | 318 | 161 | 97.5 |
| Expenses from insurance transactions | | -215 | -121 | 77.7 |
| Net income from insurance business | 17, 25 | 103 | 40 | X |
| Provision for credit risks | 9, 26, 60 | -791 | -285 | X |
| Fee and commission income | | 526 | 286 | 83.9 |
| Fee and commission expenses | | -266 | -104 | X |
| Net fee and commission income | 5, 27 | 260 | 183 | 42.1 |
| Net gain or loss on hedges | 9, 10, 28 | -88 | -32 | X |
| Net gain/loss on financial instruments measured at fair value | 9, 29, 60 | 15 | -83 | X |
| General and administrative expenses | 5, 12 - 14, 16, 18, 30 | -2,188 | -1,027 | X |
| Other operating income | | 2,229 | 946 | X |
| Other operating expenses | | -2,724 | -826 | X |
| Net other operating income/expenses | 5, 31 | -495 | 120 | X |
| Operating result | | 2,360 | 1,205 | 95.9 |
| Share of profits and losses of equity-accounted investments | | 139 | 36 | X |
| Net gain/loss on miscellaneous financial assets | 11, 32 | -48 | -30 | 60.0 |
| Other financial gains or losses | 33 | -16 | -23 | -30.4 |
| Profit before tax | | 2,436 | 1,189 | X |
| Income tax expense | 7, 34 | -856 | -318 | X |
| Profit after tax | | 1,580 | 871 | 81.4 |
| Profit after tax attributable to Volkswagen AG | | 1,580 | 871 | 81.4 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets, the correction of the carrying amount of the investment in an associate, the corrected reporting of income and expenses from the sale of used vehicles, the correction of a loss allowance and the nonrecognition of deferred tax assets (see section "Changes to Prior-Year Figures").

Statement of Comprehensive Income

of the Volkswagen Financial Services AG Group

| € million | Note | Jan. 1 – Dec. 31, 2025 | Jan. 1 – Dec. 31, 2024 restated ¹ |
|--|--------|------------------------|---|
| Profit after tax | | 1,580 | 871 |
| Pension plan remeasurements recognized in other comprehensive income | 16, 52 | | |
| Pension plan remeasurements recognized in other comprehensive income, before tax | | 72 | 6 |
| Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income | 7, 34 | -15 | -1 |
| Pension plan remeasurements recognized in other comprehensive income, net of tax | | 57 | 5 |
| Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax | 9 | -3 | 9 |
| Share of other comprehensive income of equity--accounted investments that will not be reclassified to profit or loss, net of tax | | 0 | 0 |
| Items that will not be reclassified to profit or loss | | 54 | 14 |
| Exchange differences on translating foreign operations | 4 | | |
| Gains/losses on currency translation recognized in other comprehensive income | | -142 | 75 |
| Transferred to profit or loss | | 0 | - |
| Exchange differences on translating foreign operations, before tax | | -142 | 75 |
| Deferred taxes relating to exchange differences on translating foreign operations | 7, 34 | - | - |
| Exchange differences on translating foreign operations, net of tax | | -142 | 75 |
| Hedging transactions | 9 | | |
| Fair value changes recognized in other comprehensive income (OCI I) | | 103 | -1 |
| Transferred to profit or loss (OCI I) | | -110 | 3 |
| Cash flow hedges (OCI I), before tax | | -6 | 2 |
| Deferred taxes relating to cash flow hedges (OCI I) | 7, 34 | 2 | -1 |
| Cash flow hedges (OCI I), net of tax | | -4 | 1 |
| Fair value changes recognized in other comprehensive income (OCI II) | | - | - |
| Transferred to profit or loss (OCI II) | | - | - |
| Cash flow hedges (OCI II), before tax | | - | - |
| Deferred taxes relating to cash flow hedges (OCI II) | 7, 34 | - | - |
| Cash flow hedges (OCI II), net of tax | | - | - |
| Fair value valuation of debt instruments that may be reclassified to profit or loss | 9 | | |
| Fair value changes recognized in other comprehensive income | | 49 | 87 |
| Transferred to profit or loss | | -9 | -6 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax | | 40 | 81 |
| Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss | 7, 34 | -15 | -27 |
| Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax | | 25 | 54 |
| Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax | | 0 | -2 |
| Items that may be reclassified to profit or loss | | -122 | 127 |
| Other comprehensive income, before tax | | -39 | 170 |
| Deferred taxes relating to other comprehensive income | | -29 | -29 |
| Other comprehensive income, net of tax | | -68 | 141 |
| Total comprehensive income | | 1,512 | 1,012 |
| Total comprehensive income attributable to Volkswagen AG | | 1,512 | 1,012 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets, the correction of the carrying amount of the investment in an associate, the correction of a loss allowance and the nonrecognition of deferred tax assets (see section "Changes to Prior-Year Figures").

Balance Sheet

of the Volkswagen Financial Services AG Group

| € million | Note | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ | Change in percent |
|---|-------------------------|----------------|--|-------------------|
| Assets | | | | |
| Cash reserve | 8, 36, 60 – 64, 67 – 68 | 8,271 | 12,444 | –33.5 |
| Loans to and receivables from banks | 9, 37, 60 – 68 | 873 | 962 | –9.3 |
| Loans to and receivables from customers attributable to | | | | |
| retail financing | | 33,308 | 30,661 | 8.6 |
| dealer financing | | 19,985 | 18,898 | 5.8 |
| leasing business | | 53,614 | 53,264 | 0.7 |
| other loans and receivables | | 17,606 | 17,627 | –0.1 |
| Total loans to and receivables from customers | 9, 14, 38, 60 – 66, 68 | 124,513 | 120,450 | 3.4 |
| Change in fair value from portfolio fair value hedges | 10, 39 | 13 | 113 | –88.5 |
| Derivative financial instruments | 9, 40, 60 – 64, 68 – 69 | 419 | 531 | –21.1 |
| Marketable securities | 9, 41, 60 – 64, 66 – 68 | 3,486 | 3,561 | –2.1 |
| Equity-accounted investments | 2, 42, 61 | 1,402 | 1,263 | 11.0 |
| Miscellaneous financial assets | 9, 11, 42, 60 – 64 | 114 | 135 | –15.6 |
| Intangible assets | 12, 43 | 131 | 139 | –5.8 |
| Property and equipment | 13 – 14, 44, 71 | 355 | 373 | –4.8 |
| Lease assets | 14, 71 | 56,205 | 46,779 | 20.2 |
| Investment property | 14 – 15, 45, 71 | 3 | 8 | –62.5 |
| Deferred tax assets | 7, 46 | 944 | 718 | 31.5 |
| Current tax assets | 7 | 126 | 94 | 34.0 |
| Other assets | 14, 47, 60 – 64, 66 | 5,414 | 4,099 | 32.1 |
| Assets held for sale (IFRS 5) | 2 | – | 49 | –100.0 |
| Total | | 202,271 | 191,719 | 5.5 |

¹ Correction to prior-year figures in accordance with the explanations in chapter “Changes to Prior-Year Figures”

| € million | Note | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ | Change in percent |
|--|-------------------------|----------------|--|-------------------|
| Equity and Liabilities | | | | |
| Liabilities to banks | 9, 49, 60 – 64, 67 – 68 | 7,318 | 5,748 | 27.3 |
| Liabilities to customers | 9, 49, 60 – 64, 67 – 68 | 89,746 | 82,711 | 8.5 |
| Notes, commercial paper issued | 9, 50, 60 – 65, 67 – 68 | 62,106 | 61,735 | 0.6 |
| Derivative financial instruments | 9, 51, 60 – 64, 67 – 69 | 908 | 1,164 | -22.0 |
| Provisions for pensions and other post-employment benefits | 16, 52 | 300 | 365 | -17.8 |
| Underwriting provisions and other provisions | 17 – 18, 53, 72 | 1,689 | 939 | 79.9 |
| Deferred tax liabilities | 7, 54 | 1,962 | 1,419 | 38.3 |
| Current tax liabilities | 7 | 76 | 138 | -44.9 |
| Other liabilities | 18, 56, 60 – 64, 67 | 2,973 | 3,178 | -6.5 |
| Subordinated capital | 9, 56, 60 – 65, 67 – 68 | 2,745 | 2,745 | – |
| Equity | 58 | 32,447 | 31,576 | 2.8 |
| Subscribed capital | | 250 | 250 | – |
| Capital reserves | | 16,713 | 16,713 | – |
| Retained earnings | | 15,778 | 14,782 | 6.7 |
| Other reserves | | -294 | -169 | 74.0 |
| Total | | 202,271 | 191,719 | 5.5 |

¹ Correction to prior-year figures in accordance with the explanations in chapter "Changes to Prior-Year Figures"

Statement of Changes in Equity

of the Volkswagen Financial Services AG Group

| € million | OTHER RESERVES | | | | | | | | Total equity |
|--|--------------------|------------------|-------------------|----------------------|--------------------------|---------------------------------|-----------------------------|------------------------------|---------------|
| | Subscribed capital | Capital reserves | Retained earnings | Currency translation | Hedging transactions | | | Equity-accounted investments | |
| | | | | | Cash flow hedges (OCI I) | Deferred hedging costs (OCI II) | Equity and debt instruments | | |
| Balance as of Jan. 1, 2024 | 0 | – | – | – | – | – | – | – | 0 |
| Profit after tax ³ | – | – | 871 | – | – | – | – | – | 871 |
| Other comprehensive income, net of tax | – | – | 5 | 75 | 1 | – | 63 | –2 | 141 |
| Total comprehensive income³ | – | – | 876 | 75 | 1 | – | 63 | –2 | 1,012 |
| capital increases against cash contributions | 250 | 277 | – | – | – | – | – | – | 527 |
| Noncash capital increases by the shareholder Volkswagen AG | – | 16,436 | 14,783 | –113 | 14 | – | –146 | –60 | 30,913 |
| Profit transferred to/loss assumed by Volkswagen AG ¹ | – | – | –317 | – | – | – | – | – | –317 |
| Other changes ² | – | – | –560 | 1 | – | – | – | – | –559 |
| Balance as of Dec. 31, 2024³ | 250 | 16,713 | 14,782 | –38 | 15 | – | –84 | –62 | 31,576 |
| As of January 1, 2025, prior to changes | 250 | 16,713 | 14,741 | –38 | 15 | – | –84 | –62 | 31,535 |
| Changes to prior-year figures ^{3*} | – | – | 42 | – | – | – | – | – | 42 |
| As of January 1, 2025, after changes | 250 | 16,713 | 14,782 | –38 | 15 | – | –84 | –62 | 31,576 |
| Profit after tax | – | – | 1,580 | – | – | – | – | – | 1,580 |
| Other comprehensive income, net of tax | – | – | 57 | –142 | –4 | – | 22 | 0 | –68 |
| Total comprehensive income | – | – | 1,637 | –142 | –4 | – | 22 | 0 | 1,512 |
| capital increases | – | – | – | – | – | – | – | – | – |
| Profit transferred to/loss assumed by Volkswagen AG ¹ | – | – | –644 | – | – | – | – | – | –644 |
| Other changes | – | – | 2 | – | – | – | – | – | 2 |
| Balance as of Dec. 31, 2025 | 250 | 16,713 | 15,778 | –180 | 10 | – | –62 | –62 | 32,447 |

1 The figures show the share of HGB profit attributable to Volkswagen AG.

2 "Other changes" in previous year contain a profit transfer by Volkswagen Bank GmbH to Volkswagen AG.

3 Restatement of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets, the correction of the carrying amount of the investment in an associate, the correction of a loss allowance and the nonrecognition of deferred tax assets (see section "Changes to Prior-Year Figures").

Further information on equity is presented in note (58).

Cash Flow Statement

of the Volkswagen Financial Services AG Group

| € million | Jan. 1 – Dec. 31, 2025 | Jan. 1 – Dec. 31, 2024 restated ¹ |
|--|------------------------|---|
| Profit before tax | 2,436 | 1,189 |
| Depreciation, amortization, impairment losses and reversals of impairment losses | 7,699 | 3,478 |
| Change in provisions | 684 | 13 |
| Change in other noncash items | 130 | -684 |
| Loss on disposal of financial assets and items of property and equipment | -2 | 11 |
| Net interest expense and dividend income | -2,246 | -863 |
| Other adjustments | 2 | -9 |
| Change in loans to and receivables from banks | -114 | 38 |
| Change in loans to and receivables from customers | -5,019 | -2,651 |
| Change in lease assets | -16,612 | -7,715 |
| Change in other assets related to operating activities | -1,290 | -618 |
| Change in liabilities to banks | 1,554 | -7,067 |
| Change in liabilities to customers | 7,534 | 1,892 |
| Change in notes, commercial paper issued | 710 | -658 |
| Change in other liabilities related to operating activities | 5 | -36 |
| Interest received | 6,879 | 3,883 |
| Dividends received | 5 | 3 |
| Interest paid | -4,639 | -3,023 |
| Income taxes paid | -928 | -352 |
| Cash flows from operating activities | -3,211 | -13,168 |
| Proceeds from disposal of investment property | 4 | 1 |
| Proceeds from disposal of subsidiaries, joint ventures and associates | 51 | 15 |
| Acquisition of subsidiaries, joint ventures and associates | -94 | -29 |
| Proceeds from disposal of other assets | 9 | 9 |
| Acquisition of other assets | -51 | -43 |
| Change in investments in marketable securities | 125 | 91 |
| Cash flows from investing activities | 44 | 44 |
| Proceeds from changes in capital | - | 527 |
| Profit transferred to/loss assumed by Volkswagen AG | -898 | - |
| Change in cash funds attributable to subordinated capital | - | -196 |
| Repayment of liabilities arising from leases | -16 | -3 |
| Cash flows from financing activities | -915 | 328 |
| Cash and cash equivalents at end of prior period | 13,417 | 0 |
| Changes in basis of consolidation ² | 0 | 26,215 |
| Cash flows from operating activities | -3,211 | -13,168 |
| Cash flows from investing activities | 44 | 44 |
| Cash flows from financing activities | -915 | 328 |
| Effect of exchange rate changes | 2 | -2 |
| Cash and cash equivalents at end of period | 9,337 | 13,417 |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets and the correction of the carrying amount of the investment in an associate (see section "Changes to Prior-Year Figures").

2 Change in cash and cash equivalents in previous year from the absorption of the European operations spun off by Volkswagen Financial Services Overseas AG and the contribution of Volkswagen Bank GmbH by Volkswagen AG.

Disclosures on the cash flow statement are presented in note (73).

Notes to the Consolidated Financial Statements

of the Volkswagen Financial Services AG Group as of December 31, 2025

General information

Volkswagen Financial Services Aktiengesellschaft (VW FS AG) has the legal structure of a stock corporation. It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 210842).

The object of the Company is to develop, sell and process its own and third-party financial services that are suited to promoting the business operations of Volkswagen AG and its affiliated companies, the focus being on Europe.

Volkswagen AG, Wolfsburg, is the sole shareholder of the parent company VW FS AG. Volkswagen AG and VW FS AG have entered into a control and profit-and-loss transfer agreement.

The annual financial statements of the VW FS AG Group companies are included in the consolidated financial statements of Volkswagen AG, Wolfsburg, which are published in the Company Register.

Basis of presentation

In the previous year, the comprehensive restructuring program for the former Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH subgroups was successfully completed within the Volkswagen Group. VW FS AG, which was still operating as Volkswagen Financial Services Europe AG until June 30, 2024 and had no operating business, acquired the shares of the German and European companies, including their subsidiaries and other investees, as well as other assets and liabilities, as part of a noncash contribution by its sole shareholder, Volkswagen AG, on July 1, 2024. These related both to shareholdings in companies and other assets and liabilities resulting from the spin-off for the absorption of the European operations by Volkswagen Financial Services Overseas AG and to shareholdings in companies that were acquired by Volkswagen AG in the spin-off of Volkswagen Bank GmbH. The predecessor accounting method was applied to all assets acquired and liabilities assumed, and which were recognized at the consolidated carrying amounts of the parent company Volkswagen AG at the acquisition date. Absorption of the companies as of July 1, 2024 resulted in the obligation to prepare consolidated financial statements for the first time. VW FS AG prepared consolidated financial statements in accordance with the IFRSs for the first time as of December 31, 2024. Due to the absorption of companies and other assets and liabilities as of July 1, 2024, the prior-year comparative period (January 1–December 31, 2024) in the income statement primarily reflects only income and expenses for the second half of 2024 or since July 1, 2024.

VW FS AG has prepared its consolidated financial statements for the year ended December 31, 2025 in accordance with the IFRS Accounting Standards (IFRSs), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law

under section 315e(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). All of the IFRSs issued by the International Accounting Standards Board (IASB) up to December 31, 2025 whose application was mandatory in fiscal year 2025 in the EU have been taken into account in these consolidated financial statements.

In addition to the income statement, the statement of comprehensive income and the balance sheet, the IFRS consolidated financial statements include the statement of changes in equity, the cash flow statement and the notes. The separate report on the risks associated with future developments (risk report in accordance with section 315(1) of the HGB) is included in the Report on Opportunities and Risks in the Combined Management Report. This includes the qualitative disclosures on the nature and scope of risk from financial instruments required under IFRS 7.

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

The Board of Management completed the preparation of these consolidated financial statements on February 23, 2026 and released them for forwarding to the Supervisory Board for approval and subsequent publication. This date marked the end of the period in which adjusting events were recognized after the reporting period.

Changes to Prior-Year Figures

This section explains the changes from the previous year's figures resulting from corrections or the change in balance sheet presentation that were recognized retrospectively as adjustments to equity, income statement and balance sheet items, and the related notes disclosures, depending on the nature of the change.

In addition to the adjustments explained in this section, further retrospective corrections were made to disclosures described in notes (2), (62), (63) and (67), with explanations in the text or footnotes to tables.

CORRECTION TO THE CALCULATION OF INTEREST INCOME FROM CREDIT-IMPAIRED FINANCIAL ASSETS:

It was established during the reporting period that the requirements of IFRS 9.5.4.1 b) whereby interest income from credit-impaired financial assets is determined by applying the effective interest rate to amortized cost, thus taking into account the provision for credit risks, as well as the requirements of IFRS 9.5.4.1 a) on the application of a credit-adjusted effective interest rate to amortized cost, were not fully complied with in parts of the VW FS AG Group. The error was corrected in accordance with IAS 8 by making corresponding adjustments to the relevant items in the consolidated financial statements for previous years. The retrospective correction resulted in a change in equity of €–29 million as of December 31, 2024, and January 1, 2025, respectively. On the one hand, the prior-year adjustment was recognized as an impairment loss of €34 million in the income statement item "Provision for credit risks" on the relevant financial assets included in the balance sheet item "Loans to and receivables from customers" as part of the noncash contribution at consolidated carrying amounts as of July 1, 2024. On the other, the remaining correction for the previous year was recognized as a reduction in interest income from lending transactions and marketable securities in the amount of €–4 million and in income from leasing transactions in the amount of €–3 million. The effects on the comparative period of the income statement, balance sheet, and cash flow statement are presented in the following. In addition, the

corresponding prior-year figures in notes (21), (22), (26), (34), (38), (46), (48), (54), (60), (61), (62), (63), (64), (66), (70) and (71) were corrected accordingly.

The prior-year income statement was restated as follows due to the corrected calculation of interest income from credit-impaired financial assets:

| € million | Jan. 1 – Dec. 31, 2024 prior to changes | Changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Jan. 1 – Dec. 31, 2024 |
|---|---|---|---|
| | | | after changes resulting from the corrected calculation of interest income from credit- impaired financial assets |
| Interest income from lending transactions and marketable securities | 2,128 | -4 | 2,124 |
| Income from leasing transactions | 13,392 | -3 | 13,389 |
| Net income from leasing transactions | 3,099 | -3 | 3,096 |
| Provision for credit risks | -251 | -34 | -285 |
| Operating result | 1,246 | -41 | 1,205 |
| Profit before tax | 1,245 | -41 | 1,204 |
| Income tax expense | -416 | 12 | -404 |
| Profit after tax | 829 | -29 | 800 |
| Profit after tax attributable to Volkswagen AG | 829 | -29 | 800 |

The balance sheet for the period ended December 31, 2024 was restated as follows due to the corrected calculation of interest income from credit-impaired financial assets:

| € million | Dec. 31, 2024 prior to changes | Changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Dec. 31, 2024 |
|---|-----------------------------------|---|---|
| | | | after changes resulting from the corrected calculation of interest income from credit- impaired financial assets |
| Assets | | | |
| Loans to and receivables from customers attributable to | | | |
| Retail financing | 30,678 | -17 | 30,661 |
| Dealer financing | 18,912 | -14 | 18,898 |
| Leasing business | 53,274 | -10 | 53,264 |
| Other loans and receivables | 17,627 | 0 | 17,627 |
| Total loans to and receivables from customers | 120,491 | -41 | 120,450 |
| Deferred tax assets | 1,240 | 8 | 1,249 |
| Total | 192,297 | -33 | 192,264 |
| Equity and liabilities | | | |
| Deferred tax liabilities | 2,038 | -3 | 2,035 |
| Equity | 31,535 | -29 | 31,506 |
| Retained earnings | 14,741 | -29 | 14,711 |
| Total | 192,297 | -33 | 192,264 |

The prior-year statement of cash flows was restated as follows due to the changes resulting from the corrected calculation of interest income from credit-impaired financial assets in the determination of cash flows from operating activities:

| € million | Jan. 1 – Dec. 31, 2024 prior to changes | Changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Jan. 1 – Dec. 31, 2024 after changes resulting from the corrected calculation of interest income from credit- impaired financial assets |
|---|--|---|---|
| Profit before tax | 1,245 | -41 | 1,204 |
| Net interest expense and dividend income | -869 | 7 | -863 |
| Change in loans to and receivables from customers | -2,692 | 41 | -2,651 |
| Interest received | 3,890 | -7 | 3,883 |
| Cash flows from operating activities | -13,183 | 0 | -13,183 |

CORRECTION OF THE CARRYING AMOUNT OF THE INVESTMENT IN AN ASSOCIATE:

It was established during the reporting period that no impairment loss had been recognized in fiscal year 2024 for the investment in an associate, which is reported under other financial assets, although the conditions for recognizing an impairment loss had already been met.

The error was corrected in accordance with IAS 8 by making corresponding adjustments to the relevant items in the consolidated financial statements for the previous year. The retrospective correction resulted in a change in equity of €-15 million as of December 31, 2024, and January 1, 2025, respectively. The prior-year adjustment was made by recognizing the impairment loss of €15 million in the income statement item “Net gain/loss on miscellaneous financial assets” and in the balance sheet item “Miscellaneous financial assets”. In addition, the corresponding prior-year figures in notes (42), (48), (61), and (70) were corrected accordingly.

The prior-year income statement was restated as follows due to the correction of the carrying amount of an investment:

| € million | Jan. 1 – Dec. 31, 2024 after changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Changes resulting from the correction of the carrying amount of the investment in an associate | Jan. 1 – Dec. 31, 2024 after changes from the correction of the carrying amount of the investment in an associate |
|--|---|---|---|
| Net gain or loss on miscellaneous financial assets | -14 | -15 | -30 |
| Profit before tax | 1,204 | -15 | 1,189 |
| Profit after tax | 800 | -15 | 785 |
| Profit after tax attributable to Volkswagen AG | 800 | -15 | 785 |

The balance sheet for the period ended December 31, 2024 was restated as follows due to the correction of the carrying amount of an investment:

| € million | Dec. 31, 2024 after changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Changes resulting from the correction of the carrying amount of the investment in an associate | Dec. 31, 2024 after changes from the correction of the carrying amount of the investment in an associate |
|--------------------------------|--|---|--|
| Assets | | | |
| Miscellaneous financial assets | 150 | -15 | 135 |
| Total | 192,264 | -15 | 192,249 |
| Equity and liabilities | | | |
| Equity | 31,506 | -15 | 31,490 |
| Retained earnings | 14,711 | -15 | 14,696 |
| Total | 192,264 | -15 | 192,249 |

The statement of cash flows for the period ended December 31, 2024 was restated as follows due to the correction of the carrying amount of an investment:

| € million | Jan. 1 – Dec. 31, 2024 after changes resulting from the corrected calculation of interest income from credit- impaired financial assets | Changes resulting from the correction of the carrying amount of the investment in an associate | Jan. 1 – Dec. 31, 2024 after changes from the correction of the carrying amount of the investment in an associate |
|--|---|---|---|
| Profit before tax | 1,204 | -15 | 1,189 |
| Depreciation, amortization, impairment losses and reversals of impairment losses | 3,463 | 15 | 3,478 |
| Loss on disposal of financial assets and items of property and equipment | -4 | 15 | 11 |
| Cash flows from operating activities | -13,183 | 15 | -13,168 |
| Proceeds from disposal of subsidiaries, joint ventures and associates | 30 | -15 | 15 |
| Cash flows from investing activities | 59 | -15 | 44 |

CORRECTION OF THE ELIMINATION OF PROFITS AND LOSSES AND THE REPORTING OF INCOME AND EXPENSES FROM THE SALE OF USED VEHICLES:

It was discovered during the reporting period that, in a specific case involving intragroup sales of used cars, intercompany gross income and gross expenses had not been eliminated. As part of this correction, gross income from leasing transactions and gross expenses from leasing transactions were reduced by €252 million in the prior-year comparative period.

In the VW FS AG Group, income and expenses from the sale of used vehicles are reported under income from leasing transactions or expenses from leasing transactions, provided that the sales result from lease returns under lease agreements previously classified as operating leases. Income and expenses from other cases of used vehicle sales are reported under other operating income and other operating expenses. This classification was not applied in a specific use case. The prior-year comparative period was restated by reclassifying €367 million in income from leasing transactions to other operating income and by reclassifying €357 million in expenses from leasing transactions to other operating expenses.

The corresponding prior-year figures in disclosures in notes (22) and (31) were also restated accordingly.

Reconciliation of prior-year income statement:

| € million | Jan. 1 – Dec. 31, 2024 after changes from the correction of the carrying amount of the investment in an associate | Changes from the correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles | Jan. 1 – Dec. 31, 2024 after changes from the correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles |
|--|---|---|---|
| Income from leasing transactions | 13,389 | -618 | 12,770 |
| Depreciation, impairment losses and other expenses from leasing transactions | -10,292 | 609 | -9,684 |
| Net income from leasing transactions | 3,096 | -10 | 3,087 |
| Other operating income | 579 | 367 | 946 |
| Other operating expenses | -468 | -357 | -826 |
| Net other operating income/expenses | 110 | 10 | 120 |
| Operating profit | 1,205 | - | 1,205 |
| Profit before tax | 1,189 | - | 1,189 |
| Profit after tax | 785 | - | 785 |
| Profit after tax attributable to Volkswagen AG | 785 | - | 785 |

CORRECTION OF DEFERRED TAX ASSETS AND LIABILITIES:

In connection with the statutory changes to the immediate tax investment program to strengthen Germany as a business location, detailed analyses were carried out on the maturity profile of deferred tax assets and liabilities. Based on these analyses, fact patterns were also revealed where the allocation of the tax bases to the assets had not been correct in the past. The allocation of temporary differences relating to the underlying balance sheet item and the underlying maturity was corrected for these fact patterns. These corrections led to changes in the table of allocations to balance sheet items and to a change in the netting of deferred tax assets and liabilities, resulting in a reduction in total assets and liabilities. The balance sheet items Deferred tax assets and Deferred tax liabilities were each reduced by €616 million as of December 31, 2024. In addition, the previous year's figures in notes (46) Deferred tax assets and (54) Deferred tax liabilities were corrected accordingly.

The balance sheet for the period ended December 31, 2024 was restated as follows due to the correction of deferred tax assets and liabilities:

| € million | Dec. 31, 2024 after changes from the correction of the carrying amount of the investment in an associate | Changes from the correction of deferred tax assets and liabilities | Dec. 31, 2024 after changes from the correction of deferred tax assets and liabilities |
|-------------------------------|--|--|---|
| Assets | | | |
| Deferred tax assets | 1,249 | -616 | 632 |
| Total | 192,249 | -616 | 191,633 |
| Equity and liabilities | | | |
| Deferred tax liabilities | 2,035 | -616 | 1,419 |
| Total | 192,249 | -616 | 191,633 |

CORRECTION OF A LOSS ALLOWANCE AND THE NONRECOGNITION OF DEFERRED TAX ASSETS

In the course of analyses of the recoverability of deferred tax assets, it was discovered that deferred tax assets in a Group company had been written down or not recognized in the previous year despite being recoverable. The error was corrected retrospectively in accordance with IAS 8 by reversing the write-down or recognizing deferred tax assets.

The retrospective correction results in an increase in equity of €86 million as of December 31, 2024 and January 1, 2025. In the income statement for the comparative period, the restatement is reported as income of €86 million in the income statement item “Income tax expenses”. The effects of the restatement on the comparative period income statement and balance sheet are presented in the following.

In addition, the corresponding prior-year figures in notes (34) and (46) were corrected accordingly.

The prior-year income statement was restated as follows due to the correction of a loss allowance and the nonrecognition of deferred tax assets:

| € million | Jan. 1 – Dec. 31, 2024 after changes from the correction of the reporting of income and expenses from the sale of used vehicles | Changes from the correction of a loss allowance and the nonrecognition of deferred tax assets | Jan. 1 – Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets |
|--|---|--|---|
| Income tax expense | -404 | 86 | -318 |
| Profit after tax | 785 | 86 | 871 |
| Profit after tax attributable to Volkswagen AG | 785 | 86 | 871 |

The prior-year balance sheet was restated as follows due to the correction of a loss allowance and the nonrecognition of deferred tax assets:

| € million | Dec. 31, 2024 after changes from the correction of deferred tax assets and liabilities | Changes from the correction of a loss allowance and the nonrecognition of deferred tax assets | – Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets |
|-------------------------------|---|--|--|
| Assets | | | |
| Deferred tax assets | 632 | 86 | 718 |
| Total | 191,633 | 86 | 191,719 |
| Equity and liabilities | | | |
| Equity | 31,490 | 86 | 31,576 |
| Retained earnings | 14,696 | 86 | 14,782 |
| Total | 191,633 | 86 | 191,719 |

ADJUSTMENT IN BALANCE SHEET PRESENTATION DUE TO THE RECLASSIFICATION OF INTRAGROUP INCOME TAX ALLOCATIONS:

In the VW FS AG Group, receivables and liabilities from taxes charged to Volkswagen AG on the basis of the consolidated tax group (“intragroup tax allocations”) were previously reported in the balance sheet items “Current tax assets” and “Current tax liabilities”.

These balance sheet items also include current tax assets and liabilities to tax authorities. The intragroup tax allocations were reclassified during the reporting period to the balance sheet items Other assets and Other liabilities. The carrying amounts as of December 31, 2024 were adjusted accordingly.

This reclassification and separate presentation outside of current tax assets and liabilities to tax authorities takes into account the different characteristics of intragroup tax allocations as financial assets and liabilities in the balance sheet presentation. The voluntary change in the balance sheet presentation therefore increases the informative value and decision-usefulness of the consolidated financial statements. Disclosures relating to the changed balance sheet items have been adjusted together with their prior-year figures in notes (47), (48), (55), (57), (61), (62), (63), (64), and (67).

The balance sheet for the period ended December 31, 2024 was restated as follows due to the reclassification of the intragroup income tax allocations:

| € million | – Dec. 31, 2024 after changes from the correction of a loss allowance and the nonrecognition of deferred tax assets | Change in balance sheet presentation due to reclassification of intragroup income tax allocations | Dec. 31, 2024 restated |
|-------------------------------|--|--|---------------------------|
| Assets | | | |
| Current tax assets | 95 | –1 | 94 |
| Other assets | 4,098 | 1 | 4,099 |
| Total | 191,633 | – | 191,633 |
| Equity and liabilities | | | |
| Current tax liabilities | 751 | –613 | 138 |
| Other liabilities | 2,565 | 613 | 3,178 |
| Total | 191,633 | – | 191,633 |

SUMMARY RECONCILIATION OF CHANGES TO PRIOR-YEAR FIGURES:

The prior-year figures in the income statement, balance sheet, and statement of cash flows that were changed as a result of the corrections described above and also due to the voluntary change in balance sheet presentation are summarized in the following reconciliation from the prior-year figures before adjustments to the prior-year figures after adjustments.

Reconciliation of prior-year income statement:

| € million | Jan. 1 – Dec. 31, 2024 prior to changes | Adjustments as a result of corrections | Jan. 1 – Dec. 31, 2024 restated |
|--|--|---|------------------------------------|
| Interest income from lending transactions and marketable securities | 2,128 | –4 | 2,124 |
| Income from leasing transactions | 13,392 | –621 | 12,770 |
| Depreciation, impairment losses and other expenses from leasing transactions | –10,292 | 609 | –9,684 |
| Net income from leasing transactions | 3,099 | –13 | 3,087 |
| Provision for credit risks | –251 | –34 | –285 |
| Other operating income | 579 | 367 | 946 |
| Other operating expenses | –468 | –357 | –826 |
| Net other operating income/expenses | 110 | 10 | 120 |
| Operating profit | 1,246 | –41 | 1,205 |
| Net gain or loss on miscellaneous financial assets | –14 | –15 | –30 |
| Profit before tax | 1,245 | –56 | 1,189 |
| Income tax expense | –416 | 98 | –318 |
| Profit after tax | 829 | 42 | 871 |
| Profit after tax attributable to Volkswagen AG | 829 | 42 | 871 |

Reconciliation of prior-year balance sheet:

| € million | Dec. 31, 2024 prior to changes | Adjustments as a result of corrections and changes in presentation | Dec. 31, 2024 restated |
|---|-----------------------------------|--|---------------------------|
| Assets | | | |
| Loans to and receivables from customers attributable to | | | |
| Retail financing | 30,678 | –17 | 30,661 |
| Dealer financing | 18,912 | –14 | 18,898 |
| Leasing business | 53,274 | –10 | 53,264 |
| Other loans and receivables | 17,627 | 0 | 17,627 |
| Total loans to and receivables from customers | 120,491 | –41 | 120,450 |
| Miscellaneous financial assets | 150 | –15 | 135 |
| Deferred tax assets | 1,240 | –522 | 718 |
| Current tax assets | 95 | –1 | 94 |
| Other assets | 4,098 | 1 | 4,099 |
| Total | 192,297 | –578 | 191,719 |
| Equity and liabilities | | | |
| Deferred tax liabilities | 2,038 | –620 | 1,419 |
| Current tax liabilities | 751 | –613 | 138 |
| Other liabilities | 2,565 | 613 | 3,178 |
| Equity | 31,535 | 42 | 31,576 |
| Retained earnings | 14,741 | 42 | 14,782 |
| Total | 192,297 | –578 | 191,719 |

Reconciliation of prior-year statement of cash flows:

| € million | Jan. 1 – Dec. 31, 2024 prior to changes | Adjustments as a result of corrections | Jan. 1 – Dec. 31, 2024 restated |
|--|--|---|------------------------------------|
| Profit before tax | 1,245 | -56 | 1,189 |
| Depreciation, amortization, impairment losses and reversals of impairment losses | 3,463 | 15 | 3,478 |
| Loss on disposal of financial assets and items of property and equipment | -4 | 15 | 11 |
| Net interest expense and dividend income | -869 | 7 | -863 |
| Change in loans to and receivables from customers | -2,692 | 41 | -2,651 |
| Interest received | 3,890 | -7 | 3,883 |
| Cash flows from operating activities | -13,183 | 15 | -13,168 |
| Proceeds from disposal of subsidiaries, joint ventures and associates | 30 | -15 | 15 |
| Cash flows from investing activities | 59 | -15 | 44 |

Effects of New and Revised IFRSs

VW FS AG has applied all financial reporting standards adopted by the EU and subject to mandatory application as of fiscal year 2025.

The amendments to IAS 21 on determining the exchange rate in the event of a lack of exchangeability, regardless of whether this is temporary or permanent, came into force on January 1, 2025. The supplementary guidance governs when a currency is exchangeable into another currency and when it is not, and how an exchange rate should be determined if a currency is not exchangeable.

The amended provisions do not materially affect the VW FS AG Group's net assets, financial position or financial performance.

New and Revised IFRSs Not Applied

In its 2025 consolidated financial statements, VW FS AG did not apply the following financial reporting standards that had been adopted by the IASB before December 31, 2025 but were not yet subject to mandatory application in the year under review.

| Standard/interpretation | Published by the IASB | Application requirement ¹ | Adopted by EU | Expected impact |
|-------------------------|--|--------------------------------------|---------------|---|
| IFRS 9/ IFRS 7 | Classification and Measurement of Financial Instruments May 30, 2024 | January 1, 2026 | Yes | No material impact |
| IFRS 9/ IFRS 7 | Contracts Referencing Nature-dependent Electricity December 18, 2024 | January 1, 2026 | Yes | No material impact |
| IFRS 18 | Presentation and Disclosure in Financial Statements April, 9 2024 | January 1, 2027 | Yes | Case-by-case changes to the presentation of income and expenses in the income statement; adjustment of the reconciliation of cash flow from operating activities to the amended cash flow statement requirements; additional disclosures in the notes |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures May, 9 2024 | January 1, 2027 | No | No impact |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures August, 21 2025 | January 1, 2027 | No | No impact |
| IAS 21 | Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency November 13, 2025 | January 1, 2027 | No | No impact |
| | Annual Improvements to International Financial Reporting Standards - Volume 11 ² July 18, 2024 | January 1, 2026 | Yes | No material impact |

1 Requirement for initial application from the VW FS AG perspective

2 Minor amendments to a series of IFRSs (IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7)

Accounting policies

1. Basic principles

All entities included in the basis of consolidation have prepared their annual financial statements as of the reporting date of December 31, 2025.

Financial reporting in the VW FS AG Group complies with IFRS 10 and is based on standard Group-wide accounting policies.

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

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

2. Basis of consolidation

In addition to VW FS AG, the consolidated financial statements cover all significant German and non-German subsidiaries, including all structured entities, controlled directly or indirectly by VW FS AG. This is the case if VW FS AG has power over potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and has the ability to use its power to influence those returns. In the case of the structured entities consolidated in the VW FS AG Group, VW FS AG holds no equity investment but nevertheless determines the main relevant activities remaining after the structure is created and thereby influences its own variable returns. The purpose of the structured entities is to facilitate asset-backed-securities transactions to fund the financial services business. The VW FS AG Group does not maintain any business relationships with unconsolidated structured entities.

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

The equity method is used to account for material entities in which VW FS AG has the opportunity, directly or indirectly, to exercise significant influence over financial and operating policy decisions (associates) or in which VW FS AG directly or indirectly shares control (joint ventures). Joint ventures also include entities in which the VW FS AG Group controls a majority of the voting rights but whose partnership agreements or articles of association specify that key decisions may only be made unanimously. Companies are still classed as an associate when the share of the voting power is less than 20%, provided that VW FS AG can exert significant influence on the basis of the articles of association. Associates and joint ventures of minor significance are not accounted for using the equity method but are reported at cost under Miscellaneous financial assets, taking into account any necessary impairment losses or reversals of impairment losses.

COMPOSITION OF THE VW FS AG GROUP

The composition of the VW FS AG Group is shown in the following table:

| | Dec. 31, 2025 | Dec. 31, 2024 |
|---|---------------|---------------|
| VW FS AG and consolidated subsidiaries | | |
| Germany | 9 | 9 |
| International | 28 | 30 |
| Subsidiaries recognized at cost | | |
| Germany | 4 | 5 |
| International | 16 | 20 |
| Equity accounted associates and joint ventures | | |
| Germany | 1 | 1 |
| International | 5 | 5 |
| Associates, joint ventures and equity investments recognized at cost | | |
| Germany | 4 | 5 |
| International | 7 | 13 |
| Total | 74 | 88 |

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

The following consolidated German subsidiaries with the legal form of a corporation have satisfied the criteria in section 264(3) of the HGB and have elected not to publish annual financial statements:

- > Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig
- > Volkswagen-Versicherungsdienst GmbH, Braunschweig
- > Volkswagen Insurance Brokers GmbH, Braunschweig
- > EURO-Leasing GmbH, Sittensen
- > Vehicle Trading International (VTI) GmbH, Braunschweig

The changes in the composition of the VW FS AG Group in the reporting year that are shown in the table above are explained below. The disclosures also include the information required by IFRS 5.

The interest in the joint venture VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, which was classified as assets held for sale in accordance with IFRS 5 in the previous year, was sold to Porsche Bank AG, Salzburg, and Porsche Versicherungs AG, Salzburg, on February 3, 2025. At the same time, the interest in unconsolidated associate Volkswagen-Versicherungsdienst GmbH, Vienna, classified as held for sale, was sold to Porsche Bank AG, Salzburg. The 58% interest in VOLKSWAGEN Finančné služby Slovensko s.r.o. was sold in cash at its carrying amount of €25 million, meaning that no disposal gain or loss was recognized. The cash sale of the 15% interest in Volkswagen-Versicherungsdienst GmbH for €7 million generated a gain of €2 million, which is reported under Net gain or loss on miscellaneous financial assets in the income statement.

The 25.1 % interest in unconsolidated associate J.P. Morgan Mobility Payments Solutions S.A., Strassen, was also classified as an asset held for sale in the previous year and was sold to the majority shareholder, J.P. MORGAN INTERNATIONAL FINANCE LIMITED, in the first half of the year. The interest was sold at its carrying amount of €19 million in cash, meaning that the transaction did not result in any disposal gain or loss.

The previously consolidated Danish subsidiary Euro-Leasing A/S, Padborg, has ceased operations and is in liquidation. The deconsolidation of the company resulted in a loss of €2 million, which is included in Other operating expenses in the income statement.

The previously consolidated Italian subsidiary Volkswagen Financial Services S.p.A., Milan, was merged with Volkswagen Bank GmbH, Braunschweig, in a cross-border transaction. Following the merger, business will be continued by the Italian branch of Volkswagen Bank GmbH.

As part of a restructuring of its investments in Denmark, Volkswagen Finance Europe B.V., Amsterdam, transferred its 51% interest in the joint venture Volkswagen Semler Finans Danmark A/S, Brøndby, which is accounted for using the equity method, to the joint venture Volkswagen Semler Finans Danmark Holding A/S, Brøndby, which was previously carried at cost. The equity method is now applied to the Volkswagen Semler Finans Danmark Holding A/S group, including the two subsidiaries Volkswagen Semler Finans Danmark A/S and Volkswagen Semler Leasing Danmark A/S, Brøndby.

As part of a restructuring within the Volkswagen Group, the 100 % interest in unconsolidated subsidiary LOGPAY Transport Services GmbH, Eschborn, and its five similarly unconsolidated subsidiaries in Slovakia, the Czech Republic, Spain and Italy was transferred at no consideration by unconsolidated subsidiary, LOGPAY Financial Services GmbH, Eschborn, to Volkswagen Group Charging GmbH, Berlin, a company of the Volkswagen Group, and subsequently transferred to Elli Mobility GmbH. The new company now brings together all charging and fueling services within the Volkswagen Group.

Volkswagen Financial Services DS (UK) Limited, Milton Keynes, was formed as a wholly owned subsidiary of Volkswagen Financial Services (UK) Ltd., Milton Keynes. For reasons of materiality, the entity is not consolidated.

The previously unconsolidated subsidiary Mobility Trader Spain, S.L., Barcelona, ceased operating and was dissolved.

During the fiscal year, the 1% interest in OOO Volkswagen Bank RUS, Moscow, which was previously included in miscellaneous financial assets with a carrying amount of €1, was derecognized.

The 8.7% interest in Allianz für die Region GmbH, Braunschweig, was sold to Volkswagen AG, Wolfsburg, in an intragroup transaction.

These changes in the composition of the VW FS AG Group as of the reporting date did not have any material impact on the net assets, financial position or financial performance of the Group.

OTHER DISCLOSURES ON SUBSIDIARIES UNDER IFRS 12

Some subsidiaries hold assets in the form of cash or securities, usability of which is limited within the Group is limited on account of contractual or regulatory provisions.

These assets are reported in the following balance sheet items:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|---|---------------|---------------|
| Loans to and receivables from banks | 20 | 44 |
| Loans to and receivables from customers attributable to | | |
| Other loans and receivables | – | 2 |
| Marketable securities | 396 | 378 |
| Other assets | | |
| Restricted cash | 807 | 883 |

DISCLOSURES ON JOINT VENTURES AND ASSOCIATES UNDER IFRS 12

From a Group perspective, Volkswagen Pon Financial Services B.V. and Volkswagen Møller Bilfinans A/S, two of the equity-accounted joint ventures, require separate presentation because they were deemed material on the reporting date because of the size of the entity concerned. Both joint ventures run the financial services business in the respective countries and thus help to promote vehicle sales in the Volkswagen Group. Bike Mobility Services Group B.V. is accounted for as an associate using the equity method and is presented below as a material associate.

Volkswagen Pon Financial Services B.V.

The Volkswagen Pon Financial Services B.V. Group, with its registered office in Amersfoort in the Netherlands, is a financial services provider offering finance, leasing and insurance products for Volkswagen Group vehicles to business and private customers in the Netherlands. The VW FS AG Group and its partner in this joint venture, Pon Holdings B.V., have entered into an agreement for a long-term strategic partnership.

Volkswagen Møller Bilfinans A/S

Volkswagen Møller Bilfinans A/S, with its registered office in Oslo, Norway, is a financial services provider offering financing and leasing products for Volkswagen Group vehicles to business and private customers, predominantly in Norway. The VW FS AG Group and its partner in this joint venture, Møllergruppen A/S, have entered into an agreement for a long-term strategic partnership.

Bike Mobility Services Group B.V.

The Bike Mobility Services Group B.V., with its registered office in Amersfoort in the Netherlands, operates in the field of bicycle mobility services that aim to develop sustainable, active and affordable bicycle mobility services for employers and their employees. The VW FS AG Group and its partner, Pon Bicycle Holding B.V., have entered into an agreement for a long-term strategic partnership.

The following table summarizes the financial information on the material joint ventures and the material associate on a 100% basis. It contains financial information as stated in the companies' own financial statements, adjusted to reflect differences in accounting policies and to fair value adjustments at the applicable acquisition dates:

| € million | VOLKSWAGEN PON FINANCIAL SERVICES B.V. (NETHERLANDS) | | VOLKSWAGEN MØLLER BILFINANS A/S (NORWAY) | | BIKE MOBILITY SERVICES GROUP B.V. (NETHERLANDS) | |
|---|--|--------------|--|----------------------------|---|----------------------------|
| | 2025 | 2024 | 2025 | 2024 restated ² | 2025 | 2024 restated ¹ |
| Shareholding (percent) | 60% | 60% | 51% | 51% | 49% | 49% |
| Loans to and receivables from banks ¹ | 51 | 29 | 32 | 1 | 40 | 39 |
| Loans to and receivables from customers ² | 5,381 | 5,361 | 1,578 | 1,465 | 48 | 18 |
| Lease assets ² | 3,480 | 3,065 | 39 | 42 | 49 | 51 |
| Other assets ¹ | 329 | 283 | 23 | 11 | 483 | 460 |
| Total | 9,241 | 8,737 | 1,672 | 1,519 | 620 | 567 |
| of which: noncurrent assets | 5,060 | 4,503 | 1,363 | 1,324 | 436 | 424 |
| of which: current assets | 4,181 | 4,234 | 309 | 195 | 184 | 143 |
| of which: cash ¹ | 51 | 29 | 32 | 1 | 40 | 39 |
| Liabilities to banks ² | 6,122 | 3,327 | 725 | 435 | – | – |
| Liabilities to customers ^{1,2} | 938 | 3,501 | 467 | 578 | 107 | 55 |
| Notes, commercial paper issued | 1,036 | 954 | – | – | – | – |
| Other liabilities ^{1,2} | 312 | 246 | 110 | 161 | 147 | 172 |
| Equity | 833 | 710 | 370 | 344 | 366 | 340 |
| Total | 9,241 | 8,737 | 1,672 | 1,519 | 620 | 567 |
| of which: noncurrent liabilities | 3,555 | 3,256 | 571 | 546 | 158 | 181 |
| of which: noncurrent financial liabilities ¹ | 3,495 | 3,204 | 481 | 459 | 21 | 30 |
| of which: current liabilities | 4,853 | 4,771 | 731 | 628 | 96 | 47 |
| of which: current financial liabilities ¹ | 4,535 | 4,509 | 702 | 547 | 25 | 17 |
| Income | 1,923 | 1,634 | 138 | 140 | 292 | 210 |
| of which: interest income | 513 | 338 | 124 | 138 | 0 | 2 |
| Expenses | –1,741 | –1,542 | –102 | –102 | –255 | –171 |
| of which: interest expense | –343 | –198 | –58 | –60 | –4 | –1 |
| of which: depreciation and amortization | –707 | –612 | –10 | –10 | –14 | –10 |
| Profit/loss from continuing operations, before tax | 182 | 92 | 36 | 37 | 37 | 38 |
| Income tax expense or income | –49 | –23 | –9 | –9 | –13 | –11 |
| Profit/loss from continuing operations, net of tax | 132 | 70 | 27 | 28 | 24 | 27 |
| Profit/loss from discontinued operations, net of tax | – | – | – | – | – | – |
| Other comprehensive income, net of tax | – | – | – | – | – | 0 |
| Total comprehensive income | 132 | 70 | 27 | 28 | 24 | 27 |
| Dividends received | 54 | – | – | 26 | – | – |

1,2 The prior-year figures were restated due to the correction of an error.

In the table above presenting the financial information of the material joint ventures, the term “Revenues” has been changed to “Income”. The change to the term “income” commonly used by financial services providers for gross income from ordinary activities is intended to enhance clarity and consistency of the

terms used in the financial statements. The composition of income remains unchanged and comprises all income items in profit before tax.

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

| € million | VOLKSWAGEN PON FINANCIAL SERVICES B.V. (NETHERLANDS) | VOLKSWAGEN MØLLER BILFINANS A/S (NORWAY) | BIKE MOBILITY SERVICES GROUP B.V. (NETHERLANDS) |
|--|--|--|---|
| 2024 | | | |
| Equity of the joint ventures and the associate as of the acquisition date July 1, 2024 | 294 | 396 | 314 |
| Profit/loss | 40 | 13 | 27 |
| Other comprehensive income | – | – | 0 |
| Change in share capital | 376 | – | – |
| Exchange differences on translating foreign operations | – | –13 | – |
| Dividends | – | 51 | – |
| Equity of the joint ventures and the associate on December 31, 2024 | 710 | 344 | 340 |
| Share of equity | 426 | 176 | 167 |
| Goodwill/other | 61 | 0 | 176 |
| Carrying amount of the investment on December 31, 2024 | 487 | 176 | 343 |
| 2025 | | | |
| Equity of the joint ventures and the associate on January 1, 2025 | 710 | 344 | 340 |
| Profit/loss | 132 | 27 | 25 |
| Other comprehensive income | – | – | – |
| Change in share capital | 80 | – | – |
| Exchange differences on translating foreign operations | – | –1 | – |
| Dividends | 90 | – | – |
| Equity of the joint ventures and the associate on December 31, 2025 | 833 | 370 | 366 |
| Share of equity | 500 | 189 | 179 |
| Goodwill/other | 61 | 0 | 155 |
| Carrying amount of the investment on December 31, 2025 | 560 | 189 | 334 |

Summarized financial information for the joint ventures that are immaterial when considered individually, shown on the basis of VW FS AG's proportionate interest:

| € million | 2025 | 2024 |
|---|------------|------------|
| Carrying amount of the investment on December 31 | 319 | 258 |
| Profit/loss from continuing operations, net of tax | 34 | –3 |
| Profit/loss from discontinued operations, net of tax | – | – |
| Other comprehensive income, net of tax | 1 | 3 |
| Total comprehensive income | 35 | 0 |

There were no unrecognized losses relating to investments in joint ventures and the associate.

Cash attributable to joint ventures amounting to €19 million (previous year: €20 million) was pledged as collateral in connection with ABS transactions and was therefore not available to the VW FS AG Group.

Financial guarantees to joint ventures and associates amounted to €12 million (previous year restated: €12 million) and irrevocable credit commitments amounted to €156 million (previous year restated: €181 million).

In addition, certain articles of incorporation or partnership agreements specify obligations to individual joint ventures to provide loans for the funding of the entities, where required. The exact amount of the obligations depends on the future funding requirements of each entity and may therefore vary from the loan amounts recognized on the balance sheet as of the reporting date.

3. Consolidation methods

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

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

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

The acquisition method described above is not applied when subsidiaries are newly established to ensure that no goodwill or negative goodwill can arise when newly established subsidiaries are included in the consolidation. The assets and liabilities of the subsidiaries are recognized at their values on the date of initial consolidation. Any difference between the carrying amount of the previously unconsolidated subsidiary and the subsidiary's equity at the time of inclusion is recognized outside profit or loss in retained earnings as part of the initial consolidation.

The acquisition method of accounting described in IFRS 3 is not applied if the subsidiaries being consolidated for the first time are the result of a business combination under the common control of a superordinate parent company, e.g., Volkswagen AG. Instead, the Group applies the predecessor accounting under which the existing consolidated carrying amounts of assets and liabilities are continued. This means that no goodwill or negative goodwill can result from the initial consolidation of these subsidiaries. Any difference between the net assets acquired and any consideration transferred is recognized outside profit or loss in retained earnings in the course of initial consolidation.

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

4. Currency translation

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

The foreign companies which form part of the VW FS AG Group are independent subunits whose financial statements are translated using the functional currency principle. Under this principle, assets and liabilities, but not equity, are translated at the closing rate. With the exception of income and expenses recognized directly in equity, equity is translated at historical rates. The resulting exchange differences on translating foreign operation are recognized in other comprehensive income and are presented as a separate item in equity until the disposal of the subsidiary concerned.

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

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

Rates supplied by an external market data provider are used for translation throughout the whole of the VW FS AG Group.

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

| | €1 = | BALANCESHEET , MIDDLE SPOT RATE ON DEC. 31 | | INCOME STATEMENT , AVERAGE RATE | |
|----------------|------|---|----------|------------------------------------|----------|
| | | 2025 | 2024 | 2025 | 2024 |
| Denmark | DKK | 7.46890 | 7.45755 | 7.46336 | 7.45893 |
| United Kingdom | GBP | 0.87305 | 0.83020 | 0.85669 | 0.84667 |
| Poland | PLN | 4.21925 | 4.27185 | 4.24007 | 4.30632 |
| Sweden | SEK | 10.79965 | 11.45005 | 11.06396 | 11.43291 |
| Czech Republic | CZK | 24.19900 | 25.15050 | 24.69244 | 25.11925 |

5. Revenue and expense recognition

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

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

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

Gains from the sale of used vehicles are recognized when the buyer has acquired the title to the vehicle concerned. The gains are reported under income from leasing transactions, provided that the used vehicles were accounted for under operating leases prior to sale. The expenses that are incurred in connection with the disposal of the used vehicles from previous operating leases are recognized under depreciation, impairment losses and other expenses from leasing transactions. If the used vehicles sold originate from previously recognized credit transactions or finance leases, the income is reported in Other operating income and the associated expenses from the disposal of used vehicles are reported in Other operating expenses. Income from the sale of used vehicles that do not originate from previous leasing or credit transactions of the Group is also reported under Other operating income. The associated expenses from the disposal of these used vehicles are reported under Other operating expenses.

In the case of service contracts, such as maintenance or inspection agreements, revenue is recognized on either a percentage-of-completion or straight-line basis, depending on the type of service performed. Percentage of completion is normally calculated by considering the services provided up to the reporting date as a proportion of the total anticipated services (output-based). If the customer pays for services in advance, the Group recognizes a corresponding contractual liability until the relevant service is performed. Revenue is recognized on a straight-line basis, provided that the service is provided at a constant level over the term of the contract or that the commitment applicable over the entire term of the contract can be utilized at any time in the event of unforeseen circumstances.

A trade receivable is recognized for the period between revenue recognition and receipt of payment. Any financing component included in the transaction is not recognized because the period between the transfer of the goods and payment of the consideration is generally less than a year. In the VW FS AG Group, contract origination costs are only capitalized and amortized on a straight-line basis over the term of the contract if the underlying contract has a term of at least one year and these costs would not have been incurred if the contract concerned had not materialized. If agreements exist with insurance companies regarding the repayment of brokerage commissions in the event of early termination, the amount that is highly likely to result in no revenue reversals is used for the calculation of fee and commission income. A refund provision is recognized for the remaining claim, which is subsequently recognized as fee and commission income if no repayment is made.

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

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

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

6. Government grants

VW FS AG recognizes income from government grants if there is reasonable assurance that the Group will comply with the conditions attaching to the grants and that the grants will be received.

The Group regards the ECB as a government agency or similar institution for the purposes of IAS 20. The ECB's TLTRO III funding program is intended to stimulate borrowing in the eurozone by creating an incentive for participating banks to lend to the real economy. VW FS AG believes that this support constitutes a government grant. In the previous years, the VW FS AG Group recognized the benefit in the

accounting period in which the corresponding costs were reimbursed to the Group and reported the grant as a reduction in the related expense. The level of the benefit depended on the amount borrowed and on compliance with various lending thresholds. Further information on the VW FS AG Group's recognition of the benefit from the TLTRO III refinancing program in the previous year can be found in note (35) Further income statement disclosures.

7. Income taxes

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

Deferred tax assets are recognized if it is probable that in the future sufficient taxable profits will be generated in the same tax unit against which the deferred tax assets can be utilized. Deferred tax assets that are unlikely to be realized within a clearly predictable period are not recognized in the year in which they arise. Valuation allowances are recognized if the realization of deferred tax assets recognized in previous years is no longer expected in the foreseeable future.

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

The VW FS AG Group has exercised the exception to recognize and disclose deferred taxes in connection with the introduction of global minimum taxation (Pillar 2 income taxes).

The effects of the changes to the Corporate Income Tax Act in Germany and the introduction of global minimum taxation are included in the disclosures in note (34) Income tax expense.

8. Cash reserve

The cash reserve is carried at the nominal amount.

9. Financial Instruments

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

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

IFRS 9 breaks down financial assets into the following categories:

- > Financial assets measured at fair value through profit or loss
- > Financial assets measured at fair value through other comprehensive income (debt instruments)
- > Financial assets measured at fair value through other comprehensive income (equity instruments), and
- > Financial assets measured at amortized cost

Financial liabilities are classified using the following categories:

- > Financial liabilities measured at fair value through profit or loss, and
- > Financial liabilities measured at amortized cost.

In the VW FS AG Group, the categories shown above are allocated to the classes “financial assets and liabilities measured at amortized cost” and “financial assets and liabilities measured at fair value”.

The fair value option for financial assets and financial liabilities is not applied in the VW FS AG Group.

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

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

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

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

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

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

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

Changes in fair value that extend beyond the changes in the amortized cost of these financial assets are recognized in other comprehensive income (taking into account deferred taxes) until the financial asset concerned is derecognized. Only then are the accumulated gains or losses reclassified to profit or loss. Changes due to specific changes in fair value, such as impairment losses, interest determined in accordance with the effective interest method and foreign currency gains or losses, are immediately recognized in profit or loss.

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

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

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

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

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

The VW FS AG Group recognizes financial assets that represent an equity instrument and are not held for trading purposes in the measurement category of financial assets measured at fair value through other comprehensive income (equity instruments). The equity instruments are measured at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The accumulated gains or

losses from remeasurement are transferred upon derecognition to retained earnings and not to the income statement (i.e., they are not reclassified to profit or loss).

LOANS AND RECEIVABLES

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

In individual cases, some loans to and receivables from customers are recognized at fair value through profit or loss because the cash flow criterion is not satisfied or they relate to recognized receivables under earn-out agreements. Gains and losses arising from changes in fair value are recognized in profit or loss under net gain or loss on financial instruments measured at fair value.

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

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

The accounting policies relating to receivables from customers attributable to the leasing business in the VW FS AG Group are described in note (14) Leases.

MARKETABLE SECURITIES

The “Marketable securities” balance sheet item largely comprises investments of resources in the form of fixed-income securities from public- and private-sector issuers as well as investment fund shares/units.

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

Shares/units in investment funds are allocated to the category of financial assets measured at fair value through profit or loss. Gains and losses arising from the remeasurement of shares/units in investment funds are recognized in profit or loss under gains and losses on financial instruments measured at fair value.

Investments in equity instruments within marketable securities are measured at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The net gain/loss from the measurement of these instruments is reported in the statement of comprehensive income in the item “Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax”.

EQUITY INVESTMENTS

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

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

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments comprise derivatives designated as hedging instruments and derivatives not designated as hedging instruments. All derivatives are measured at fair value and are presented separately in notes (40) and (51).

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

In the VW FS AG Group, entities enter into derivative transactions solely for hedging purposes as part of the management of interest rate and/or currency risk.

Derivatives are used as hedging instruments to hedge fair values or future cash flows (referred to as hedged items). Hedge accounting in accordance with IFRS 9 is only applied in the case of hedges that can be demonstrated to be effective, both on designation and continuously thereafter. The VW FS AG Group documents all relationships between hedging instruments and hedged items.

When fair value hedges are applied, changes in the fair value of the derivative designated as the instrument used to hedge the fair value of a recognized asset or liability (hedged item) are recognized in profit or loss under net gain or loss on hedges. Changes in the fair value of the hedged item in connection with which the risk is being minimized are also reported in profit or loss under the same item. Gains or losses arising from the ineffectiveness of fair value hedges are also recognized in gain or loss on hedges.

Portfolio fair value hedge accounting reports transactions to hedge the risk of changes in the interest rates of hedged items (receivables from finance leases) on a portfolio basis. The hedged interest rate risk for the hedged items is based on the 3-month EURIBOR/SONIA. For the accounting of portfolio fair value hedges, the VW FS AG Group exercises the option to apply the hedge accounting requirements of IAS 39. As part of the accounting treatment of hedges in portfolio fair value hedge accounting, the hedged fair value changes for hedged items are recognized in a separate asset item in the balance sheet ("Change in fair value from portfolio fair value hedges").

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

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

Fair values are also reported for derivatives arising from early termination rights in the form of derivatives embedded in finance leases.

Interest income and interest expense related to derivatives in recognized hedges is reported in the income statement item in which the interest income or interest expense related to the hedged item is reported. Interest income or interest expense related to derivatives used for economic hedging that do

not meet the requirements of designation as hedging instruments is also reported in the income statement item in which the interest income or interest expense related to the financial assets and liabilities or the hedged item is presented.

PROVISION FOR CREDIT RISKS

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

The provision for credit risks calculation generally takes into account the exposure at default, the probability of default and the loss given default.

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

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

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

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

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

The measurement parameters used to calculate the provision for credit risks are determined on the basis of both historical information, such as average historical default probabilities for each portfolio,

and forward-looking information, such as macroeconomic factors and trends (e.g. the rate of change for gross domestic product, the rate of change for industrial output, the unemployment rate, inflation and interest rates (long term and short term)) that is linked to expected credit losses. To model the measurement parameters, calculations are carried out for various probability-weighted scenarios using region-specific macroeconomic factors.

The scenarios assume different economic trends and reflect their impact on credit risk and the provision for credit risks. In this regard, the VW FS AG Group analyzes macroeconomic factors that are also used in internal management. Examples of these factors include gross domestic product, industrial output, unemployment, inflation, interest rates (long-term and short-term) and exchange rates. If statistical methods demonstrate that macroeconomic factors have an impact on credit risk, then the relevant forecast macroeconomic factors and their effects on credit risk are taken into account in the scenarios.

The VW FS AG Group normally analyzes three scenarios: a baseline scenario, a positive scenario and a negative scenario. The baseline scenario uses validated risk parameters as also used in the internal risk calculations. The positive scenario assumes a more positive trend in probabilities of default and loss given default ratios for the next 12 months compared with the baseline scenario, whereas the negative scenario assumes a rise in default probabilities and higher loss given default ratios. Based on the baseline scenario, the average probability of default (PD) adjustment in the positive scenario is -13.9% (previous year: -14.2%) and +19.6% in the negative scenario (previous year: +26.2%), while the average loss given default adjustment is -1.5% in the positive scenario (previous year: -1.6%) and +3.4% in the negative scenario (previous year: +3.6%).

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

Objective evidence of impairment is identified in the VW FS AG Group using the definition of default specified in Article 178 of the CRR. The existence of a variety of factors could be decisive in determining whether a default has occurred. Examples of such factors include payment more than 90 days past due, the initiation of enforcement measures, the threat of insolvency or overindebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures. The VW FS AG Group uses the EBA's amended guidelines on the application of the definition of default under Article 178 of the CRR. If the reason for the recognition of a default (e.g., disruption to payments) has been eliminated, this must then be followed immediately by a probation period of several months before the financial instrument can no longer be considered to be in default.

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

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

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

Disclosures relating to the provision for credit risks are presented separately in notes (26) and (66).

MODIFICATIONS

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

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

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

LIABILITIES

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

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

10. Value adjustment on portfolio fair value hedges

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

11. Miscellaneous financial assets

Miscellaneous financial assets include shares in unconsolidated subsidiaries, shares in unconsolidated joint ventures, shares in unconsolidated associates and equity investments.

Investments in unconsolidated subsidiaries, joint ventures and associates are recognized at cost taking into account any necessary impairment losses. Impairment losses are recognized in profit or loss if there are country-specific indications of significant or permanent impairment (e.g., imminent payment difficulties or economic crises). Subsidiaries, joint ventures and associates not consolidated for reasons of materiality do not fall within the scope of IFRS 9 and are therefore not included in the disclosures required by IFRS 7.

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

12. Intangible assets

Intangible assets are recognized in accordance with the cost model.

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

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

At every reporting date, an assessment is made as to whether there is any indication that an intangible asset with a finite useful life may be impaired. If such indication exists, the carrying amount is compared with the recoverable amount and an impairment loss is recognized to reduce the carrying amount to the lower recoverable amount.

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

Goodwill is tested for impairment once a year and also if relevant events or changes in circumstances occur. If the carrying amount of goodwill is higher than the recoverable amount, an impairment loss is recognized.

The recoverable amount of goodwill is derived from the value in use for the relevant cash-generating unit, which is determined using the discounted cash flow method. The basis is the latest planning data prepared by management for a planning period of five years, followed by a terminal value derived using a growth rate in perpetuity. This planning is based on expectations regarding future global economic

trends, trends in the overall markets for passenger cars and commercial vehicles and on assumptions derived from these trends about financial services, taking into account market penetration, risk costs and margins. Information about the assumptions made in the detailed planning period is presented in the disclosures regarding management's material estimates and assumptions. Additional details are included in the report on expected developments, which forms part of the management report. Planning assumptions are adjusted in line with the latest available information.

The calculation of cash flows is based on the forecast growth rates for the relevant markets. Cash flows after the end of the planning period are generally estimated using a growth rate of 1% p.a. (previous year: 1% p.a.).

The interest rate used is based on the long-term market interest rate relevant to each cash-generating unit (regions or markets). If necessary, the standard cost of equity rate for the Group is also adjusted using discount factors specific to the country and business concerned. The interest rates used are disclosed in note (43).

13. Property and equipment

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

Depreciation is based mainly on the following useful lives:

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

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

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

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

14. Leases

GROUP AS LESSOR

The VW FS AG Group conducts both finance lease and operating lease business. The leases are mainly vehicle leases, but to a lesser extent also involve land, buildings and dealer equipment.

Lease income and lease expenses that the Group generates or incurs as a lessor are recognized under income from leasing transactions and depreciation, impairment losses and other expenses from leasing transactions in the income statement and are explained in note (22) Net Income from Leasing Transactions. Net income from leasing transactions largely consists of the following components: revenue from operating leases, interest income from finance leases, income and expenses from the disposal of used ex-operating-lease vehicles, net interest income/expense from derivatives used for hedging of finance leases, and depreciation and impairment losses in respect of lease assets. Interest income from finance leases includes the effects arising from the amortization of changes in fair value recognized for hedged items (changes in hedged fair value) resulting from finance lease receivables in portfolio fair value hedge accounting.

A finance lease is a lease that transfers substantial risks and rewards to the lessee. Where residual value guarantees are agreed, residual value risks are passed to the residual value guarantor. In the consolidated balance sheet, receivables from finance leases are reported within loans to and receivables from customers and the net investment in the lease generally equates to the cost of the lease asset. Interest income from these transactions is reported under income from leasing transactions in the income statement. The interest paid by the customer is allocated so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable. The net interest income or expense from derivatives held for interest rate hedging in connection with some of the finance lease receivables is recognized under income from leasing transactions. This net interest income or expense from derivatives is reported within the income from leasing transactions in order to present hedged interest income from finance leases, including the net interest income or expense from derivatives held for interest rate hedging, as it accrues to the VW FS AG Group.

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

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

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

GROUP AS LESSEE

The right-of-use asset for leases in which the VW FS AG Group is the lessee is depreciated on a straight-line basis over the term of the lease. The depreciation expense is reported under general and administrative expenses. The allocation of the depreciation amounts for right-of-use assets to the categories “Right of use on land, land rights and buildings incl. buildings on third party land” and “Right of use on other equipment, operating and office equipment” is shown in note (71) Leases.

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

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

Lease liabilities are carried at the present value of the lease payments.

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

Leases of the VW FS AG Group may include extension or termination options that are taken into account when determining the lease term.

BUYBACK TRANSACTIONS

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

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

15. Investment property

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

16. Provisions for pensions and other post-employment benefits

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

The VW FS AG Group provides occupational pensions in the form of both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on statutory or contractual requirements, or on a voluntary basis. Once the contributions have been paid, the VW FS AG Group has no further obligations. Current contributions are recognized as pension expenses of the period concerned. In 2025, they amounted to a total of €57 million (previous year: €25 million) in the VW FS AG Group. Contributions to the compulsory state pension system in Germany amounted to €47 million (previous year: €20 million).

Pension schemes in the VW FS AG Group are predominantly defined benefit plans in which there is a distinction between pensions funded by provisions (without plan assets) and externally funded plans (with plan assets).

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

Detailed disclosures on provisions for pensions and other post-employment benefits are set out in note (52).

17. Insurance business

Inward reinsurance and direct insurance operation are accounted for in the period in which the reinsurance or insurance arises without any time delay.

Insurance contracts relating to primary insurance and accepted reinsurance business are recognized in accordance with IFRS 17. These include warranty insurance products for end customers and repair cost insurance for dealers, importers, etc. Obligations also exist in the active reinsurance business from motor liability insurance, GAP insurance, comprehensive insurance, stop-loss and residual debt insurance. Obligations of other Group companies for which there was an option to apply IFRS 17 are, however, measured in each cases according to the relevant IFRS, in with the Group requirements.

Underwriting items are measured using the general measurement model. Measurement proceeds at the level of groups of insurance contracts rather than at the level of individual contracts. This involves

grouping insurance contracts with similar risks that are managed together into portfolios and then subdividing them into specific measurement groups by profitability and contracts concluded per quarter. Annual cohorts, which are used to avoid contracts issued more than one year apart being included in the same group, are created using the date on which the contract was accepted by the insurance company as the date of issue.

Measurement proceeds on the basis of expected future discounted cash flows and a risk component for nonfinancial risks plus a contractual service margin. For groups of insurance contracts categorized as profitable at the date of initial recognition, the expected profit is recognized in this service margin and realized over the coverage period as services are provided. For groups of insurance contracts for which the sum of the present value of cash outflows and the risk adjustment for nonfinancial risk exceeds the present value of expected cash inflows, in contrast, the loss expected on the date of initial recognition is immediately expensed in full.

The risk margin for nonfinancial risks is the insurer's compensation for assuming the nonfinancial risks associated with the cash flows. Nonfinancial risks in this context specifically include underwriting risk as well as other nonfinancial risks to be allocated to the underlying insurance contracts, such as cancellation risk and cost risks. The risk margin is determined on the basis of the value at risk. The risk adjustment for nonfinancial risks corresponds to a confidence level of 80%. The reversal of the risk margin comes entirely within the Technical insurance result.

Investment components are measured in line with the applicable cases by determining the payments to be made to the policyholder – currently always with direct insurance companies covered by reinsurance – given an entirely claim-free term.

The individual measurement components are measured separately on both initial recognition and subsequent measurement. A distinction is drawn in the subsequent measurement between the liability for remaining coverage (LRC) and the liability for incurred claims (LIC). The liability for incurred claims is the fulfillment cash flow for claims payments including costs for the allocated measurement group at this time, while the liability for remaining coverage is the fulfillment cash flow for the remaining coverage of the allocated group at this time plus the contractual service margin of this group. The contractual service margin is amortized according to a profile based on the coverage provided in the various periods.

Provisions for outstanding claims in inward reinsurance business are recognized on the basis of the information provided by the cedants. They are measured on the basis of each claim in accordance with the estimated requirement. The chain ladder method or modified chain ladder method is generally used to determine the expected payments for loss events that are not yet known. A risk adjustment for nonfinancial risk is also applied. Liabilities are determined by an actuarial department using actuarial methods and expert judgment. These methods incorporate the best possible estimates of cash flows (for example for claims, premiums and costs) based on historical data for the portfolios concerned or similar portfolios. The estimates of future cash flows include all cash flows that are likely to occur in connection with the fulfillment of the insurance contract.

One of the main features of the insurance business is underwriting risk, which comprises primarily premium risk, reserve risk, cancellation risk and catastrophe risk. VW FS AG counters these risks by constantly monitoring the basis of computations, making appropriate additions to provisions and applying a restrictive underwriting policy. This business is predominantly short term in nature and most longer-lasting risks are transferred to large reinsurance companies, so the risks enumerated dominate the overall risk profile in respect of underwriting liabilities and are therefore a particular priority. Credit risk in insurance business stems largely from transfers to reinsurance companies and existing receivables from direct insurers, primarily, but also brokers and end customers. Default risk is monitored

continuously for risk management purposes. Liquidity risk results principally from unexpected payment obligations or unexpectedly high claims payments that can potentially lead to the premature disposal of investments at a discount to market prices. Management takes the form of regular monitoring, the definition of liquidity categories for investments and the maintenance of liquidity buffers. Market risk from insurance liabilities arises within the VW FS AG Group in the shape of interest rate, spread, exchange rate and equity risks. These are managed in accordance with the prudent person principle by means of Volkswagen Versicherung AG's investment policy, which contains a substantial number of stipulations regarding permitted investments and the nature of the portfolio. These stipulations are monitored constantly with reference to defined limits. Risk monitoring activities specifically include the standardized quarterly and annual calculations prescribed by the supervisory authorities for the solvency capital requirement, and overall solvency needs, and the preparation of the associated reports for general publication, for the supervisory authorities and for management.

For contracts whose the primary object is the performance of services for fixed remuneration (fixed fee service contracts as described in IFRS 17.8), the VW FS AG Group exercises the option to treat these contracts as contracts for services in accordance with IFRS 15.

It is mandatory to discount reserves. The VW FS AG Group uses the bottom-up approach to calculate the discount rate. The risk-free yield curve for insurance business is in principle derived from overnight index swaps for the currency in which the underlying insurance contracts are concluded.

The table below sets out the interest rates used to discount the cash flows from insurance contracts:

| Percent | UP TO 1 YEAR | | 1 - 5 YEARS | | MORE THAN 5 YEARS | | MORE THAN 10 YEARS | |
|---------|--------------|-------|-------------|-------|-------------------|-------|--------------------|------|
| | from | to | from | to | from | to | from | to |
| EUR | 2.08 | 2.33 | 2.29 | 2.53 | 2.49 | 2.73 | 2.89 | 3.13 |
| GBP | 3.67 | 3.67 | - | - | - | - | - | - |
| JPY | 1.15 | 1.15 | 1.57 | 1.57 | 1.76 | 1.76 | - | - |
| TRY | 39.75 | 39.75 | 35.43 | 35.43 | 32.60 | 32.60 | - | - |
| SEK | 1.85 | 1.85 | 2.15 | 2.15 | 2.40 | 2.40 | - | - |
| CZK | 3.56 | 3.56 | 3.75 | 3.75 | 3.93 | 3.93 | - | - |
| PLN | 3.54 | 3.67 | 3.52 | 3.64 | 3.64 | 3.77 | - | - |
| CHF | 0.08 | 0.21 | 0.26 | 0.38 | 0.45 | 0.57 | - | - |

The costs incurred in concluding contracts are allocated in full to the new contracts concluded in an existing or new contract group. Costs are not divided between new contracts concluded and follow-up contracts expected in the future.

The VW FS AG Group uses the year-to-date method for the treatment of accounting estimates made in previous quarters. Estimates from previous quarters are therefore revised and recognized in full in profit or loss.

18. Other provisions and Other liabilities

Under IAS 37, provisions are recognized if a present legal or constructive obligation to a third party has arisen as a result of a past event, it is probable that settlement in the future will result in an outflow of resources embodying economic benefits and the amount of the obligation can be estimated reliably. If an outflow of resources is neither probable nor improbable, the amount concerned is deemed to be a

contingent liability. In accordance with IAS 37, this contingent liability is not recognized but disclosed in note (74).

Share-based compensation within other provisions and other liabilities comprises payments from the share-based retrospective long-term bonus and payments based on performance shares, i.e., remuneration plans that are settled in cash on the basis of Volkswagen AG preferred shares and recognized at fair value in accordance with IFRS 2. Fair value is recognized as remuneration expense over the vesting period and is reported as part of personnel expenses in general and administrative expenses in the income statement. Further disclosures on share-based payment can be found in note (75) Share-based payment.

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

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

Provisions that are not associated with an outflow of resources within one year are recognized at their settlement amount discounted to the reporting date using market discount rates. An average discount rate of 2.58% (previous year: 2.61%) was used in the eurozone. The settlement amount also includes expected cost increases.

19. Trust transactions

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

20. Estimates and assumptions by management

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

Assumptions and estimates are based on the latest available information. The circumstances prevailing at the time the consolidated financial statements are prepared and future trends in the global and sector environment considered to be realistic are taken into account in the projected future performance of the business. Management's estimates and judgments have been made on the basis of assumptions relating, in particular, to macroeconomic trends as well as trends in automotive markets, financial markets and the legal framework.

The planning assumption in respect of global economic development is that global economic output will grow at a similar pace in 2026 to that of 2025. The declining level of inflation in important economic regions and the resulting gradual easing of monetary policy should have a positive effect on consumer spending. Risks are expected to arise from increasing fragmentation of the global economy, protectionist tendencies and turbulence in the financial, energy and raw materials markets, and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict, the tensions in the Middle East, as well as the growing uncertainties regarding the economic policy stance of the USA and the global

rise of geoeconomic measures that could further exacerbate geopolitical tensions. It is assumed that the advanced economies will exhibit a similar level of growth on average and that the emerging markets will grow at a slightly slower pace than in the reporting period. There is also a general expectation that the global economy will continue growing at stable rates of change in the period to 2030.

These assumptions suggest that automotive financial services – in combination with the development of the vehicle markets – will prove highly important to global vehicle sales in 2026. We expect demand to rise in markets where market penetration has been low to date. Regions with further developed automotive financial services markets will probably see a continuation of the trend towards enabling mobility at the lowest possible total cost. The shift from financing in favor of lease contracts will also continue, as was initiated in European financial services business with individual customers. Integrated end-to-end solutions that include mobility-related service modules such as insurance and innovative packages of services are likely to become increasingly important. Additionally, demand is expected to increase for new forms of mobility, such as rental and car subscription (Auto-Abo) services, and for integrated mobility services including refueling and charging. Dealers continue to be key strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We assume that this trend will also persist in the years 2027 to 2030.

The trend in the automotive industry is closely linked to the trajectory of the global economy. We expect competition in the international automotive markets to intensify further. Crisis-related disruptions to global supply chains and the resulting impact on vehicle availability may weigh on new registration volumes. Moreover, sudden new or intensified geopolitical tension and conflicts could lead in particular to rising prices for materials and declining availability of energy.

Trends in the markets for passenger cars in 2026 are expected to be positive overall, but with some variation from region to region. Overall, global new vehicle sales volumes are expected to be on a level with the previous year. Growing demand for passenger cars is forecast worldwide in the period from 2027 to 2030. The markets for light commercial vehicles will perform differently in the individual regions. The sales volume in 2026 is expected to be on a level with the previous year, with global demand for light commercial vehicles expected to grow between 2027 and 2030.

The European Central Bank (ECB) and other central banks further lowered their key interest rates in 2025. No significant interest rate changes are expected for 2026, with geopolitical uncertainties weighing on the economy and inflation close to the target value.

Social and political factors have an increasing impact on many people's individual mobility behavior. Among the general public, environmental and climate protection has grown immensely in importance over the last few years and is attracting increasing attention from lawmakers. Especially in large metropolitan areas, new challenges are appearing in connection with the design of an intelligent mobility mix consisting of public transport combined with motorized and non-motorized private transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

The companies of the VW FS AG Group closely monitor developments in the mobility market and are working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model.

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

As future business performance is subject to unknown factors that, in part, lie outside the control of the Group, assumptions and estimates continue to be subject to considerable uncertainty. If changes in parameters are different from the assumptions and beyond any influence that can be exercised by

management, the amounts actually arising could differ from the estimated values originally forecast. If actual performance varies with the forecasts, the assumptions and, where necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

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

RECOVERABLE AMOUNT OF LEASE ASSETS

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

The mix of drive types in the VW FS AG Group's portfolio is constantly changing as the transition to zero-emissions mobility progresses. The implications of this transition for residual values in the portfolio are monitored continuously using an appropriate method for the analysis and evaluation of ESG factors, including technological and regulatory changes and CO₂ transition costs. The defined residual values of vehicles of different drive types are updated in line with the results of this monitoring at regular intervals for the purposes of both new business and residual value forecasting. Customer behavior and the structure of the market are also key determining factors in this context alongside the aforementioned elements. No additional estimation uncertainty arising from ESG/sustainability considerations that would materially affect existing estimates, for example of the recoverable amount of leased assets, in the consolidated financial statements is apparent as of the current reporting date. Possible future effects of ESG/sustainability factors on existing estimates are considered continuously.

LEASE TERM IN LESSEE ACCOUNTING

Under IFRS 16, the term of a lease is determined on the basis of the fundamental non-cancelable term of the lease plus an assessment of whether any option to extend the lease will be exercised or whether any option to terminate the lease will not be exercised. The lease term determined in this way and the discount rates used affect the amounts recognized for the right-of-use assets and the lease liabilities.

FINANCIAL INSTRUMENTS

The procedure for determining the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. When possible, these estimates take into account the latest market data as well as rating classes and scoring information derived from empirical values and combined with forward-looking parameters. Further information on determining valuation allowances can be found in the disclosures on the provision for credit risks in notes (9) and (66).

In terms of default risks from financial assets in the VW FS AG Group, climate-related and environmental risks in the portfolio of nonfinancial companies and for vehicle collateral could become increasingly relevant in future reporting periods. In the portfolio of nonfinancial companies, potential transition risks are considered to be relevant in the medium to long term. The extent of these risks varies within the individual sectors of nonfinancial companies. Automotive dealerships in particular could face medium- and long-term transition risks driven by additional transformation costs, long-term structural changes and technological investment requirements. Relevant transition risks are not considered to be

material in the short term. In terms of vehicle collateral, it can generally be assumed that the transition from combustion engines to electric vehicles will continue to proceed gradually and that, from today's perspective, there will be no increased risks and that the valuation approaches will therefore continue to be appropriate. Nevertheless, the effects of relevant risk drivers such as the transition to electric vehicles, technological changes, laws and regulations, and customer interests are being monitored and reassessed regularly and on an ad hoc basis. Tools for addressing ESG risks have been established in the VW FS AG Group with the aim of incorporating ESG aspects into the lending process. When loans are originated, ESG risks are assessed on the basis of the comprehensive expertise of the front and back offices.

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

INCOME FROM SERVICE CONTRACTS

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

PROVISIONS

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

The measurement of pension provisions is based on actuarial assumptions regarding discount rates, salary and pension trends, and employee turnover rates, which are determined for each group company depending on the economic environment.

Further information about the assumptions applied in relation to provisions for pensions and other post-employment benefits can be found in notes (16) and (52).

In the case of other provisions, expected values are used as the basis for measurement, which means that changes are made on a regular basis, involving either additions to the provisions or the reversal of unused provisions. Changes in the estimates of the amounts for other provisions are always recognized in profit or loss. The recognition and measurement of provisions for litigation and legal risks included within other provisions requires making predictions with regard to court decisions and the outcome of legal proceedings. Each case is individually assessed on its merits based on developments in the proceedings, the company's past experience in comparable situations and evaluations made by experts and lawyers. Further information about the assumptions applied in relation to other provisions can be found in note (18).

INSURANCE BUSINESS

The measurement of underwriting items (see note (17)) depends to a certain extent on the use of estimates and/or assumptions. This of course applies in particular to future events that have to be considered in calculating the liabilities, but also to the aggregation and simplification steps necessary to make the calculations feasible. The use of estimates and judgment-based decisions thus has a material impact on the measurement of insurance liabilities, appropriate aggregation to create calculation groups and the allocation of cash flows occurring. This is particularly true of new business taken on for which there is no historical data and for liabilities grouped in less refined calculation units in compliance with the standards that were created prior to the transition to IFRS 17.

RECOVERABLE AMOUNT OF NONFINANCIAL ASSETS, JOINT VENTURES, ASSOCIATES AND EQUITY INVESTMENTS

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

DEFERRED TAX ASSETS AND UNCERTAIN INCOME TAX ITEMS

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

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

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

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

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

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

Income Statement Disclosures

21. Interest income from lending transactions and marketable securities

Interest income from lending transactions and marketable securities includes interest income from customer and dealer finance, interest income from the direct banking business, interest income and expenses from derivatives used to hedge financial assets outside of the leasing business, as well as other interest income including interest income from interest-bearing securities.

The interest income from financial assets measured at amortized cost included in interest income from lending transactions and marketable securities is calculated using the effective interest method and amount to €3,583 million (previous year restated: €2,118 million). Interest income from financial assets measured at fair value through other comprehensive income, calculated using the effective interest method, amounted to €45 million (previous year: €13 million).

Interest income and interest expense related to derivatives not designated as hedging instruments for hedging financial assets outside the leasing business came to net expense of €75 million (previous year net earnings: €20 million). Interest income and expenses on derivatives designated as hedging instruments for hedging financial assets outside of the leasing business result in a net expense of €63 million (previous year: €33 million).

22. Net income from leasing transactions

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

| € million | 2025 | 2024 restated ^{1,2} |
|---|----------------|---------------------------------|
| Leasing income from operating leases | 9,706 | 4,339 |
| Interest income from finance leases ¹ | 3,357 | 1,612 |
| Gains from the disposal of used ex-operating-lease vehicles ² | 14,919 | 6,113 |
| Net interest income/expense from finance lease hedging derivatives | 15 | 146 |
| Miscellaneous income from leasing transactions | 1,008 | 561 |
| Income from leasing transactions^{1,2} | 29,005 | 12,770 |
| Lease assets depreciation and impairment losses | -7,149 | -3,340 |
| Expenses from the disposal of used ex-operating-lease vehicles ² | -14,638 | -5,982 |
| Miscellaneous expenses from leasing transactions | -925 | -362 |
| Depreciation, impairment losses and other expenses from leasing transactions² | -22,712 | -9,684 |
| Total^{1,2} | 6,293 | 3,087 |

1 Restatement of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

2 Correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles (see section "Changes to Prior-Year Figures").

23. Interest expense

Interest expenses include funding expenses for the lending and leasing businesses.

The interest expenses in an amount of €4,306 million (previous year: €2,664 million) related to financial instruments not measured at fair value through profit or loss.

Interest income and interest expense related to derivatives not designated as hedging instruments for hedging financial liabilities outside the leasing business resulted in a net expense of €21 million (previous year: €31 million). Interest income and expenses on derivatives designated as hedging instruments for hedging financial liabilities result in a net expense of €313 million (previous year net expense: €329 million).

The disclosures relating to the interest expenses for lease liabilities reported under the interest expense line item in the income statement can be found in note (71) Leases.

24. Net income from service contracts

Of the total income recognized for service contracts, an amount of €2,495 million (previous year: €1,097 million) related to service contracts requiring the recognition of income at a specific time, and €815 million (previous year: €362 million) related to service contracts requiring the recognition of income over a period of time.

Of the income from service contracts recognized in the reporting period, income of €986 million had been included in the contractual liabilities for service contracts as of January 1, 2025.

As a result of the acquisition of assets and assumption of liabilities as of July 1, 2024, there were still no contractual liabilities for service contracts from which income was recognized in the reporting period on January 1, 2024.

25. Net income from insurance business

Income and expenses from insurance business recognized in the consolidated income statement are as follows:

| € million | 2025 | 2024 |
|--|-------------|-------------|
| Insurance revenue from insurance business | 318 | 163 |
| Recoverable income from outward reinsurance business | 0 | -2 |
| Income from insurance transactions | 318 | 161 |
| Expenses for insurance services excluding costs incurred in concluding contracts | -170 | -87 |
| Expenses for insurance services - loss component | -13 | -2 |
| Expenses for insurance services - costs incurred in concluding contracts | -30 | -33 |
| Expenses from outward reinsurance business | -1 | 1 |
| Expenses from insurance transactions | -215 | -121 |
| Total | 103 | 40 |

26. Provision for credit risks

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

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

| € million | 2025 | 2024 restated ¹ |
|--|-------------|-------------------------------|
| Additions to provision for credit risks | -1,040 | -398 |
| Reversals of provision for credit risks | 454 | 202 |
| Direct write-offs ¹ | -259 | -118 |
| Income from loans and receivables previously written off | 54 | 29 |
| Net gain or loss from significant modifications | 0 | 0 |
| Total¹ | -791 | -285 |

¹ Restatement of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

The additions to the provision for risks and direct write-offs include total expenses from the provision for credit risks from trade receivables amounting to €32 million (previous year: €6 million). Income from reversals of provisions for credit risks relates to trade receivables in the amount of €46 million (previous year: €9 million).

27. Net fee and commission income

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

| € million | 2025 | 2024 |
|---|------------|------------|
| Fee and commission income | 526 | 286 |
| of which commissions from insurance broking | 470 | 260 |
| Fee and commission expenses | -266 | -104 |
| of which sales commission from financing business | -180 | -28 |
| of which commissions from insurance broking | -56 | -57 |
| Total | 260 | 183 |

28. Net gain or loss on hedges

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

The details of the gains and losses are as follows:

| € million | 2025 | 2024 |
|---|------------|------------|
| Fair value hedges | | |
| Gains/losses from micro fair value hedges | | |
| Gains/losses on hedging instruments | 164 | 507 |
| Gains/losses on hedged items | -197 | -534 |
| Gains/losses from micro fair value hedges | -33 | -27 |
| of which ineffectiveness of micro fair value hedges | -33 | -26 |
| Gains/losses on portfolio fair value hedges | | |
| Gains/losses on hedging instruments | -80 | -137 |
| Gains/losses on hedged items | 23 | 128 |
| Gains/losses on portfolio fair value hedges | -57 | -9 |
| of which ineffectiveness of portfolio fair value hedges | -57 | -9 |
| Cashflow Hedges | | |
| Gains/losses from the reclassification of reserves | 110 | 13 |
| Gains/losses from the translation of foreign currency loans/receivables and liabilities | -110 | -8 |
| Gains/losses from the ineffective portion of hedging instruments | 3 | -2 |
| Total | -88 | -32 |

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

The net gains or losses on derivatives not designated as hedging instruments, net gains or losses on marketable securities and loans/receivables measured at fair value through profit or loss, and net gains or losses on derecognition of marketable securities measured at fair value through other comprehensive income are reported under this item. Gains and losses arising from changes in the fair value of derivatives that do not satisfy the requirements of IFRS 9 for hedge accounting at the micro level or of IAS 39 for portfolio hedging are recognized under gains and losses on derivatives not designated as hedging instruments.

The details of the gains and losses are as follows:

| € million | 2025 | 2024 |
|---|-----------|------------|
| Gains/losses on derivatives not designated as hedging instruments | 17 | -76 |
| Gains/losses on marketable securities measured at fair value through profit/loss | -2 | 1 |
| Gains/losses on loans/receivables measured at fair value through profit/loss | -8 | -13 |
| Gains/losses on the derecognition of marketable securities measured at fair value through OCI | 9 | 6 |
| Total | 15 | -83 |

30. General and administrative expenses

The breakdown of general and administrative expenses is shown in the following table:

| € million | 2025 | 2024 |
|---|---------------|---------------|
| Personnel expenses in general and administrative expenses | -1,089 | -528 |
| Non-staff operating expenses | -958 | -496 |
| Advertising, public relations and sales promotion expenses | -80 | -40 |
| Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets | -77 | -40 |
| Other taxes | -22 | -9 |
| Income from the reversal of provisions and accrued liabilities | 38 | 87 |
| Total | -2,188 | -1,027 |

The disclosures relating to the expenses from the depreciation of right-of-use assets included in general and administrative expenses and to the expenses from short-term leases and leases in which the underlying asset is of low value can be found in note (71) Leases.

The breakdown and explanation of personnel expenses is set out in the separate note (77) Personnel expenses.

Information on the total fees paid to the auditor of the consolidated financial statements in accordance with section 314(1) no. 9 of the HGB is provided in note (76) Total fees charged by the auditor of the consolidated financial statements.

31. Net other operating income/expenses

The breakdown of the net other operating income/expenses is as follows:

| € million | 2025 | 2024 restated ¹ |
|---|-------------|-------------------------------|
| Gains on the measurement of non-hedge foreign currency loans/receivables and liabilities | 107 | 19 |
| Income from cost allocations to other entities in the Volkswagen Group | 114 | 66 |
| Income from the reversal of provisions and accrued liabilities | 36 | 28 |
| Income from claims for damages | 37 | 19 |
| Gains from the disposal of used vehicles outside operating leases ¹ | 1,788 | 686 |
| Income from non-significant modifications | 20 | 7 |
| Miscellaneous operating income | 127 | 121 |
| Losses on the measurement of non-hedge foreign currency loans/receivables and liabilities | -72 | -26 |
| Litigation and legal risk expenses | -668 | -8 |
| Expenses from the disposal of used vehicles outside operating leases ¹ | -1,815 | -678 |
| Expenses from non-significant modifications | -9 | -4 |
| Miscellaneous operating expenses | -160 | -109 |
| Total¹ | -495 | 120 |

¹ Correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles (see section "Changes to Prior-Year Figures").

32. Net gain or loss on miscellaneous financial assets

The net gain/loss on miscellaneous financial assets includes dividend income, income and expenses arising from profit or loss transfers, income and expenses from disposals and net gains or losses arising from the recognition of impairment losses and reversals on shares in unconsolidated subsidiaries, joint ventures and associated companies.

33. Other financial gains or losses

Other financial gains or losses mainly consist of interest income and interest expenses in connection with tax-related issues, pensions and other provisions, as well as underwriting financial income and underwriting financial expenses.

34. Income tax expense

Income tax expense includes the taxes charged in respect of the Volkswagen AG tax group, taxes for which VW FS AG and its consolidated subsidiaries and branches are the taxpayers, and deferred taxes. The components of the income tax expense are as follows:

| € million | 2025 | 2024 restated ¹ |
|---|-------------|-------------------------------|
| Current tax income/expense, Germany | -378 | -246 |
| Current tax income/expense, foreign | -197 | -192 |
| Current income tax expense | -576 | -439 |
| of which income (+)/expense (-) related to prior periods | -2 | 1 |
| Deferred tax income (+)/expense (-), Germany ¹ | -341 | 158 |
| Deferred tax income (+)/expense (-), foreign ¹ | 61 | -37 |
| Deferred tax income (+)/expense (-)¹ | -280 | 121 |
| Income tax expense¹ | -856 | -318 |

¹ Restatement of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets, the correction of a loss allowance and the nonrecognition of deferred tax assets (see section "Changes to Prior-Year Figures").

The reported tax expense in 2025 of €856 million (previous year restated: €318 million) is €125 million higher (previous year restated: €39 million lower) than the expected tax expense of €731 million (previous year restated: €357 million), which was calculated by applying the tax rate of 30.0% (previous year: 30.0%) to the consolidated profit before tax.

The following reconciliation shows the relationship between the income tax expense and the profit before tax for the reporting period.

| € million | 2025 | 2024 restated ^{1,2,3} |
|---|--------------|-----------------------------------|
| Profit before tax^{1,2} | 2,436 | 1,189 |
| multiplied by the domestic income tax rate of 30.0 % | | |
| = Imputed income tax expense in the reporting period at the domestic income tax rate^{1,2} | -731 | -357 |
| + Effects from different foreign tax rates | 27 | 3 |
| + Effects from tax-exempt income | 52 | 58 |
| + Effects from non-deductible operating expenses | -91 | -52 |
| + Effects from loss carryforwards | 9 | 4 |
| + Effects from permanent differences ² | -30 | 14 |
| + Effects from tax credits | 1 | 0 |
| + Taxes attributable to prior periods | -148 | -17 |
| + Effects from changes in tax rates | 79 | -1 |
| + Effects from non-deductible withholding taxes | 0 | 0 |
| + Other variances ³ | -25 | 29 |
| = Current income tax expense^{1,3} | -856 | -318 |
| Effective tax rate in % ^{1,2,3} | 35.1 | 26.7 |

1 Restatement of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

2 Restatement of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section "Changes to Prior-Year Figures").

3 Re of prior-year figures in accordance with the explanations on the correction of a loss allowance and the nonrecognition of deferred tax assets (see section "Changes to Prior-Year Figures").

The statutory corporation tax rate in Germany for the 2025 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 30%.

A change to the Corporate Income Tax Act was passed in Germany in July 2025. As a consequence, the corporate income tax rate will be gradually reduced from 15 percent to 10 percent, starting in 2028. This resulted in income of €72 million from the measurement of deferred tax assets and deferred tax liabilities in the fiscal year ended December 31, 2025.

In the German tax group, a tax rate of 30% (previous year: 30%) is used to measure deferred taxes for differences between the carrying amount of an asset in the balance sheet and its tax base that are reversed in the short term, and 27% (previous year: 30%) for differences that will reverse in the long term. The reduction in the tax rate for long-term differences results from the amendment to the Corporate Income Tax Act in Germany.

The applied local income tax rates for foreign Group companies and branches vary between 12.5% (previous year: 12.5%) and 33.1% (previous year: 33.1%).

The following table shows a breakdown of the as yet unused tax loss carryforwards:

| € million | PREVIOUSLY UNUSED TAX LOSS CARRYFORWARDS | | OF WHICH UNUSABLE TAX LOSS CARRYFORWARDS | |
|------------------------|--|---------------|--|---------------|
| | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 |
| | Non-expiring tax loss carryforwards | 1,058 | 109 | 134 |
| Expiry within 10 years | 7 | – | 7 | – |
| Expiry over 10 years | – | – | – | – |
| Total | 1,064 | 109 | 141 | 109 |

The tax credits granted by various countries led to the recognition of a tax benefit in an amount of €2 million (previous year: €2 million).

The income taxes for continuing and discontinued operation were reduced by €9 million (previous year: €2 million) using previously unrecognized tax losses and tax credits. The realization of tax loss carryforwards from previous years led to a reduction in current income taxes of €43 million in 2025 (previous year: €5 million). Deferred tax expense arising from the write-down of deferred tax assets amounts to €– million (previous year restated: €– million). Deferred tax income from the reversal of impairment losses on deferred tax assets for continuing and discontinued operation in the reporting year amounted to €1 million (previous year restated: €20 million). No deferred tax assets were recognized in respect of deductible temporary differences of €129 million (previous year restated: €1 million).

In the current fiscal year, deferred tax assets are recognized in the VW FS AG Group for companies that incurred a loss in the current period or in the previous period, reducing deferred tax liabilities by €217 million (previous year restated: €100 million). The companies concerned are expecting positive results in the future.

In accordance with IAS 12.39, deferred tax liabilities of €2 million (previous year: €17 million) have not been recognized for temporary differences and undistributed profits of subsidiaries because VW FS AG has the relevant control.

Of the deferred taxes recognized in the balance sheet, an amount of €20 million (previous year: €49 million) relates to transactions reported in other comprehensive income. A breakdown of the changes in deferred taxes is presented in the statement of comprehensive income.

The introduction of the global minimum tax (Pillar 2) does not result in any substantial burdens for the VW FS AG Group. The current tax expense in connection with Pillar 2 income taxes amounts to €0 million (previous year: €0 million).

35. Further income statement disclosures

The following table shows both fee and commission income and expenses related to trust business and fee and commission income and expenses related to financial assets and financial liabilities not measured at fair value through profit or loss and not measured using the effective interest method.

| € million | 2025 | 2024 |
|------------------------------------|----------|----------|
| Income from fees and commissions | – | – |
| Expenses from fees and commissions | 0 | 0 |
| Total | 0 | 0 |

Income of €195 million that had been included in the contractual liabilities as of January 1 of the reporting period was recognized in the reporting year. As a result of the acquisition of assets and assumption of liabilities as of July 1, 2024, no income was recognized in the previous year that was already included in the contractual liabilities on January 1 of the previous year.

The way interest rates developed in the previous year meant that government grants in the amount of €106 million were more than offset by the interest expense associated with the targeted longer-term refinancing operations.

Balance Sheet Disclosures

36. Cash reserve

The cash reserve primarily includes credit balances of €8,269 million (previous year: €12,442 million) held with the Deutsche Bundesbank and foreign central banks.

37. Loans to and receivables from banks

Loans to and receivables from banks mainly include credit balances and term deposits with banks in the amount of €848 million (previous year: €914 million).

38. Loans to and receivables from customers

The “Loans to and receivables from customers” item includes deductions arising from the provision for credit risks recognized to cover the expected credit risk. The provision for credit risks is presented in notes (26) and (66).

Receivables from customers attributable to retail financing comprise loans to private and commercial customers for the financing of vehicles. The vehicle itself is normally pledged to as collateral for the financing of vehicles. Dealer financing encompasses floor plan financing as well as loans to the dealer organization for operating equipment and investment. Assets are pledged as collateral, but guarantees and charges on real estate are also used as security.

Receivables from leasing transactions include receivables from finance leases and receivables due in connection with lease assets.

The other loans and receivables largely consist of loans and receivables from entities within the Volkswagen Group, receivables relating to lines of credit and overdrafts used by customers, and receivables from leasing transactions with a buyback agreement.

Receivables from leasing transactions include due receivables amounting to €1,028 million (previous year restated: €904 million). Of this amount, €558 million (previous year restated: €490 million) is attributable to finance leases and €470 million (previous year: €414 million) to operating leases. The due lease receivables are payable within one year.

39. Value adjustment on portfolio fair value hedges

This assets-side line item on the balance sheet recognizes changes in the hedged fair value in relation to the hedged interest rate risk for the hedged items covered by portfolio fair value hedge accounting.

The following table shows the amounts reported in the balance sheet:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|---|---------------|---------------|
| Value adjustment on portfolio fair value hedges | 13 | 113 |

40. Derivative financial instruments

This balance sheet item comprises the positive fair values from derivatives in recognized hedges and from derivatives not designated as a hedging instrument. In the following table, the positive fair values of hedges of cross-currency interest rate swaps are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|--|---------------|---------------|
| Transactions to hedge against | | |
| currency risk on assets using fair value hedges | 2 | 5 |
| currency risk on liabilities using fair value hedges | – | 2 |
| interest-rate risk using fair value hedges | 170 | 273 |
| of which hedges against interest-rate risk using portfolio fair value hedges | 15 | 86 |
| interest-rate risk using cash flow hedges | 48 | 24 |
| currency risk on future cash flows using cash flow hedges | 0 | 36 |
| Hedging transactions | 219 | 341 |
| Assets arising from derivatives not designated as hedges | 200 | 190 |
| Total | 419 | 531 |

41. Marketable securities

The “Marketable securities” balance sheet item largely comprises fixed-income securities from public- and private-sector issuers as well as investment fund shares. Marketable securities amounting to €520 million (December 31, 2024: €814 million) were pledged as collateral for own liabilities. They are deposited with the Deutsche Bundesbank and are furnished as collateral in connection with open market operations. Furthermore, the “Marketable securities” balance sheet item includes Class A and C shares of VISA Inc., USA, in the amount of €15 million (December 31, 2024: €21 million). The carrying amount of the Class A shares classified as equity instruments is recognized in the OCI reserve, while the carrying amount of the Class C shares classified as debt instruments is recognized in the income statement.

42. Equity-accounted investments and other financial assets

Equity-accounted investments

| € million | 2025 | 2024 |
|--|--------------|--------------|
| Cost as of Jan. 1, | 1,335 | – |
| Foreign exchange differences | – | – |
| Changes in basis of consolidation | 0 | 1,353 |
| Additions | 76 | 25 |
| Reclassifications | – | – |
| Assets held for sale (IFRS 5) | – | –48 |
| Disposals | – | – |
| Changes/remeasurements recognized in profit or loss | 139 | 36 |
| Dividends | –56 | –29 |
| Other changes recognized in other comprehensive income | 0 | –2 |
| Balance as of Dec. 31, | 1,495 | 1,335 |
| Impairment losses as of Jan. 1, | 73 | – |
| Foreign exchange differences | – | – |
| Changes in basis of consolidation | – | 95 |
| Additions | 20 | – |
| Reclassifications | – | – |
| Assets held for sale (IFRS 5) | – | –23 |
| Disposals | – | – |
| Reversal of impairment losses | – | – |
| Balance as of Dec. 31, | 93 | 73 |
| Net carrying amount as of Dec. 31, | 1,402 | 1,263 |
| Net carrying amount as of Jan. 1, | 1,263 | – |

Equity-accounted investments include joint ventures in the amount of €1,068 million (December 31, 2024: €920 million) and associates in the amount of €334 million (December 31, 2024: €343 million).

During the fiscal year, impairment losses of €20 million (previous year: €– million) were recognized for an associate included in the balance sheet item “Investments in associates accounted for using the equity method”.

Miscellaneous financial assets

| € million | 2025 | 2024 restated ¹ |
|---|------------|-------------------------------|
| Cost as of Jan. 1, | 393 | – |
| Foreign exchange differences | –1 | 0 |
| Changes in basis of consolidation | 0 | 423 |
| Additions | 18 | 4 |
| Reclassifications | – | – |
| Assets held for sale (IFRS 5) | – | –34 |
| Disposals | 0 | – |
| Balance as of Dec. 31, | 409 | 393 |
| Amortization and impairment losses as of Jan. 1, | 258 | – |
| Foreign exchange differences | 0 | 0 |
| Changes in basis of consolidation | – | 250 |
| Additions ¹ | 38 | 35 |
| Reclassifications | – | – |
| Assets held for sale (IFRS 5) | – | –10 |
| Disposals | – | – |
| Reversal of impairment losses | – | 17 |
| Balance as of Dec. 31¹ | 295 | 258 |
| Net carrying amount as of Dec. 31,¹ | 114 | 135 |
| Net carrying amount as of Jan. 1, | 135 | – |

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section “Changes to Prior-Year Figures”).

In the reporting period, further impairment losses of €8 million were recognized for an unconsolidated subsidiary included in the balance sheet item “Other financial assets” for which impairment losses of €14 million had already been recognized in the previous year. In addition, further impairment losses of €26 million were recognized for an unconsolidated associate for which impairment losses of €15 million had already been recognized as part of a restatement of the previous year (see section “Changes to Prior-Year Figures”). Furthermore, impairment losses of €4 million were recognized for an unconsolidated joint venture in the reporting period. The impairment losses of €6 million recognized in the previous year for an unconsolidated joint venture related to a different joint venture than in the reporting period.

The amount of the impairment losses equated to the amount by which the determined recoverable amount fell below the carrying amount before recognition of the impairment losses. The methodology used to determine the recoverable amount was substantially the same as the methodology described in note (12) to determine impairment losses on goodwill.

43. Intangible assets

| € million | Internally generated software | Brand name, customer base | Goodwill | Other intangible assets | Total |
|--|-------------------------------|---------------------------|-----------|-------------------------|------------|
| Cost as of Jan. 1, 2025 | 117 | 11 | 15 | 345 | 488 |
| Foreign exchange differences | -2 | 0 | - | 2 | 0 |
| Changes in basis of consolidation | - | - | - | 0 | 0 |
| Additions | 7 | - | - | 21 | 27 |
| Reclassifications | 2 | - | - | -2 | - |
| Disposals | 9 | 11 | - | 37 | 57 |
| Balance as of Dec. 31, 2025 | 115 | - | 15 | 329 | 459 |
| Depreciation and impairment losses as of Jan. 1, 2025 | 73 | 11 | - | 264 | 349 |
| Foreign exchange differences | 0 | 0 | - | 2 | 2 |
| Changes in basis of consolidation | - | - | - | 0 | 0 |
| Additions to cumulative amortization | 2 | - | - | 31 | 33 |
| Additions to cumulative impairment losses | - | - | - | - | - |
| Reclassifications | 2 | - | - | -2 | - |
| Disposals | 9 | 11 | - | 36 | 56 |
| Reversal of impairment losses | 0 | - | - | - | 0 |
| Balance as of Dec. 31, 2025 | 68 | - | - | 260 | 328 |
| Net carrying amount as of Dec. 31, 2025 | 47 | - | 15 | 70 | 131 |
| Net carrying amount as of Jan. 1, 2025 | 43 | - | 15 | 81 | 139 |

| € million | Internally generated software | Brand name, customer base | Goodwill | Other intangible assets | Total |
|--|-------------------------------|---------------------------|-----------|-------------------------|------------|
| Cost as of Jan. 1, 2024 | - | - | - | - | - |
| Foreign exchange differences | 1 | 0 | - | 0 | 1 |
| Changes in basis of consolidation | 123 | 28 | 15 | 335 | 501 |
| Additions | 5 | - | - | 15 | 20 |
| Reclassifications | - | - | - | - | - |
| Disposals | 12 | 17 | - | 5 | 34 |
| Balance as of Dec. 31, 2024 | 117 | 11 | 15 | 345 | 488 |
| Depreciation and impairment losses as of Jan. 1, 2024 | - | - | - | - | - |
| Foreign exchange differences | 0 | 0 | - | 0 | 0 |
| Changes in basis of consolidation | 70 | 28 | - | 253 | 352 |
| Additions to cumulative amortization | 2 | - | - | 15 | 17 |
| Additions to cumulative impairment losses | 1 | - | - | - | 1 |
| Reclassifications | - | - | - | - | - |
| Disposals | - | 17 | - | 4 | 21 |
| Reversal of impairment losses | - | - | - | - | - |
| Balance as of Dec. 31, 2024 | 73 | 11 | - | 264 | 349 |
| Net carrying amount as of Dec. 31, 2024 | 43 | - | 15 | 81 | 139 |
| Net carrying amount as of Jan. 1, 2024 | - | - | - | - | - |

The goodwill of €15 million (December 31, 2024: €15 million) recognized in the balance sheet under intangible assets for Volkswagen Versicherungsdienst GmbH, Braunschweig, has an indefinite useful life.

The indefinite useful life arises because the goodwill is linked to the relevant cash-generating unit and will therefore remain in existence for as long as this unit remains in existence.

The impairment test for the reported goodwill is based on the value in use.

The value in use determined in the impairment test for the reported goodwill exceeded the corresponding carrying amount, so no impairment loss requirement was identified. The VWFS AG Group also carried out sensitivity analyses as part of the impairment test. No change in certain material assumptions would lead to the recognition of an impairment loss for goodwill.

An interest rate of 10.5% (previous year: 12.5%) was used in the impairment test in the reporting year.

44. Property and equipment

| € million | Land and buildings | Operating and office equipment | Total |
|--|-----------------------|--------------------------------------|------------|
| Cost as of Jan. 1, 2025 | 508 | 246 | 754 |
| Foreign exchange differences | -2 | 0 | -2 |
| Changes in basis of consolidation | - | - | - |
| Additions | 37 | 21 | 58 |
| Reclassifications | -2 | 2 | 0 |
| Disposals | 33 | 23 | 56 |
| Balance as of Dec. 31, 2025 | 508 | 246 | 755 |
| Depreciation and impairment losses as of Jan. 1, 2025 | 209 | 172 | 381 |
| Foreign exchange differences | -1 | 0 | -1 |
| Changes in basis of consolidation | - | - | - |
| Additions to cumulative depreciation | 23 | 21 | 44 |
| Additions to cumulative impairment losses | - | - | - |
| Reclassifications | - | 0 | 0 |
| Disposals | 8 | 17 | 25 |
| Reversal of impairment losses | - | - | - |
| Balance as of Dec. 31, 2025 | 223 | 176 | 399 |
| Net carrying amount as of Dec. 31, 2025 | 285 | 70 | 355 |
| Net carrying amount as of Jan. 1, 2025 | 299 | 74 | 373 |

| € million | Land and buildings | Operating and office equipment | Total |
|--|-----------------------|--------------------------------------|------------|
| Cost as of Jan. 1, 2024 | – | – | – |
| Foreign exchange differences | 1 | 0 | 1 |
| Changes in basis of consolidation | 464 | 210 | 674 |
| Additions | 13 | 19 | 33 |
| Reclassifications | 44 | 32 | 77 |
| Disposals | 14 | 17 | 31 |
| Balance as of Dec. 31, 2024 | 508 | 246 | 754 |
| Depreciation and impairment losses as of Jan. 1, 2024 | – | – | – |
| Foreign exchange differences | 0 | 0 | 1 |
| Changes in basis of consolidation | 189 | 157 | 345 |
| Additions to cumulative depreciation | 10 | 13 | 23 |
| Additions to cumulative impairment losses | – | – | – |
| Reclassifications | 12 | 14 | 26 |
| Disposals | 2 | 12 | 14 |
| Reversal of impairment losses | – | – | – |
| Balance as of Dec. 31, 2024 | 209 | 172 | 381 |
| Net carrying amount as of Dec. 31, 2024 | 299 | 74 | 373 |
| Net carrying amount as of Jan. 1, 2024 | – | – | – |

Land charges of €49 million (previous year: €49 million) are pledged as collateral for financial liabilities related to land and buildings.

Assets under construction with a carrying amount of €2 million (previous year: €4 million) are included in land and buildings.

45. Investment property

The following table shows the changes in investment property assets:

| € million | 2025 | 2024 |
|--|-----------|-----------|
| Cost as of Jan. 1, | 21 | – |
| Foreign exchange differences | – | – |
| Changes in basis of consolidation | – | 100 |
| Additions | – | – |
| Reclassifications | – | –79 |
| Disposals | 5 | 1 |
| Balance as of Dec. 31, 2024 | 16 | 21 |
| Depreciation and impairment losses as of Jan. 1, 2024 | 13 | – |
| Foreign exchange differences | – | – |
| Changes in basis of consolidation | – | 39 |
| Additions to cumulative depreciation | 1 | 1 |
| Additions to cumulative impairment losses | – | – |
| Reclassifications | – | –27 |
| Disposals | 2 | 0 |
| Reversal of impairment losses | – | – |
| Balance as of Dec. 31, 2024 | 12 | 13 |
| Net carrying amount as of Dec. 31, 2024 | 3 | 8 |
| Net carrying amount as of Jan. 1, 2024 | 8 | – |

The fair value of investment property amounts to €3 million (previous year: €7 million). Fair value is determined using an income approach based on internal calculations (Level 3 of the fair value hierarchy). The primary inputs for the calculation are future rental income and the cost of capital.

Operating expenses in an immaterial amount were incurred for the maintenance of investment property in the reporting year.

Rental income from investment property in the fiscal year amounted to €1 million (previous year: €1 million).

46. Deferred tax assets

The breakdown of the deferred tax assets is as follows:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ^{1,2,3} |
|--|---------------|--|
| Deferred tax assets ^{1,2,3} | 3,078 | 3,289 |
| Tax loss carryforwards/Interest carryforwards, net of valuation allowances | 235 | – |
| Tax credits, net of valuation allowances ³ | 2 | 2 |
| Amount before offset^{1,2} | 3,315 | 3,292 |
| of which non-current assets and liabilities ^{1,2} | 2,451 | 2,511 |
| Offset (with deferred tax liabilities) ¹ | –2,371 | –2,574 |
| Total^{1,2} | 944 | 718 |

1 Adjustment of prior-year figures in accordance with the explanations on the correction of deferred tax assets and liabilities, the correction of a loss allowance and the nonrecognition of deferred tax assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

3 To enhance the transparency of the disclosures, the table structure has been modified compared with the previous year and the effects of tax credits after valuation allowances, which were previously shown as part of deferred tax assets, are now disclosed separately. The carrying amount of deferred tax assets was consequently reduced, but the total amount of deferred tax assets remains unchanged as a result of this adjustment.

Of the deferred tax assets, €188 million (previous year restated: €107 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within one year.

Deferred tax assets are recognized in connection with the following balance sheet items:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ^{1,2,3} |
|--|---------------|--|
| Loans, receivables and other assets ^{1,2} | 502 | 367 |
| Marketable securities and cash ¹ | 3 | 10 |
| Intangible assets/property and equipment ¹ | 263 | 448 |
| Lease assets ¹ | 1,508 | 1,426 |
| Liabilities and provisions ^{1,3} | 803 | 1,038 |
| Valuation allowances for deferred tax assets on temporary differences ³ | – | – |
| Total^{1,2,3} | 3,078 | 3,289 |

1 Adjustment of prior-year figures in accordance with the explanations on the correction of deferred tax assets and liabilities (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

3 Adjustment of prior-year figures in accordance with the explanations on the correction of a loss allowance and the nonrecognition of deferred tax assets (see section “Changes to Prior-Year Figures”).

47. Other assets

The details of other assets are as follows:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ |
|---|---------------|--|
| Used vehicles held for sale | 2,549 | 1,480 |
| Restricted cash | 807 | 883 |
| Prepaid expenses and accrued income | 421 | 365 |
| Other tax assets | 788 | 639 |
| Receivables from tax allocations ¹ | 57 | 1 |
| Assets from insurance contracts | 22 | 24 |
| Miscellaneous | 770 | 708 |
| Total¹ | 5,414 | 4,099 |

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

Restricted cash primarily consist of cash collateral provided by consolidated ABS special-purpose entities in connection with ABS transactions.

Contract origination costs of €30 million (previous year: €0 million) had been capitalized on December 31, 2025, and reported under Miscellaneous in the balance sheet item Other assets. In 2025, amortization charges on capitalized contract origination costs reported under Other assets on the balance sheet amounted to €5 million (previous year: €0 million). No impairment losses were recognized in 2025 and 2024 in respect of capitalized contract origination costs.

48. Noncurrent Assets

| € million | Dec. 31, 2025 | of which noncurrent | Dec. 31, 2024 restated ¹²³ | of which noncurrent restated ¹²³ |
|--|----------------|------------------------|--|---|
| Cash reserve | 8,271 | – | 12,444 | – |
| Loans to and receivables from banks | 873 | 10 | 962 | 19 |
| Loans to and receivables from customers ¹ | 124,513 | 67,240 | 120,450 | 65,499 |
| Value adjustment on portfolio fair value hedges | 13 | –1 | 113 | 21 |
| Derivative financial instruments | 419 | 307 | 531 | 396 |
| Marketable securities | 3,486 | – | 3,561 | – |
| Equity-accounted investments | 1,402 | 1,402 | 1,263 | 1,263 |
| Miscellaneous financial assets ² | 114 | 114 | 135 | 135 |
| Intangible assets | 131 | 131 | 139 | 139 |
| Property and equipment | 355 | 355 | 373 | 373 |
| Lease assets | 56,205 | 52,405 | 46,779 | 43,434 |
| Investment property | 3 | 3 | 8 | 8 |
| Current tax assets ³ | 126 | – | 94 | – |
| Other assets ³ | 5,414 | 309 | 4,099 | 562 |
| Assets held for sale (IFRS 5) | – | – | 49 | – |
| Total^{1,2} | 201,327 | 122,276 | 191,000 | 111,849 |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section “Changes to Prior-Year Figures”).

3 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

49. Liabilities to banks and customers

The liabilities to customers include deposits from the direct banking business of €66,692 million (December 31, 2024: €56,442 million). They comprise call deposits and time deposits, as well as various savings bonds and savings plans of Volkswagen Bank GmbH. In terms of maturity, the “Direkt-Sparplan” and “Plus Sparbrief” savings products currently offer the longest investment horizon. The maximum maturity is ten years.

To cover the capital requirements for the leasing and financing activities, the entities in the VW FS AG Group make use of, among other things, credit and loans provided by the entities in the Volkswagen Group. These items are included in the liabilities to customers.

The corresponding relationships are explained in note (79) Related party disclosures.

The following table shows the changes in the contractual liabilities from service contracts and other contracts that are included in the liabilities to customers balance sheet item:

| € million | 2025 | 2024 |
|--|--------------|--------------|
| Contractual liabilities as of Jan. 1 | 2,367 | – |
| Additions and disposals | 369 | 217 |
| Changes in consolidated Group | – | 2,144 |
| Foreign exchange differences | –11 | 6 |
| Contractual liabilities as of Dec. 31 | 2,725 | 2,367 |

It is expected that income will be realized under contractual liabilities in the amount of €1,428 million (previous year: €1,181 million) in the next fiscal year and in the amount of €1,298 million (previous year: €1,185 million) in the subsequent fiscal years.

50. Notes, commercial paper issued

This item comprises bonds and commercial papers.

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|-------------------------|---------------|---------------|
| Bonds issued | 60,495 | 59,944 |
| Commercial paper issued | 1,611 | 1,791 |
| Total | 62,106 | 61,735 |

51. Derivative financial instruments

This balance sheet item comprises the negative fair values from derivatives in recognized hedges and from derivatives not designated as a hedging instrument. In the following table, the negative fair values of hedges of cross-currency interest rate swaps are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|--|---------------|---------------|
| Transactions to hedge against | | |
| currency risk on assets using fair value hedges | 18 | 13 |
| currency risk on liabilities using fair value hedges | – | 18 |
| interest-rate risk using fair value hedges | 535 | 824 |
| of which hedges against interest-rate risk using portfolio fair value hedges | 100 | 100 |
| interest-rate risk using cash flow hedges | 28 | 20 |
| currency risk on future cash flows using cash flow hedges | 28 | 44 |
| Hedging transactions | 609 | 918 |
| Liabilities arising from derivatives not designated as hedges | 299 | 246 |
| Total | 908 | 1,164 |

52. Provisions for pensions and other post-employment benefits

The following amounts were recognized in the balance sheet for benefit commitments:

| € million | Dec. 31 2025 | Dec. 31 2024 |
|--|--------------|--------------|
| Present value of funded obligations | 532 | 488 |
| Fair value of plan assets | 534 | 451 |
| Funded status (net) | -2 | 38 |
| Present value of unfunded obligations | 299 | 326 |
| Amount not recognized as an asset because of the ceiling in IAS 19 | - | - |
| Net liability recognized in the balance sheet | 297 | 364 |
| of which provisions for pensions | 300 | 365 |
| of which other assets | 3 | 1 |

Key pension arrangements in the VW FS AG Group

For the period after the active working life of employees, the VW FS AG Group offers its employees benefits under occupational pension arrangements. Most of the arrangements in the VW FS AG Group are pension plans for employees in Germany classified as defined benefit plans under IAS 19. The majority of these obligations are funded by provisions recognized in the balance sheet. These plans are now closed for new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the VW FS AG Group has additional defined benefit plans in which the benefits are funded by appropriate external plan assets.

The risks referred to above have been significantly reduced in these pension plans. The main pension commitments are described below.

German pension plans funded solely by recognized provisions

The pension plans funded solely by recognized provisions comprise both defined contribution plans with guarantees and final salary plans. For defined contribution plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up to the retirement date. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk. The pension system provides for lifelong pension payments. The companies therefore bear the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

German pension plans funded by external plan assets

The pension plans funded by external plan assets are defined contribution plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for

their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. The pension expense is contributed on an ongoing basis to a separate pool of assets that is administered independently of the Company in trust and invested in the capital markets. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses). As the assets administered in the trust meet the IAS 19 criteria for classification as plan assets, they are offset against the obligations.

The amount of the plan assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts' governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management analyses are conducted at regular intervals so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. Interest rates and equity prices therefore present the main risks. To mitigate market risk, the pension system also provides for funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is reported as the maximum of the present value of the guaranteed obligation and of the plan assets. If the value of the plan assets falls below the present value of the guaranteed obligation, a provision must be recognized for the difference. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the VW FS AG Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. In addition, the independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts. To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

The calculation of the present value of the defined benefit obligations was based on the following actuarial assumptions:

| Percent | GERMANY | | INTERNATIONAL | |
|---------------------|---------------|---------------|---------------|---------------|
| | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 |
| Discount rate | 4.20 | 3.45 | 5.07 | 5.09 |
| Pay trend | 2.15 | 2.03 | 2.64 | 2.57 |
| Pension trend | 2.00 | 2.11 | 2.60 | 2.97 |
| Staff turnover rate | 1.69 | 1.17 | 3.60 | 3.67 |

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

With regard to life expectancy, the latest mortality tables in every country are taken into account. For example, in Germany calculations are based on the “2018 G” mortality tables developed by Professor Dr. Klaus Heubeck. The discount rates are generally determined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA 10+ Corporates index was taken as the

basis for the obligations of German Group companies. Similar indices were used for foreign pension obligations.

The pay trends cover expected wage and salary trends, which also include increases attributable to career development. The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country. The employee turnover rates are based on past experience and future expectations.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

| € million | 2025 | 2024 |
|--|------------|------------|
| Net liability recognized in the balance sheet as of January 1 | 364 | – |
| Change due to personnel transfer as of July 1, 2024 | – | 159 |
| Current service cost | 30 | 20 |
| Net interest expense | 10 | 8 |
| Actuarial gains (–)/losses (+) arising from changes in demographic assumptions | 0 | 0 |
| Actuarial gains (–)/losses (+) arising from changes in financial assumptions | –65 | –33 |
| Actuarial gains (–)/losses (+) arising from experience adjustments | 26 | –26 |
| Income/expenses from plan assets not included in interest income | 33 | 3 |
| Change in amount not recognized as an asset because of the ceiling in IAS 19 | – | – |
| Employer contributions to plan assets | 26 | 16 |
| Employee contributions to plan assets | – | – |
| Pension payments from company assets | 11 | 7 |
| Past service cost (including plan curtailments) | – | – |
| Gains (–) or losses (+) arising from plan settlements | – | – |
| Changes in basis of consolidation | – | 261 |
| Other changes | 2 | 0 |
| Foreign exchange differences from foreign plans | 0 | 0 |
| Net liability recognized in the balance sheet as of December 31 | 297 | 364 |

The change in the present value of the defined benefit obligation is attributable to the following factors:

| € million | 2025 | 2024 |
|--|------------|------------|
| Present value of obligations as of January 1 | 815 | – |
| Change due to personnel transfer as of July 1, 2024 | – | 198 |
| Current service cost | 30 | 20 |
| Interest cost (unwinding of discount on obligations) | 28 | 16 |
| Actuarial gains (-)/losses (+) arising from changes in demographic assumptions | 0 | 0 |
| Actuarial gains (-)/losses (+) arising from changes in financial assumptions | -65 | -33 |
| Actuarial gains (-)/losses (+) arising from experience adjustments | 26 | -26 |
| Employee contributions to plan assets | – | – |
| Pension payments from company assets | 11 | 7 |
| Pension payments from plan assets | 4 | 3 |
| Past service cost (including plan curtailments) | – | – |
| Gains (-) or losses (+) arising from plan settlements | – | – |
| Changes in basis of consolidation | – | 646 |
| Other changes | 15 | 2 |
| Foreign exchange differences from foreign plans | -1 | 1 |
| Present value of obligations as of December 31 | 831 | 815 |

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

| | | DEC. 31, 2025 | | DEC. 31, 2024 | |
|--|---------------------------------|---------------|-------------------|---------------|-------------------|
| | | € million | Change in percent | € million | Change in percent |
| Present value of defined benefit obligation if | | | | | |
| Discount rate | is 0.5 percentage points higher | 812 | -2.35 | 759 | -6.81 |
| | is 0.5 percentage points lower | 854 | 2.78 | 896 | 9.99 |
| Pension trend | is 0.5 percentage points higher | 847 | 1.83 | 840 | 3.14 |
| | is 0.5 percentage points lower | 817 | -1.68 | 792 | -2.86 |
| Pay trend | is 0.5 percentage points higher | 834 | 0.26 | 817 | 0.32 |
| | is 0.5 percentage points lower | 829 | -0.24 | 813 | -0.28 |
| Longevity | increases by one year | 840 | 1.07 | 835 | 2.49 |

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation. In other words, any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation by a measure that was roughly equivalent to an increase in life expectancy of one year.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 18 years (previous year: 20 years).

The following table shows a breakdown of the present value of the defined benefit obligation by category of plan member:

| € million | 2025 | 2024 |
|--|------------|------------|
| Active members with pension entitlements | 549 | 551 |
| Members with vested entitlements who have left the Company | 56 | 49 |
| Retirees | 227 | 215 |
| Total | 831 | 815 |

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

| € million | 2025 | 2024 |
|--|------------|------------|
| Payments due within the next fiscal year | 18 | 15 |
| Payments due between two and five years | 92 | 80 |
| Payments due in more than five years | 721 | 719 |
| Total | 831 | 815 |

Changes in plan assets are shown in the following table:

| € million | 2025 | 2024 |
|---|------------|------------|
| Fair value of plan assets as of January 1 | 451 | – |
| Change due to personnel transfer as of July 1, 2024 | – | 39 |
| Interest income on plan assets determined using the discount rate | 18 | 8 |
| Income/expenses from plan assets not included in interest income | 33 | 3 |
| Employer contributions to plan assets | 26 | 16 |
| Employee contributions to plan assets | – | – |
| Pension payments from plan assets | 4 | 3 |
| Gains (+) or losses (–) arising from plan settlements | – | – |
| Changes in basis of consolidation | – | 384 |
| Other changes | 13 | 1 |
| Foreign exchange differences from foreign plans | –1 | 1 |
| Fair value of plan assets as of December 31 | 534 | 451 |

The investment of the plan assets to cover future pension obligations resulted in a net result of €51 million (previous year: €11 million).

Employer contributions to plan assets are expected to amount to €23 million (previous year: €25 million) in the next fiscal year.

Plan assets are invested in the following asset classes:

| € million | DEC. 31, 2025 | | | DEC. 31, 2024 | | |
|-----------------------------------|---------------------------------|------------------------------------|-------|---------------------------------|------------------------------------|-------|
| | Quoted prices in active markets | No quoted prices in active markets | Total | Quoted prices in active markets | No quoted prices in active markets | Total |
| Cash and cash equivalents | 23 | – | 23 | 13 | – | 13 |
| Equity instruments | – | – | – | – | – | – |
| Debt instruments | 2 | – | 2 | 2 | – | 2 |
| Direct investments in real estate | – | – | – | – | – | – |
| Derivatives | 1 | 1 | 2 | –2 | –2 | –4 |
| Equity funds | 232 | – | 232 | 177 | – | 177 |
| Bond funds | 210 | – | 210 | 204 | – | 204 |
| Real estate funds | 15 | – | 15 | 11 | – | 11 |
| Other funds | 38 | 1 | 39 | 33 | 1 | 34 |
| Asset-backed securities | 3 | – | 3 | – | – | – |
| Structured debt | – | – | – | – | – | – |
| Other | 9 | 0 | 10 | 13 | 0 | 13 |

Of the total plan assets, 44% (previous year: 46%) are invested in German assets, 13% (previous year: 16%) in other European assets and 43% (previous year: 38%) in assets in other regions. Investments of plan assets in debt instruments issued by the Volkswagen Group are of minor significance.

The following amounts have been recognized in the income statement:

| € million | 2025 | 2024 |
|---|-----------|-----------|
| Current service cost | 30 | 20 |
| Net interest on the net defined benefit liability | 10 | 8 |
| Past service cost (including plan curtailments) | – | – |
| Gains (–) or losses (+) arising from plan settlements | – | – |
| Net income (–) and expenses (+) recognized in profit or loss | 40 | 28 |

53. Underwriting provisions and other provisions

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|-------------------------|---------------|---------------|
| Underwriting provisions | 463 | 454 |
| Other provisions | 1,226 | 485 |
| Total | 1,689 | 939 |

Disclosures and explanations on underwriting provisions can be found in the separate section in note (72) on insurance contract disclosures.

In the reporting period, other provisions were broken down into provisions for employee expenses, provisions for litigation and legal risks, and miscellaneous provisions.

The following table shows the changes in other provisions, including maturities:

| € million | Employee expenses | Litigation and legal risks | Miscellaneous provisions | Total |
|---|----------------------|-------------------------------|-----------------------------|--------------|
| Balance as of Jan. 1, 2024 | – | – | 0 | 0 |
| Foreign exchange differences | 0 | 0 | 0 | 0 |
| Changes in basis of consolidation | 243 | 87 | 198 | 528 |
| Utilization | 52 | 16 | 2 | 70 |
| Additions/new provisions | 33 | 2 | 76 | 111 |
| Unwinding of discount/effect of change in discount rate | 3 | 0 | – | 3 |
| Reversals | 59 | 24 | 6 | 89 |
| Balance as of Dec. 31, 2024 | 169 | 49 | 266 | 485 |
| of which current | 73 | 12 | 125 | 210 |
| of which noncurrent | 97 | 37 | 141 | 275 |
| Balance as of Jan. 1, 2025 | 169 | 49 | 266 | 485 |
| Foreign exchange differences | 0 | 1 | 0 | 1 |
| Changes in basis of consolidation | – | – | 0 | 0 |
| Utilization | 76 | 20 | 99 | 195 |
| Additions/new provisions | 82 | 667 | 221 | 970 |
| Unwinding of discount/effect of change in discount rate | 0 | – | – | 0 |
| Reversals | 7 | 1 | 27 | 35 |
| Balance as of Dec. 31, 2025 | 169 | 696 | 361 | 1,226 |
| of which current | 82 | 695 | 194 | 971 |
| of which noncurrent | 86 | 1 | 167 | 255 |

Other provisions for employee expenses are recognized primarily for annually recurring bonuses, partial retirement obligations and other employee expenses.

The provisions for litigation and legal risks reflect the risks identified as of the reporting date in relation to utilization and legal expenses arising from the latest decisions by the courts and from ongoing civil proceedings involving dealers and other customers, as well as other matters.

In the previous year, potential obligations that may arise from the outcome of ongoing appeal proceedings regarding the structure of commission agreements in the UK vehicle financing sector were recognized as contingent liabilities. Based on the legal assessment of the draft industry-wide compensation program for vehicle finance customers submitted for consultation by the UK Financial Conduct Authority (“FCA”) on October 7, 2025, the criteria for recognizing a provision for this matter are now considered to be met in the fiscal year. A provision has therefore been recognized for potential liabilities arising from compensation and related operating costs that could potentially result from an industry-wide compensation program or on the basis of lawsuits. The amount of the provision within other provisions results from the best estimate of expenses to settle potential obligations, taking into account expectations regarding possible final settlements for a compensation program and potential appeals against these, based on the Company’s own legal assessment. Key parameters for which there is increased estimation uncertainty relate to the length of the retrospective period, the inclusion or exclusion of certain types of contracts and the method of calculating potential compensation payments, taking into account the Company’s own legal perspective and the content of the feedback on the consultation paper submitted to the FCA. Because of the significant uncertainties that remain, especially with regard to the outcome of the consultation process, the resulting final terms of a compensation program, which are expected from the FCA by the end of March 2026, as well as the Company’s own legal

assessment and analysis of possible legal remedies regarding the final terms, the amount and timing of future expenses may differ significantly from the current best estimate.

Based on analysis of the individual matters covered by the provisions, the VW FS AG Group believes that the disclosure of further detailed information on individual proceedings, legal disputes or legal risks could seriously prejudice the course or initiation of proceedings. The Group is therefore invoking the safeguard clause within the meaning of IAS 37.92 and does not disclose precise details of amounts, descriptions and probability assumptions.

The timing of the cash outflows in connection with other provisions is expected to be as follows: 79% in the next year, 19% in the years 2027 to 2030 and 2% thereafter.

54. Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹² |
|---|---------------|---|
| Deferred tax liabilities ^{1,2} | 4,333 | 3,992 |
| of which attributable to noncurrent assets and liabilities ¹ | 2,537 | 2,306 |
| Offset (with deferred tax assets) ¹ | -2,371 | -2,574 |
| Total^{1,2} | 1,962 | 1,419 |

1 Adjustment of prior-year figures in accordance with the explanations on the correction of deferred tax assets and liabilities (see section "Changes to Prior-Year Figures").

2 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

Of the deferred tax liabilities, €1,120 million (previous year restated: €1,014 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within one year.

Deferred tax liabilities have been recognized in connection with the following balance sheet items:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹² |
|--|---------------|---|
| Loans, receivables and other assets ^{1,2} | 3,111 | 3,177 |
| Marketable securities and cash | 26 | 3 |
| Intangible assets/property and equipment | 8 | 12 |
| Lease assets ¹ | 613 | 202 |
| Liabilities and provisions ¹ | 575 | 599 |
| Total^{1,2} | 4,333 | 3,992 |

1 Adjustment of prior-year figures in accordance with the explanations on the correction of deferred tax assets and liabilities (see section "Changes to Prior-Year Figures").

2 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

55. Other liabilities

The details of other liabilities are as follows:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ |
|---|---------------|--|
| Prepaid expenses and accrued income | 1,829 | 1,780 |
| Other tax liabilities | 321 | 324 |
| Liabilities from tax allocations ¹ | 408 | 613 |
| Social security and payroll liabilities | 268 | 255 |
| Miscellaneous | 146 | 205 |
| Total¹ | 2,973 | 3,178 |

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

56. Subordinated capital

Subordinated capital of €2,745 million (previous year: €2,745 million) was issued or borrowed by Volkswagen Financial Services AG.

57. Noncurrent liabilities

| € million | Dec. 31, 2025 | of which noncurrent | Dec. 31, 2024 restated ¹ | of which noncurrent restated ¹ |
|--------------------------------------|----------------|------------------------|--|---|
| Liabilities to banks | 7,318 | 4,433 | 5,748 | 3,756 |
| Liabilities to customers | 89,746 | 13,453 | 82,711 | 12,707 |
| Notes, commercial paper issued | 62,106 | 45,150 | 61,735 | 47,968 |
| Derivative financial instruments | 908 | 661 | 1,164 | 922 |
| Current tax liabilities ¹ | 76 | 3 | 138 | 2 |
| Other liabilities ¹ | 2,973 | 1,126 | 3,178 | 1,125 |
| Subordinated capital | 2,745 | 2,745 | 2,745 | 2,745 |
| Total | 165,872 | 67,571 | 157,419 | 69,225 |

¹ Adjustment of prior-year figures in accordance with the explanations on the change in balance sheet presentation of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

58. Equity

The subscribed capital of VW FS AG is divided into 250,000,000 (previous year: 250,000,000) fully paid up no-par-value bearer shares, each with a notional value of €1, which are all held by Volkswagen AG, Wolfsburg. There are no preferential rights or restrictions in connection with the subscribed capital.

The capital contributions made by the sole shareholder, Volkswagen AG, are reported under the capital reserves of VW FS AG.

The retained earnings comprise the profits from previous fiscal years that have not been distributed.

On the basis of the control and profit-and-loss transfer agreement with the sole shareholder, Volkswagen AG, the profit in accordance with the HGB of €644 million (previous year excluding the direct

profit transfer by Volkswagen Bank GmbH to Volkswagen AG: €317 million) generated by VW FS AG has been reported as decrease in equity.

Significant changes in equity in the previous year resulted from a cash contribution of €527 million and noncash contributions of €30,913 million.

A profit and loss transfer agreement remained in force between the Volkswagen Bank GmbH subsidiary and the higher-level parent company, Volkswagen AG, until December 31, 2024. A new profit and loss transfer agreement between VW FS AG and Volkswagen Bank GmbH took effect on January 1, 2025.

59. Capital management

In this context, capital is generally defined as equity in accordance with the IFRSs. The aim of capital management in the VW FS AG Group is to support the Bank's credit rating by ensuring that the Group has adequate capital backing, to obtain capital for the growth planned for the next few years and to satisfy regulatory capital requirements.

Regulatory capital is different from equity as defined by IFRSs, for which a description of the components is contained in the Statement of Changes in Equity. Regulatory capital consists of capital components referred to as Common Equity Tier (CET) 1 capital, Additional Tier 1 capital and Tier 2 capital net of certain deductions and adjustments and must meet specific requirements defined by law.

Corporate actions implemented by the parent company of VW FS AG generally have an impact on both IFRS equity and regulatory capital. During the previous year, the parent company had implemented capitalization measures in IFRS equity through capital increases against cash contributions and capital increases through noncash contributions totaling €31,440 million, of which €250 million was attributable to subscribed capital and €16,713 million to the capital reserves.

Under the regulatory provisions – the Capital Requirements Regulation (CRR), *Kreditwesengesetz* (KWG – German Banking Act) and *Solvabilitätsverordnung* (SolvV – German Solvency Regulation) – the banking supervisor generally assumes that capital adequacy requirements are satisfied if the entity subject to supervision has a CET1 capital ratio of at least 4.5%, a Tier 1 capital ratio of at least 6.0% and a total capital ratio of at least 8.0%. The capital buffer requirements and the capital requirements from the SREP decision must also be fulfilled. In calculating these capital ratios, regulatory capital is measured against the own funds requirements determined in accordance with statutory provisions for counterparty risk, operational risk, market risk and credit value adjustments (CVAs). To ensure compliance with these requirements at all times, the Group has established a planning procedure that is integrated into the internal reporting system. In this procedure, the capital requirement is continuously determined based on actual and forecast business trends. This ensured that the minimum regulatory capital requirements continued to be satisfied at all times in the reporting period.

The following IFRS-based amounts and ratios were determined for the VW FS AG financial holding group under the regulatory requirements. The amounts and ratios are based on the figures reported to the supervisory authorities for regulatory purposes prior to approval of the consolidated financial statements in the reporting period. Consequently, the static components within own funds and the total risk amount are based on the figures from the approved consolidated financial statements of the previous year.

| € million | Dec. 31 2025 | Dec. 31 2024 restated ³ |
|---|--------------|---------------------------------------|
| Total risk exposure (€ million) ^{1,3} | 185,639 | 164,780 |
| of which risk-weighted exposure amounts for credit risks ³ | 159,545 | 146,899 |
| of which own funds requirements for market risks * 12,5 | 6,855 | 5,982 |
| of which own funds requirements for operational risks * 12,5 | 16,834 | 9,772 |
| of which own funds requirements for credit value adjustments * 12,5 | 2,405 | 2,127 |
| Own funds (€ million) ³ | 32,986 | 32,651 |
| of which Common Equity Tier 1 capital (CET1) ³ | 30,240 | 29,905 |
| of which Additional Tier 1 capital (AT1) | – | – |
| of which Tier 2 capital (T2) | 2,746 | 2,746 |
| Common Equity Tier 1 capital ratio (%) ^{2,3} | 16.30 | 18.15 |
| Tier 1 capital ratio (%) ^{2,3} | 16.30 | 18.15 |
| Total capital ratio (%) ^{2,3} | 17.78 | 19.81 |

1 According to Article 92(3) of the CRR

2 According to Article 92(1) of the CRR

3 Adjustment of prior-year figures due to a correction notified in calendar year 2025 after publication of the annual report.

Financial Instrument Disclosures

60. Carrying amounts, gains or losses and income or expenses in respect of financial instruments, by measurement category

The carrying amounts of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ |
|--|---------------|--|
| Financial assets measured at amortized cost ¹ | 81,337 | 81,850 |
| Financial assets at fair value through profit or loss | 231 | 231 |
| Financial assets at fair value through other comprehensive income (debt instruments) | 3,442 | 3,512 |
| Financial assets at fair value through other comprehensive income (equity instruments) | 13 | 16 |
| Financial liabilities measured at amortized cost | 159,675 | 151,347 |
| Financial liabilities at fair value through profit or loss | 299 | 246 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

Receivables from leasing transactions amounting to €53,614 million (previous year restated: €53,264 million), the related changes in fair value from portfolio fair value hedges of receivables from finance leases amounting to €47 million (previous year: €97 million) and lease liabilities (as a lessee) amounting to €65 million (previous year: €70 million) are not assigned to any IFRS 9 measurement category.

The net gains or losses and income or expenses in respect of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

| € million | 2025 | 2024 restated ¹ |
|---|--------|-------------------------------|
| Financial assets measured at amortized cost ¹ | 3,344 | 2,014 |
| Financial instruments measured at fair value through profit or loss | -97 | -7 |
| Financial liabilities measured at amortized cost | -4,310 | -2,720 |
| Financial assets measured at fair value through other comprehensive income (debt instruments) | 55 | 18 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

The net gain/loss from financial investments in equity instruments is reported in the statement of comprehensive income under fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax.

The net gains/losses and income/expenses are determined as follows:

| Measurement category | Measurement method |
|---|--|
| Financial assets measured at amortized cost | Interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9, as well as expenses/income from currency translation |
| Financial instruments measured at fair value through profit or loss | Fair value in accordance with IFRS 9 in conjunction with IFRS 13, including interest and expenses/income from currency translation |
| Financial liabilities measured at amortized cost | Interest expense using the effective interest method in accordance with IFRS 9 and expenses/income from currency translation |
| Financial assets measured at fair value through other comprehensive income (debt instruments) | Fair value measurement in accordance with IFRS 9 in conjunction with IFRS 13, interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9, as well as expenses/income from currency translation |

Expenses that arise from the direct write-off of uncollectible financial assets previously measured at amortized cost are reported and explained as a component of the provision for the credit risks line item in the income statement. Income recovered in respect of financial assets already written off is also reported and explained as a component of the provision for the credit risks line item in the income statement. After recognizing the income and expenses referred to above, the VW FS AG Group did not for the most part generate or incur any gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost that resulted from the elimination of a contractual right to cash flows or from a transfer subject to the fulfillment of the derecognition conditions.

Furthermore, the Group did not generate or incur any material gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost as a consequence of substantial contractual modifications (see disclosures on the provision for the credit risks line item in the income statement).

61. Classes of financial instruments

Financial instruments are divided into the following classes in the VW FS AG Group:

- > Measured at fair value
- > Measured at amortized cost
- > Derivative financial instruments designated as hedges
- > Not allocated to any measurement category
- > Credit commitments and financial guarantees (off-balance-sheet)

The table below shows a reconciliation between the balance sheet items in which financial instruments are reported and the classes of financial instruments listed above. This includes financial instruments that are assigned to the IFRS 9 measurement categories and financial instruments that are not assigned to any IFRS 9 measurement category at all (such as finance lease receivables) and are therefore reported under the “Not allocated to any measurement category” class. The assets and liabilities not constituting financial instruments that are contained in the balance sheet items are included in the “Not allocated to any class of financial instruments” column so that the reconciliation is complete.

Loans to and receivables from customers in the “Total loans to and receivables from customers” balance sheet item are reconciled to the “Measured at fair value”, “Measured at amortized cost”, “Not

allocated to any measurement category” and “Not allocated to any class of financial instruments” classes. The “Not allocated to any measurement category” class consists of the receivables from customers attributable to the leasing business. Receivables from insurance contracts are recognized in the “Not allocated to any class of financial instruments” column.

Loans/receivables and liabilities designated as hedges with derivative financial instruments are included in the class “Measured at amortized cost”.

Within Miscellaneous financial assets, subsidiaries, joint ventures and associates that are not consolidated for reasons of materiality are not deemed financial instruments in accordance with IFRS 9 and therefore do not fall within the scope of IFRS 7. For the purposes of reconciling the balance sheet item, they are shown in the “Not allocated to any class of financial instruments” class. Equity investments forming part of miscellaneous financial assets are reported as financial instruments in accordance with IFRS 9 in the class “Measured at fair value”.

The balance sheet items current tax assets and current tax liabilities report receivables and payables relating to income taxes owed to tax authorities. These do not constitute financial instruments, as a result of which they are reported as “Not allocated to any class of financial instruments”.

Liabilities to customers are reported in the “Measured at amortized cost” class, but the amount of lease liabilities (as a lessee) within the overall figure is shown in the “Not allocated to any measurement category” class. The “Not allocated to any class of financial instruments” column consists mainly of advance payments received from service contracts.

The following table shows a reconciliation of the relevant balance sheet items to the classes of financial instruments:

| € million | BALANCE SHEET ITEM | | MEASURED AT AMORTIZED COST | | MEASURED AT FAIR VALUE | | DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES | | NOT ALLOCATED TO ANY MEASUREMENT CATEGORY | | NOT ALLOCATED TO ANY CLASS OF FINANCIAL INSTRUMENTS | |
|--|--------------------|---|----------------------------|---------------------------------------|------------------------|---------------|---|---------------|---|-------------------------------------|---|-------------------------------------|
| | Dec. 31, 2025 | Dec. 31, 2024 restated ^{1,2,3} | Dec. 31, 2025 | Dec. 31, 2024 restated ^{1,3} | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ | Dec. 31, 2025 | Dec. 31, 2024 restated ² |
| | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash reserve | 8,271 | 12,444 | 8,271 | 12,444 | – | – | – | – | – | – | – | – |
| Loans to and receivables from banks | 873 | 962 | 873 | 962 | – | – | – | – | – | – | – | – |
| Loans to and receivables from customers ¹ | 124,513 | 120,450 | 70,899 | 67,178 | – | 8 | – | – | 53,614 | 53,264 | 0 | 0 |
| Value adjustment on portfolio fair value hedges | 13 | 113 | –34 | 15 | – | – | – | – | 47 | 97 | – | – |
| Derivative financial instruments | 419 | 531 | – | – | 200 | 190 | 219 | 341 | – | – | – | – |
| Marketable securities | 3,486 | 3,561 | – | – | 3,486 | 3,561 | – | – | – | – | – | – |
| Equity-accounted investments | 1,402 | 1,263 | – | – | – | – | – | – | – | – | 1,402 | 1,263 |
| Miscellaneous financial assets ² | 114 | 135 | – | – | 0 | 0 | – | – | – | – | 114 | 135 |
| Current tax assets ³ | 126 | 94 | – | – | – | – | – | – | – | – | 126 | 94 |
| Other assets ³ | 5,414 | 4,099 | 1,328 | 1,251 | – | – | – | – | – | – | 4,086 | 2,848 |
| Assets held for sale (IFRS 5) | – | 49 | – | – | – | – | – | – | – | – | – | 49 |
| Total^{1,2} | 144,632 | 143,701 | 81,337 | 81,850 | 3,687 | 3,759 | 219 | 341 | 53,661 | 53,362 | 5,729 | 4,388 |
| Equity and liabilities | | | | | | | | | | | | |
| Liabilities to banks | 7,318 | 5,748 | 7,318 | 5,748 | – | – | – | – | – | – | – | – |
| Liabilities to customers | 89,746 | 82,711 | 86,884 | 80,236 | – | – | – | – | 65 | 70 | 2,798 | 2,404 |
| Notes, commercial paper issued | 62,106 | 61,735 | 62,106 | 61,735 | – | – | – | – | – | – | – | – |
| Derivative financial instruments | 908 | 1,164 | – | – | 299 | 246 | 609 | 918 | – | – | – | – |
| Current tax liabilities ³ | 76 | 138 | – | – | – | – | – | – | – | – | 76 | 138 |
| Other liabilities ³ | 2,973 | 3,178 | 622 | 883 | – | – | – | – | – | – | 2,350 | 2,295 |
| Subordinated capital | 2,745 | 2,745 | 2,745 | 2,745 | – | – | – | – | – | – | – | – |
| Total | 165,872 | 157,419 | 159,675 | 151,347 | 299 | 246 | 609 | 918 | 65 | 70 | 5,224 | 4,838 |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section “Changes to Prior-Year Figures”).

3 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

The “(Off-balance-sheet) Credit commitments and financial guarantees” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €10,439 million (previous year: €11,406 million).

62. Fair values of financial assets and liabilities

The following table shows the fair values of financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”, together with the fair values of receivables from customers relating to the leasing business classified as “Not allocated to any measurement category”. The fair value is the amount at which financial assets or liabilities could be sold on fair terms as of the reporting date. Where market prices (e.g., for marketable securities) were available, these were used without modification for measuring fair value. If no market prices were available, the fair values for loans/receivables and liabilities were calculated by discounting using a maturity-matched discount rate appropriate to the risk. The discount rate was determined by adjusting risk-free yield curves, where appropriate, by relevant risk factors and taking into account capital and administrative costs. For reasons of materiality, the fair values of loans/receivables and liabilities due within one year were deemed to be the same as the carrying amount.

The fair value of the unlisted equity investment reported under miscellaneous financial assets was determined using a measurement model based on strategic planning.

| € million | FAIR VALUE | | CARRYING AMOUNT | | DIFFERENCE | |
|--|---------------|--------------------------|-----------------|------------------------|---------------|--------------------------|
| | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 |
| | | restated ¹²³⁴ | | restated ¹² | | restated ¹²³⁴ |
| Assets | | | | | | |
| Measured at fair value | | | | | | |
| Loans to and receivables from customers | – | 8 | – | 8 | – | – |
| Derivative financial instruments | 200 | 190 | 200 | 190 | – | – |
| Marketable securities | 3,486 | 3,561 | 3,486 | 3,561 | – | – |
| Miscellaneous financial assets | 0 | 0 | 0 | 0 | – | – |
| Measured at amortized cost | | | | | | |
| Cash reserve | 8,271 | 12,444 | 8,271 | 12,444 | – | – |
| Loans to and receivables from banks | 872 | 961 | 873 | 962 | 0 | –1 |
| Loans to and receivables from customers ^{1,3} | 71,589 | 67,979 | 70,899 | 67,178 | 690 | 801 |
| Change in fair value from portfolio fair value hedges | – | – | –34 | 15 | 34 | –15 |
| Current tax assets ² | – | – | – | – | – | – |
| Other assets ² | 1,329 | 1,251 | 1,328 | 1,251 | 1 | – |
| Derivative financial instruments designated as hedges | 219 | 341 | 219 | 341 | – | – |
| Not allocated to any measurement category | | | | | | |
| Loans to and receivables from customers ¹ | 54,612 | 53,829 | 53,614 | 53,264 | 998 | 565 |
| Change in fair value from portfolio fair value hedges | – | – | 47 | 97 | –47 | –97 |
| Equity and liabilities | | | | | | |
| Measured at fair value | | | | | | |
| Derivative financial instruments | 299 | 246 | 299 | 246 | – | – |
| Measured at amortized cost | | | | | | |
| Liabilities to banks | 7,416 | 5,773 | 7,318 | 5,748 | 98 | 25 |
| Liabilities to customers ⁴ | 87,224 | 80,314 | 86,884 | 80,236 | 340 | 78 |
| Notes, commercial paper issued | 62,576 | 62,195 | 62,106 | 61,735 | 470 | 460 |
| Current tax liabilities ² | – | – | – | – | – | – |
| Other liabilities ² | 622 | 883 | 622 | 883 | 0 | 0 |
| Subordinated capital | 2,010 | 1,950 | 2,745 | 2,745 | –735 | –795 |
| Derivative financial instruments designated as hedges | 609 | 918 | 609 | 918 | – | – |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

3 Due to an error correction, the figures for loans to and receivables from customers measured at amortized cost in the previous year have been adjusted. Accordingly, the fair value of loans to and receivables from customers rose from €67,963 million (after adjustments in accordance with footnote 1) to €67,979 million, and the difference rose from €786 million (after adjustments in accordance with footnote 1) to €801 million. There are further effects on the disclosure regarding the classification of financial instruments into the three-level hierarchy by class in note (63) Measurement levels of financial assets and liabilities.

4 Due to the correction of an error, the figures for liabilities to customers measured at amortized cost in the previous year have been adjusted. As a result, the fair value of liabilities to customers increased from €80,313 million to €80,314 million, and the difference increased from €77 million to €78 million.

The fair value of irrevocable credit commitments is affected by changes in the credit quality of the borrower and in the market conditions for the relevant credit product between the commitment date and the measurement date. Because of the short period between commitment and drawdown and the variable interest rate tied to the market interest rate, market conditions only have a very minor impact. The fair value of irrevocable credit commitments was therefore largely determined by the change in the credit quality of the borrower, which was established as part of the process for calculating expected credit losses from irrevocable credit commitments and reported in the balance sheet as a liability in the amount of €65 million (previous year: €51 million) under Other liabilities. The fair value of financial guarantees also largely reflects the amount of expected credit losses and was reported in the balance sheet as a liability in the amount of €7 million (previous year: €3 million) under Other liabilities. Both expected

credit losses are disclosed as a consolidated figure in note (66) Default Risk in the “Credit commitments and financial guarantees” class.

The fair values of financial instruments were determined on the basis of the following risk-free yield curves, which are derived, among other things, from overnight index swaps, zero coupon rates and interest rate swaps in the relevant currency areas, e.g. from overnight index swaps on €STER for EUR:

| Percent | EUR | GBP | SEK | CZK | PLN | DKK |
|------------------------------|-------|-------|-------|-------|-------|-------|
| Interest rate for six months | 1.934 | 3.647 | 2.097 | 3.389 | 3.854 | 1.887 |
| Interest rate for one year | 1.939 | 3.541 | 2.102 | 3.456 | 3.614 | 1.835 |
| Interest rate for five years | 2.327 | 3.657 | 2.558 | 3.830 | 3.739 | 2.760 |
| Interest rate for ten years | 2.678 | 3.997 | 2.935 | 4.121 | 4.173 | 3.114 |

63. Measurement levels of financial assets and liabilities

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. The following table shows the hierarchy breakdown for financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”. Classification to the individual levels is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

Level 1 is used to report the fair value of financial instruments such as marketable securities or notes and commercial paper issued for which a quoted price is directly observable in an active market.

Level 2 fair values are measured on the basis of inputs observable in the markets, such as exchange rates or yield curves, using market-based valuation techniques. Fair values measured in this way include those for derivatives and liabilities to customers.

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market. The fair values of loans to and receivables from customers measured at amortized cost and at fair value through profit or loss are largely allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets (see note 62). Equity investments measured at fair value through other comprehensive income and using inputs that are not observable in the market are also reported under Level 3. The main inputs used to measure this equity investment are strategic planning and cost of equity rates.

Level 3 also includes the fair values of separately recognized derivatives in connection with early termination rights embedded in finance leases. Inputs for determining the fair value of derivatives in connection with the risk of early termination are forecasts and estimates of used vehicle residual values for the models concerned, and yield curves.

There was no need to reclassify instruments to different hierarchy levels in the reporting period or in the previous year.

The following table shows the allocation of financial instruments to the three-level fair value hierarchy by class:

| € million | LEVEL 1 | | LEVEL 2 | | LEVEL 3 | |
|--|---------------|--|----------------|--|---------------|--|
| | Dec. 31, 2025 | Dec. 31, 2024 restated ³ | Dec. 31, 2025 | Dec. 31, 2024 restated ² | Dec. 31, 2025 | Dec. 31, 2024 restated ^{1,3,4} |
| Assets | | | | | | |
| Measured at fair value | | | | | | |
| Loans to and receivables from customers | – | – | – | – | – | 8 |
| Derivative financial instruments | – | – | 200 | 190 | – | – |
| Marketable securities | 3,346 | 3,448 | 140 | 113 | – | – |
| Miscellaneous financial assets | – | – | – | – | 0 | 0 |
| Measured at amortized cost | | | | | | |
| Cash reserve | 8,271 | 12,444 | – | – | – | – |
| Loans to and receivables from banks | 572 | 581 | 301 | 381 | – | – |
| Loans to and receivables from customers ^{1,3,4} | – | – | 1,748 | 1,774 | 69,841 | 66,205 |
| Current tax assets ² | – | – | – | – | – | – |
| Other assets ² | 807 | 883 | 471 | 330 | 52 | 39 |
| Derivative financial instruments designated as hedges | – | – | 219 | 341 | – | – |
| Total^{1,3,4} | 12,995 | 17,355 | 3,079 | 3,128 | 69,893 | 66,252 |
| Equity and liabilities | | | | | | |
| Measured at fair value | | | | | | |
| Derivative financial instruments | – | – | 216 | 156 | 83 | 90 |
| Measured at amortized cost | | | | | | |
| Liabilities to banks | – | – | 7,416 | 5,773 | – | – |
| Liabilities to customers | – | – | 87,224 | 80,314 | – | – |
| Notes, commercial paper issued | 46,579 | 50,114 | 15,997 | 12,081 | – | – |
| Current tax liabilities ² | – | – | – | – | – | – |
| Other liabilities ² | – | – | 610 | 880 | 12 | 3 |
| Subordinated capital | – | – | 2,010 | 1,950 | – | – |
| Derivative financial instruments designated as hedges | – | – | 609 | 918 | – | – |
| Total | 46,579 | 50,114 | 114,084 | 102,071 | 95 | 93 |

1 Adjustments of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

3 The prior-year figures were restated due to the incorrect classification of measurement levels in loans to and receivables from customers. The prior-year adjustment resulted in a transfer from Level 1 into Level 3 amounting to €398 million.

4 Due to an error correction, the disclosures on the fair value of loans to and receivables from customers measured at amortized cost in the previous year have been adjusted by €15 million. (See note (62) Fair values of financial assets and liabilities). The adjustment was made in Level 3 in this table.

The following table shows the changes in receivables from customers and equity investments measured at fair value and allocated to Level 3.

| € million | 2025 | 2024 |
|---|----------|----------|
| Balance as of Jan. 1 | 8 | – |
| Foreign exchange differences | – | – |
| Changes in basis of consolidation | – | 21 |
| Portfolio changes | 0 | – |
| Measured at fair value through profit or loss | –8 | –13 |
| Measured at fair value through other comprehensive income | – | – |
| Balance as of Dec. 31 | 0 | 8 |

The remeasurements of receivables from customers recognized in profit or loss amounting to €–8 million (previous year: €–13 million) are reported under “Net gain or loss on financial instruments measured at fair value”. Of the remeasurements recognized in profit or loss, a net loss of €–8 million (previous year: €–13 million) was attributable to receivables from customers as of the reporting date.

The risk variables relevant to the fair value of the loans to and receivables from customers are risk-adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk adjusted interest rates on profit or loss after tax.

As of December 31, 2025, a change to risk adjusted interest rates of 100 basis points in either direction would not have had an impact on profit or loss after tax. If risk-adjusted interest rates as of December 31, 2024 had been 100 basis points higher, profit after tax would have been €2 million lower. If risk-adjusted interest rates as of December 31, 2024 had been 100 basis points lower, profit after tax would have been €2 million higher.

The risk variables relevant to the fair value of the equity investment are the growth rate within strategic planning and the cost of equity. If a 10% change were applied to the financial performance (which takes into account the relevant risk variables) of the equity investment measured at fair value through other comprehensive income, there would be no material change to equity.

The following table shows the changes in derivative financial instruments measured at fair value and allocated to Level 3.

| Mio. € | 2025 | 2024 |
|---|-----------|-----------|
| Balance as of Jan. 1 | 90 | – |
| Foreign exchange differences | –4 | 4 |
| Changes in basis of consolidation | – | 81 |
| Portfolio changes | – | – |
| Measured at fair value through profit or loss | –4 | 5 |
| Measured at fair value through other comprehensive income | – | – |
| Balance as of Dec. 31 | 83 | 90 |

The remeasurements recognized in profit or loss amounting to €–4 million (previous year: €5 million) are reported under “Net gain or loss on financial instruments measured at fair value”. Of the remeasurements recognized in profit or loss, an amount of €–4 million (previous year: €4 million) was attributable to derivative financial instruments held as of the reporting date.

Early termination rights can arise from country-specific consumer protection legislation, under which customers may have the right to return used vehicles for which a lease has been signed. The impact on earnings arising from market-related fluctuations in residual values and interest rates is borne by the VW FS AG Group.

The market prices of used vehicles are the main risk variable applied to the fair value of derivatives recognized in connection with the risk of early termination. A sensitivity analysis is used to quantify the impact of changes in used vehicle prices on profit or loss after tax. If the used vehicle prices of the vehicles included in the derivatives in connection with the risk of early termination had been 10 % higher as of the reporting date, profit after tax would have been €24 million (previous year: €26 million) higher. If the used vehicle prices of the vehicles included in the derivatives in connection with the risk of early termination had been 10 % lower as of the reporting date, profit after tax would have been €25 million (previous year: €27 million) lower.

64. Offsetting of financial assets and liabilities

The table below contains information about the effects of offsetting in the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar arrangement.

The “Financial instruments” column shows the amounts that are subject to a master netting agreement but have not been netted because the relevant criteria have not been satisfied. Most of the amounts involved are positive and negative fair values of derivative financial instruments entered into with the same counterparty.

The “Collateral received/pledged” column shows the cash collateral amounts and collateral in the form of financial instruments received or pledged in connection with the total sum of assets and liabilities. It includes such collateral relating to assets and liabilities that have not been offset against each other. These items primarily consist of collateral received from customers in the form of cash deposits, together with collateral pledged in the form of cash collateral from ABS transactions and pledged securities.

| € million | AMOUNTS NOT OFFSET IN THE BALANCE SHEET | | | | | | | | | | | |
|--|---|--------------------------------------|---|---------------|--|--------------------------------------|-----------------------|---------------|-----------------------------|---------------|----------------|--------------------------------------|
| | Gross amount of recognized financial assets/liabilities | | Gross amount of recognized financial assets/liabilities offset in the balance sheet | | Net amount of financial assets/liabilities reported in the balance sheet | | Financial Instruments | | Collateral received/pledged | | Net amount | |
| | Dec. 31, 2025 | Dec. 31, 2024 restated ¹² | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 restated ¹² | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 restated ¹² |
| | | | | | | | | | | | | |
| Assets | | | | | | | | | | | | |
| Cash reserve | 8,271 | 12,444 | – | – | 8,271 | 12,444 | – | – | – | – | 8,271 | 12,444 |
| Loans to and receivables from banks | 873 | 962 | – | – | 873 | 962 | – | – | – | – | 873 | 962 |
| Loans to and receivables from customers ¹ | 124,513 | 120,458 | – | –8 | 124,513 | 120,450 | – | – | – | – | 124,513 | 120,450 |
| Value adjustment on portfolio fair value hedges | 13 | 113 | – | – | 13 | 113 | – | – | – | – | 13 | 113 |
| Derivative financial instruments | 502 | 604 | –83 | –73 | 419 | 531 | –250 | –304 | –27 | –14 | 142 | 213 |
| Marketable securities | 3,486 | 3,561 | – | – | 3,486 | 3,561 | – | – | – | – | 3,486 | 3,561 |
| Miscellaneous financial assets | 0 | 0 | – | – | 0 | 0 | – | – | – | – | 0 | 0 |
| Income tax assets ² | – | – | – | – | – | – | – | – | – | – | – | – |
| Other assets ² | 1,328 | 1,251 | – | – | 1,328 | 1,251 | – | – | – | – | 1,328 | 1,251 |
| Total | 138,986 | 139,393 | –83 | –81 | 138,903 | 139,312 | –250 | –304 | –27 | –14 | 138,626 | 138,994 |
| Equity and liabilities | | | | | | | | | | | | |
| Liabilities to banks | 7,374 | 5,763 | –56 | –15 | 7,318 | 5,748 | – | – | –520 | –814 | 6,798 | 4,934 |
| Liabilities to customers | 86,948 | 80,315 | – | –8 | 86,948 | 80,307 | – | – | – | – | 86,948 | 80,307 |
| Notes, commercial paper issued | 62,106 | 61,735 | – | – | 62,106 | 61,735 | – | – | –724 | –835 | 61,382 | 60,900 |
| Derivative financial instruments | 935 | 1,222 | –27 | –58 | 908 | 1,164 | –250 | –304 | –40 | –20 | 618 | 840 |
| Income tax liabilities ² | – | – | – | – | – | – | – | – | – | – | – | – |
| Other liabilities ² | 622 | 883 | – | – | 622 | 883 | – | – | – | – | 622 | 883 |
| Subordinated capital | 2,745 | 2,745 | – | – | 2,745 | 2,745 | – | – | – | – | 2,745 | 2,745 |
| Total | 160,731 | 152,662 | –83 | –81 | 160,648 | 152,581 | –250 | –304 | –1,284 | –1,669 | 159,114 | 150,609 |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

65. ABS transactions

The VW FS AG Group uses ABS transactions for funding purposes. The related liabilities are recognized in the following items:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|----------------------|---------------|---------------|
| Liabilities to banks | 1,246 | – |
| Bonds issued | 28,493 | 28,399 |
| Total | 29,739 | 28,399 |

Of the total amount of liabilities arising in connection with ABS transactions, an amount of €19,474 million (previous year: €18,822 million) is accounted for by ABS transactions with financial assets. The corresponding carrying amount of the securitized loans and receivables from retail financing and leasing business is €24,506 million (previous year: €23,764 million). As of December 31, 2025, the fair value of the liabilities amounted to €19,603 million (previous year: €18,930 million). The fair value of the assigned loans/receivables, which continued to be recognized, amounted to €25,155 million as of December 31, 2025 (previous year: €23,808 million).

Collateral totaling €38,386 million (previous year: €37,176 million) has been pledged in connection with ABS transactions, of which €24,918 million (previous year: €24,206 million) is accounted for by collateral in the form of financial assets. In these arrangements, the expected payments are assigned to special purpose entities or separate pools of assets and the ownership of the collateral in the financed or leased vehicles is transferred, if applicable. These cannot at the same time be used as collateral again. The rights of the bond holders are limited to the transferred loans/receivables and the corresponding collateral, and the payment receipts arising from these loans/receivables are used to repay the corresponding liability.

These asset-backed security transactions did not lead to a derecognition of the loans or receivables from the financial services business because the residual value, credit and timing risk were retained in the Group, depending on the ABS transaction. The difference between the amount of the assigned loans/receivables and the associated liabilities results from the different terms and conditions and from the proportion of the ABSs held by the VW FS AG Group itself or granted subordinated loans, which reduce the liabilities in the consolidation process.

The VW FS AG Group is under a contractual obligation to transfer funds in certain circumstances to certain of the structured entities included in its consolidated financial statements. If the rating of the relevant Group companies falls below a level defined in advance in the contract, collateral must be furnished to the special purpose entities, for example by making customer payments in advance or transferring interest compensation payments to an account held by the special purpose entity.

The sale of receivables is generally carried out by way of undisclosed assignment. Because of this, it is possible that the loan or receivable has already been reduced in a legally binding manner at the originator, for example if the debtor effectively offsets it against amounts it is owed by the VW FS AG Group. In this case, collateral must be furnished for the resulting compensation claims against the special purpose entity if the rating of the Group company concerned falls below a contractually agreed level.

The bulk of the ABS transactions in the VW FS AG Group can be repaid early (with a clean-up call) when less than 10% of the original transaction volume remains outstanding.

66. Default risk

The default risk arising from financial assets is essentially the risk that a counterparty will default. The maximum amount of the risk is therefore the amount of the claims against the counterparty concerned arising from recognized carrying amounts and irrevocable credit commitments.

The maximum default risk is reduced by collateral and other credit enhancements. The collateral held relates to loans to and receivables from banks and receivables from customers in the classes “Measured at amortized cost”, “Measured at fair value” and “Not allocated to any measurement category”, and to credit commitments and financial guarantees (off-balance-sheet). The types of collateral held include vehicles, vehicles pledged as collateral, financial guarantees, marketable securities, cash collateral and charges on real estate.

In the case of financial assets for which there is objective indication of impairment as of the reporting date, the collateral reduced the risk by €1,754 million (previous year: €1,268 million). For financial assets in the “Measured at fair value” class to which the IFRS 9 impairment requirements are not applied, the maximum credit and default risk was reduced by collateral with a value of €34 million (previous year: €55 million).

For financial assets on which impairment losses were recognized during the fiscal year and that are subject to enforcement measures, the contractually outstanding amounts total €125 million (previous year: €56 million).

As a consequence of the international distribution of business activities and the resulting diversification, there are no material concentrations of default risk in individual counterparties or individual markets. Sector concentrations in the dealership business are a natural part of the business for a captive financial services provider in the automotive industry and these concentrations are individually analyzed in the existing risk management processes. The loans and receivables from dealership business subject to the inherent sector concentrations described above are included in the loans to and receivables from customers arising from dealer financing.

As derivatives are only entered into with counterparties demonstrating strong credit ratings, and limits are set for each counterparty as part of the risk management system, the actual default risk arising from derivative transactions is deemed to be low.

For further qualitative information, please refer to the “Risk concentrations” and “Credit risk” sections of the Report on Opportunities and Risks, which forms part of the Management Report.

PROVISION FOR CREDIT RISKS

Please refer to the provision for credit risks section in note (9) for disclosures on the accounting policies relating to the provision for credit risks.

The following tables show a reconciliation of the provision for credit risks relating to financial assets measured at amortized cost:

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | Total |
|---|------------|------------|------------|---------------------|-----------|--------------|
| Balance of Jan. 1, 2025 | 189 | 231 | 424 | 72 | -3 | 912 |
| Exchange differences on translating foreign operations | 0 | 0 | 1 | 0 | 0 | 1 |
| Changes in basis of consolidation | 0 | - | - | - | - | 0 |
| Newly extended/purchased financial assets (additions) | 91 | - | - | 18 | 9 | 118 |
| Other changes within a stage | -4 | -16 | 23 | 18 | 6 | 27 |
| Transfers to | | | | | | |
| Stage 1 | 4 | -24 | -2 | - | - | -23 |
| Stage 2 | -35 | 149 | -18 | - | - | 97 |
| Stage 3 | -4 | -41 | 214 | - | - | 170 |
| Financial instruments derecognized during the period (derecognitions) | -59 | -44 | -86 | -17 | -1 | -207 |
| Utilizations | - | - | -50 | -4 | -5 | -59 |
| Model or risk parameter changes | 14 | 21 | 7 | - | 1 | 44 |
| Balance of Dec. 31, 2025 | 196 | 277 | 514 | 87 | 7 | 1,080 |

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | Total |
|---|------------|------------|------------|---------------------|-----------|------------|
| Balance of Jan. 1, 2024 | - | - | - | - | - | - |
| Exchange differences on translating foreign operations | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in basis of consolidation | 175 | 228 | 396 | 73 | -5 | 867 |
| Newly extended/purchased financial assets (additions) | 38 | - | - | 4 | 6 | 48 |
| Other changes within a stage | 12 | 0 | -2 | -3 | -3 | 4 |
| Transfers to | | | | | | |
| Stage 1 | 0 | -4 | -7 | - | - | -11 |
| Stage 2 | -12 | 37 | 1 | - | - | 25 |
| Stage 3 | -3 | -11 | 81 | - | - | 67 |
| Financial instruments derecognized during the period (derecognitions) | -21 | -19 | -19 | -2 | 0 | -61 |
| Utilizations | - | - | -25 | 0 | -1 | -25 |
| Model or risk parameter changes | - | - | - | 0 | - | 0 |
| Balance of Dec. 31, 2024 | 189 | 231 | 424 | 72 | -3 | 912 |

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at amortized cost:

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | Total |
|--|---------------|---------------|--------------|---------------------|------------|---------------|
| Balance of Jan. 1, 2025 | 63,912 | 10,217 | 1,066 | 7,337 | 232 | 82,763 |
| Exchange differences on translating foreign operations | -16 | -14 | 1 | 19 | 1 | -10 |
| Changes in basis of consolidation | 0 | - | - | - | - | 0 |
| Changes | 1,375 | -1,788 | -364 | 479 | -38 | -336 |
| Modifications | 0 | 0 | 0 | 0 | - | 1 |
| Transfers to | | | | | | |
| Stage 1 | 1,150 | -1,140 | -10 | - | - | 0 |
| Stage 2 | -5,114 | 5,160 | -46 | - | - | 0 |
| Stage 3 | -259 | -353 | 611 | - | - | 0 |
| Balance of Dec. 31, 2025 | 61,048 | 12,082 | 1,259 | 7,835 | 195 | 82,418 |

| € million | Stage 1 | Stage 2 | Stage 3 restated ¹ | Simplified approach | Stage 4 restated ¹ | Total restated ¹ |
|--|---------------|---------------|-------------------------------|---------------------|-------------------------------|-----------------------------|
| Balance of Jan. 1, 2024 | 0 | - | - | - | - | 0 |
| Exchange differences on translating foreign operations | 55 | 12 | 0 | 2 | 0 | 69 |
| Changes in basis of consolidation | 80,425 | 8,538 | 1,031 | 7,972 | 209 | 98,175 |
| Changes | -14,664 | -98 | -107 | -637 | 23 | -15,484 |
| Modifications | 1 | 0 | - | - | - | 1 |
| Transfers to | | | | | | |
| Stage 1 | -220 | 289 | -69 | - | - | - |
| Stage 2 | -1,545 | 1,538 | 6 | - | - | 0 |
| Stage 3 | -142 | -62 | 204 | - | - | 0 |
| Balance of Dec. 31, 2024¹ | 63,912 | 10,217 | 1,066 | 7,337 | 232 | 82,763 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

The "Changes" line relates to changes in gross carrying amounts that are not allocated to the other lines in the reconciliation of the gross carrying amounts from the beginning to the end of the reporting period concerned. These changes include the addition and derecognition of financial assets during the reporting period.

The undiscounted expected credit losses on the initial recognition of purchased or originated credit-impaired financial assets that were recognized for the first time in the reporting period amounted to €2 million (previous year: €2 million).

The following tables show a reconciliation for the provision for credit risks relating to financial assets measured at fair value:

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | Total |
|---|----------|----------|----------|---------------------|----------|-----------|
| Balance of Jan. 1, 2025 | 9 | 2 | – | – | – | 10 |
| Exchange differences on translating foreign operations | – | – | – | – | – | – |
| Changes in basis of consolidation | – | – | – | – | – | – |
| Newly extended/purchased financial assets (additions) | 3 | – | – | – | – | 3 |
| Other changes within a stage | 0 | 0 | – | – | – | 0 |
| Transfers to | | | | | | |
| Stage 1 | 0 | 0 | – | – | – | – |
| Stage 2 | – | – | – | – | – | – |
| Stage 3 | – | – | – | – | – | – |
| Financial instruments derecognized during the period (derecognitions) | –2 | –1 | – | – | – | –3 |
| Utilizations | – | – | – | – | – | – |
| Model or risk parameter changes | – | – | – | – | – | – |
| Balance of Dec. 31, 2025 | 9 | 1 | – | – | – | 10 |

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | Total |
|---|----------|----------|----------|---------------------|----------|-----------|
| Balance of Jan. 1, 2024 | – | – | – | – | – | – |
| Exchange differences on translating foreign operations | – | – | – | – | – | – |
| Changes in basis of consolidation | 9 | 1 | – | – | – | 11 |
| Newly extended/purchased financial assets (additions) | 0 | – | – | – | – | 0 |
| Other changes within a stage | 0 | 0 | – | – | – | 0 |
| Transfers to | | | | | | |
| Stage 1 | – | – | – | – | – | – |
| Stage 2 | 0 | 0 | – | – | – | – |
| Stage 3 | – | – | – | – | – | – |
| Financial instruments derecognized during the period (derecognitions) | –1 | – | – | – | – | –1 |
| Utilizations | – | – | – | – | – | – |
| Model or risk parameter changes | – | – | – | – | – | – |
| Balance of Dec. 31, 2024 | 9 | 2 | – | – | – | 10 |

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at fair value:

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | No provision for credit risks | Total |
|--|--------------|------------|---------|---------------------|---------|-------------------------------|--------------|
| Balance of Jan. 1, 2025 | 3,095 | 444 | – | – | – | 231 | 3,770 |
| Exchange differences on translating foreign operations | – | – | – | – | – | –2 | –2 |
| Changes in basis of consolidation | – | – | – | – | – | – | – |
| Changes | 96 | –169 | – | – | – | 2 | –71 |
| Modifications | – | – | – | – | – | – | – |
| Transfers to | | | | | | | |
| Stage 1 | 68 | –68 | – | – | – | – | – |
| Stage 2 | – | – | – | – | – | – | – |
| Stage 3 | – | – | – | – | – | – | – |
| Balance of Dec. 31, 2025 | 3,259 | 207 | – | – | – | 231 | 3,697 |

| € million | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 | No provision for credit risks | Total |
|--|--------------|------------|---------|---------------------|---------|-------------------------------|--------------|
| Balance of Jan. 1, 2024 | – | – | – | – | – | – | – |
| Exchange differences on translating foreign operations | – | – | – | – | – | 2 | 2 |
| Changes in basis of consolidation | 2,616 | 926 | – | – | – | 211 | 3,752 |
| Changes | 1 | –4 | – | – | – | 19 | 16 |
| Modifications | – | – | – | – | – | – | – |
| Transfers to | | | | | | | |
| Stage 1 | 459 | –459 | – | – | – | – | – |
| Stage 2 | 19 | –19 | – | – | – | – | – |
| Stage 3 | – | – | – | – | – | – | – |
| Balance of Dec. 31, 2024 | 3,095 | 444 | – | – | – | 231 | 3,770 |

The following tables show a reconciliation of the provision for credit risks relating to irrevocable credit commitments and financial guarantees:

| € million | Stage 1 | Stage 2 | Stage 3 | Stage 4 | Total |
|---|-----------|-----------|-----------|-----------|-----------|
| Balance as of Jan. 1, 2025 | 19 | 10 | 17 | 8 | 54 |
| Exchange differences on translating foreign operations | 0 | 0 | 0 | 0 | 0 |
| Changes in basis of consolidation | - | - | - | - | - |
| Newly extended/purchased financial assets (additions) | 12 | - | - | 1 | 13 |
| Other changes within a stage | -1 | 4 | 0 | 1 | 5 |
| Transfers to | | | | | |
| Stage 1 | 0 | -1 | 0 | - | -1 |
| Stage 2 | -3 | 4 | - | - | 1 |
| Stage 3 | 0 | -1 | 11 | - | 9 |
| Financial instruments derecognized during the period (derecognitions) | -7 | -1 | -1 | 0 | -9 |
| Utilizations | - | - | - | - | - |
| Model or risk parameter changes | - | - | - | - | - |
| Balance as of Dec. 31, 2025 | 21 | 15 | 26 | 10 | 72 |

| € million | Stage 1 | Stage 2 | Stage 3 | Stage 4 | Total |
|---|-----------|-----------|-----------|----------|-----------|
| Balance as of Jan. 1, 2024 | - | - | - | - | - |
| Exchange differences on translating foreign operations | 0 | 0 | 0 | 0 | 0 |
| Changes in basis of consolidation | 16 | 9 | 23 | 11 | 58 |
| Newly extended/purchased financial assets (additions) | 2 | - | - | -1 | 1 |
| Other changes within a stage | 3 | 1 | -2 | -2 | 0 |
| Transfers to | | | | | |
| Stage 1 | 5 | 0 | -5 | - | 0 |
| Stage 2 | -1 | 1 | -1 | - | 0 |
| Stage 3 | -2 | 0 | 2 | - | 0 |
| Financial instruments derecognized during the period (derecognitions) | -4 | 0 | -1 | 0 | -5 |
| Utilizations | - | - | - | - | - |
| Model or risk parameter changes | - | - | - | - | - |
| Balance as of Dec. 31, 2024 | 19 | 10 | 17 | 8 | 54 |

The following tables present a reconciliation of default risk exposures arising from irrevocable credit commitments and financial guarantees:

| € million | Stage 1 | Stage 2 | Stage 3 | Stage 4 | Total |
|---------------------------------|--------------|--------------|------------|------------|---------------|
| Balance of Jan. 1, 2025 | 7,635 | 3,583 | 139 | 103 | 11,460 |
| Foreign exchange differences | -7 | -47 | 0 | 0 | -54 |
| Changes in consolidated group | - | - | - | - | - |
| Changes | -621 | -319 | -16 | -12 | -967 |
| Modifications | - | - | - | - | - |
| Transfers to | | | | | |
| Stage 1 | 255 | -252 | -3 | - | 0 |
| Stage 2 | -1,167 | 1,167 | 0 | - | 0 |
| Stage 3 | -25 | -22 | 47 | - | - |
| Balance of Dec. 31, 2025 | 6,070 | 4,110 | 167 | 92 | 10,439 |

| € million | Stage 1 | Stage 2 | Stage 3 | Stage 4 | Total |
|---------------------------------|--------------|--------------|------------|------------|---------------|
| Balance of Jan. 1, 2024 | - | - | - | - | - |
| Foreign exchange differences | 24 | 24 | 0 | 0 | 48 |
| Changes in consolidated group | 7,022 | 2,823 | 154 | 99 | 10,098 |
| Changes | 1,205 | 105 | -1 | 4 | 1,314 |
| Modifications | - | - | - | - | - |
| Transfers to | | | | | |
| Stage 1 | 110 | -81 | -29 | - | - |
| Stage 2 | -718 | 718 | 0 | - | 0 |
| Stage 3 | -8 | -6 | 15 | - | 0 |
| Balance of Dec. 31, 2024 | 7,635 | 3,583 | 139 | 103 | 11,460 |

The following tables show a reconciliation for the provision for credit risks relating to lease receivables in the class "Not allocated to any measurement category":

| € million | SIMPLIFIED APPROACH | |
|---|---------------------|--------------|
| | 2025 | 2024 |
| Balance as of Jan. 1 | 1,056 | - |
| Exchange differences on translating foreign operations | -5 | 4 |
| Changes in basis of consolidation | - | 930 |
| Newly extended/purchased financial assets (additions) | 202 | 210 |
| Other changes | 353 | -15 |
| Financial instruments derecognized during the period (derecognitions) | -227 | -51 |
| Utilizations | -101 | -9 |
| Model or risk parameter changes | 15 | -14 |
| Balance as of Dec. 31 | 1,292 | 1,056 |

The following table shows a reconciliation of the gross carrying amounts of lease receivables in the class “Not allocated to any measurement category”:

| € million | SIMPLIFIED APPROACH | |
|--|---------------------|-------------------------------|
| | 2025 | 2024 restated ¹ |
| Balance as of Jan. 1 | 54,417 | – |
| Exchange differences on translating foreign operations | –900 | 394 |
| Changes in basis of consolidation | – | 52,127 |
| Newly extended/purchased financial assets (additions) ¹ | 1,425 | 1,894 |
| Other changes | 10 | 2 |
| Balance as of Dec. 31¹ | 54,953 | 54,417 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

MODIFICATIONS

During the reporting period, there were contractual modifications of financial assets that did not lead to a derecognition of the asset concerned. These modifications were caused by either changes in credit ratings or adjustments agreed retrospectively that did not stem from customer credit quality (market-induced adjustments).

In the case of financial assets for which the provision for credit risks was measured in the amount of the lifetime expected credit losses, the amortized cost before contractual modifications amounted to €484 million (previous year: €271 million). In the reporting period, the contractual modifications of these financial assets gave rise to an overall net gain of €0 million (previous year: €0 million). In the case of trade receivables and lease receivables, which are all included in the simplified approach, the only modifications that are taken into account are those in which the underlying receivables are more than 30 days past due.

At the reporting date, the gross carrying amount of financial assets that had been modified since initial recognition and that, in the reporting period, had also been transferred from Stage 2 or Stage 3 to Stage 1 amounted to €10 million (previous year: €6 million). As a consequence, the measurement of the provision for credit risks for these financial assets was switched from the lifetime expected credit loss to a twelve-month expected credit loss.

MAXIMUM CREDIT RISK

The following table shows the maximum credit risk, broken down by class, to which the VW FS AG Group was exposed as of the reporting date and to which the impairment model was applied.

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ |
|--|----------------|--|
| Financial assets measured at amortized cost ¹ | 81,337 | 81,849 |
| Financial assets measured at fair value | 3,456 | 3,529 |
| Not allocated to any measurement category ¹ | 53,661 | 53,362 |
| Financial guarantees and credit commitments | 10,439 | 11,406 |
| Total¹ | 148,892 | 150,146 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

The assets disclosed as belonging to the class “Financial assets measured at fair value” are allocated to the measurement category “Financial assets measured at fair value through other comprehensive income (debt instruments)”.

The maximum credit risk associated with the financial guarantees in accordance with IFRS 7.B10 in the class “Credit commitments and financial guarantees (off-balance-sheet)” amounts to €161 million (previous year restated: €266 million).

The VW FS AG Group intends to recover the following collateral accepted in the reporting period for financial assets:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|----------------------|---------------|---------------|
| Vehicles | 114 | 96 |
| Real estate | – | – |
| Other movable assets | – | – |
| Total | 114 | 96 |

The vehicles are remarketed to Volkswagen Group dealers through direct sales and auctions.

DEFAULT RISK RATING CLASSES

The VW FS AG Group uses internal risk management and control systems to evaluate the credit quality of the borrower before entering into any lending contract or lease. In the retail business, this evaluation is carried out by using scoring systems, whereas rating systems are used for fleet customers and dealer financing transactions. The results of the evaluation are allocated to a master scale based on the probability of default as the relevant criterion. The 16 risk classes in the master scale represent the default risk rating classes and are each defined according to the probabilities of default shown below. In addition, the gross carrying amounts of the financial assets are broken down into three default risk categories so that default risk exposures can be presented on a uniform basis throughout the Group. Loans and receivables for which the credit quality is classified as “good” are allocated to default risk category 1. Receivables whose credit quality has not been classified as “good” but who have not yet defaulted are included under default risk category 2. Accordingly, all loans and receivables in default are allocated to default risk category 3.

The following tables show the gross carrying amounts of financial assets by default risk category and by default risk rating class:

GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS AS OF DECEMBER 31, 2025

| € million | Default risk rating classes | Probability of default (>=) | Probability of default (<) | Stage 1 | Stage 2 | Stage 3 | Simplified approach | Stage 4 |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|---------------|---------------|--------------|---------------------|------------|
| | 1 | 0.00% | 0.06% | 17,483 | 4 | – | 3,597 | 0 |
| | 2 | 0.06% | 0.09% | 1,464 | 32 | – | 1,402 | – |
| | 3 | 0.09% | 0.15% | 3,687 | 76 | – | 982 | – |
| | 4 | 0.15% | 0.23% | 4,505 | 128 | – | 5,655 | 0 |
| | 5 | 0.23% | 0.36% | 6,634 | 289 | – | 2,303 | 8 |
| | 6 | 0.36% | 0.56% | 7,991 | 1,439 | – | 6,363 | 9 |
| Default risk rating class 1 | 7 | 0.56% | 0.88% | 6,396 | 1,218 | – | 6,774 | 16 |
| | 8 | 0.88% | 1.37% | 6,071 | 1,797 | – | 10,739 | 13 |
| | 9 | 1.37% | 2.14% | 3,965 | 970 | – | 7,752 | 14 |
| | 10 | 2.14% | 3.35% | 2,877 | 1,115 | – | 6,720 | 22 |
| | 11 | 3.35% | 5.23% | 1,864 | 2,458 | – | 4,185 | 2 |
| | 12 | 5.23% | 8.18% | 939 | 508 | – | 1,663 | 1 |
| | 13 | 8.18% | 12.79% | 288 | 690 | – | 1,446 | 2 |
| Default risk rating class 2 | 14 | 12.79% | 20.00% | 109 | 921 | – | 499 | 6 |
| | 15 | 20.00% | 100.00% | 34 | 645 | – | 836 | 2 |
| Default risk rating class 3 | D | 100.00% | 100.00% | – | – | 1,259 | 1,870 | 100 |
| Total | | | | 64,306 | 12,289 | 1,259 | 62,787 | 195 |

GROSS CARRYING AMOUNTS OF FINANCIAL ASSETS AS OF DECEMBER 31, 2024

| € million | Default risk rating classes | Probability of default (>=) | Probability of default (<) | Stage 1 | Stage 2 | Stage 3 restated ¹ | Simplified approach restated ¹ | Stage 4 restated ¹ |
|--|-----------------------------|-----------------------------|----------------------------|---------------|---------------|-------------------------------|---|-------------------------------|
| | 1 | 0.00% | 0.06% | 17,832 | 316 | – | 3,407 | 46 |
| | 2 | 0.06% | 0.09% | 1,364 | 54 | – | 1,538 | – |
| | 3 | 0.09% | 0.15% | 2,902 | 57 | – | 1,524 | – |
| | 4 | 0.15% | 0.23% | 4,615 | 130 | – | 5,194 | 0 |
| | 5 | 0.23% | 0.36% | 6,186 | 305 | – | 1,980 | 10 |
| Default risk rating class 1 | 6 | 0.36% | 0.56% | 12,753 | 2,007 | – | 7,066 | 11 |
| | 7 | 0.56% | 0.88% | 4,887 | 1,519 | – | 8,397 | 7 |
| | 8 | 0.88% | 1.37% | 7,000 | 1,406 | – | 7,853 | 6 |
| | 9 | 1.37% | 2.14% | 2,960 | 921 | – | 7,984 | 4 |
| | 10 | 2.14% | 3.35% | 3,180 | 816 | – | 6,289 | 32 |
| | 11 | 3.35% | 5.23% | 2,310 | 802 | – | 4,026 | 2 |
| | 12 | 5.23% | 8.18% | 683 | 684 | – | 1,538 | 6 |
| Default risk rating class 2 | 13 | 8.18% | 12.79% | 204 | 556 | – | 1,759 | 1 |
| | 14 | 12.79% | 20.00% | 75 | 489 | – | 891 | 4 |
| | 15 | 20.00% | 100.00% | 56 | 598 | – | 828 | 3 |
| Default risk rating class 3 ¹ | D | 100.00% | 100.00% | – | – | 1,066 | 1,481 | 99 |
| Total | | | | 67,006 | 10,661 | 1,066 | 61,754 | 232 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

The following tables show the default risk exposures for financial guarantees and irrevocable credit commitments and financial guarantees by default risk category and default risk rating class:

DEFAULT RISK EXPOSURES FOR FINANCIAL GUARANTEES AND IRREVOCABLE CREDIT COMMITMENTS AS OF DECEMBER 31, 2025

| € million | Default risk rating classes | Probability of default (>=) | Probability of default (<) | Stage 1 | Stage 2 | Stage 3 | Stage 4 |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|--------------|--------------|------------|-----------|
| | 1 | 0.00% | 0.06% | 527 | 94 | – | 0 |
| | 2 | 0.06% | 0.09% | 658 | 126 | – | – |
| | 3 | 0.09% | 0.15% | 737 | 90 | – | 3 |
| | 4 | 0.15% | 0.23% | 546 | 61 | – | 0 |
| | 5 | 0.23% | 0.36% | 668 | 123 | – | 2 |
| Default risk rating class 1 | 6 | 0.36% | 0.56% | 782 | 453 | – | 12 |
| | 7 | 0.56% | 0.88% | 802 | 341 | – | 10 |
| | 8 | 0.88% | 1.37% | 552 | 767 | – | 3 |
| | 9 | 1.37% | 2.14% | 260 | 341 | – | 4 |
| | 10 | 2.14% | 3.35% | 272 | 638 | – | 10 |
| | 11 | 3.35% | 5.23% | 176 | 381 | – | 0 |
| | 12 | 5.23% | 8.18% | 51 | 60 | – | 0 |
| Default risk rating class 2 | 13 | 8.18% | 12.79% | 28 | 131 | – | 0 |
| | 14 | 12.79% | 20.00% | 12 | 479 | – | 1 |
| | 15 | 20.00% | 100.00% | 0 | 27 | – | 0 |
| Default risk rating class 3 | D | 100.00% | 100.00% | – | – | 167 | 47 |
| Total | | | | 6,070 | 4,110 | 167 | 92 |

DEFAULT RISK EXPOSURES FOR FINANCIAL GUARANTEES AND IRREVOCABLE CREDIT COMMITMENTS AS OF DECEMBER 31, 2024

| € million | Default risk rating classes | Probability of default (>=) | Probability of default (<) | Stage | | | |
|-----------------------------|-----------------------------|-----------------------------|----------------------------|--------------|--------------|------------|------------|
| | | | | Stage 1 | Stage 2 | Stage 3 | Stage 4 |
| | 1 | 0.00% | 0.06% | 876 | 18 | – | 0 |
| | 2 | 0.06% | 0.09% | 1,016 | 9 | – | – |
| | 3 | 0.09% | 0.15% | 483 | 9 | – | – |
| | 4 | 0.15% | 0.23% | 1,081 | 16 | – | 0 |
| | 5 | 0.23% | 0.36% | 597 | 71 | – | 9 |
| Default risk rating class 1 | 6 | 0.36% | 0.56% | 882 | 394 | – | 13 |
| | 7 | 0.56% | 0.88% | 633 | 600 | – | 11 |
| | 8 | 0.88% | 1.37% | 925 | 789 | – | 17 |
| | 9 | 1.37% | 2.14% | 468 | 285 | – | 3 |
| | 10 | 2.14% | 3.35% | 337 | 582 | – | 9 |
| | 11 | 3.35% | 5.23% | 186 | 224 | – | 0 |
| Default risk rating class 2 | 12 | 5.23% | 8.18% | 99 | 187 | – | 3 |
| | 13 | 8.18% | 12.79% | 42 | 139 | – | 0 |
| Default risk rating class 3 | 14 | 12.79% | 20.00% | 9 | 199 | – | 1 |
| | 15 | 20.00% | 100.00% | 1 | 61 | – | 0 |
| Total | D | 100.00% | 100.00% | – | – | 139 | 37 |
| Total | | | | 7,635 | 3,583 | 139 | 103 |

67. Liquidity risk

Liquidity risk is defined primarily as the risk of not being able to meet payment obligations in full or when due. The companies of the VW FS AG Group are funded primarily through capital market and ABS (asset-backed securities) programs as well as through deposits received in the direct banking business. The VW FS AG Group remains solvent and has an adequate supply of liquidity on the basis of a rolling liquidity planning system. The supply of liquidity is ensured by a liquidity reserve in the form of cash, securities and confirmed lines of credit that can be accessed at any time at short notice.

Further details on the funding and hedging strategy can be found in the management report in the sections Liquidity Analysis and Funding and in the risk report within the disclosures on interest-rate risk and liquidity risk.

The maturity profile of assets held to manage liquidity risk is as follows:

| € million | ASSETS | | REPAYABLE ON DEMAND | | | | 3 MONTHS TO 1 YEAR | | 1 TO 5 YEARS | | MORE THAN 5 YEARS | |
|-------------------------------------|---------------|---------------|---------------------|---------------|---------------|---------------|--------------------|---------------|---------------|---------------|-------------------|---------------|
| | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 | Dec. 31, 2025 | Dec. 31, 2024 |
| | Cash reserve | 8,271 | 12,444 | 8,271 | 12,444 | – | – | – | – | – | – | – |
| Loans to and receivables from banks | 873 | 962 | 572 | 581 | 128 | 323 | 164 | 40 | 10 | 15 | – | 3 |
| Marketable securities | 3,486 | 3,561 | – | – | 3,486 | 3,561 | – | – | – | – | – | – |
| Total | 12,630 | 16,968 | 8,842 | 13,024 | 3,614 | 3,884 | 164 | 40 | 10 | 15 | – | 3 |

The following table shows the maturity profile of undiscounted cash outflows from financial liabilities and irrevocable credit commitments:

| € million | Cash outflows | | up to 3 months | | 3 months to 1 year | | 1 to 5 years | | more than 5 years | |
|---|----------------|------------------------|----------------|------------------------|--------------------|------------------------|---------------|------------------------|-------------------|------------------------|
| | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, | Dec. 31, |
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| | | restated ¹² | | restated ¹² | | restated ¹² | | restated ¹² | | restated ¹² |
| Liabilities to banks | 7,800 | 6,289 | 1,626 | 1,790 | 1,520 | 450 | 4,599 | 3,989 | 55 | 60 |
| Liabilities to customers | 88,865 | 82,701 | 57,501 | 48,313 | 18,113 | 21,533 | 12,957 | 11,366 | 294 | 1,489 |
| Notes, commercial paper issued | 67,257 | 66,268 | 5,603 | 5,962 | 13,227 | 9,330 | 42,982 | 45,952 | 5,445 | 5,023 |
| Derivative financial instruments ² | 14,175 | 12,964 | 4,657 | 5,780 | 3,561 | 3,758 | 5,280 | 2,734 | 677 | 691 |
| Other liabilities ¹ | 622 | 883 | 403 | 710 | 174 | 142 | 44 | 14 | 2 | 16 |
| Subordinated capital | 2,763 | 2,765 | 0 | 0 | 2 | 2 | 11 | 11 | 2,750 | 2,752 |
| Irrevocable credit commitments | 10,278 | 11,194 | 5,042 | 6,309 | 5,131 | 4,884 | 105 | – | – | – |
| Total^{1,2} | 191,760 | 183,063 | 74,831 | 68,865 | 41,727 | 40,099 | 65,979 | 64,068 | 9,222 | 10,031 |

1 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

2 Due to the correction of an error, the information on cash outflows for derivative financial instruments for the previous year was adjusted from a total of €14,127 million to a total of €12,964 million.

The derivatives include both cash outflows relating to derivatives with negative fair values and cash outflows relating to derivatives with positive fair values in connection with which gross settlement has been agreed.

Financial guarantees with a maximum possible drawdown of €161 million (previous year: €266 million) are always assumed to be payable on demand.

68. Market risk

For qualitative information, please refer to the risk disclosures on “Interest Rate Risk in the Banking Book (IRRBB)” and “Other Market Risk (Currency and Fund Price Risk)” in the management report.

For quantitative risk measurement, interest rate and foreign currency risks are measured using a value-at-risk (VaR) model on the basis of a historical simulation. The value-at-risk calculation indicates the size of the maximum potential loss on the portfolio as a whole within a time horizon of 365 days, measured at a confidence level of 99.9%. To provide the basis for this calculation, all cash flows from non-derivative and derivative financial instruments are aggregated into an interest rate gap analysis. The historical market data used in determining value at risk covers a period of up to ten years. In the previous year, the risk assessment was based on a 99% confidence level and a time horizon of 60 calendar days.

This approach has produced the following values:

| € million | Dec. 31, 2025 | Dec. 31, 2024 ¹ |
|---------------------------|---------------|----------------------------|
| Interest rate risk | 1,667 | 801 |
| Currency translation risk | 1,372 | 132 |
| Total market risk | 1,988 | 840 |

¹ The values for December 31, 2024 were calculated with a confidence level of 99% and a time horizon of 60 calendar days. Comparability is therefore only possible to a limited extent.

As a result of correlation effects, the total market risk is not identical to the sum of the individual risks.

69. Hedging policy disclosures

HEDGING POLICY AND FINANCIAL DERIVATIVES

Given its international financial activities, the VW FS AG Group is exposed to fluctuations in interest rates and foreign exchange rates on international money and capital markets. The general rules governing the Group-wide currency and interest rate hedging policy are specified in internal Group guidelines. The partners used by the Group when entering into appropriate financial transactions are national and international banks with strong credit ratings whose credit quality is continuously monitored by leading rating agencies. The Group enters into suitable hedging transactions to limit currency and interest rate risks. Regular derivative financial instruments are used for this purpose.

MARKET RISK

Market risk arises when changes in prices on financial markets (interest rates and exchange rates) have a positive or negative effect on the value of traded products. The fair values listed in the tables in the notes were determined using the market information available on the reporting date and represent the fair values of the financial derivatives. They were determined on the basis of standardized techniques using generally applicable market risk variables, such as yield curves and exchange rates.

Interest rate risk

Changes in the level of interest rates in the money and capital markets represent an interest rate risk if the funding is not maturity-matched. Interest rate risk is managed at the level of the individual company based on an overall interest rate risk limit set for the entire Group and broken down into specific limits for each company. Interest rate risk is quantified using interest rate gap analyses to which various scenarios involving changes in interest rates are applied. The calculations take into account uniform risk ceilings applicable throughout the Group.

The hedging contracts entered into by the Group mainly comprise interest rate swaps and cross-currency interest rate swaps. Interest rate risk is hedged using fair value hedges and cash flow hedges at micro level and fair value hedges at portfolio level (portfolio fair value hedges). Fixed-income assets and liabilities included in micro fair value hedges are recognized with the addition of a hedge adjustment based on the hedged fair value of the hedged item rather than at amortized cost, the method used in their original subsequent measurement. The resulting effects in the income statement are generally offset by the opposite effects from the corresponding gains and losses on the interest rate hedging instruments (swaps).

Currency risk

The VW FS AG Group avoids currency risk by entering into currency hedging contracts, which may be currency forwards, cross-currency swaps or cross-currency interest rate swaps. Generally speaking, all cash flows in foreign currency are hedged.

DESCRIPTION OF HEDGES AND METHODOLOGIES FOR MONITORING HEDGE EFFECTIVENESS

If possible, the hedge strategy aims to recognize hedges for suitable underlying transactions (hedged items) on an individual or portfolio basis. The vast majority of hedged items are assets or liabilities on the balance sheet. Future transactions are only used as hedged items in exceptional cases.

In the VW FS AG Group, hedges to which micro-hedge accounting is applied are normally held to maturity. Individual risk components are not separated out and designated for the purposes of hedge accounting. Hedge effectiveness in the VW FS AG Group is measured prospectively using the critical terms match method. Hedge effectiveness is analyzed retrospectively by testing for ineffectiveness using the dollar offset method. The dollar offset method compares the changes in the value of the hedged item expressed in monetary units with the changes in the value of the hedging instrument expressed in monetary units. The volume represented by the hedging instruments is generally the same as the volume represented by the designated hedged items. Hedge ineffectiveness in micro-hedge accounting largely results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Individual yield curves are used when determining forward interest rates and prices and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Other factors (e.g., in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness.

In portfolio hedge accounting, derivatives for interest rate hedging are designated in a quarterly cycle. Effectiveness is checked by maturity band as part of this process. The designation proportions for the derivatives are determined on the basis of the volumes of the hedged item portfolios in the maturity bands. Derivatives are only considered for a hedging period in portfolio hedge accounting if a high prospective and retrospective effectiveness level is determined using regression tests. Ineffectiveness in portfolio hedge accounting is usually the result of changes in the fair values of hedging instruments and the hedged fair values of hedged items that do not fully offset each other.

DISCLOSURES ON GAINS AND LOSSES FROM FAIR VALUE HEDGES

In fair value hedges, the transactions hedge the risk of changes in the fair value of financial assets and financial liabilities. Changes in fair value that arise from the recognition of hedging instruments at fair value and those from the recognition of the associated hedged items at the hedged fair value generally have an offsetting effect and are reported under the net gain or loss on hedges.

The following table shows the degree of hedge ineffectiveness from fair value hedges broken down by type of risk, equating to the differences between the gains or losses on hedging instruments and those on hedged items:

| € million | 2025 | 2024 |
|--|------|------|
| Interest rate risk hedging | -54 | -11 |
| Currency risk hedging | -36 | -24 |
| Combined interest rate and currency risk hedging | -1 | 0 |

DISCLOSURES ON GAINS AND LOSSES FROM CASH FLOW HEDGES

Cash flow hedges are recognized with the aim of hedging risks arising from changes in future cash flows. These cash flows can arise from a recognized asset or a recognized liability.

The following table covering gains and losses from cash flow hedges shows the gains and losses on hedges recognized in other comprehensive income, the hedge ineffectiveness recognized under net gain or loss on hedges, and the gains or losses arising from the reclassification of cash flow hedge reserves recognized under net gain or loss on hedges:

| € million | 2025 | 2024 |
|---|------|------|
| Hedging interest rate risk | | |
| Gains or losses from changes in fair value of hedging instruments within hedge accounting | | |
| Recognized in equity | 2 | -12 |
| Recognized in profit or loss | 0 | - |
| Reclassification from the cash flow hedge reserve to profit or loss | | |
| Due to early discontinuation of the hedging relationships | - | - |
| Due to realization of the hedged item | - | - |
| Hedging currency risk | | |
| Gains or losses from changes in fair value of hedging instruments within hedge accounting | | |
| Recognized in equity | 74 | 15 |
| Recognized in profit or loss | 1 | -2 |
| Reclassification from the cash flow hedge reserve to profit or loss | | |
| Due to early discontinuation of the hedging relationships | - | - |
| Due to realization of the hedged item | -78 | 9 |
| Combined interest rate and currency risk hedging | | |
| Gains or losses from changes in fair value of hedging instruments within hedge accounting | | |
| Recognized in equity | -9 | 23 |
| Recognized in profit or loss | 2 | 0 |
| Reclassification from the cash flow hedge reserve to profit or loss | | |
| Due to early discontinuation of the hedging relationships | - | - |
| Due to realization of the hedged item | 7 | -19 |

In the table, effects recognized directly in equity are presented net of deferred taxes.

The gain or loss from changes in the fair value of hedges within hedge accounting equates to the basis for determining hedge ineffectiveness. Those gains or losses on changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items constitute the ineffective portion of cash flow hedges. This ineffectiveness within a hedge arises as a result of differences in the parameters applicable to the hedging instrument and the hedged item. These gains or losses are recognized immediately in the income statement under the net gain or loss on hedges.

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS

The following tables present a maturity analysis of the notional amounts of hedging instruments reported under the hedge accounting rules and those of derivatives to which hedge accounting is not applied:

FISCAL YEAR 2025

| € million | RESIDUAL MATURITY | | | TOTAL NOTIONAL AMOUNT |
|--|-------------------|-------------|-------------------|-----------------------------|
| | Up to 1 year | 1 – 5 years | More than 5 years | Dec. 31, 2025 |
| Notional amounts of hedging instruments in hedge accounting | | | | |
| Interest rate risk hedging | | | | |
| Interest rate swaps | 14,139 | 30,124 | 4,898 | 49,161 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps GBP | 1,490 | 57 | – | 1,547 |
| Currency forwards/cross-currency swaps DKK | 825 | 469 | – | 1,294 |
| Currency forwards/cross-currency swaps PLN | 1,201 | 76 | – | 1,277 |
| Currency forwards/cross-currency swaps other currencies | 667 | 787 | – | 1,455 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps NOK | 515 | 413 | – | 928 |
| Cross-currency interest rate swaps DKK | 623 | 214 | – | 837 |
| Notional amounts of other derivatives | | | | |
| Interest rate risk hedging | | | | |
| Interest rate swaps | 17,716 | 35,056 | 18,570 | 71,342 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 28 | 105 | 1 | 133 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 2,205 | 2,447 | – | 4,652 |

FISCAL YEAR 2024

| € million | RESIDUAL MATURITY | | | TOTAL NOTIONAL AMOUNT |
|--|-------------------|-------------|-------------------|-----------------------|
| | Up to 1 year | 1 – 5 years | More than 5 years | Dec. 31, 2024 |
| Notional amounts of hedging instruments in hedge accounting | | | | |
| Interest rate risk hedging | | | | |
| Interest rate swaps | 8,962 | 28,497 | 3,350 | 40,810 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps GBP | 3,381 | 60 | – | 3,441 |
| Currency forwards/cross-currency swaps DKK | 1,467 | 201 | – | 1,669 |
| Currency forwards/cross-currency swaps PLN | 994 | 123 | – | 1,117 |
| Currency forwards/cross-currency swaps other currencies | 690 | 434 | 318 | 1,443 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps NOK | 450 | 393 | – | 843 |
| Cross-currency interest rate swaps, other foreign currencies | 222 | – | – | 222 |
| Notional amounts of other derivatives | | | | |
| Interest rate risk hedging | | | | |
| Interest rate swaps | 14,813 | 35,183 | 10,667 | 60,664 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 557 | 77 | – | 634 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 632 | 759 | – | 1,391 |

The timings of the future payments for the hedged items in the cash flow hedges match the maturities of the hedging instruments.

As of the reporting date and the prior-year reporting date, none of the cash flow hedges recognized involved a hedged item whose underlying transaction was no longer expected to occur in the future.

In the reporting period, the average exchange rates used in the measurement of hedging instruments were as follows for the following currencies with significant notional amounts: GBP 0.87, DKK 7.46, CZK 24.36 and NOK 11.68. The average interest rates used for interest rate swaps and cross-currency interest rate swaps in cash flow hedges in the reporting year were as follows for the following currencies: NOK 3.43%, DKK 2.80%, EUR 2.86%, GBP 4.52% In the previous year, the average exchange rates used in the measurement of hedging instruments had been as follows for the following currencies with significant notional amounts: NOK 11.5380, GBP 0.7501, PLN 4.3500 and DKK 7.4535. The average interest rates used for interest rate swaps and cross-currency interest rate swaps in cash flow hedges in the previous year had been as follows for the following currencies: NOK 3.90%, DKK 1.38%, EUR 3.58%, GBP 4.28%, PLN 3.87% and SEK 4.07%

DISCLOSURES ON HEDGING INSTRUMENTS USED IN HEDGE ACCOUNTING

The VW FS AG Group regularly uses hedging instruments to hedge changes in the fair value of financial assets and financial liabilities.

The following overview shows the notional amounts, fair values and changes in fair value used to determine ineffectiveness in hedging instruments used in fair value hedges to hedge the risk arising from changes in fair value:

FISCAL YEAR 2025

| € million | Notional amount | Derivative financial instruments – assets | Derivative financial instruments – liabilities | Fair value change to determine ineffectiveness |
|---|-----------------|--|---|--|
| Interest rate risk hedging | | | | |
| Interest rate swaps | 42,416 | 170 | 535 | -461 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 3,207 | 1 | 18 | -16 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 34 | 1 | - | 1 |

FISCAL YEAR 2024

| € million | Notional amount | Derivative financial instruments – assets | Derivative financial instruments – liabilities | Fair value change to determine ineffectiveness |
|---|-----------------|--|---|--|
| Interest rate risk hedging | | | | |
| Interest rate swaps | 38,826 | 276 | 823 | -797 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 3,901 | 2 | 13 | -11 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 176 | 3 | 18 | -13 |

The VW FS AG Group also uses hedging instruments to hedge the risk arising from changes in future cash flows.

The following table sets out the notional amounts, fair values and changes in fair value to determine ineffectiveness in hedging instruments used in cash flow hedges:

FISCAL YEAR 2025

| € million | Notional amount | Derivative financial instruments – assets | Derivative financial instruments – liabilities | Fair value change to determine ineffectiveness |
|---|-----------------|--|---|--|
| Interest rate risk hedging | | | | |
| Interest rate swaps | 6,745 | 6 | 28 | -13 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 2,366 | 7 | 26 | -7 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 1,731 | 34 | 1 | 14 |

FISCAL YEAR 2024

| € million | Notional amount | Derivative financial instruments – assets | Derivative financial instruments – liabilities | Fair value change to determine ineffectiveness |
|---|-----------------|--|---|--|
| Interest rate risk hedging | | | | |
| Interest rate swaps | 1,983 | 1 | 20 | -17 |
| Currency risk hedging | | | | |
| Currency forwards/cross-currency swaps | 3,769 | 20 | 44 | -24 |
| Combined interest rate and currency risk hedging | | | | |
| Cross-currency interest rate swaps | 890 | 40 | 0 | 24 |

The change in fair value used to determine ineffectiveness equates to the change in the fair value of the designated components of the hedging instruments.

DISCLOSURES ON HEDGED ITEMS TO WHICH HEDGE ACCOUNTING IS APPLIED

Disclosures on hedged items, broken down by risk category and type of designation, are required in addition to the disclosures on hedging instruments.

The tables below show the hedged items hedged in fair value hedges:

FISCAL YEAR 2025

| € million | Carrying amount | Cumulative hedge adjustments | Hedge adjustments current period/fiscal year | Cumulative hedge adjustments from terminated hedges |
|--|-----------------|------------------------------|--|---|
| Interest rate risk hedging | | | | |
| Loans to and receivables from banks | - | - | - | - |
| Loans to and receivables from customers including value adjustments on portfolio fair value hedges | 19,040 | 15 | -78 | - |
| Liabilities to banks | - | - | - | - |
| Liabilities to customers | 1,757 | 14 | -18 | - |
| Notes, commercial paper issued | 18,844 | -670 | -298 | - |
| Subordinated capital | - | - | - | - |
| Currency risk hedging | | | | |
| Loans to and receivables from banks | - | - | - | - |
| Loans to and receivables from customers | 610 | 0 | 0 | - |
| Liabilities to banks | - | - | - | - |
| Liabilities to customers | - | - | - | - |
| Notes, commercial paper issued | - | - | - | - |
| Subordinated capital | - | - | - | - |
| Combined interest rate and currency risk hedging: | | | | |
| Loans to and receivables from banks | - | - | - | - |
| Loans to and receivables from customers | 34 | -1 | 0 | - |
| Liabilities to banks | - | - | - | - |
| Liabilities to customers | - | - | - | - |
| Notes, commercial paper issued | - | - | - | - |
| Subordinated capital | - | - | - | - |

FISCAL YEAR 2024

| € million | Carrying amount | Cumulative hedge adjustments | Hedge adjustments current period/fiscal year | Cumulative hedge adjustments from terminated hedges |
|--|-----------------|------------------------------|--|---|
| Interest rate risk hedging | | | | |
| Loans to and receivables from banks | – | – | – | – |
| Loans to and receivables from customers including value adjustments on portfolio fair value hedges | 20,588 | 92 | –206 | – |
| Liabilities to banks | – | – | – | – |
| Liabilities to customers | 1,773 | 32 | 38 | – |
| Notes, commercial paper issued | 21,265 | –380 | 734 | – |
| Subordinated capital | – | – | – | – |
| Currency risk hedging | | | | |
| Loans to and receivables from banks | – | – | – | – |
| Loans to and receivables from customers | 1,335 | 0 | 2 | – |
| Liabilities to banks | – | – | – | – |
| Liabilities to customers | – | – | – | – |
| Notes, commercial paper issued | – | – | – | – |
| Subordinated capital | – | – | – | – |
| Combined interest rate and currency risk hedging: | | | | |
| Loans to and receivables from banks | – | – | – | – |
| Loans to and receivables from customers | 34 | –1 | –1 | – |
| Liabilities to banks | – | – | – | – |
| Liabilities to customers | 42 | 3 | 5 | – |
| Notes, commercial paper issued | 270 | 147 | 65 | – |
| Subordinated capital | – | – | – | – |

The following tables present the hedged items hedged in cash flow hedges:

FISCAL YEAR 2025

| € million | Fair value change to determine ineffectiveness | RESERVE FOR | |
|---|--|---------------------------|-----------------------------|
| | | Existing cash flow hedges | Terminated cash flow hedges |
| Interest rate risk hedging | | | |
| Designated components | –15 | –13 | – |
| Deferred taxes | – | 3 | – |
| Total interest rate risk | –15 | –10 | – |
| Currency risk hedging | | | |
| Designated components | –2 | 27 | – |
| Non-designated components | – | – | – |
| Deferred taxes | – | –7 | – |
| Total hedging currency risk | –2 | 20 | – |
| Combined interest rate and currency risk hedging | | | |
| Designated components | 14 | 0 | – |
| Deferred taxes | – | 0 | – |
| Total combined interest rate and currency risk | 14 | 0 | – |

FISCAL YEAR 2024

| € million | Fair value change to determine ineffectiveness | RESERVE FOR | |
|---|--|------------------------------|--------------------------------|
| | | Existing cash flow hedges | Terminated cash flow hedges |
| Interest rate risk hedging | | | |
| Designated components | -17 | -17 | - |
| Deferred taxes | - | 5 | - |
| Total interest rate risk | -17 | -12 | - |
| Currency risk hedging | | | |
| Designated components | 5 | 33 | - |
| Non-designated components | - | - | - |
| Deferred taxes | - | -9 | - |
| Total hedging currency risk | 5 | 23 | - |
| Combined interest rate and currency risk hedging | | | |
| Designated components | 26 | 4 | - |
| Deferred taxes | - | -1 | - |
| Total combined interest rate and currency risk | 26 | 3 | - |

CHANGES IN THE CASH FLOW HEDGE RESERVE

In the accounting treatment of cash flow hedges, the designated effective portion of a hedge is reported in other comprehensive income (in "OCI"). All changes in the fair value of hedging instruments in excess of the effective portion are reported in profit or loss as hedge ineffectiveness.

The following tables show a reconciliation for the cash flow hedge reserve (OCI I):

| € million | Interest rate risk | Currency risk | Interest rate/ currency risk | Total |
|--|--------------------|---------------|---------------------------------|-----------|
| Balance as of Jan. 1, 2025 | -12 | 23 | 3 | 15 |
| Gains or losses from effective hedging relationships | 2 | 74 | -9 | 67 |
| Reclassifications due to changes in whether the hedged item is expected to occur | - | - | - | - |
| Reclassifications due to realization of the hedged item | - | -78 | 7 | -71 |
| Balance as of Dec. 31, 2025 | -10 | 20 | 0 | 10 |

| € million | Interest rate risk | Currency risk | Interest rate/ currency risk | Total |
|--|--------------------|---------------|---------------------------------|-----------|
| Balance as of Jan. 1, 2024 | - | - | - | - |
| Gains or losses from effective hedging relationships | -12 | 15 | 23 | 26 |
| Reclassifications due to changes in whether the hedged item is expected to occur | - | - | - | - |
| Reclassifications due to realization of the hedged item | - | 9 | -19 | -11 |
| Balance as of Dec. 31, 2024 | -12 | 23 | 3 | 15 |

In the above tables, the effects on equity from the cash flow hedge reserve (OCI) are reduced by deferred taxes. In the cash flow hedge reserve (OCI I), the deferred taxes on gains or losses from effective hedges amounted to gains of €-36 million (previous year: €13 million) and the deferred taxes on reclassifications resulting from the recovery of the hedged item came to €38 million (previous year: €-14 million).

Segment reporting

70. Breakdown of Geographical Market

The presentation of reportable segments follows that used for internal management and reporting purposes in the VW FS AG Group. As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

Internal management applies a market-based geographical breakdown. Foreign branches of German subsidiaries are allocated to the markets in which they are based. The geographical markets of Germany, France, Italy, Spain, Sweden and the United Kingdom, are the segments that are subject to reporting requirements under IFRS 8. Subsidiaries in the VW FS AG Group are aggregated within these segments. In line with internal reporting practice, the German market is composed of companies in Germany, Austria and Denmark. All other companies that can be allocated to geographical markets are brought together under “Other segments”.

Companies that are not allocated to any geographical market are reported in the reconciliation. The reconciliation also includes the VW FS AG holding company, the holding and financing companies in the Netherlands and Belgium, Vehicle Trading International (VTI) GmbH, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG and EURO-Leasing GmbH. In the internal reporting structure, this presentation ensures that there is a separation between market activities on one side and typical holding company or financing functions, industry business, primary insurance business and reinsurance business on the other side. The reconciliation reflects additional consolidation effects between the segments.

In the reporting period, the previous allocation of Vehicle Trading International (VTI) GmbH and Euro-Leasing GmbH to the German market in internal management and reporting to management was changed to allocation to the holding companies, which are presented in segment reporting outside the reporting segments in the reconciliation to the consolidated carrying amounts. The change in classification reflects the corresponding adjustment to the management of the German market. The new classification of Vehicle Trading International (VTI) GmbH reflects its expanded role in marketing used cars outside the German market. The figures in the segment reporting for the previous year were adjusted accordingly.

All business transactions between the segments – where such transactions take place – are conducted on an arm’s-length basis.

In accordance with IFRS 8, noncurrent assets are reported exclusive of financial instruments, deferred tax assets, post-employment benefits and rights under insurance contracts.

BREAKDOWN BY GEOGRAPHICAL MARKET 2025:

| € million | JAN. 1 – DEC. 31, 2025 | | | | | | | | | Group |
|---|------------------------|----------------|-----------|-----------|------------|------------|----------------|----------------|----------------|--------------|
| | Germany | United Kingdom | Sweden | France | Italy | Spain | Other segments | Segments total | Reconciliation | |
| Interest income from lending transactions and marketable securities in respect of third parties | 1,751 | 224 | 54 | 171 | 499 | 350 | 313 | 3,362 | 143 | 3,506 |
| Intersegment interest income from lending transactions and marketable securities | 1,146 | – | – | 4 | 3 | – | – | 1,154 | –1,154 | – |
| Income from leasing transactions with third parties | 16,831 | 3,273 | 2,301 | 2,277 | 1,531 | 808 | 1,740 | 28,762 | 244 | 29,005 |
| of which reversal of impairment losses in accordance with IAS 36 | 4 | – | 1 | – | 18 | – | 6 | 29 | 7 | 36 |
| Intersegment income from leasing transactions | – | – | – | – | – | – | – | – | – | – |
| Depreciation, impairment losses and other expenses from leasing transactions | –14,022 | –1,563 | –2,092 | –1,781 | –1,315 | –679 | –1,178 | –22,631 | –81 | –22,712 |
| of which impairment losses in accordance with IAS 36 | –298 | –53 | –4 | –199 | –58 | –21 | –37 | –670 | –5 | –675 |
| Net income from leasing transactions | 2,810 | 1,709 | 209 | 496 | 216 | 129 | 562 | 6,131 | 162 | 6,293 |
| Interest expense | –2,880 | –1,287 | –105 | –374 | –359 | –230 | –542 | –5,777 | 1,138 | –4,639 |
| Income from service contracts with third parties | 1,665 | 327 | – | 136 | 639 | 226 | 320 | 3,312 | –3 | 3,310 |
| of which over-time income | 129 | – | – | – | 421 | 102 | 162 | 815 | – | 815 |
| of which at a point in time income | 1,536 | 327 | – | 136 | 218 | 123 | 158 | 2,498 | –3 | 2,495 |
| Intersegment income from service contracts | – | – | – | – | – | – | – | – | – | – |
| Expenses from service contracts | –1,365 | –308 | – | –142 | –618 | –199 | –296 | –2,928 | 3 | –2,925 |
| Net income from service contracts | 300 | 18 | – | –6 | 21 | 27 | 24 | 385 | – | 384 |
| Income from insurance business with third parties | – | – | – | – | – | – | – | – | 318 | 318 |
| Intersegment income from insurance business | – | – | – | – | – | – | – | – | – | – |
| Expenses from insurance business | – | – | – | – | – | – | – | – | –215 | –215 |
| Net income from insurance business | – | – | – | – | – | – | – | – | 103 | 103 |
| Provision for credit risks | –541 | –44 | – | –114 | –35 | –17 | –54 | –805 | 14 | –791 |
| Fee and commission income from third parties | 136 | 3 | 9 | 39 | 107 | 60 | 96 | 452 | 74 | 526 |
| Intersegment fee and commission income | – | – | – | – | – | – | – | – | – | – |
| Fee and commission expenses | –134 | – | –2 | –23 | –80 | –27 | –16 | –282 | 16 | –266 |
| Net fee and commission income | 3 | 3 | 8 | 16 | 27 | 33 | 80 | 170 | 90 | 260 |
| General and administrative expenses | –991 | –230 | –78 | –135 | –125 | –98 | –246 | –1,904 | –284 | –2,188 |
| Other amortization, depreciation and impairment losses | –1 | –3 | – | –1 | –4 | –1 | –15 | –26 | –52 | –77 |
| Operating result | 1,676 | 33 | 92 | 76 | 269 | 173 | 177 | 2,119 | –135 | 2,360 |

BREAKDOWN BY GEOGRAPHICAL MARKET 2024:

| € million | JAN. 1 – DEC. 31, 2024 | | | | | | | | Recon- ciliation restated ^{1,2,3} | Group restated ^{1,3} |
|--|------------------------------------|-------------------|-----------|---------------------------------|-----------|--------------------------------|-------------------|--|--|----------------------------------|
| | Germany restated ^{1,2} | United Kingdom | Sweden | France restated ¹ | Italy | Spain restated ¹ | Other segments | Segments total restated ^{1,2} | | |
| Interest income from lending transactions and marketable securities in respect of third parties ¹ | 1,139 | 110 | 31 | 100 | 239 | 178 | 156 | 1,952 | 172 | 2,124 |
| Intersegment interest income from lending transactions and marketable securities | 534 | – | – | 3 | 2 | – | – | 538 | –538 | – |
| Income from leasing transactions with third parties ^{1,3} | 7,113 | 1,601 | 1,088 | 945 | 627 | 395 | 780 | 12,549 | 221 | 12,770 |
| of which reversal of impairment losses in accordance with IAS 36 | 85 | 21 | 9 | – | 3 | 1 | 3 | 122 | 11 | 133 |
| Intersegment income from leasing transactions | – | – | – | – | – | – | – | – | – | – |
| Depreciation, impairment losses and other expenses from leasing transactions ³ | –5,810 | –738 | –960 | –676 | –569 | –337 | –502 | –9,592 | –92 | –9,684 |
| of which impairment losses in accordance with IAS 36 | –202 | –25 | –1 | –3 | –66 | –17 | –13 | –328 | –1 | –329 |
| Net income from leasing transactions ³ | 1,303 | 863 | 128 | 269 | 58 | 57 | 279 | 2,957 | 130 | 3,087 |
| Interest expense | –1,933 | –693 | –68 | –189 | –181 | –125 | –255 | –3,446 | 422 | –3,024 |
| Income from service contracts with third parties | 686 | 154 | – | 65 | 296 | 116 | 144 | 1,460 | –1 | 1,459 |
| of which over-time income | 66 | – | – | – | 178 | 49 | 69 | 362 | – | 362 |
| of which at a point in time income | 621 | 154 | – | 65 | 118 | 67 | 75 | 1,098 | –1 | 1,097 |
| Intersegment income from service contracts | – | – | – | – | – | – | – | – | – | – |
| Expenses from service contracts | –634 | –135 | – | –65 | –290 | –99 | –133 | –1,356 | – | –1,356 |
| Net income from service contracts | 52 | 18 | – | – | 6 | 17 | 11 | 104 | –1 | 104 |
| Income from insurance business with third parties | – | – | – | – | – | – | – | – | 161 | 161 |
| Intersegment income from insurance business | – | – | – | – | – | – | – | – | – | – |
| Expenses from insurance business | – | – | – | – | – | – | – | – | –121 | –121 |
| Net income from insurance business | – | – | – | – | – | – | – | – | 40 | 40 |
| Provision for credit risks ¹ | –170 | 2 | –3 | –72 | –16 | 21 | –60 | –298 | 12 | –285 |
| Fee and commission income from third parties | 76 | 1 | 3 | 21 | 57 | 33 | 50 | 241 | 45 | 286 |
| Intersegment fee and commission income | – | – | – | – | – | – | – | – | – | – |
| Fee and commission expenses | –27 | – | –1 | –6 | –50 | –14 | –11 | –109 | 5 | –104 |
| Net fee and commission income | 49 | 1 | 3 | 15 | 7 | 19 | 39 | 132 | 50 | 183 |
| General and administrative expenses | –488 | –136 | –35 | –62 | –54 | –42 | –117 | –934 | –93 | –1,027 |
| Other amortization, depreciation and impairment losses | –1 | –2 | – | –1 | – | –1 | –9 | –13 | –27 | –40 |
| Operating result¹ | 600 | 211 | 58 | 63 | 94 | 95 | 65 | 1,186 | 19 | 1,205 |

1 Adjustments of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section “Changes to Prior-Year Figures”).

2 Adjustment of prior-year figures: In line with a change in internal reporting, Vehicle Trading International GmbH (VTI) and Euro-Leasing GmbH are included in the reconciliation instead of in the German market.

3 Correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles (see section “Changes to Prior-Year Figures”).

The impairment losses and reversals of impairment losses reported in accordance with IAS 36 related to lease assets.

The breakdown of “Income from service contracts with third parties” into “of which over-time income” and “of which at a point in time income” in note 24 “Net income from service contracts” has been carried over to and continued in the table above.

Information on the main products (lending and leasing business) can be taken directly from the income statement.

The breakdown of non-current assets in accordance with IFRS 8 and of the additions to non-current lease assets by geographical market is shown in the following tables:

| € million | JAN. 1 – DEC. 31, 2025 | | | | | |
|---|------------------------|----------------|--------|--------|-------|-------|
| | Germany | United Kingdom | Sweden | France | Italy | Spain |
| Noncurrent Assets | 30,798 | 5,145 | 1,813 | 6,252 | 3,942 | 1,994 |
| Additions to lease assets classified as noncurrent assets | 14,602 | 2,462 | 971 | 3,557 | 1,619 | 881 |

| € million | JAN. 1 – DEC. 31, 2024 | | | | | |
|--|---------------------------------|----------------|--------|--------|-------|-------|
| | Germany restated ^{1,2} | United Kingdom | Sweden | France | Italy | Spain |
| Noncurrent Assets ^{1,2} | 26,101 | 4,401 | 1,448 | 4,793 | 3,290 | 1,664 |
| Additions to lease assets classified as noncurrent assets ¹ | 6,196 | 995 | 383 | 1,704 | 902 | 367 |

1 Adjustment of prior-year figures: In line with a change in internal reporting, Vehicle Trading International GmbH (VTI) and Euro-Leasing GmbH are not included in the German market.

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section “Changes to Prior-Year Figures”).

Investment recognized under other assets was of minor significance.

The following table shows the reconciliation to group income, operating result and profit before tax.

| € million | 2025 | 2024 restated ^{1,2,3,4} |
|---|---------------|-------------------------------------|
| Segment income^{1,3} | 35,888 | 16,202 |
| Other companies ^{3,4} | 9,554 | 4,222 |
| Consolidation ^{3,4} | -8,778 | -3,623 |
| Group income^{1,4} | 36,664 | 16,801 |
| Segment profit or loss (operating result)^{1,3} | 2,496 | 1,186 |
| Other companies ³ | 254 | 101 |
| Contribution to operating profit by included companies | - | - |
| Consolidation between segments | -389 | -81 |
| Operating result¹ | 2,360 | 1,205 |
| Share of profits and losses of equity-accounted investments | 139 | 36 |
| Net gain or loss on miscellaneous financial assets ² | -48 | -30 |
| Other financial gains or losses | -16 | -23 |
| Profit before tax^{1,2} | 2,436 | 1,189 |

1 Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

2 Adjustment of prior-year figures in accordance with the explanations on the correction of the carrying amount of the investment in an associate (see section "Changes to Prior-Year Figures").

3 Adjustment of prior-year figures: In line with a change in internal reporting, Vehicle Trading International GmbH (VTI) and Euro-Leasing GmbH are included in the reconciliation instead of in the German market.

4 Correction of the elimination of profits and losses and the reporting of income and expenses from the sale of used vehicles (see section "Changes to Prior-Year Figures").

The designations "Segment revenue" and "Group revenue" in the reconciliation were changed to "Segment income" and "Group income", respectively. The change to the designation "income" commonly used by financial services providers for gross income from ordinary activities is intended to enhance clarity and consistency of the terms used in the financial statements. As before, group income comprises all income items from the breakdown by geographical markets and hence includes interest income from lending transactions and marketable securities, income from leasing transactions, income from service contracts, income from insurance transactions and fee and commission income.

Other Disclosures

71. Leases

LESSOR ACCOUNTING FOR FINANCE LEASES

Interest income from the net investment in the lease amounting to €3,357 million (previous year restated: €1,612 million) was generated from finance leases. There was no income from variable lease payments that was not taken into account in the measurement of the net investment in the lease where finance leases were concerned.

The following table shows a reconciliation of the undiscounted lease payments under finance leases to the net investment in the leases.

| € million | Dec. 31, 2025 | Dec. 31, 2024 restated ¹ |
|--|---------------|--|
| Non-discounted lease payments ¹ | 60,190 | 59,845 |
| Non-guaranteed residual value | 90 | 161 |
| Unearned interest income | -6,007 | -6,250 |
| Loss allowance on lease receivables | -1,129 | -906 |
| Other | - | - |
| Net investment¹ | 53,144 | 52,850 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

In the VW FS AG Group, net investment equates to the net receivables from finance leases.

As of the reporting year, the following payments are anticipated over the next few years from expected, outstanding, non-discounted lease payments under finance leases.

| € million | 2026 | 2027 | 2028 | 2029 | 2030 | From 2031 | Total |
|------------------------|--------|--------|--------|-------|------|-----------|--------|
| Finance lease payments | 20,450 | 17,198 | 13,728 | 7,930 | 719 | 166 | 60,190 |

In the previous year, the following payments had been anticipated over the subsequent years from expected, outstanding, non-discounted lease payments under finance leases.

| € million | 2025 restated ¹ | 2026 | 2027 | 2028 | 2029 | From 2030 | Total restated ¹ |
|------------------------|-------------------------------|--------|--------|-------|------|-----------|--------------------------------|
| Finance lease payments | 18,914 | 17,399 | 14,237 | 8,384 | 710 | 201 | 59,845 |

¹ Adjustment of prior-year figures in accordance with the explanations on the corrected calculation of interest income from credit-impaired financial assets (see section "Changes to Prior-Year Figures").

LESSOR ACCOUNTING FOR OPERATING LEASES

Income generated from operating leases is included in the income from leasing transactions and other operating income line items in the income statement. The following table shows a breakdown between income from leases without variable lease payments and income from leases with variable lease payments.

| € million | 2025 | 2024 |
|-------------------------------------|--------------|--------------|
| Lease income | 9,708 | 4,338 |
| Income from variable lease payments | – | – |
| Total | 9,708 | 4,338 |

The impairment losses recognized as a result of the impairment test on lease assets amounted to €675 million (previous year: €329 million) and are included in the depreciation, impairment losses and other expenses from leasing transactions. Impairment losses are based on continuously updated internal and external information, which is then fed into the forecasts of residual values for vehicles.

Income from reversals of impairment losses on lease assets applied in prior years amounted to €36 million (previous year: €133 million) and are included in income from leasing business.

The following table shows the changes in the reporting year for assets leased out under operating leases:

| € million | Movable lease assets |
|--|----------------------|
| Cost as of Jan. 1, 2025 | 59,215 |
| Foreign exchange differences | -109 |
| Changes in basis of consolidation | - |
| Additions | 32,797 |
| Reclassifications | 0 |
| Disposals | 21,783 |
| Balance as of Dec. 31, 2025 | 70,120 |
| Depreciation and impairment losses as of Jan. 1, 2025 | 12,436 |
| Foreign exchange differences | -35 |
| Changes in basis of consolidation | - |
| Additions to cumulative depreciation | 6,473 |
| Additions to cumulative impairment losses | 675 |
| Reclassifications | 0 |
| Disposals | 5,597 |
| Reversal of impairment losses | 36 |
| Balance as of Dec. 31, 2025 | 13,915 |
| Net carrying amount as of Dec. 31, 2025 | 56,205 |
| Net carrying amount as of Jan. 1, 2025 | 46,779 |

As of the reporting date, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

| € million | 2026 | 2027 | 2028 | 2029 | 2030 | From 2031 | Total |
|----------------|-------|-------|-------|------|------|-----------|--------|
| Lease payments | 6,952 | 4,027 | 2,025 | 913 | 357 | 47 | 14,321 |

The following table shows the changes in the prior year for assets leased out under operating leases:

| € million | Movable lease assets |
|--|----------------------|
| Cost as of Jan. 1, 2024 | – |
| Foreign exchange differences | 99 |
| Changes in basis of consolidation | 53,939 |
| Additions | 14,292 |
| Reclassifications | – |
| Disposals | 9,115 |
| Balance as of Dec. 31, 2024 | 59,215 |
| Depreciation and impairment losses as of Jan. 1, 2024 | – |
| Foreign exchange differences | 24 |
| Changes in basis of consolidation | 11,744 |
| Additions to cumulative depreciation | 3,009 |
| Additions to cumulative impairment losses | 329 |
| Reclassifications | – |
| Disposals | 2,538 |
| Reversal of impairment losses | 133 |
| Balance as of Dec. 31, 2024 | 12,436 |
| Net carrying amount as of Dec. 31, 2024 | 46,779 |
| Net carrying amount as of Jan. 1, 2024 | – |

In the case of subleases that are classified as operating leases, right-of-use assets recognized in connection with buyback transactions are reported, from the perspective of the VW FS AG Group as lessor, under lease assets in the balance sheet and in the reconciliation showing the changes in movable lease assets.

In the previous year, the outstanding, undiscounted lease payments from operating leases expected for subsequent years had been as follows:

| € million | 2025 | 2026 | 2027 | 2028 | 2029 | From 2030 | Total |
|----------------|-------|-------|-------|------|------|-----------|--------|
| Lease payments | 5,904 | 3,589 | 1,914 | 975 | 282 | 212 | 12,875 |

LESSEE ACCOUNTING

The VW FS AG Group is a party to leases as a lessee in various aspects of the business. These leases mainly involve the leasing of land and buildings and operating and office equipment. The accounting treatment of buyback transactions as leases also means that the VW FS AG Group is the lessee in the primary leases with the vehicle sellers, who are entities in the Volkswagen Group.

For lease liabilities amounting to €65 million (previous year: €70 million), which are reported under the balance sheet item Liabilities to customers, interest expenses of €3 million (previous year: €1 million) were incurred during the financial year and recognized under the income statement item Interest expenses.

In the reporting year, subleases mainly in connection with buyback transactions gave rise to income of €59 million (previous year: €78 million); this income was derived from both finance leases and operating leases.

No right-of-use assets are recognized for short-term leases or leases in which the underlying asset is of low value. In the reporting year, expenses for leases in which the underlying assets are of low value amounted to €7 million (previous year: €5 million). In the reporting year, expenses for short-term leases amounted to €7 million (previous year: €4 million). There were no variable lease expenses in the reporting year that were not taken into account in the measurement of the lease liabilities.

Right-of-use assets derived from leases are reported on the balance sheet under Property and equipment in the items indicated in the following.

| € million | Land and buildings | Operating and office equipment | Total |
|--|--------------------|-----------------------------------|------------|
| Gross carrying amount (or cost) | | | |
| as of Jan. 1, 2025 | 100 | 3 | 103 |
| Foreign exchange differences | -2 | 0 | -2 |
| Changes in basis of consolidation | - | - | - |
| Additions | 33 | 2 | 35 |
| Reclassifications | - | - | - |
| Disposals | 22 | 2 | 24 |
| Balance as of Dec. 31, 2025 | 110 | 3 | 113 |
| Depreciation and impairment losses | | | |
| as of Jan. 1, 2025 | 43 | 2 | 45 |
| Foreign exchange differences | -1 | 0 | -1 |
| Changes in basis of consolidation | - | - | - |
| Additions to cumulative depreciation | 11 | 1 | 12 |
| Additions to cumulative impairment losses | - | - | - |
| Reclassifications | - | - | - |
| Disposals | -1 | 2 | 0 |
| Reversal of impairment losses | - | - | - |
| Balance as of Dec. 31, 2025 | 55 | 2 | 57 |
| Net carrying amount as of Dec. 31, 2025 | 54 | 1 | 56 |
| Net carrying amount as of Jan. 1, 2025 | 57 | 1 | 58 |

| € million | Operating and office | | Total |
|--|----------------------|-----------|------------|
| | Land and buildings | equipment | |
| Gross carrying amount (or cost) | | | |
| as of Jan. 1, 2024 | – | – | – |
| Foreign exchange differences | 1 | 0 | 1 |
| Changes in basis of consolidation | 101 | 4 | 106 |
| Additions | 10 | 0 | 10 |
| Reclassifications | – | – | – |
| Disposals | 12 | 2 | 13 |
| Balance as of Dec. 31, 2024 | 100 | 3 | 103 |
| Depreciation and impairment losses | | | |
| as of Jan. 1, 2024 | – | – | – |
| Foreign exchange differences | 0 | 0 | 0 |
| Changes in basis of consolidation | 41 | 3 | 44 |
| Additions to cumulative depreciation | 4 | 0 | 5 |
| Additions to cumulative impairment losses | – | – | – |
| Reclassifications | – | – | – |
| Disposals | 2 | 2 | 4 |
| Reversal of impairment losses | – | – | – |
| Balance as of Dec. 31, 2024 | 43 | 2 | 45 |
| Net carrying amount as of Dec. 31, 2024 | 57 | 1 | 58 |
| Net carrying amount as of Jan. 1, 2024 | – | – | – |

Depending on the classification of the subleases, the right-of-use assets recognized from primary leases as part of buyback transactions are reported either as finance leases and therefore as receivables from finance leases or as operating leases and therefore as lease assets. Disclosures on buyback transactions are thus not included in the above disclosures on right-of-use assets recognized by the Group as a lessee.

When assessing the lease term underlying lease liabilities, the VW FS AG Group makes a best estimate as to whether an extension option will be exercised or a termination option will be exercised. In the event of a material change in the general parameters used for this estimate or a modification of the lease, this estimate is updated.

In the balance sheet, lease liabilities are reported under liabilities to customers. The following table shows a breakdown of the undiscounted contractual maturities of lease liabilities:

| € million | REMAINING CONTRACTUAL MATURITIES | | | Total |
|---------------------------------------|----------------------------------|-------------|-------------------|-------|
| | Up to 1 year | 1 – 5 years | more than 5 years | |
| Lease liabilities as of Dec. 31, 2025 | 14 | 65 | 5 | 85 |
| Lease liabilities as of Dec. 31, 2024 | 14 | 67 | 8 | 89 |

Overall, leases in which the VW FS AG Group is a lessee gave rise to total cash outflows of €91 million (previous year: €47 million). In the case of assets leased as part of buyback transactions, the total cash outflows were reported in an amount equal to the value of the right of use recognized in the reporting year.

The following table shows an overview of the potential future cash outflows that have not been included in the measurement of the lease liabilities.

| € million | 2025 | 2024 |
|--|-----------|-----------|
| Future cash outflows to which the lessee is potentially exposed | | |
| Residual value guarantees | – | 0 |
| Extension options | 14 | 14 |
| Termination options | – | – |
| Obligations under leases not yet commenced (contractual obligations) | – | – |
| Total | 14 | 14 |

72. Insurance contract disclosures

RECONCILIATION OF INSURANCE CONTRACTS

The tables below analyze the changes in the net carrying amount for the insurance contracts issued and for the reinsurance contracts held during the reporting period. The change in the liability for remaining coverage and the provision for incurred claims is analyzed first before the change in the measurement components.

Analysis by remaining coverage and claims incurred

Insurance contracts issued

| € million | LIABILITY FOR REMAINING COVERAGE (LRC) | | Liability for incurred claims (LIC) | Total |
|---|--|----------------|---|-------------|
| | Excluding loss component | Loss component | | |
| Balance as of Jan. 1, 2025 | | | | |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | -343 | -26 | -85 | -454 |
| Net balance of assets from and liabilities for insurance contracts | -342 | -26 | -85 | -453 |
| Insurance income | 318 | - | - | 318 |
| Insurance services expenses | -30 | -3 | -180 | -213 |
| Claims expenses and other expenses from insurance contracts | - | 10 | -210 | -200 |
| Amortization of costs incurred in concluding contracts | -30 | - | - | -30 |
| Losses and reversals for contracts in deficit | - | -13 | - | -13 |
| Changes in liability for incurred claims (LIC) | - | - | 30 | 30 |
| Investment components | 3 | - | -3 | - |
| Technical insurance result | -5 | -1 | 1 | -5 |
| Finance income and expenses from insurance contracts | -10 | -1 | 0 | -11 |
| Currency translation | 6 | 0 | 0 | 6 |
| Net gain or loss from insurance business | 286 | -4 | -183 | 100 |
| Cash flow | 278 | - | -170 | 108 |
| Premiums received | 308 | - | - | 308 |
| Payments for claims and other insurance services | - | - | -170 | -170 |
| Acquisition costs paid | -30 | - | - | -30 |
| Balance as of Dec. 31, 2025 | -334 | -30 | -98 | -462 |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | -335 | -30 | -98 | -463 |
| Net balance of assets from and liabilities for insurance contracts | -334 | -30 | -98 | -462 |

| € million | LIABILITY FOR REMAINING COVERAGE (LRC) | | Liability for incurred claims (LIC) | Total |
|---|--|----------------|---|-------------|
| | Excluding loss component | Loss component | | |
| Balance as of Jan. 1, 2024 | | | | |
| Assets from insurance contracts | – | – | – | – |
| Liabilities for insurance contracts | – | – | – | – |
| Net balance of assets from and liabilities for insurance contracts | – | – | – | – |
| Changes in basis of consolidation | –289 | –30 | –78 | –398 |
| Insurance income | 163 | – | – | 163 |
| Insurance services expenses | –33 | 5 | –94 | –122 |
| Claims expenses and other expenses from insurance contracts | – | 7 | –94 | –87 |
| Amortization of costs incurred in concluding contracts | –33 | – | – | –33 |
| Losses and reversals for contracts in deficit | – | –2 | – | –2 |
| Changes in liability for incurred claims (LIC) | – | – | 1 | 1 |
| Investment components | –10 | – | 10 | – |
| Technical insurance result | –8 | –1 | –2 | –11 |
| Finance income and expenses from insurance contracts | –7 | –1 | –1 | –10 |
| Currency translation | –1 | 0 | 0 | –1 |
| Net gain or loss from insurance business | 111 | 4 | –85 | 30 |
| Cash flow | 164 | – | –79 | 85 |
| Premiums received | 180 | – | – | 180 |
| Payments for claims and other insurance services | – | – | –79 | –79 |
| Acquisition costs paid | –16 | – | – | –16 |
| Balance as of Dec. 31, 2024 | –342 | –26 | –85 | –453 |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | –343 | –26 | –85 | –454 |
| Net balance of assets from and liabilities for insurance contracts | –342 | –26 | –85 | –453 |

Reinsurance contracts held

| € million | ASSET FOR REMAINING COVERAGE | | | Total |
|---|--|----------------------------|------------------------------|-----------|
| | Excluding loss- recovery component | Loss-recovery component | Asset for incurred claims | |
| Balance as of Jan. 1, 2025 | | | | |
| Assets from reinsurance contracts | 4 | – | 19 | 23 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for reinsurance contracts | 4 | – | 19 | 23 |
| Expenses from reinsurance services | –1 | – | – | –1 |
| Reimbursable amounts from reinsurance companies | – | – | 0 | 0 |
| Reimbursable amounts for claims made and other costs in the period | – | – | – | – |
| Loss recovery for losses and reversals from underlying insurance contracts in deficit | – | – | – | – |
| Adjustment to reimbursable amounts for claims made and other costs in prior periods | – | – | 0 | 0 |
| Investment components | – | – | – | – |
| Changes in credit risk of reinsurance company | – | – | – | – |
| Net income/expenses from reinsurance contracts held | 0 | – | –1 | –1 |
| Finance income and expenses from reinsurance contracts | 0 | – | –1 | –1 |
| Currency translation | – | – | – | – |
| Net gain or loss from reinsurance services | –1 | – | 0 | –2 |
| Cash flow | – | – | – | – |
| Paid expenses from outward reinsurance | – | – | – | – |
| Reimbursements received | – | – | – | – |
| Balance as of Dec. 31, 2025 | 3 | – | 18 | 21 |
| Assets from reinsurance contracts | 3 | – | 18 | 21 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for insurance contracts | 3 | – | 18 | 21 |

| € million | ASSET FOR REMAINING COVERAGE | | | Total |
|---|--|----------------------------|------------------------------|-----------|
| | Excluding loss- recovery component | Loss-recovery component | Asset for incurred claims | |
| Balance as of Jan. 1, 2024 | | | | |
| Assets from reinsurance contracts | – | – | – | – |
| Liabilities for reinsurance contracts | – | – | – | – |
| Net balance of assets from and liabilities for reinsurance contracts | – | – | – | – |
| Changes in basis of consolidation | 3 | – | 20 | 23 |
| Expenses from reinsurance services | 1 | – | – | 1 |
| Reimbursable amounts from reinsurance companies | – | – | –2 | –2 |
| Reimbursable amounts for claims made and other costs in the period | – | – | – | – |
| Loss recovery for losses and reversals from underlying insurance contracts in deficit | – | – | – | – |
| Adjustment to reimbursable amounts for claims made and other costs in prior periods | – | – | –2 | –2 |
| Investment components | – | – | – | – |
| Changes in credit risk of reinsurance company | – | – | – | – |
| Net income/expenses from reinsurance contracts held | 0 | – | 1 | 1 |
| Finance income and expenses from reinsurance contracts | 0 | – | 1 | 1 |
| Currency translation | – | – | – | – |
| Net gain or loss from reinsurance services | 1 | – | –1 | 0 |
| Cash flow | – | – | – | – |
| Paid expenses from outward reinsurance | – | – | – | – |
| Reimbursements received | – | – | – | – |
| Other changes | – | – | – | – |
| Balance as of Dec. 31, 2024 | 4 | – | 19 | 23 |
| Assets from reinsurance contracts | 4 | – | 19 | 23 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for insurance contracts | 4 | – | 19 | 23 |

Analysis by measurement components

Insurance contracts issued

| € million | Estimated present value for future cash flows | Risk adjustment for nonfinancial risk | Contractual service margin (CSM) | Total |
|---|---|---|--|-------------|
| Balance as of Jan. 1, 2025 | | | | |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | -264 | -56 | -134 | -454 |
| Net balance of assets from and liabilities for insurance contracts | -263 | -56 | -134 | -453 |
| Changes relating to current services | -3 | 4 | 86 | 88 |
| Contractual service margin recognized in profit or loss | - | - | 86 | 86 |
| Risk adjustment for expired risks | - | 4 | - | 4 |
| Experience adjustments | -3 | - | - | -3 |
| Changes relating to future services | 103 | -32 | -85 | -13 |
| Contracts recognized for the first time | 89 | -26 | -67 | -4 |
| Changes in accounting estimates that affect CSM | 22 | -4 | -18 | 0 |
| Change in losses and reversals of losses for contracts in deficit | -7 | -2 | - | -9 |
| Changes relating to past services | 10 | 20 | - | 30 |
| Technical insurance result | -2 | 0 | -3 | -5 |
| Finance income and expenses from insurance contracts | -5 | - | -6 | -11 |
| Currency translation | 3 | 0 | 3 | 6 |
| Net gain or loss from insurance business | 109 | -7 | -2 | 100 |
| Cash flow | 108 | - | - | 108 |
| Premiums received | 308 | - | - | 308 |
| Payments for claims and other insurance services | -170 | - | - | -170 |
| Acquisition costs paid | -30 | - | - | -30 |
| Balance as of Dec. 31, 2025 | -263 | -63 | -136 | -462 |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | -264 | -63 | -135 | -463 |
| Net balance of assets and liabilities / insurance contracts | -263 | -63 | -136 | -462 |

| € million | Estimated present value for future cash flows | Risk adjustment for nonfinancial risk | Contractual service margin (CSM) | Total |
|---|---|---|--|-------|
| Balance as of Jan. 1, 2024 | | | | |
| Assets from insurance contracts | – | – | – | – |
| Liabilities for insurance contracts | – | – | – | – |
| Net balance of assets from and liabilities for insurance contracts | – | – | – | – |
| Changes in basis of consolidation | –177 | –40 | –181 | –398 |
| Changes relating to current services | –6 | 1 | 47 | 42 |
| Contractual service margin recognized in profit or loss | – | – | 47 | 47 |
| Risk adjustment for expired risks | – | 1 | – | 1 |
| Experience adjustments | –6 | – | – | –6 |
| Changes relating to future services | 19 | –24 | 3 | –2 |
| Contracts recognized for the first time | 27 | –9 | –22 | –4 |
| Changes in accounting estimates that affect CSM | –14 | –11 | 25 | 0 |
| Change in losses and reversals of losses for contracts in deficit | 6 | –4 | – | 2 |
| Changes relating to past services | –6 | 7 | – | 1 |
| Technical insurance result | –8 | 0 | –3 | –11 |
| Finance income and expenses from insurance contracts | –7 | – | –3 | –10 |
| Currency translation | –1 | 0 | 0 | –1 |
| Net gain or loss from insurance business | –1 | –16 | 47 | 30 |
| Cash flow | 85 | – | – | 85 |
| Premiums received | 180 | – | – | 180 |
| Payments for claims and other insurance services | –79 | – | – | –79 |
| Acquisition costs paid | –16 | – | – | –16 |
| Other changes | – | – | – | – |
| Balance as of Dec. 31, 2024 | –263 | –56 | –134 | –453 |
| Assets from insurance contracts | 1 | 0 | 0 | 1 |
| Liabilities for insurance contracts | –264 | –56 | –134 | –454 |
| Net balance of assets and liabilities / insurance contracts | –263 | –56 | –134 | –453 |

Reinsurance contracts held

| € million | Estimated present value for future cash flows | Risk adjustment for nonfinancial risk | Contractual service margin (CSM) | Total |
|---|---|---|--|-----------|
| Balance as of Jan. 1, 2025 | | | | |
| Assets from reinsurance contracts | 22 | 1 | – | 23 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for reinsurance contracts | 22 | 1 | – | 23 |
| Changes relating to current services | 0 | 0 | – | 0 |
| Contractual service margin recognized in profit or loss | – | – | – | – |
| Risk adjustment for expired risks | – | 0 | – | 0 |
| Experience adjustments | 0 | – | – | 0 |
| Changes relating to future services | –1 | 0 | – | –1 |
| Contracts recognized for the first time | – | – | – | – |
| Changes in accounting estimates that affect CSM | – | – | – | – |
| Changes in accounting estimates that do not affect CSM | –1 | 0 | – | –1 |
| Changes in reimbursable amounts relating to past services | 0 | 0 | – | 0 |
| Finance income and expenses from reinsurance contracts | –1 | – | – | –1 |
| Changes in default risk of reinsurance companies | – | – | – | – |
| Currency translation | – | – | – | – |
| Net gain or loss from outward reinsurance business | –2 | 0 | – | –2 |
| Cash flow | – | – | – | – |
| Paid expenses from outward reinsurance | – | – | – | – |
| Reimbursements received | – | – | – | – |
| Balance as of Dec. 31, 2025 | 20 | 1 | – | 21 |
| Assets from reinsurance contracts | 20 | 1 | – | 21 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for reinsurance contracts | 20 | 1 | – | 21 |

| € million | Estimated present value for future cash flows | Risk adjustment for nonfinancial risk | Contractual service margin (CSM) | Total |
|---|---|---|--|-------|
| Balance as of Jan. 1, 2024 | | | | |
| Assets from reinsurance contracts | – | – | – | – |
| Liabilities for reinsurance contracts | – | – | – | – |
| Net balance of assets from and liabilities for reinsurance contracts | – | – | – | – |
| Changes in basis of consolidation | 22 | 1 | – | 23 |
| Changes relating to current services | 0 | 0 | – | 0 |
| Contractual service margin recognized in profit or loss | – | – | – | – |
| Risk adjustment for expired risks | – | 0 | – | 0 |
| Experience adjustments | 0 | – | – | 0 |
| Changes relating to future services | 1 | 0 | – | 1 |
| Contracts recognized for the first time | – | – | – | – |
| Changes in accounting estimates that affect CSM | – | – | – | – |
| Changes in accounting estimates that do not affect CSM | 1 | 0 | – | 1 |
| Changes in reimbursable amounts relating to past services | –2 | 0 | – | –2 |
| Finance income and expenses from reinsurance contracts | 1 | – | – | 1 |
| Changes in default risk of reinsurance companies | – | – | – | – |
| Currency translation | – | – | – | – |
| Net gain or loss from outward reinsurance business | 0 | 0 | – | 0 |
| Cash flow | – | – | – | – |
| Paid expenses from outward reinsurance | – | – | – | – |
| Reimbursements received | – | – | – | – |
| Other changes | – | – | – | – |
| Balance as of Dec. 31, 2024 | 22 | 1 | – | 23 |
| Assets from reinsurance contracts | 22 | 1 | – | 23 |
| Liabilities for reinsurance contracts | 0 | – | – | 0 |
| Net balance of assets from and liabilities for reinsurance contracts | 22 | 1 | – | 23 |

EFFECTS OF INSURANCE CONTRACTS RECOGNIZED FOR THE FIRST TIME

The effects of insurance contracts recognized for the first time on the balance sheet at the reporting date are presented in the following tables:

December 31, 2025

| € million | INSURANCE CONTRACT ISSUED FOR THE FIRST TIME | | INSURANCE CONTRACTS ACQUIRED FOR THE FIRST TIME | | Total |
|---|---|------------|---|------------|-----------|
| | Not in deficit | In deficit | Not in deficit | In deficit | |
| Expected present value of future cash outflows (excluding costs incurred in concluding contracts) | –176 | –22 | – | – | –197 |
| Expected present value of costs incurred in concluding contracts | –19 | –7 | – | – | –26 |
| Expected present value of future cash outflows | 284 | 28 | – | – | 312 |
| Risk adjustment for nonfinancial risk | –22 | –3 | – | – | –26 |
| Contractual service margin (CSM) | –67 | – | – | – | –67 |
| Total | 0 | –4 | – | – | –4 |

December 31, 2024

| € million | INSURANCE CONTRACT ISSUED FOR THE FIRST TIME | | INSURANCE CONTRACTS ACQUIRED FOR THE FIRST TIME | | Total |
|---|---|------------|---|------------|-----------|
| | Not in deficit | In deficit | Not in deficit | In deficit | |
| Expected present value of future cash outflows (excluding costs incurred in concluding contracts) | -44 | -29 | - | - | -73 |
| Expected present value of costs incurred in concluding contracts | -12 | -5 | - | - | -17 |
| Expected present value of future cash outflows | 82 | 35 | - | - | 118 |
| Risk adjustment for nonfinancial risk | -4 | -5 | - | - | -9 |
| Contractual service margin (CSM) | -22 | - | - | - | -22 |
| Total | 0 | -4 | - | - | -4 |

As in the previous year, the insurance contracts recognized for the first time had no material effect on assets from reinsurance contracts held in the reporting year.

EFFECTS OF RISK ON INSURANCE CONTRACTS

Insurance business is subject to underwriting risk and financial risk as explained in the following.

Maximum credit risk

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|--|---------------|---------------|
| Cash and cash equivalents | 177 | 185 |
| Debt instruments (FVOCI) | 367 | 351 |
| Debt instruments (amortized cost) | 23 | 49 |
| Assets from reinsurance contracts held | 21 | 23 |
| Other | 6 | 3 |
| Maximum credit risk | 594 | 611 |

All insurance contracts fall within rating class 1.

Insurance risk

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|------------------|---------------|---------------|
| Catastrophe risk | 7 | 7 |
| Premium risk | 403 | 386 |
| Reserve risk | 52 | 41 |
| Total | 462 | 435 |

The effects of insurance risk on equity and on the profit after tax are presented below with a sensitivity analysis:

| € million | Loss ratio (increase of 10 percentage points) | Loss ratio (decrease of 10 percentage points) |
|----------------------------------|---|---|
| Balance of Dec. 31., 2025 | | |
| Profit after tax | | |
| Effect before reinsurance | -53 | 53 |
| Effect after reinsurance | -51 | 51 |
| Equity | | |
| Effect before reinsurance | 53 | -53 |
| Effect after reinsurance | 51 | -51 |

| € million | Loss ratio (increase of 10 percentage points) | Loss ratio (decrease of 10 percentage points) |
|----------------------------------|---|---|
| Balance of Dec. 31., 2024 | | |
| Profit after tax | | |
| Effect before reinsurance | -50 | 50 |
| Effect after reinsurance | -47 | 48 |
| Equity | | |
| Effect before reinsurance | 50 | -50 |
| Effect after reinsurance | 47 | -47 |

Insurance risk – claims development

The claims arising in the year under review are compared in the following against the estimated values in the forecast without factoring in any reinsurance contracts held.

| € million | CLAIM YEAR | | | | | | | | Total |
|--|------------|------|------|------|------|------|------|------|-------|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | |
| At the end of the claim year | 126 | 121 | 113 | 114 | 110 | 122 | 150 | 152 | - |
| 1 year later | 128 | 125 | 116 | 115 | 114 | 125 | 146 | - | - |
| 2 years later | 128 | 125 | 116 | 116 | 113 | 125 | - | - | - |
| 3 years later | 127 | 125 | 117 | 115 | 113 | - | - | - | - |
| 4 years later | 127 | 125 | 116 | 115 | - | - | - | - | - |
| 5 years later | 127 | 125 | 116 | - | - | - | - | - | - |
| 6 years later | 127 | 125 | - | - | - | - | - | - | - |
| 7 years later | 127 | - | - | - | - | - | - | - | - |
| Total undiscounted claims payments and other directly attributable costs | 126 | 124 | 116 | 114 | 112 | 122 | 140 | 111 | - |
| Provisions for claim years | 1 | 1 | 1 | 1 | 1 | 2 | 6 | 40 | 53 |
| Provisions for claim years prior to 2018 | - | - | - | - | - | - | - | - | 29 |
| Discounting | - | - | - | - | - | - | - | - | -9 |
| Risk adjustment for nonfinancial risk | - | - | - | - | - | - | - | - | -8 |
| LIC for insurance contracts issued | - | - | - | - | - | - | - | - | -98 |

The following table shows a comparison of the claims arising in the previous year with the estimated values in the forecast without factoring in any reinsurance contracts held:

| € million | CLAIM YEAR | | | | | | | | Total restated ¹ |
|---|------------|----------|----------|----------|----------|----------|----------|----------|-----------------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | |
| At the end of the claim year | 133 | 127 | 122 | 113 | 114 | 110 | 123 | 151 | – |
| 1 year later | 121 | 128 | 125 | 117 | 115 | 114 | 126 | – | – |
| 2 years later | 127 | 128 | 125 | 117 | 116 | 113 | – | – | – |
| 3 years later | 127 | 128 | 125 | 117 | 115 | – | – | – | – |
| 4 years later | 127 | 128 | 126 | 116 | – | – | – | – | – |
| 5 years later | 127 | 128 | 125 | – | – | – | – | – | – |
| 6 years later | 127 | 127 | – | – | – | – | – | – | – |
| 7 years later | 127 | – | – | – | – | – | – | – | – |
| Total undiscounted claims payments and other directly attributable costs ¹ | 126 | 127 | 124 | 116 | 114 | 111 | 119 | 111 | – |
| Provisions for claim years | 0 | 1 | 1 | 1 | 1 | 3 | 6 | 40 | 53 |
| Provisions for claim years prior to 2017 | – | – | – | – | – | – | – | – | 33 |
| Discounting | – | – | – | – | – | – | – | – | –9 |
| Risk adjustment for nonfinancial risk | – | – | – | – | – | – | – | – | –6 |
| LIC for insurance contracts issued | – | – | – | – | – | – | – | – | –85 |

¹ The figure reported in the previous year in the "Total" column was removed because the sum of undiscounted claims payments and other directly attributable costs does not represent an appropriate total amount.

Currency risk – sensitivity analysis:

| € million | PROFIT AFTER TAX | | EQUITY | |
|---------------------------|------------------|------|--------|------|
| | 10% | -10% | 10% | -10% |
| Dec. 31., 2025 | | | | |
| Currency relations | | | | |
| EUR/GBP | 1 | –1 | –1 | 1 |
| EUR/JPY | 2 | –2 | –2 | 2 |
| EUR/CHF | 1 | –1 | –1 | 1 |
| EUR/SEK | 0 | 0 | 0 | 0 |
| EUR/CZK | 0 | 0 | 0 | 0 |
| EUR/PLN | 2 | –2 | –2 | 2 |
| EUR/TRY | 2 | –2 | –2 | 2 |

| € million | PROFIT AFTER TAX | | EQUITY | |
|---------------------------|------------------|------|--------|------|
| | 10% | -10% | 10% | -10% |
| Dec. 31., 2024 | | | | |
| Currency relations | | | | |
| EUR/GBP | 1 | -1 | -1 | 1 |
| EUR/JPY | 2 | -2 | -2 | 2 |
| EUR/CHF | 1 | -1 | -1 | 1 |
| EUR/SEK | 0 | 0 | 0 | 0 |
| EUR/CZK | 0 | 0 | 0 | 0 |
| EUR/PLN | 2 | -2 | -2 | 2 |
| EUR/TRY | 1 | -1 | -1 | 1 |

Interest rate risk – sensitivity analysis:

| € million | PROFIT AFTER TAX | | EQUITY | |
|-------------------------------------|------------------|------|--------|------|
| | 10% | -10% | 10% | -10% |
| Dec. 31., 2025 | | | | |
| Insurance and reinsurance contracts | -5 | 5 | 5 | -5 |

| € million | PROFIT AFTER TAX | | EQUITY | |
|-------------------------------------|------------------|------|--------|------|
| | 10% | -10% | 10% | -10% |
| Dec. 31., 2024 | | | | |
| Insurance and reinsurance contracts | -6 | 6 | 6 | -6 |

The effects of risks in connection with currencies and interest rates have no material impact on equity or profit after tax.

Liquidity risk

The maturity profile of underwriting provisions and the associated liquidity risk are set out below.

As of December 31, 2025

| € million | Up to 1 year | Up to 2 years | Up to 3 years | Up to 4 years | Up to 5 years | More than 5 years | Total |
|--|--------------|---------------|---------------|---------------|---------------|-------------------|-------|
| | | | | | | | |
| Liabilities for insurance contracts issued | 1 | -50 | -28 | -92 | -129 | -164 | -463 |
| Liabilities for reinsurance contracts held | 0 | - | - | - | - | - | 0 |

As of Dec. 31, 2024

| € million | Up to 1 year | Up to 2 years | Up to 3 years | Up to 4 years | Up to 5 years | More than 5 years | Total |
|--|--------------|---------------|---------------|---------------|---------------|-------------------|-------|
| Liabilities for insurance contracts issued | -10 | -17 | -86 | -8 | -84 | -248 | -454 |
| Liabilities for reinsurance contracts held | 0 | - | - | - | - | - | 0 |

| € million | 2025 | | 2024 | |
|--|-----------------------------|-----------------|-----------------------------|-----------------|
| | Amount callable immediately | Carrying amount | Amount callable immediately | Carrying amount |
| Liabilities for insurance contracts issued | -264 | -264 | -264 | -264 |
| Liabilities for reinsurance contracts held | 0 | 0 | 0 | 0 |

CONTRACTUAL SERVICE MARGIN

The contractual service margin determined on the reporting date is recognized in profit or loss as set out below.

December 31, 2025

| € million | 2026 | 2027 | 2028 | 2029 | 2030 | After 2030 | Total |
|----------------------------|------|------|------|------|------|------------|-------|
| Insurance contracts issued | -7 | -12 | 0 | -16 | -45 | -56 | -136 |
| Reinsurance contracts held | - | - | - | - | - | - | - |

December 31, 2024

| € million | 2025 | 2026 | 2027 | 2028 | 2029 | After 2029 | Total |
|----------------------------|------|------|------|------|------|------------|-------|
| Insurance contracts issued | -3 | -9 | -17 | 0 | -30 | -74 | -134 |
| Reinsurance contracts held | - | - | - | - | - | - | - |

The reconciliation of the contractual service margin (CSM) for insurance contracts issued is as follows:

| € million | New issues and measurement using the retrospective method at changeover | Measurement using the modified retrospective method at changeover | Total |
|---|--|---|-------------|
| Income from insurance transactions | 281 | 36 | 318 |
| Contractual service margin (CSM) as of Jan. 1, 2025 | -121 | -13 | -134 |
| Changes relating to current services | 75 | 11 | 86 |
| Recognized in profit or loss | 75 | 11 | 86 |
| Changes relating to future services | -80 | -5 | -85 |
| Changes in accounting estimates that affect the CSM | -13 | -5 | -18 |
| Contracts recognized for the first time | -67 | - | -67 |
| Technical insurance result | -3 | 0 | -3 |
| Finance income and expenses from insurance contracts | -6 | 0 | -6 |
| Currency translation | 3 | 0 | 3 |
| Net gain or loss from insurance business | -8 | 6 | -2 |
| Contractual service margin (CSM) as of Dec. 31, 2025 | -129 | -6 | -136 |

| € million | New issues and measurement using the retrospective method at changeover | Measurement using the modified retrospective method at changeover | Total |
|---|--|---|-------------|
| Income from insurance transactions | 112 | 51 | 163 |
| Contractual service margin (CSM) as of Jan. 1, 2024 | - | - | - |
| Changes in basis of consolidation | -155 | -26 | -181 |
| Changes relating to current services | 31 | 16 | 47 |
| Recognized in profit or loss | 31 | 16 | 47 |
| Changes relating to future services | 6 | -3 | 3 |
| Changes in accounting estimates that affect the CSM | 27 | -3 | 25 |
| Contracts recognized for the first time | -22 | - | -22 |
| Technical insurance result | -3 | 0 | -3 |
| Finance income and expenses from insurance contracts | -3 | 0 | -3 |
| Currency translation | 0 | 0 | 0 |
| Net gain or loss from insurance business | 34 | 13 | 47 |
| Other changes | - | - | - |
| Contractual service margin (CSM) as of Dec. 31, 2024 | -121 | -13 | -134 |

As in the previous year, no contractual service margin was recognized for reinsurance contracts held.

TECHNICAL INSURANCE INCOME

The table below shows the changes of the technical insurance income.

| Mio. € | 2025 | 2024 |
|--|------------|------------|
| Technical insurance income | | |
| Change in liability for remaining coverage | 288 | 130 |
| Contractual service margin recognized in profit or loss | 86 | 47 |
| Risk adjustment for nonfinancial risk (current coverage) | 25 | 7 |
| Other changes | -4 | 1 |
| Expected expenses for claims incurred and other costs | 181 | 75 |
| Amortization of costs incurred in concluding contracts | 30 | 33 |
| Total | 318 | 163 |

73. Cash Flow Statement

The VW FS AG Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. Cash flows from investing activities comprise purchase payments and disposal proceeds relating to investment property, subsidiaries, joint ventures and other assets. Cash flows from financing activities reflect all cash flows arising from transactions involving equity, subordinated capital and other financing activities. All other cash flows are classified as cash flows from operating activities in accordance with standard international practice for financial services companies.

Cash and cash equivalents include the entire "Cash reserve" balance sheet item, which consists of cash-in-hand and balances held with Deutsche Bundesbank and foreign central banks, as well as cash and cash equivalents reported in the balance sheet under loans to and receivables from banks, as well as loans to and receivables from customers attributable to other receivables. Cash equivalents from cash pooling with a non-bank entity in the Volkswagen Group are included in the loans to and receivables from customers attributable to other receivables.

The "Cash reserve", "Loans to and receivables from banks" and "Loans to and receivables from customers attributable to other loans and receivables" balance sheet items are reconciled to "Cash and cash equivalents" by adjusting "Loans to and receivables from banks" and "Loans to and receivables from customers attributable to other loans and receivables" for the items which are not cash or cash equivalents:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|---|---------------|---------------|
| Cash reserve | 8,271 | 12,444 |
| Loans to and receivables from banks | 873 | 962 |
| Loans to and receivables from customers attributable to other receivables | 17,606 | 17,627 |
| Total cash reserve, loans to and receivables from banks and receivables from customers attributable to other receivables | 26,749 | 31,033 |
| Receivables from loans and notes in loans to and receivables from banks | -20 | -44 |
| Receivables from time deposits in loans to and receivables from banks | -153 | -15 |
| Trade receivables in loans to and receivables from banks | -1 | 0 |
| Other receivables in loans to and receivables from banks | -4 | -5 |
| Receivables from direct banking business in receivables from customers attributable to other receivables | -437 | -407 |
| Loan receivables in loans to receivables from customers attributable to other receivables | -14,192 | -13,929 |
| Lease receivables with buyback agreements in receivables from customers attributable to other receivables | -838 | -1,382 |
| Trade receivables in loans to and receivables from customers attributable to other receivables | -1,537 | -1,631 |
| Other receivables in loans to and receivables from customers attributable to other receivables | -231 | -204 |
| Cash and cash equivalents | 9,337 | 13,417 |

The changes in the balance sheet items used to determine the changes in the cash flow statement cannot be derived directly from the balance sheet because effects from the changes in the basis of consolidation have no impact on cash and are eliminated.

The following tables show the breakdown of the changes in subordinated capital (as part of financing activities) into cash and noncash transactions for the reporting year and the prior year.

| € million | Balance as of Jan. 1, 2025 | Cash changes | NONCASH TRANSACTIONS | | | Balance as of Dec. 31, 2025 |
|----------------------|-------------------------------|--------------|--------------------------|--------------------------------------|------------------------|--------------------------------|
| | | | Exchange rate changes | Changes in basis of consolidation | Measurement changes | |
| Subordinated capital | 2,745 | - | - | - | - | 2,745 |

| € million | Balance as of Jan. 1, 2024 | Cash changes | NONCASH TRANSACTIONS | | | Balance as of Dec. 31, 2024 |
|----------------------|-------------------------------|--------------|--------------------------|--------------------------------------|------------------------|--------------------------------|
| | | | Exchange rate changes | Changes in basis of consolidation | Measurement changes | |
| Subordinated capital | - | -196 | - | 2,941 | - | 2,745 |

74. Contingent assets and off-balance-sheet liabilities

CONTINGENT ASSETS

An Earn-Out agreement with a term until December 31, 2027 that was entered into in connection with the sale of a former associate results in potential payment claims of up to €10 million, whose actual existence must still be confirmed by future events that are beyond the Group's control. The Group recognizes the potential claims as contingent assets as the conditions for recognizing an asset have not yet been satisfied.

CONTINGENT LIABILITIES

VW FS AG, as a legal entity participating in the spin-off of the European operation of Volkswagen Financial Overseas AG (operating at that time under the name Volkswagen Financial Services AG), is liable as a joint and several debtor in accordance with section 133 (1) sentence 1 of the *Umwandlungsgesetz* (German Transformation Act – UmwG) for the liabilities incurred by the transferring legal entity, Volkswagen Financial Services Overseas AG, up to the effective date of the spin-off on July 1, 2024. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 and transferred to VW FS AG with the European operations by way of the spin-off are recognized in the balance sheet of the VW FS AG Group and are not included for the purposes of determining contingent liabilities. The liabilities incurred by Volkswagen Financial Services Overseas AG prior to July 1, 2024 and remaining with Volkswagen Financial Services Overseas AG as of the reporting date result in contingent liabilities of €7 million (previous year: €23 million) under the joint and several liability.

There are additional contingent liabilities of €6 million (previous year: €12 million) from surety agreements that do not satisfy the conditions for recognizing a provision in accordance with IAS 37.

OTHER FINANCIAL OBLIGATIONS

| € million | DUE | DUE | DUE | TOTAL |
|---|--------|-------------|-----------|---------------|
| | 2026 | 2027 – 2030 | From 2031 | Dec. 31, 2025 |
| Purchase commitments in respect of | | | | |
| Property and equipment | 0 | – | – | 0 |
| Intangible assets | 0 | – | – | 0 |
| Investment property | – | – | – | – |
| Obligations from | | | | |
| Irrevocable credit commitments to customers | 10,173 | 105 | – | 10,278 |
| Long-term leasing and rental contracts | 17 | 6 | – | 23 |
| Miscellaneous financial obligations | 202 | 70 | – | 272 |

In the case of irrevocable credit commitments, the Company expects the customers to draw down the facilities concerned.

| € million | DUE | DUE | DUE | TOTAL |
|---|--------|-------------|-----------|---------------|
| | 2025 | 2026 – 2029 | From 2030 | Dec. 31, 2024 |
| Purchase commitments in respect of | | | | |
| Property and equipment | 0 | – | – | 0 |
| Intangible assets | 2 | – | – | 2 |
| Investment property | – | – | – | – |
| Obligations from | | | | |
| Irrevocable credit commitments to customers | 11,194 | – | – | 11,194 |
| Long-term leasing and rental contracts | 19 | 7 | – | 26 |
| Miscellaneous financial obligations | 215 | 53 | – | 269 |

75. Share-based payment

PAYMENTS FROM THE SHARE-BASED RETROSPECTIVE LONG-TERM BONUS

The variable compensation for members of the Board of Management, management, and selected participants below management level includes a retrospective long-term bonus (LTB) with a three-year assessment basis. The payout amount for the LTB is determined by multiplying the individual target amount for the LTB with the degree of target achievement for the annual result for each Volkswagen preferred share and the ratio between the closing reference price at the end of the term plus a dividend equivalent and the initial reference price. The payment amount for all beneficiaries under the LTB is limited to 250% of the target amount.

In the reporting year, all beneficiaries were granted a target amount, based on target attainment of 100%, of €21 million (previous year: €21 million). As of December 31, 2025, the total carrying amount of the obligation, which equated to the intrinsic value of the liabilities, amounted to €29 million (previous year: €30 million). A total expense of €25 million (previous year: €21 million) was recognized in the reporting period for this allocation.

BENEFITS BASED ON PERFORMANCE SHARES

In fiscal year 2025, 721 performance shares were still granted from the forward-looking performance share plan (PSP). This component of variable compensation has been gradually replaced by the LTB since fiscal year 2024 no further performance shares are expected to be granted starting in fiscal year 2026. Beneficiaries are allocated performance shares purely for calculation purposes at the beginning of the three-year performance period. The number of allocated performance shares is calculated based on the individual target amount for the PSP at the grant date and the initial reference price of Volkswagen preferred shares. Settlement is in cash at the end of the three-year performance period. The payment amount corresponds to the number of determined performance shares, multiplied by the closing reference price at the end of the period plus a dividend equivalent. The maximum payment amount is limited to 250%.

The following table lists the figures for the performance share plan:

| € million | Dec. 31, 2025 | Dec. 31, 2024 |
|--|---------------|---------------|
| Total expense for the period | 0 | 0 |
| Total carrying amount of the obligation | 1 | 6 |
| Intrinsic value of the liabilities | 1 | 2 |
| Fair value at grant date | 0 | 1 |
| Number of performance shares granted | 30,696 | 44,964 |
| of which: number granted in the reporting period | 721 | 9,917 |

76. Total fees charged by the auditor of the consolidated financial statements

The table below shows the total fees charged in the reporting year by the auditor of the consolidated financial statements, Ernst & Young GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, in accordance with the requirements specified in section 314(1) no. 9 of the HGB.

| € million | 2025 | 2024 |
|------------------------------------|----------|----------|
| Financial statement audit services | 5 | 5 |
| Other attestation services | 0 | 0 |
| Tax consulting services | – | – |
| Other services | 0 | 0 |
| Total | 6 | 6 |

The fees paid to the auditor for audit services in the year under review were mostly attributable to the audit of the consolidated financial statements of VW FS AG and of the annual financial statements of German Group companies, as well as to reviews of reporting packages of German Group companies.

77. Personnel expenses

The personnel expenses of the VW FS AG Group are recognized in the income statement item General and administrative expenses and in the income statement item Expenses from insurance business, and are summarized in the following.

| € million | 2025 | 2024 |
|--|--------------|------------|
| Wages and salaries | 903 | 426 |
| Social security contributions | 148 | 70 |
| Post-employment and other employee benefit costs | 44 | 38 |
| Total | 1,096 | 534 |

78. Average number of employees during the reporting period

| | 2025 | 2024 |
|--|---------------|---------------|
| Salaried employees | 10,232 | 10,570 |
| Vocational trainees | 143 | 167 |
| Sum | 10,375 | 10,737 |
| Employees with the Volkswagen Pon Financial Services B.V., Amersfoort, Volkswagen Møller Bilfinans A/S, Oslo, joint ventures, Volkswagen D'leteren Finance S.A., Brussels (only included in year 2024) | 709 | 854 |
| Total | 11,084 | 11,591 |

79. Related party disclosures

Related parties within the meaning of IAS 24 are deemed to be individuals or entities who can be influenced by VW FS AG, who can exercise an influence over VW FS AG, or who are under the influence of another related party of VW FS AG.

Volkswagen AG, Wolfsburg, is the sole shareholder of VW FS AG. Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect, via the Annual General Meeting, all the shareholder representatives on the Volkswagen AG Supervisory Board as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 8, 2026, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2025 and thus exercise an indirect significant influence over the VW FS AG Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment). The sole shareholder, Volkswagen AG, and VW FS AG have entered into a control and profit-and-loss transfer agreement.

Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities provide the entities in the VW FS AG Group with funding on an arm's-length basis. As part of funding and leasing transactions, Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities sold vehicles to entities in the VW FS AG Group on an arm's-length basis. These transactions are presented in the "Goods and services received" line item. Volkswagen AG and its subsidiaries have also furnished collateral for the benefit of the companies in the VW FS AG Group within the scope of the operating business.

The production companies and importers in the Volkswagen Group provide the entities in the VW FS AG Group with financial subsidies to support sales promotion campaigns.

The "Goods and services provided" line item primarily contains income from leasing transactions. The business transactions with unconsolidated subsidiaries, joint ventures and associates of VW FS AG mainly relate to the provision of funding and services. These transactions are always conducted on an arm's-length basis, e.g., when using the cost plus method for the provision of services.

The table below shows the transactions with related parties. In the table, the exchange rates used are the closing rate for asset and liability items, and the weighted average rates for the year for income statement items.

FISCAL YEAR 2025

| € million | Supervisory Board | Board of Management | Volkswagen AG | Porsche SE | Other related parties in the consolidated entities | Non consolidated subsidiaries | Joint ventures | Associates |
|--|-------------------|---------------------|---------------|------------|--|-------------------------------|----------------|------------|
| Loans and Receivables | 0 | 0 | 416 | – | 4,222 | 122 | 13,581 | 1 |
| Valuation allowances on impaired loans and receivables | – | – | – | – | –1 | – | – | – |
| of which additions in current year | – | – | – | – | –1 | – | – | – |
| Obligations | 2 | 11 | 8,453 | – | 12,718 | 68 | 454 | 36 |
| Interest income | 0 | 0 | 36 | – | 217 | 6 | 425 | – |
| Interest expense | 0 | 0 | –114 | – | –687 | –2 | –1 | –1 |
| Goods and services provided | 0 | – | 1,605 | 0 | 5,250 | 26 | 90 | 51 |
| Goods and services received | – | – | 14,353 | – | 10,767 | 7 | 5 | 9 |

FISCAL YEAR 2024

| € million | Supervisory Board | Board of Management | Volkswagen AG | Porsche SE | Other related parties in the consolidated entities | Non consolidated subsidiaries | Joint ventures | Associates |
|--|-------------------|---------------------|---------------|------------|--|-------------------------------|----------------|------------|
| Loans and Receivables | 0 | 0 | 425 | 0 | 6,450 | 189 | 11,827 | 2 |
| Valuation allowances on impaired loans and receivables | – | – | – | – | – | – | – | – |
| of which additions in current year | – | – | – | – | – | – | – | – |
| Obligations | 3 | 12 | 8,788 | – | 16,758 | 146 | 354 | 4 |
| Interest income | 0 | 0 | 22 | – | 152 | 3 | 197 | – |
| Interest expense | 0 | 0 | –86 | – | –467 | –2 | –1 | 0 |
| Goods and services provided | – | – | 541 | 0 | 2,149 | 9 | 64 | – |
| Goods and services received | – | – | 8,951 | – | 5,132 | 13 | 17 | 1 |

The “Other related parties in the consolidated entities” column includes, in addition to sister entities, joint ventures and associates that are related parties in Volkswagen AG’s group of consolidated entities but do not directly belong to VW FS AG. The relationships with the Supervisory Board and the Management Board comprise relationships with the relevant groups of people at VW FS AG and the Group parent company Volkswagen AG. As in the prior year, relationships with pension plans and the State of Lower Saxony were of lesser significance in the reporting year.

VW FS AG did not receive any capital contributions from its parent company, Volkswagen AG, in the fiscal year. In the previous year, VW FS AG had received capital increases against cash contributions totaling €31,440 million from the parent company Volkswagen AG, of which €250 million was attributable to subscribed capital and €16,713 million to the capital reserves. However, VW FS AG and its subsidiaries provided capital contributions of €93 million (previous year: €575 million) to related parties.

Members of the Management Board and Supervisory Board of VW FS AG are also members of management and supervisory boards of other entities in the Volkswagen Group with which VW FS AG

sometimes conducts transactions in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

During the course of the reporting period, standard short-term bank loans amounting to an average total of €770 million (previous year restated: €756 million) were granted to related parties as part of dealer financing.

BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IAS 24

The following table shows the remuneration of the members of the Board of Management in accordance with IAS 24.17.

| € million | 2025 | 2024 |
|---|----------|----------|
| Short-term benefits | 6 | 2 |
| Payments based on share-based payment arrangements (long-term bonus and performance shares) | 1 | 1 |
| Termination benefits | – | – |
| Post-employment benefits | 1 | 0 |
| Total benefits | 8 | 4 |

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The prior-year information relates to remuneration of the Board of Management of VW FS AG from July 1, 2024. No Board of Management remuneration was paid by VW FS AG in the period up to June 30, 2024.

The employer-funded contributions to defined benefit plans for members of the Board of Management in accordance with IAS 19.54 amounted to €1 million (previous year: €1 million).

BOARD OF MANAGEMENT REMUNERATION

In the reporting year, the total remuneration of the Board of Management in accordance with section 314(1) no. 6 of the HGB amounted to €7 million (previous year: €3 million); 0 performance shares were granted in the reporting year (previous year: 9,818), the fair value of which was €0 million (previous year: €1 million) at the grant date.

In the current fiscal year, the target amount of the long-term bonus is €1 million (previous year: €1 million), based on 100% target achievement.

The total payments made to former members of the Board of Management and their surviving dependants amounted to €1 million (previous year: €1 million). The provisions recognized for this group of people to cover current pensions and pension entitlements amounted to €25 million (previous year: €21 million).

SUPERVISORY BOARD REMUNERATION

In accordance with a resolution passed by the Annual General Meeting, the members of the Supervisory Board are entitled to an annual allowance. This allowance is independent of the performance of the Company. Various members of the Supervisory Board are also members of the supervisory boards of other Volkswagen AG subsidiaries. The amounts received for these functions are deducted from the allowance entitlement from VW FS AG. As a result, a total amount of €0 million (previous year: €– million) was paid out to the members of the Supervisory Board in fiscal year 2025.

The employee representatives on the Supervisory Board of Volkswagen Financial Services AG also receive their regular salaries under the terms of their employment contracts. This salary is based on the provisions in the *Betriebsverfassungsgesetz* (BetrVG – German Works Constitution Act) and corresponds to the remuneration for equivalent employees with career development typical for the organization. Appropriate remuneration for the representative of the senior executives on the Supervisory Board corresponds to the remuneration for a corresponding function or role within the company.

80. Governing bodies of Volkswagen Financial Services AG

The members of the Board of Management are as follows:

DR. CHRISTIAN DAHLHEIM (UNTIL DECEMBER 31, 2025)

Chair of the Board of Management
Corporate Management of Volkswagen Financial Services AG
Human Resources and Organization

ANTHONY BANDMANN

Sales and Marketing
Europe region (including Germany)

DR. INGRUN ULLA BARTÖLKE

Finance and Purchasing

FRANK FIEDLER (UNTIL SEPTEMBER 30, 2025)

Risk, Tax and Legal

DR. ALENA KRETZBERG

IT and Digital

CHRISTIAN LÖBKE (AS OF OCTOBER 1, 2025)

Risk Management of Volkswagen Financial Services AG

Anthony Bandmann took over as Chair of the Board of Management of Volkswagen Financial Services AG effective January 1, 2026, succeeding Dr. Christian Dahlheim.

The members of the Supervisory Board of Volkswagen Financial Services AG are as follows:

DR. ARNO ANTLITZ

Chair
Member of the Board of Management of
Volkswagen AG
Finance and Operations

JÜRGEN MAHNKOPF

Deputy Chair of the General and Group Works
Council of Volkswagen AG

DR. HANS PETER SCHÜTZINGER

Deputy Chair
Chief Executive Officer
of Porsche Holding GmbH Salzburg

LIESBETH RIGTER

Leadership Consultant at Soul Team NL VOF

ANDREAS KRAUß

Deputy Chair
Chair of the Joint Works Council of Volkswagen
Financial Services AG, Volkswagen Financial Services
Overseas AG, Volkswagen Bank GmbH, Volkswagen
Leasing GmbH, Vehicle Trading International (VTI)
GmbH, Volkswagen Insurance Brokers GmbH and
Volkswagen Versicherung AG

JÜRGEN RITTERSBERGER

Member of the Board of Management of AUDI AG
Finance, Legal Affairs and IT

GARNET ALPS

First authorized representative IG Metall
Braunschweig

SABINE SCHMITTROTH

Managing partner of sajos GmbH

SARAH AMELING-ZAFFIRO

Deputy Chair of the Joint Works Council of
Volkswagen Financial Services AG, Volkswagen
Financial Services Overseas AG, Volkswagen Bank
GmbH, Volkswagen Leasing GmbH, Vehicle Trading
International (VTI) GmbH, Volkswagen Insurance
Brokers GmbH and Volkswagen Versicherung AG

HOLGER SIEDENTOPF

Chair of the Board of Management of the
Management Association of Volkswagen Financial
Services AG and Volkswagen Financial Services
Overseas AG

NINA BABIC (SINCE AUGUST 01, 2025)

Member of the Board of Management of
Aareal Bank AG
Chief Risk Officer

MIRCO THIEL

Executive Director of the Joint Works Council of
Volkswagen Financial Services AG, Volkswagen
Financial Services Overseas AG, Volkswagen Bank
GmbH, Volkswagen Leasing GmbH, Vehicle Trading
International (VTI) GmbH, Volkswagen Insurance
Brokers GmbH and Volkswagen Versicherung AG

PHILIP LAUCKS (UNTIL JANUARY 31, 2025)

Chair of the Management Board of
Fondsdepot Bank GmbH

The composition of the committees of the Supervisory Board of Volkswagen Financial Services AG was as follows:

MEMBERS OF THE AUDIT COMMITTEE

Nina Babic (Chair) (since September 05, 2025)
Philip Laucks (Chair) (until January 31, 2025)
Sarah Ameling-Zaffiro
Dr. Hans Peter Schützing
Mirco Thiel

MEMBERS OF THE NOMINATION COMMITTEE

Dr. Arno Antlitz (Chair)
Andreas Krauß
Philip Laucks (until January 31, 2025)
Liesbeth Rigter (since February 13, 2025)

MEMBERS OF THE REMUNERATION COMMITTEE

Sabine Schmittroth (Chair)
Dr. Arno Antlitz
Andreas Krauß
Jürgen Rittersberger

MEMBERS OF THE RISK COMMITTEE

Liesbeth Rigter (Chair)
Sabine Schmittroth
Dr. Hans Peter Schützing
Mirco Thiel

MEMBERS OF THE CREDIT COMMITTEE

Dr. Arno Antlitz (Chair)
Liesbeth Rigter
Holger Siedentopf

MEMBERS OF THE SPECIAL CREDIT COMMITTEE

Sabine Schmittroth (Chair)
Nina Babic (since September 05, 2025)
Philip Laucks (until January 31, 2025)
Liesbeth Rigter

81. Comfort letter in favor of the creditors of Volkswagen Bank GmbH

Volkswagen Financial Services AG has issued the following hard letter of comfort:

Volkswagen Financial Services AG, formerly Volkswagen Financial Services Europe AG, with its registered office in Braunschweig, is the sole shareholder of the company under the name Volkswagen Bank GmbH with its registered office in Braunschweig.

Volkswagen Financial Services AG undertakes vis-à-vis all current and future creditors of Volkswagen Bank GmbH to ensure that Volkswagen Bank GmbH is financially equipped in such a way that it is able at all times to properly fulfil all its current and future obligations.

The assignment of rights and obligations arising from this letter of comfort is excluded.

82. Comfort letter for the other affiliated companies

With the exception of political risks, Volkswagen Financial Services AG hereby declares that, as the shareholder of its affiliated companies, over which it has managerial control and/or in which it holds a direct or indirect majority share of the share capital, it will exert its influence to ensure that the latter meet their liabilities to lenders in the agreed manner. Moreover, Volkswagen Financial Services AG confirms that, for the term of the loans, it will make no changes to the share structures of these companies which would adversely affect the letter of comfort without informing the lenders.

83. Events after the balance sheet date

No events of particular significance occurred up to February 23, 2026 that would have required a significantly different presentation of the net assets, financial position and results of operations.

Shareholdings

Shareholdings of Volkswagen Financial Services AG and the Volkswagen Financial Services AG Group in accordance with sections 285 and 313 of the HGB and presentation of the companies included in the consolidated financial statements of the Volkswagen Financial Services AG Group in accordance with IFRS 12 as of December 31, 2025.

| Name and registered office of company | Currency | EXCHANGE RATE | VW FS AG'S INTEREST IN CAPITAL | | | EQUITY IN THOUSANDS | PROFIT/LOSS IN THOUSANDS | Footnote | Year |
|--|---------------|---------------|--------------------------------|----------|--------|---------------------|--------------------------|----------|------|
| | | (1 EURO =) | Direct | Indirect | Total | local currency | local currency | | |
| | Dec. 31, 2025 | | | | | | | | |
| I. PARENT COMPANY | | | | | | | | | |
| Volkswagen Financial Services AG | | | | | | | | | |
| II. SUBSIDIARIES | | | | | | | | | |
| A. Consolidated companies | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| EURO-Leasing GmbH | EUR | – | 100.00 | – | 100.00 | 55,433 | – | 1) | 2025 |
| Vehicle Trading International (VTI) GmbH | EUR | – | 100.00 | – | 100.00 | 2,763 | – | 1) | 2025 |
| Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH | EUR | – | 100.00 | – | 100.00 | 57,051 | – | 1) | 2025 |
| Volkswagen Bank GmbH | EUR | – | 100.00 | – | 100.00 | 14,509,850 | – | 1), 2) | 2025 |
| Volkswagen Insurance Brokers GmbH | EUR | – | 100.00 | – | 100.00 | 54,829 | – | 1) | 2025 |
| Volkswagen Leasing GmbH | EUR | – | – | 100.00 | 100.00 | 3,269,912 | – | 1) | 2025 |
| Volkswagen Versicherung AG | EUR | – | 100.00 | – | 100.00 | 97,055 | – | 1) | 2025 |
| Volkswagen-Versicherungsdienst GmbH | EUR | – | 100.00 | – | 100.00 | 54,369 | – | 1) | 2025 |
| 2. International | | | | | | | | | |
| Autofinance S.A. | SEK | 10.7997 | – | – | – | 350 | – | 3) | 2024 |
| Driver Master S.A. | EUR | – | – | – | – | 31 | – | 3) | 2024 |
| Driver UK Master S.A. | GBP | 0.8731 | – | – | – | 29 | – | 3), 4) | 2024 |
| Driver UK Multi-Compartment S.A. | GBP | 0.8731 | – | – | – | 29 | – | 3), 4) | 2024 |
| MAN Financial Services España S.L. | EUR | – | – | 100.00 | 100.00 | 55,449 | 29,723 | | 2024 |
| MAN Financial Services Poland Sp. z o.o. | PLN | 4.2193 | – | 100.00 | 100.00 | 128,930 | –210 | 5) | 2024 |
| MAN Location & Services S.A.S. | EUR | – | 100.00 | – | 100.00 | 5,078 | 6,319 | | 2024 |
| Private Driver España 2020-1, Fondo de Titulización | EUR | – | – | – | – | – | – | 3) | 2024 |
| Private Driver Italia 2020-1 S.r.l. | EUR | – | – | – | – | 10 | – | 3) | 2024 |
| Private Driver Italia 2024-1 S.r.l. | EUR | – | – | – | – | 10 | – | 3), 6) | 2024 |
| ŠkoFIN s.r.o. | CZK | 24.1990 | – | 100.00 | 100.00 | 6,302,000 | –51,000 | | 2024 |
| Trucknology S.A. | EUR | – | – | – | – | 31 | – | 3) | 2024 |
| VCL Master Poland DAC | EUR | – | – | – | – | 8 | 4 | 3) | 2024 |
| VCL Master Residual Value S.A. | EUR | – | – | – | – | 31 | – | 3) | 2024 |
| VCL Master S.A. | EUR | – | – | – | – | 31 | – | 3) | 2024 |
| VCL Master Sweden S.A. | SEK | 10.7997 | – | – | – | 320 | – | 3) | 2024 |
| VCL Multi-Compartment S.A. | EUR | – | – | – | – | 31 | – | 3) | 2024 |
| Volkswagen Finance Belgium S.A. | EUR | – | – | 100.00 | 100.00 | 53,956 | 22,035 | | 2024 |
| Volkswagen Finance Europe B.V. | EUR | – | 100.00 | – | 100.00 | 4,657,405 | –7,273 | | 2024 |
| Volkswagen Financial Services (UK) Ltd. | GBP | 0.8731 | – | 100.00 | 100.00 | 3,074,741 | 110,326 | | 2024 |

| Name and registered office of the company | Currency | EXCHANGE RATE | VW FS AG'S INTEREST IN CAPITAL | | | EQUITY | PROFIT/ | Footnote | Year |
|--|----------|---------------|--------------------------------|----------|--------|----------------|--------------------|----------|------|
| | | (1 EURO =) | IN % | IN % | TOTAL | IN THOU-SANDS | LOSS IN THOU-SANDS | | |
| | | Dec. 31, 2025 | Direct | Indirect | Total | local currency | local currency | | |
| Volkswagen Financial Services Ireland Ltd. | EUR | – | – | 100.00 | 100.00 | –29,536 | 15,185 | | 2024 |
| Volkswagen Financial Services N.V. | EUR | – | – | 100.00 | 100.00 | 2,722,311 | 78,131 | | 2024 |
| Volkswagen Financial Services Polska Sp. z o.o. | PLN | 4.2193 | – | 100.00 | 100.00 | 2,598,137 | 351,574 | 5) | 2024 |
| Volkswagen Finans Sverige AB | SEK | 10.7997 | – | 100.00 | 100.00 | 1,470,030 | 1,061 | | 2024 |
| Volkswagen Insurance Services, Correduria de Seguros, S.L. | EUR | – | – | 100.00 | 100.00 | 61,673 | 13,863 | | 2024 |
| Volkswagen Renting S.A. | EUR | – | – | 100.00 | 100.00 | 89,121 | 4,332 | | 2024 |
| Volkswagen Renting, Unipessoal, Lda. | EUR | – | – | 100.00 | 100.00 | 3,172 | 301 | | 2024 |
| Volkswagen Serwis Ubezpieczeniowy Sp. z o.o. | PLN | 4.2193 | – | 100.00 | 100.00 | 113,726 | 29,102 | | 2024 |
| B. Unconsolidated companies | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| LOGPAY Financial Services GmbH | EUR | – | 100.00 | – | 100.00 | 12,674 | – | 1) | 2025 |
| Mobility Trader GmbH, in Liquidation | EUR | – | – | 100.00 | 100.00 | –15,260 | –4,467 | 7) | 2024 |
| Mobility Trader Holding GmbH, in Liquidation | EUR | – | 77.76 | – | 77.76 | 26,553 | –29,408 | 7) | 2024 |
| The Key to Mobility Services GmbH | EUR | – | – | 100.00 | 100.00 | 20 | – | 1) | 2024 |
| 2. International | | | | | | | | | |
| Euro-Leasing A/S, in Liquidation | DKK | 7.4689 | – | 100.00 | 100.00 | 35,205 | –1,132 | 7) | 2024 |
| INIS International Insurance Service s.r.o. | CZK | 24.1990 | – | 100.00 | 100.00 | 55,477 | 49,977 | | 2024 |
| Mobility Trader France S.A.S. | EUR | – | – | 100.00 | 100.00 | –51 | –13,587 | | 2024 |
| Mobility Trader UK Ltd. | GBP | 0.8731 | – | 100.00 | 100.00 | 13,953 | –22,478 | | 2023 |
| Softbridge - Projectos Tecnológicos S.A. | EUR | – | – | 70.00 | 70.00 | 12,888 | 5,195 | | 2024 |
| Volkswagen Financial Services DS (UK) Limited | GBP | 0.8731 | – | 100.00 | 100.00 | – | – | 6), 8) | 2025 |
| Volkswagen Financial Services Hellas A.E. | EUR | – | 100.00 | – | 100.00 | 1,742 | –1,327 | | 2024 |
| Volkswagen Financial Services Schweiz AG | CHF | 0.9309 | – | 100.00 | 100.00 | 12,220 | 4,993 | | 2024 |
| Volkswagen Insurance Brokers, Agente de Seguros y de Fianzas, S.A. de C.V. | MXN | 21.1008 | – | 100.00 | 100.00 | 117,406 | 113,789 | | 2024 |
| Volkswagen Insurance Company DAC | EUR | – | 100.00 | – | 100.00 | 70,224 | 3,942 | | 2024 |
| Volkswagen Insurance Service (Great Britain) Ltd. | GBP | 0.8731 | – | 100.00 | 100.00 | 2,831 | 112 | | 2023 |
| Volkswagen Insurance Services Korea Co., Ltd. | KRW | 1,695.3050 | – | 100.00 | 100.00 | 7,918,955 | 1,282,402 | | 2024 |
| Volkswagen Service Sverige AB | SEK | 10.7997 | – | 100.00 | 100.00 | 31,297 | 5,079 | | 2024 |
| VTXRM - Software Factory Lda. | EUR | – | – | 90.00 | 90.00 | 14,294 | 5,778 | | 2024 |
| VTXRM Software Factory US LLC | USD | 1.1748 | – | 100.00 | 100.00 | – | – | | 2024 |
| VTXRM Software Technology (Chengdu) Co., Ltd. | CNY | 8.2249 | – | 100.00 | 100.00 | 142 | –204 | 6) | 2024 |
| III. JOINT VENTURES | | | | | | | | | |
| A. Equity-accounted companies | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| Volkswagen Autoversicherung Holding GmbH | EUR | – | 51.00 | – | 51.00 | 148,163 | 3,306 | | 2024 |
| 2. International | | | | | | | | | |
| Volkswagen D'Ieteren Finance S.A. | EUR | – | – | 50.00 | 50.00 | 152,357 | –514 | | 2024 |
| Volkswagen Møller Bilfinans A/S | NOK | 11.8169 | – | 51.00 | 51.00 | 4,058,674 | 325,565 | 5) | 2024 |
| Volkswagen Pon Financial Services B.V. | EUR | – | – | 60.00 | 60.00 | 647,873 | 68,252 | 2), 9) | 2024 |
| Volkswagen Semler Finans Danmark Holding A/S | DKK | 7.4689 | – | 51.00 | 51.00 | – | – | 6) | 2024 |

| Name and registered office of the company | Currency | EXCHANGE RATE | VW FS AG'S INTEREST IN CAPITAL | | | EQUITY | PROFIT/ | Footnote | Year |
|---|----------|---------------|--------------------------------|---------------|--------------------|----------------|----------------|----------|------|
| | | (1 EURO =) | IN % | IN THOU-SANDS | LOSS IN THOU-SANDS | | | | |
| | | Dec. 31, 2025 | Direct | Indirect | Total | local currency | local currency | | |
| B. Companies accounted for at cost | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| MyDigitalCar GmbH | EUR | – | 50.00 | – | 50.00 | 1,833 | –145 | | 2024 |
| 2. International | | | | | | | | | |
| Collect Car B.V. | EUR | – | – | 60.00 | 60.00 | 4,292 | –348 | | 2024 |
| movon AG | CHF | 0.9309 | – | 50.00 | 50.00 | 71,989 | 930 | | 2024 |
| Shuttel B.V. | EUR | – | 49.00 | – | 49.00 | 5,064 | 1,819 | | 2024 |
| Staymo S.A.S. | EUR | – | – | 51.00 | 51.00 | 696 | –2,158 | | 2024 |
| Volkswagen Losch Financial Services S.A. | EUR | – | 60.00 | – | 60.00 | 9,103 | 345 | | 2024 |
| IV. ASSOCIATED COMPANIES | | | | | | | | | |
| A. Equity-accounted associates | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| 2. International | | | | | | | | | |
| Bike Mobility Services Group B.V. | EUR | – | – | 49.00 | 49.00 | 79,869 | 26,848 | | 2024 |
| B. Associates accounted for at cost | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| Digital Mobility Leasing GmbH | EUR | – | 26.00 | – | 26.00 | 9,024 | –1,128 | | 2024 |
| Euromobil GmbH | EUR | – | – | 49.00 | 49.00 | 3,626 | –6,122 | | 2024 |
| Verimi GmbH | EUR | – | 38.14 | – | 38.14 | 1,282 | –119,491 | | 2024 |
| 2. International | | | | | | | | | |
| Credi2 GmbH | EUR | – | – | 32.47 | 32.47 | 154 | –2,848 | | 2024 |
| V. EQUITY INVESTMENTS | | | | | | | | | |
| 1. Germany | | | | | | | | | |
| 2. International | | | | | | | | | |
| Society for Worldwide Interbank Financial Telecommunications SCRL | EUR | – | – | 0.01 | 0.01 | 871,200 | 132,900 | 5), 9) | 2024 |

1) Profit- and -loss transfer agreement

2) Matter within the meaning of section 1 of the UmwG

3) Structured company in accordance with IFRS 10 and IFRS 12

4) Different fiscal year

5) Figures in accordance with IFRS

6) Short fiscal year

7) In liquidation

8) Newly established company/Spin-off

9) Consolidated financial statements

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



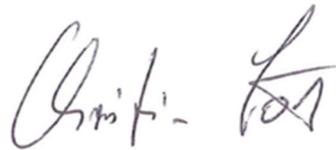
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Braunschweig, February 23, 2026

Volkswagen Financial Services AG
The Board of Management



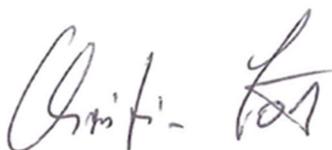
Anthony Bandmann



Dr. Ingrun Bartölke



Dr. Alena Kretzberg



Christian Løbke

Independent Auditor's Report¹

To Volkswagen Financial Services AG, Braunschweig

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

OPINIONS

We have audited the consolidated financial statements of Volkswagen Financial Services AG, Braunschweig, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2025 to 31 December 2025, and the consolidated balance sheet as at 31 December 2025, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January 2025 to 31 December 2025, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Volkswagen Financial Services AG, which is combined with the Company's management report, for the fiscal year from 1 January 2025 to 31 December 2025. In accordance with the German legal requirements, we have not audited the content of the corporate governance declaration pursuant to Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB ["Handelsgesetzbuch": German Commercial Code] included in the "Corporate Governance Declaration" section of the group management report (disclosures on the quota for women on executive boards).

In our opinion, on the basis of the knowledge obtained in the audit,

- > the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2025 and of its financial performance for the fiscal year from 1 January 2025 to 31 December 2025, and
- > the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the corporate governance declaration in accordance with Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB included in the "Corporate Governance Declaration" section of the group management report (disclosures on the quota for women on executive boards).

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

¹ Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as “EU Audit Regulation”) and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the Group entities in accordance with the requirements of European law and German commercial and professional law as well as the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other German professional responsibilities in accordance with these requirements and the IESBA Code. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the fiscal year from 1 January 2025 to 31 December 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Identification of impaired loans and determination of the provision for Stage 3 credit risks in dealer financing

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The identification of impaired loans and the determination of provisions for Stage 3 credit risks in dealer financing are significant areas in which the executive directors exercise judgment. The identification of impaired loans and the determination of an appropriate provision for Stage 3 credit risks entail uncertainties, which include various assumptions and estimation inputs, particularly regarding the dealers’ financial performance, expected future cash flows and the valuation of collateral. The dealers’ financial performance is influenced in particular by the volume of automotive sales, which depends on factors such as changes in purchasing power due to the trend in inflation and general interest rates as well as the dealers’ refinancing costs. Due to the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the European economy, estimation uncertainty remained heightened in the fiscal year.

In view of the business model and the significance of dealer financing for the Group’s assets and financial performance, we determined the identification of impaired loans and the determination of provisions for Stage 3 credit risks in dealer financing to be a key audit matter.

AUDITOR'S RESPONSE

During our audit, we analyzed the accounting-related processes for the identification of impaired loans and the determination of the provision for Stage 3 credit risks to check for the consideration of relevant risk factors. We tested the operating effectiveness of the controls implemented in these processes for identifying impaired loans and determining the provision for Stage 3 credit risks. Our audit procedures focused on the processes for evaluating the borrowers' economic situation, monitoring early warning indicators, applying impairment triggers and thus for correctly applying internal risk classification procedures and for valuing collateral.

In addition, we performed substantive audit procedures on a sample basis and assessed the existence of any acute default risks and the determination of the provision for Stage 3 credit risks. We selected our sample applying a risk-based approach, using in particular criteria such as the inclusion of loans on watch lists for increased default risks, rating class, the level of exposure and the provision for credit risks already recognized.

As part of our risk-based sampling, we assessed whether the significant assumptions and estimates relating to dealers' expected cash flows including the carrying amounts of collateral held are consistent with the borrower's economic situation and market expectations. Furthermore, we checked the arithmetical accuracy of the provision determined for Stage 3 credit risks.

Our audit procedures did not lead to any reservations relating to the identification of impaired loans and the determination of the provision for Stage 3 credit risks in dealer financing.

REFERENCE TO RELATED DISCLOSURES

The Company's disclosures on the accounting policies applied for the identification of impaired loans and the determination of provisions for Stage 3 credit risks (including dealer financing) are contained in the notes to the consolidated financial statements in note "9 Financial instruments" and note "20. Management estimates and assumptions" and in the group management report in the Report on Opportunities and Risks under the heading "Credit risk" in the passages addressing "Collateral" and "Provisions."

Macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers and for loans and receivables attributable to the leasing business

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The valuation of loans to and receivables from customers and the related determination of the provisions for Stage 1 and 2 credit risks of such loans and receivables and for loans and receivables attributable to the leasing business are significant areas in which the executive directors exercise judgment. As of the reporting date, the model-based determination of provisions uses three macroeconomic scenarios to meet the requirements for an unbiased and probability-weighted estimate. The three scenarios (base, positive, negative) differ in terms of the assumptions and estimates of future macroeconomic developments and are reflected in the different specific credit risk parameters underlying the calculation of the provisions (loss given default, probability of default and credit conversion factor).

In light of the significant volume of Stage 1 and 2 non-defaulted loans to and receivables from customers and of loans and receivables attributable to the leasing business underlying the model-based determination of the provisions as well as the increased uncertainty and judgment involved in the macroeconomic scenarios as a consequence of the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the European economy, we consider the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers and for loans and receivables attributable to the leasing business to be a key audit matter.

AUDITOR'S RESPONSE

As part of our audit, we analyzed the derivation of the scenarios to determine whether they are consistent with the macroeconomic forecasts of selected economic research institutes. We also consulted internal specialists to assess the appropriateness of the derived scenarios on the basis of our expectations of industry performance.

We analyzed the processes implemented in connection with the specific credit risk parameters derived from the scenarios and assessed the adequate design and operating effectiveness of the controls implemented in the process.

We examined the method used so as to check that the specific credit risk parameters are consistent with the relevant scenario. To test the adequate design of the credit risk parameters for each scenario, we first assessed the operating effectiveness of the controls implemented in the risk classification process with regard to the default risk. We also examined the appropriate valuation of the collateral using the recovery rates realized in the past.

We reperformed the calculations of the model-based provisions determined on the basis of the different scenarios and the different specific credit risk parameters and checked whether the Company correctly included the scenarios in its calculation. In this context, we checked that the specific credit risk parameters relate to the entire term for the relevant derived scenario if there has been a significant increase in the credit risk of the loans to and receivables from customers since initial recognition (Stage 2 of the impairment model).

Our audit procedures did not give rise to any reservations with regard to the macroeconomic scenarios and the specific credit risk parameters derived therefrom in connection with the model-based determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers and for loans and receivables attributable to the leasing business.

REFERENCE TO RELATED DISCLOSURES

The Company's disclosures on the accounting policies applied for the model-based determination of the provisions for Stage 1 and 2 non-defaulted loans to and receivables from customers and for loans and receivables attributable to the leasing business are contained in the notes to the consolidated financial statements in note "9. Financial instruments" and note "20. Management estimates and assumptions" and in the group management report in the Report on Opportunities and Risks under the heading "Credit risk" in the passages addressing "Collateral" and "Provisions."

Determination of the expected residual values of assets leased under operating leases during impairment testing

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The lease assets balance sheet item comprises vehicles under operating leases. The recoverability of the lease assets depends in particular on the expected residual value of the leased vehicles after expiration of the contractual term. The expected residual values are reviewed by the Company on a quarterly basis. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires management to make, in particular, assumptions about vehicle supply and demand in the future, as well as about vehicle price trends.

The residual values of vehicles are particularly influenced by the development of purchasing power in the respective markets and thus by demand driven by economic conditions and, in the case of electric vehicles, by technological advancements and state subsidies. Due to the ongoing geopolitical tensions, conflicts and protectionist tendencies as well as the resulting risk of negative effects on the European economy, the estimation uncertainty in relation to the determination of the expected residual values remained heightened in the fiscal year. In this light, the determination of the expected residual values of assets leased under operating leases during impairment testing was a key audit matter.

AUDITOR'S RESPONSE

During our audit, we analyzed the process implemented by the Company for determining and monitoring the residual values to identify any risks of material misstatement and obtained an understanding of the process steps and controls. On this basis, we tested the operating effectiveness of the implemented controls over the determination and monitoring of the expected residual values. To assess the forecasting models used to determine the residual values, we analyzed the validation plans on the basis of the respective model designs to determine whether the validation procedures described in the plans allow an assessment of the models' forecast quality. We investigated whether the validation procedures and the backtesting performed led to any indications of model weaknesses or any need to adjust the models. Furthermore, we assessed whether the assumptions underlying the forecasting model and the inputs used for determining the expected residual values were clearly documented. To this end, we obtained evidence for the main inputs and assumptions used for mileage, age and lifecycle phase of the vehicles to determine the residual values and examined them for currentness and transparency. We assessed whether the marketing assumptions used reflect industry-specific and general market expectations as well as, in particular, current marketing results.

Our audit procedures did not lead to any reservations relating to the determination of the expected residual values of the assets leased under operating leases during impairment testing.

REFERENCE TO RELATED DISCLOSURES

The Company's disclosures on the accounting policies applied for lease assets are contained in note "14. Leases" and note "71. Leases" and the disclosures on the determination of the expected residual values of lease assets in note "20. Management estimates and assumptions" of the notes to the consolidated financial statements.

Calculation of the provision for potential compensation of motor finance customers in the UK

REASONS WHY THE MATTER WAS DETERMINED TO BE A KEY AUDIT MATTER

The balance sheet item "Underwriting provisions and other provisions" includes a provision for potential compensation of motor finance customers in the UK. This is based on the draft for an industry-wide compensation scheme for motor finance customers in the UK put forward for consultation by the Financial Conduct Authority ("FCA") on 7 October 2025. Under the proposal, customers will be entitled to compensation where certain sales incentive arrangements for motor finance brokers are classified by the FCA as non-transparent or unfair. These include in particular arrangements in which the broker had an influence on the motor finance terms and conditions and received performance-based remuneration or in which the commission paid to the broker is classified as disproportionately high in relation to the finance volume. The amount of compensation to which customers are entitled will depend on the interest rate set for the finance arrangement and, in certain situations, on the sales commission paid to the broker.

The executive directors exercised judgment in calculating the provision for potential compensation of motor finance customers in the UK. This relates in particular to the assumptions and expectations regarding the features of a final compensation scheme in terms of the retroactive period, the customer contracts or contract types to be included and the method used to calculate potential compensation payments depending on the compensation category. In light of possible adjustments to the draft compensation scheme as a result of the consultation process and thus the uncertainty about the features of a final compensation scheme, estimation uncertainty remains heightened in relation to the judgment exercised. Due to the significance of the matter for the Group's assets, liabilities and financial performance and the scope for judgment involved in the measurement, we identified the calculation of the provision for potential compensation of motor finance customers in the UK as a key audit matter.

AUDITOR'S RESPONSE

As part of our audit, we obtained an understanding of the Company's analysis of how the contractual arrangements used in the relevant period are affected by the draft compensation scheme put forward for consultation by the FCA. This included in particular the process for determining the total number of customer contracts existing in the relevant retroactive period, the number of customer contracts that qualify for participation in the compensation scheme and the allocation of affected customer contracts to the compensation categories proposed by the FCA. In addition, we tested a sample to assess the correct identification of affected customer contracts and the allocation to the compensation categories proposed by the FCA.

During our audit, we also assessed the calculation of the compensation amount for the affected customer contracts and checked the arithmetical accuracy.

We consulted internal specialists to assess the significant judgments by the executive directors. These included in particular the assumptions and expectations regarding the features of a final compensation

scheme in terms of the retroactive period, the customer contracts or contract types to be included and the method used to calculate potential compensation payments depending on the compensation category. To assess the executive directors' estimate, we determined our own range of possible outcomes.

Our audit procedures did not lead to any reservations relating to the calculation of the provision for potential compensation of motor finance customers in the UK.

REFERENCE TO RELATED DISCLOSURES

The Company's disclosures on the accounting policies applied for the calculation of the provision for potential compensation of motor finance customers in the UK are contained in note "18 Other provisions" and note "53 Underwriting provisions and other provisions" of the notes to the consolidated financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the "Corporate Governance Declaration" section (disclosure in accordance with Sec. 289f (4) in conjunction with Sec. 289f (2) No. 4 HGB (disclosures on the quota for women on executive boards) of the group management report and the "Key figures," "Responsibility Statement," "Human Resources Report" and "Report of the Supervisory Board" sections to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor's report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- > is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- > otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management

report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.

- > Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- > Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- > Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.
- > Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- > Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and

are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the consolidated financial statements and the group management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

OPINION

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in "Volkswagen Financial Services_AG_KA+KLB_ESEF-2025-12-31.xbri" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying consolidated financial statements and the accompanying group management report for the fiscal year from 1 January 2025 to 31 December 2025 contained in the "Report on the audit of the consolidated financial statements and of the group management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

BASIS FOR THE OPINION

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410 (06.2022)). Our responsibility in accordance therewith is further described in the "Group auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE ESEF DOCUMENTS

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the consolidated financial statements and the group management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB and for the tagging of the consolidated financial statements in accordance with Sec. 328 (1) Sentence 4 No. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Supervisory Board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

GROUP AUDITOR'S RESPONSIBILITIES FOR THE ASSURANCE WORK ON THE ESEF DOCUMENTS

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- > Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- > Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- > Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- > Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- > Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Arts. 4 and 6 of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as group auditor by the Annual General Meeting on 28 March 2025 and were engaged by the Supervisory Board on 13 May 2025. We have been the group auditor of Volkswagen Financial Services AG, Braunschweig, without interruption since fiscal year 2024.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to Group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- > Issue of a comfort letter in connection with the update of the EUR 50b debt issuance program of Volkswagen Financial Services AG, Braunschweig, Volkswagen Bank GmbH, Braunschweig, and Volkswagen Financial Services N.V., Amsterdam, Netherlands
- > Review of the reporting packages for the reporting dates 31 March, 30 June and 30 September 2025 of Volkswagen Bank GmbH, Braunschweig, Volkswagen Leasing GmbH, Braunschweig, and Vehicle Trading International GmbH, Braunschweig, in accordance with the instructions of the group auditor
- > Reasonable assurance engagement relating to the description of internal controls at the service organization Volkswagen Financial Services AG, Braunschweig, regarding the suitability of the criteria applied and the derived control objectives and the design and operating effectiveness of the

controls to achieve the control objectives stated in the description in accordance with IDW AsS 951 (Revised) Type 2

- > Procedures in accordance with the engagement instructions issued by the auditor performing the assurance engagement on the group sustainability reporting of Volkswagen AG with respect to the reporting package of Volkswagen Financial Services AG, Braunschweig, Volkswagen Bank GmbH, Braunschweig, and Volkswagen Leasing GmbH, Braunschweig, for the period from 1 January 2025 to 31 December 2025
- > Limited assurance engagement on the group sustainability reporting within the meaning of Directive (EU) 2022/2464 (“CSRD”) of Volkswagen Bank GmbH, Braunschweig, and Volkswagen Leasing GmbH, Braunschweig, for the period from 1 January 2025 to 31 December 2025
- > Agreed-upon procedures relating to the investor reports of Driver Master S.A., VCL Master S.A., VCL Master Residual Value S.A., VCL Multi-Compartment S.A. and Trucknology S.A. as of 31 December 2024

OTHER MATTER – USE OF THE AUDITOR’S REPORT

Our auditor’s report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the *Unternehmensregister* [German Company Register] – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Matthias Koch.

Eschborn/Frankfurt am Main, 25 February 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Koch
Wirtschaftsprüfer
[German Public Auditor]

Hölscher
Wirtschaftsprüfer
[German Public Auditor]

Human Resources Report

Our people are key.

EMPLOYEES

The Volkswagen Financial Services AG Group had a total workforce of 10,414 (10,340) employees as of December 31, 2025. Of these, 6,321 (6,387), or 61%, were employed in Germany and 4,093 (3,953), or 39%, at European sites.

HUMAN RESOURCES STRATEGY

The MOBILITY2030 corporate strategy reinforces the objective of leveraging a mobility platform to establish Volkswagen Financial Services AG as a provider of a wide range of mobility services and thereby enable it to play a central role in the Volkswagen Group as the “Key to Mobility”. MOBILITY2030 sets out to realize this vision by focusing on the strategic dimensions of customer loyalty, vehicles, profitability, data and technology, and sustainability.

The future success of Volkswagen Financial Services AG will be founded on the global team comprising every single employee. This pivotal role is expressed in the cornerstone of MOBILITY2030, “Our team, our values”, which emphasizes the importance of employees for all the strategic dimensions. The values this embeds – courage, trust and customer centricity – are intended to guide employees in their everyday activities and help motivate them to do their best.

In the past fiscal year, HR developed or refined ten initiatives as part of the “Hello.PEOPLE” framework to place even greater focus on people in MOBILITY2030 and provide the Company with the best possible support in implementing MOBILITY2030, thereby contributing to the development of a high-performance organization through targeted measures. These measures are intended to jointly shape the upcoming challenges and transform the Company. Change becomes an opportunity for sustainable success. A strategy that enables everyone to fully realize their potential – where it has the greatest impact. “Our Transformation” is the core initiative. It safeguards the sustainable development of our workforce. Future skills are specifically identified, data-based decisions are enabled, and resources are efficiently allocated. These objectives are being pursued through initiatives in the areas of diversity, health, employee loyalty, leadership, values, collaboration, new learning, change management, and digital HR. Progress towards our targets is determined, among other things, by the results of surveys on external and internal employee and customer satisfaction.

Skilled and committed employees who are open to change are the cornerstones of any company’s success, and Volkswagen Financial Services AG empowers its employees to continuously develop and gain new qualifications. Knowledge and experience are becoming more critical all the time, especially in the field of digitalization and automation. Accordingly, the focus of professional development in the reporting year again was on teaching digital, data and AI skills, delivered through a variety of learning opportunities, from self-service learning, through the use of an AI-based learning platform, down to customized training and degree programs for selected target groups.

For the reporting year, the topics of strategic workforce planning, diversity, culture and leadership are particularly noteworthy.

For the first time, Volkswagen Financial Services AG performed strategic workforce planning across all departments at the German location. The result is an important indication of how quantitative personnel requirements and job profiles will develop in the future and what qualifications will be necessary to achieve the Company's long-term goals.

Targeted activities promoting gender diversity, particularly in appointment decisions, succeeded in increasing the proportion of women in management to 22.7% in the reporting year (previous year: 22.3%). One special measure worthy of mention is the pilot training program on unconscious bias that was conducted for managers in the IT area.

Our leaders have a significant influence on the mood and satisfaction of their staff and therefor also on their motivation, willingness to change and commitment.

A Leadership Day was held at the Braunschweig site during the reporting period, providing an opportunity for active discussion of people-centric initiatives and the challenges and opportunities of leadership. Supported by input from external presenters, participating leaders were given valuable insights for their day-to-day leadership roles. The cultural initiatives introduced in the previous year were systematically continued in the reporting period to continuously strengthen the corporate culture. For example, another employee survey on the VW FS Values Index was conducted to enable differentiated statements on how the FS values are perceived in the teams and to identify potential action areas and strategic value initiatives. The VW FS Values Awards were also presented for the second time. The VW FS Values Awards recognize projects and initiatives that make our values visible and tangible in our daily lives.

REGULATORY REQUIREMENTS RELATING TO REMUNERATION SYSTEMS

Volkswagen Financial Services AG was directly supervised by the European Central Bank in the reporting period and implemented the latest version of the Remuneration Regulation for Institutions (Institutsvergütungsverordnung) across the entire Group. The special regulatory requirements relating to remuneration systems applied in addition to the general requirements.

Strategies and instruments already introduced, such as the Works Council agreement on variable remuneration, the variable remuneration ceiling, national and international risk-taker identification and the reporting system using a remuneration report, continued to be applied, adapted and enhanced in fiscal year 2025. Furthermore, special governance functions (Remuneration Committee and Remuneration Officer) were used to ensure that the adequacy of the remuneration systems was continuously monitored. The remuneration strategy – and hence the remuneration systems – of Volkswagen Financial Services AG are informed by and help to implement the institution's business and risk strategy and are geared toward ensuring sustainability and constancy. This fosters a responsible and risk-conscious approach among staff and contributes materially to the lasting success of its business.

WORK-LIFE BALANCE

Volkswagen Financial Services AG works proactively to provide a family-friendly working environment and is constantly adding new options to help employees improve their work-life balance. Examples include a variety of working time models and the "Frech Daxe" company childcare facility, which is located next to the company's site in Braunschweig and offers both flexible care hours and vacation care.

Report of the Supervisory Board

of Volkswagen Financial Services AG

In the year under review, the Supervisory Board gave regular and thorough consideration to the position and development of Volkswagen Financial Services AG and the Volkswagen Financial Services AG Group.

During the reporting period, the Board of Management informed the Supervisory Board promptly and comprehensively at all times, in writing or verbally, regarding material aspects of the Company's planning and position, including the risk situation and the risk management system, and also regarding business development and any deviations from planning and targets. There are regular exchanges between the Chair of the Supervisory Board and the Management Board even outside of meetings. Based on these reports of the Board of Management, the Supervisory Board constantly monitored the management of the Company's and the Group's business and was thus able to carry out without limitation the functions assigned to it by law and under the articles of association. All decisions of fundamental importance for the Company and other transactions requiring the approval of the Supervisory Board under the rules of procedure were reviewed and discussed with the Board of Management before the relevant resolution was adopted.

The Supervisory Board consists of twelve members in accordance with the Articles of Association. In the period February 1, 2025 to July 31, 2025, the Supervisory Board had only eleven members. Changes in the reporting period are disclosed in the information on governing bodies.

The Supervisory Board held six regular meetings and one extraordinary meeting in the reporting period. The average attendance rate was 87%. Four meetings were held in person and three via video conference. One member in each case joined each of the in-person meetings on February 28, 2025 and September 5, 2025 via video conference. The Supervisory Board adopted one resolution by written circular resolution. No decisions were made by the Chair of the Supervisory Board via the expedited procedure.

The Audit Committee and the Risk Committee each held four meetings, the Remuneration Committee held five meetings and the Nomination Committee held three meetings. The Credit Committee and the Special Credit Committee adopted their resolutions outside of meetings by means of written resolutions or using electronic credit applications.

The main issues discussed at the meetings of the Supervisory Board and its committees are presented below.

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on February 28, 2025, the Supervisory Board approved the 2024 annual financial statements of Volkswagen Financial Services AG prepared by the Board of Management on the recommendation of the Audit Committee and after thorough examination by the auditor. On the recommendation of the Audit Committee, it also submitted a proposal to the Annual General Meeting for the appointment of the auditor for 2025. The Supervisory Board also addressed key topics for 2025, including the development of top key performance indicators, the status of top key results for 2024 and the People Strategy. It adopted resolutions on the capital resources of Volkswagen Bank GmbH, elected a member of the Supervisory Board as an alternate member of the Special Credit Committee and

approved the appointment of the Group Compensation Officer of Volkswagen Financial Services AG (Group), including Volkswagen Bank GmbH. It also adopted further resolutions on remuneration issues. At its meeting on March 17, 2025, the Supervisory Board dealt exclusively with the investment in the Mobility Trader Group.

At its meeting on April 11, 2025, the Supervisory Board discussed the fixed and variable remuneration of the Board of Management and passed resolutions on these matters.

At the meeting on May 9, 2025, the Board of Management informed the Supervisory Board about the status of the reporting capabilities. The Supervisory Board resolved to merge Volkswagen Financial Services S.p.A., Milan, Italy, with Volkswagen Bank GmbH and adopted further resolutions on matters relating to company law. In addition, the Supervisory Board decided to extend the contract of one member of the Management Board by five years.

At its extraordinary meeting on June 30, 2025, the Supervisory Board acknowledged the resignation of Frank Fiedler from the Board of Management effective September 30, 2025. Furthermore, after consultation with the ECB, the Supervisory Board recommended to the Annual General Meeting that Nina Babic be appointed as a further member of the Supervisory Board to succeed Philip Laucks for the remainder of his term of office.

At its meeting on September 5, 2025, Christian Løbke was appointed to the management board as Frank Fiedler's successor, effective October 1, 2025. The Supervisory Board also elected Nina Babic as a member and Chair of the Audit Committee and as a member of the Special Credit Committee. In addition, the Supervisory Board confirmed the suitability of two members of the Board of Management with regard to their availability as a result of taking on additional secondary activities. After reviewing the remuneration system for the control units, the Remuneration Control Committee concluded that the remuneration system for the control units complies with the requirements of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). Additionally, the Supervisory Board approved the transfer of the 51% interest held by Volkswagen Europe B.V., Amsterdam, Netherlands, in Volkswagen Semler Finans Danmark A/S, Brøndby, Denmark, to Volkswagen Semler Finans Danmark Holding A/S, Brøndby, Denmark, as part of a restructuring in the Danish market. The Board of Management also updated the Supervisory Board on the IT and resilience strategy.

At its meeting on November 28, 2025, the Supervisory Board was briefed on the results of the Supervisory Review and Evaluation Process (SREP). The key areas, principal concerns and overall assessment results were presented and discussed. The key concerns related to the topics of risk data aggregation, residual value risks, ICAAP and operational risks. At the same meeting, the Supervisory Board also acknowledged the resignation of Dr. Christian Dahlheim from the Board of Management effective December 31, 2025, and resolved to appoint Board of Management member Anthony Bandmann as his successor and new Chair effective January 1, 2026. In addition, the Supervisory Board approved the granting of general power of attorney, confirmed the suitability of a Supervisory Board member following the assumption of additional secondary activities, and decided that the remuneration system for the Board of Management was considered appropriate in accordance with the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). The Supervisory Board also approved the investment program for Volkswagen Financial Services AG and its subsidiaries presented by the Board of Management, as well as the appointment of a new member of the Board of Management for Volkswagen-Versicherungsdienst GmbH and other resolutions of the Board of Management relating to corporate law matters. Additionally, the Board of Management provided the Supervisory Board with an update on artificial intelligence as part of the IT and resilience strategy.

At the meetings on February 28, May 9, September 5, 2025, and November 28, 2025, the Board of Management presented the Supervisory Board with comprehensive reports about the economic and

financial position of the Company and the Volkswagen Financial Services AG subgroup and the Company's latest position. Key topics included the development of key performance indicators, business development, strategic issues and the strategic streamlining of the investment portfolio. The chairs of the committees reported extensively to the Supervisory Board on the content of the committee meetings at all three meetings and presented recommendations for resolutions to the Supervisory Board

COMMITTEE ACTIVITIES

In order to perform its duties efficiently, the Supervisory Board of Volkswagen Financial Services AG has established six committees, four of which are in accordance with section 25d of the KWG. The duties and responsibilities of the various committees are regulated in the relevant committee rules of procedure.

Audit Committee

The Audit Committee held four meetings during the reporting period. The Committee has four members. The Audit Committee had three members during the period February 1, 2025 to September 4, 2025. After Mr. Laucks left the Supervisory Board on January 31, 2025, his successor, Nina Babic, took over as Chair of the committee effective September 5, 2025. The attendance rate was 100%. There were no urgent transactions during the reporting period that would have required a decision by circulation of written resolutions for approval.

At its meeting on February 28, 2025, the committee examined the annual financial statements, the management report, the consolidated financial statements and the group management report, which is combined with the management report, of Volkswagen Financial Services AG for fiscal year 2024. As part of this review, the Audit Committee discussed with the auditor the reports on the audit of the annual financial statements, the management report, the consolidated financial statements and the group management report, which is combined with the management report, as well as material transactions and issues related to financial reporting. Following a detailed consultation, the Audit Committee requested the Supervisory Board to approve the annual financial statements, the management report, the consolidated financial statements and the Group management report, which is combined with the management report, and to make a recommendation to the Annual General Meeting regarding the election of the auditor for fiscal year 2025. Furthermore, the committee passed a resolution to amend the Audit Committee's policy on the services provided by the auditor network. The Head of Internal Audit additionally provided further information relating to the unit's 2024 annual report for the Volkswagen Financial Services AG Group for the benefit of the Audit Committee. Further, the committee members discussed the current status of reporting capabilities.

At its meeting on July 3, 2025, the committee was briefed on and discussed the current financial performance of Volkswagen Financial Services AG (Group) in light of the upcoming half-year financial statements. In addition, the committee reviewed the compliance report, including the 2024 annual compliance report, and discussed its contents.

At its meeting on September 5, 2025, the committee addressed the quality of the 2024 annual audit and the current status of reporting capabilities.

At the meeting on November 28, 2025, the Committee was briefed on the current financial performance of Volkswagen Financial Services AG (Group) and discussed this matter. The Committee also discussed the audit planning and the areas of emphasis of the forthcoming audit of the 2025 annual financial statements with representatives of the auditors. The committee was also presented with the status report from Internal Audit and an update on reporting capabilities.

Risk Committee

The Risk Committee also had four meetings in the reporting period. During the reporting period, there were no urgent transactions that would have required a decision by circulation of written resolutions for approval. The Committee has four members. The average attendance rate was 93.5%.

At its meeting on February 28, 2025, the Risk Committee discussed the business and risk strategy, risk tolerance, risk appetite and risk limits of Volkswagen Financial Services AG (Group). The committee also reviewed the risk management report dated December 31, 2024, and the appropriateness of the incentives in the remuneration system. Following an appropriate review, the Risk Committee confirmed that the incentives set by the remuneration system do factor in the Company's risk, capital and liquidity structure and the probability and timing of income.

At its meeting on May 9, 2025, the committee was presented with the 2025 risk inventory of Volkswagen Financial Services AG (Group) and the funding from the perspective of treasury and risk management. The committee was also informed about the contents of the Group recovery plan of Volkswagen Financial Services AG.

At its meeting on September 5, 2025, the committee discussed the results of the 2025 EBA/ECB stress test and the status of implementation of the EBA and ECB ESG requirements at Volkswagen Financial Services AG (Group). The project status of "Risk Data Aggregation and Risk Reporting (RDARR)" was also presented

At its meeting on November 27, 2025, the committee discussed the risk analysis of the impact of biodiversity on sectors of Volkswagen Financial Services AG (Group), the results of the BCBS 239 Compliance Report and geopolitical risks and their relevance for Volkswagen Financial Services AG (Group).

Remuneration Committee

The Remuneration Committee held five meetings in the reporting period. The Committee has four members. The Remuneration Committee had three members in the period January 1, 2025 to January 21, 2025. The attendance rate was 100%. During the reporting period, an advance resolution was adopted for loans to members of governing bodies by circulation of a written resolution.

At its meeting on February 28, 2025, the Remuneration Committee dealt with the appointment of the remuneration officer for Volkswagen Financial Services (Group), including Volkswagen Bank GmbH. It also discussed the variable remuneration of the Board of Management, specifically the calculation of the bonus pool and the determination that the additional conditions had been met. In addition, the committee assessed the impact of remuneration systems on the risk, capital and liquidity situation, examined any circumstances that could trigger a bonus reduction and evaluated the Company's bonus reduction policy itself. The Remuneration Committee determined the targets to be achieved for variable remuneration for 2024 (bonus key performance indicators), clarified the target pathway for 2025 and, in some cases, beyond, and recommended that the Supervisory Board make the necessary adjustments to the remuneration agreements.

At its meeting on April 8, 2025, the committee dealt exclusively with the remuneration of the Board of Management and made specific recommendations to the Supervisory Board for determining the payout factors based on individual performance and target achievement.

On May 9, 2025, the Remuneration Committee addressed a proposal from the Board of Management to make its own contribution to securing the future of the Company.

At its meeting on September 5, 2025, the Committee reviewed the Company's remuneration report for 2024 and conducted its regular review of the remuneration of the control units. In addition, it issued the Supervisory Board with a specific recommendation for determining Christian Löbke's remuneration

and for granting fringe benefits in the form of security arrangements for another member of the Board of Management. On November 28, 2025, the 2024/2025 remuneration report was presented to the Remuneration Committee, which was presented with the results of the Group-wide risk analysis to identify risk takers and received a report on the appropriateness of employee remuneration. The committee dealt comprehensively with the remuneration system for the Board of Management, its appropriateness, and potential alternative structures. As a result, it recommended that the Supervisory Board consider the remuneration system for the Board of Management to be appropriate in accordance with sections 12 and 15(2) of the Remuneration Regulation for Institutions (*Institutsvergütungsverordnung*). It also issued a specific recommendation to the Supervisory Board regarding the determination of Anthony Bandmann's remuneration.

Nomination Committee

The Nomination Committee held three meetings during the fiscal year, each of which was attended by all three members. The attendance rate was 100%. The Nomination Committee had two members during the period February 1, 2025 to February 12, 2025. Four written resolutions were circulated in the reporting period. The Nomination Committee decided by circulation of a written resolution to recommend to the Supervisory Board the appointment of a member of the Board of Management responsible for risk management. It also recommended by circulation of a written resolution that a new member should be elected to the Special Credit Committee, that a new member to the Nomination Committee should be elected and that the availability of two members of the Management Board should be considered to be sufficient due to their assumption of additional mandates.

At its meeting on May 9, 2025, the committee discussed a proposal for the recruitment of new members to the Supervisory Board and issued a recommendation in this regard. In addition, it decided to recommend to the Supervisory Board that the appointment of a member of the Board of Management should be extended. The committee also reviewed and discussed the Company's strategy for encouraging the underrepresented gender and the internal principles governing the selection and appointment of senior management.

At its meeting on November 10, 2025, the committee issued a recommendation on the issue of sufficient availability of a Supervisory Board member, among other things. It also addressed the annual assessment of the Board of Management and Supervisory Board. After evaluating the feedback, the committee confirmed the suitability of the Board of Management and Supervisory Board as part of the annual assessment and made recommendations on training and process improvements. Finally, it recommended that the Supervisory Board approve the granting of general power of attorney.

At its meeting on November 27, 2025, the Nomination Committee took note of the CEO's announcement of his resignation and discussed his succession. Ultimately, the committee recommended a succession solution to the Supervisory Board. In addition, the committee recommended to the Supervisory Board that it consider the availability of a member of the Supervisory Board to be sufficient due to the assumption of an additional mandate.

Credit Committee

The Credit Committee is responsible for approving issues that the Supervisory Board has to deal with by law and under the articles of association and rules of procedure relating to loan commitments, the assumption of sureties, guarantees and similar liabilities, Bank borrowings, the purchasing of receivables (factoring) and for master agreements governing the assumption of receivables. The Credit Committee is composed of three members of the Supervisory Board and an additional representative and makes its

decisions by circulation of written resolutions or on the basis of electronic credit applications. The activities of the committee were reported at the plenary meetings of the Supervisory Board.

Special Credit Committee

The Special Credit Committee decides on the approval of loans if at least one member of the regular Credit Committee has a conflict of interest. It consists of three members of the Supervisory Board who have no conflicts of interest. The Special Credit Committee had two members during the period February 1, 2025, to September 4, 2025. The decisions are made in writing by circulating the relevant documents. The Special Credit Committee approved three lending decisions in the past fiscal year.

The members of the committees also consulted each other on several occasions and were in constant contact with the Board of Management.

EDUCATION AND TRAINING

The Supervisory Board received training on the Digital Operational Resilience Act (DORA) on May 9, 2025, and on the risks of information and communication technology (ICT) on November 17, 2025, and December 11, 2025. On September 4, 2025, the Supervisory Board discussed corporate strategy issues in detail. This took place in a workshop in which members of the Board of Management and internal experts had previously given in-depth presentations on the topics of “ESG risks at Volkswagen Financial Services AG”, “Residual values and marketing”, “Diversity”, “Management concept for direct bank deposits and liquidity”, “Sustainability strategy” and “Corporate strategy”.

The members of the Supervisory Board also independently completed the education and training necessary to perform their tasks.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft was appointed to audit both the consolidated financial statements of the Volkswagen Financial Services AG Group in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services AG in accordance with the HGB for the year ended December 31, 2025, including the bookkeeping system and management reports.

The consolidated financial statements of the Volkswagen Financial Services AG Group completed in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services AG completed in accordance with HGB for the year ended December 31, 2025 were submitted to the Audit Committee and the Supervisory Board together with the management reports. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, audited these financial statements, including the bookkeeping system and the management reports, and issued an unqualified auditor’s opinion in each case.

The reviews of the consolidated financial statements and the annual financial statements, including the management reports, by the Audit Committee and the Supervisory Board did not result in any reservations. The auditors were present when this agenda item was addressed at the meeting of the Audit Committee and the Supervisory Board, reported on the main findings of their audit and made themselves available to take questions.

At its meeting on February 26, 2026, the Audit Committee commented on the consolidated financial statements and annual financial statements of Volkswagen Financial Services AG prepared by the Board of Management and, following a detailed examination, recommended to Supervisory Board to approve the annual financial statements for 2025 and to approve the consolidated financial statements. At its meeting on February 26, 2026, the Supervisory Board approved both the consolidated financial statements prepared by the Board of Management as well as the annual financial statements of Volkswagen Financial Services AG. The consolidated financial statements and annual financial statements have thus been adopted. On the basis of the current control and profit-and-loss transfer

agreement, the profit reported by Volkswagen Financial Services AG in accordance with the HGB for fiscal year 2025 was transferred to Volkswagen AG.

The Supervisory Board would like to take this opportunity to express its gratitude and appreciation for the work of the members of the Board of Management, the Works Council, the managerial staff and all employees of Volkswagen Financial Services AG and its affiliated companies. The high level of commitment from all of you has helped to sustain the ongoing growth of Volkswagen Financial Services AG.

Braunschweig, February 26, 2026

A handwritten signature in black ink, appearing to read 'Arno Antlitz', written in a cursive style.

Dr. Arno Antlitz
Chair of the Supervisory Board

PUBLISHED BY

Volkswagen Financial Services AG
Gifhorner Straße 57
38112 Braunschweig, Germany
Telephone +49 (0) 531 212-0
info@vwfs.com
www.vwfs.com
www.facebook.com/vwfsde

INVESTOR RELATIONS

ir@vwfs.com

This annual report is also available in German at <https://www.vwfs.com/gbvwfsag25>.