



The Key to Mobility

Creating Value with Volkswagen Financial Services

Investor Update Volkswagen Financial Services
Singapore 10 August 2023

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Disclaimer

The following presentations as well as remarks/comments and explanations in this context contain forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic, political and legal environment in individual countries, economic regions and markets, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and actual developments may differ from those forecast. All figures are rounded, so minor discrepancies may arise from addition of these amounts.

At the time of preparing these presentations, it is not yet possible to conclusively assess the specific effects of the latest developments in the Russia-Ukraine conflict on the Volkswagen Group's business, nor is it possible to predict with sufficient certainty to what extent further escalation of the Russia-Ukraine conflict will impact on the global economy and growth in the industry in fiscal year 2023.

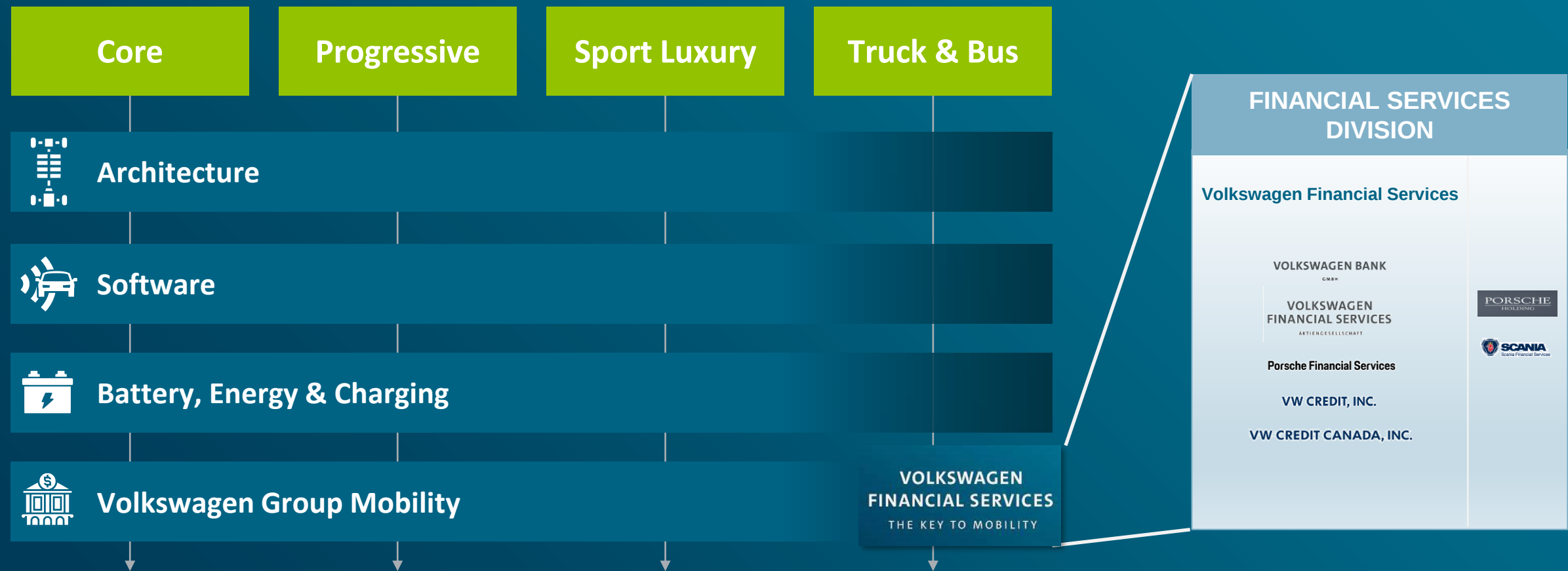
Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates, energy and other commodities or the supply with parts relevant to the Volkswagen Group will have a corresponding effect on the development of our business. In addition, there may also be departures from our expected business development if the assessments of the factors influencing sustainable value enhancement and of risks and opportunities presented develop in a way other than we are currently expecting, or if additional risks and opportunities or other factors emerge that affect the development of our business.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

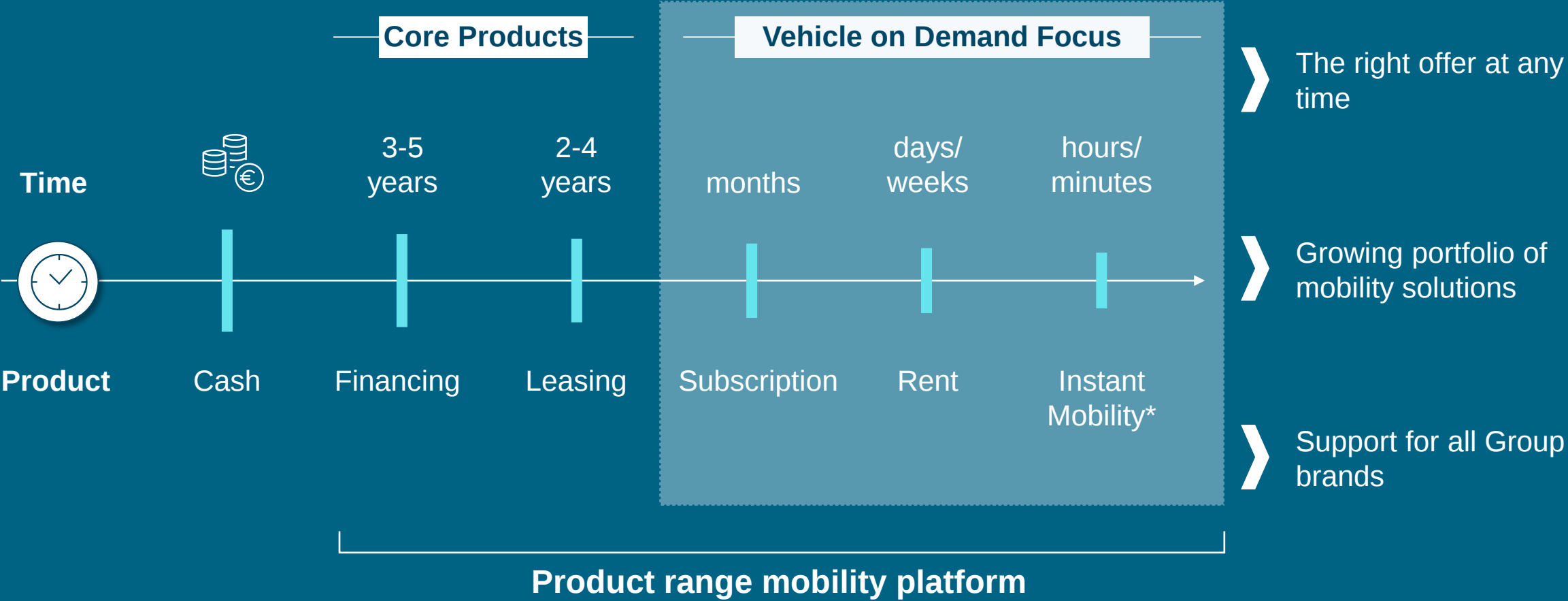
This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Under the brand "Volkswagen Financial Services – the key to mobility" the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Volkswagen Financial Services will offer the platform for mobility solutions based on Volkswagen Group's NEW AUTO strategy

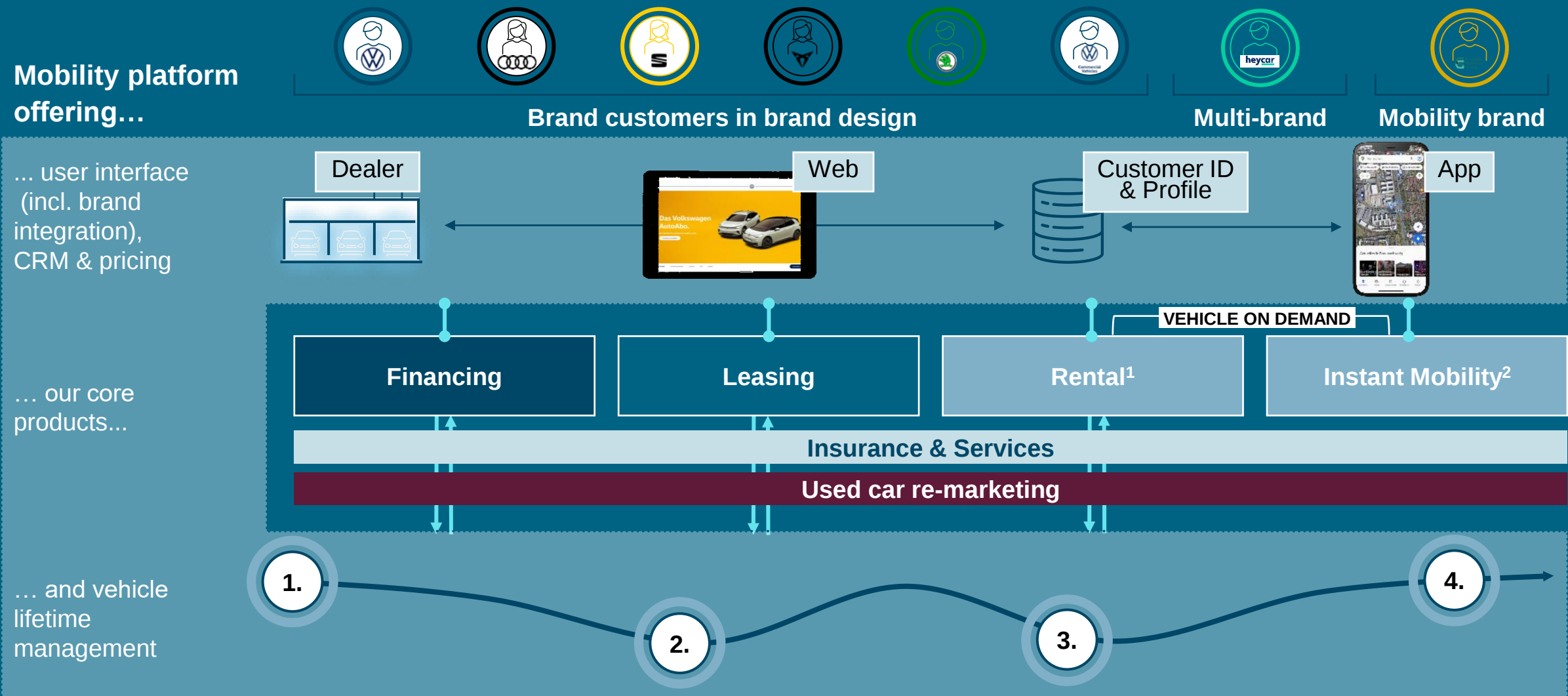


Volkswagen Financial Services will in future be placing an additional focus on the Vehicle on Demand business



* Instant Mobility (mainly from third-party providers): sharing (eScooter, bicycle, car), hailing (incl. taxi), pooling, public transport

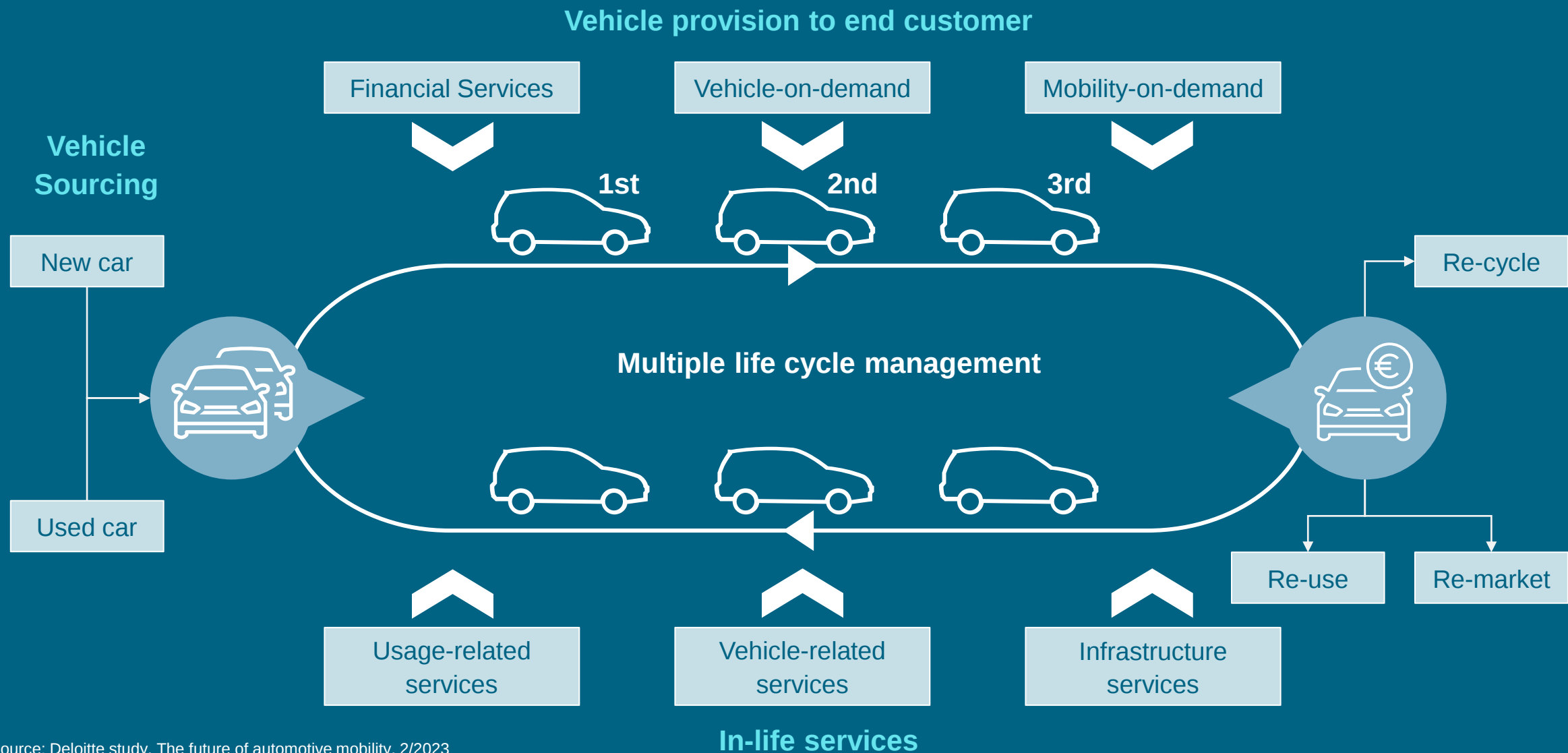
Volkswagen Financial Services provides the mobility platform for the Volkswagen Group



¹ Long/short-term rental, subscription, extended rental

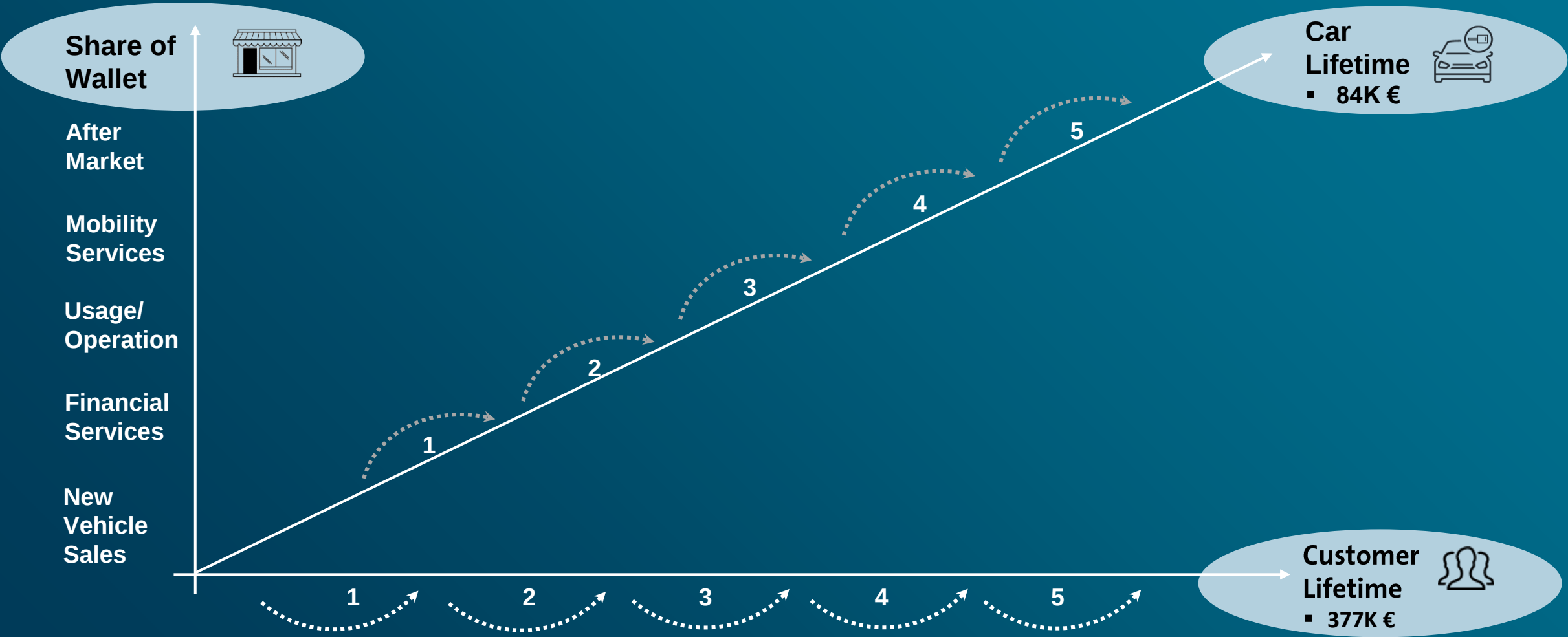
² Instant Mobility (mainly from third-party providers): sharing (eScooter, bicycle, car), hailing (incl. taxi), pooling, public transport

Vehicle Lifetime Management: A mobility provider needs to handle multiple life cycles to generate future profit pools

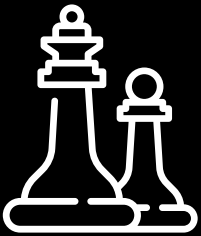


Source: Deloitte study, The future of automotive mobility, 2/2023

We are following the car and the customer to further optimize our Share of Wallet



MOBILITY
2030



STRATEGIC
DIMENSIONS

CUSTOMER LOYALTY



MOBILITY 2030



CUSTOMER LOYALTY



OBJECTIVE: We maximize customer loyalty to the Volkswagen Group Brands

Loyal customers ...

... are cheaper to retain



... spend more



... are better multipliers



... are happy customers



... keep coming back



... stay in our ecosystem



CUSTOMER LOYALTY



MOBILITY 2030



VEHICLE



OBJECTIVE: We own Volkswagen Group's car parc.
We unlock business potential throughout the vehicle's lifecycle
together with the Group Brands

A holistic approach of the Vehicle Lifetime Concept means ...

... long-term customer loyalty



... further source of income



... increase in volume



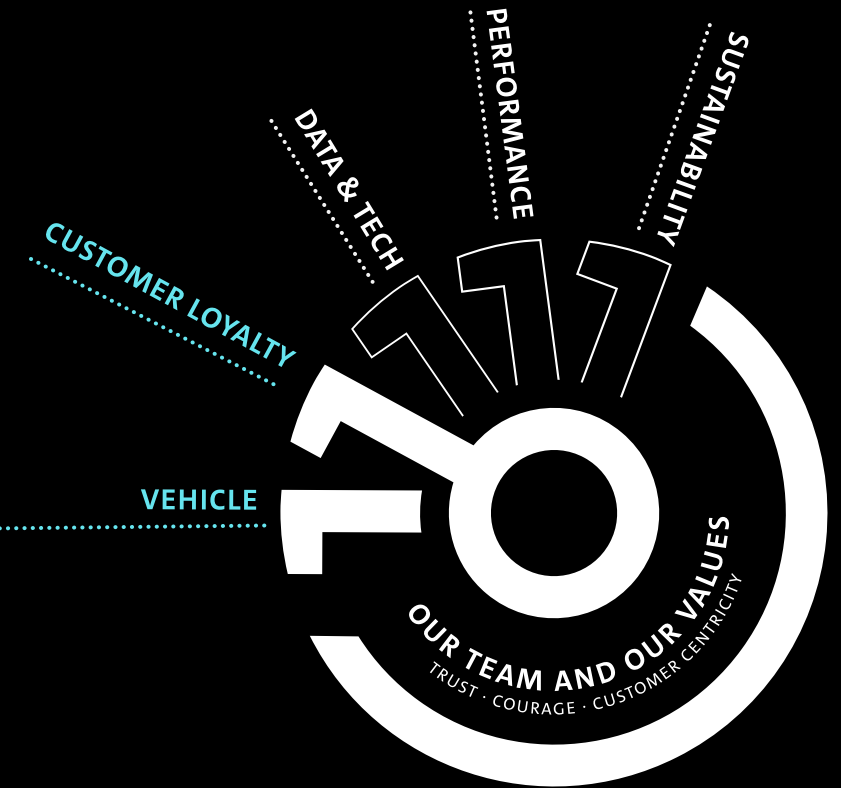
... stabilization of RV



... maximize used car potential



... access to raw material



MOBILITY 2030



DATA & TECH



OBJECTIVE: We leverage data and technology as core enablers of our success

We need to match customers with the right vehicle ...



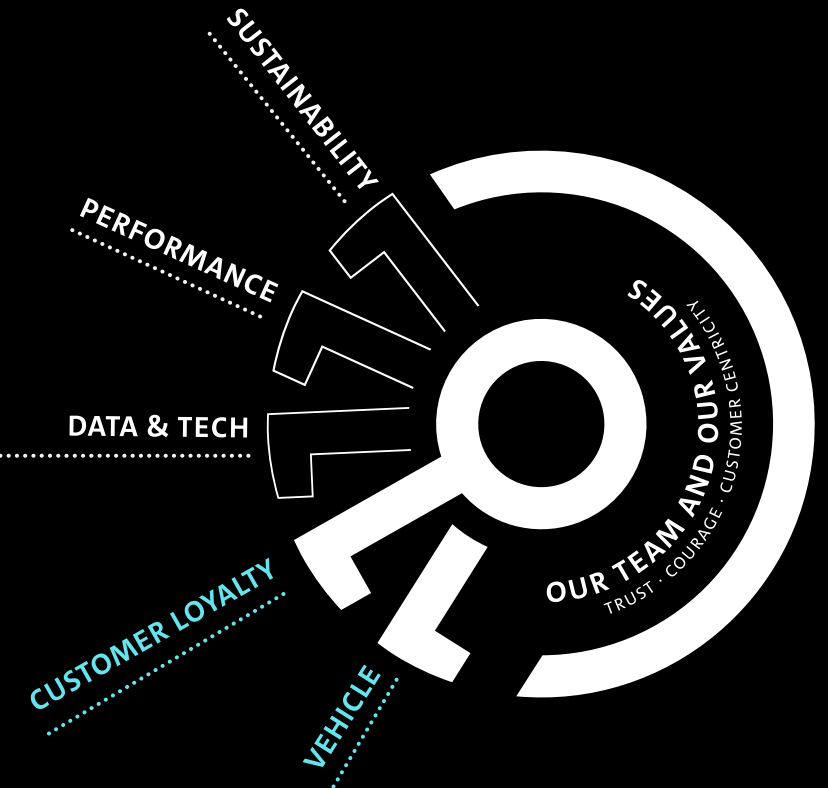
But...



Customers don't **tell** us what they **want**, so we use our **DATA**



Customers don't **wait** for us to **act**, so we build **MODERN SYSTEMS**



MOBILITY 2030



PERFORMANCE

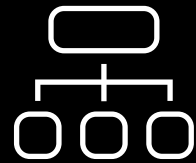


OBJECTIVE: We act as entrepreneurs and strive for the greatest possible success



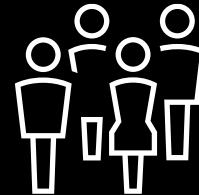
Profitability

- Return on Equity
- Operating Income
- CIR



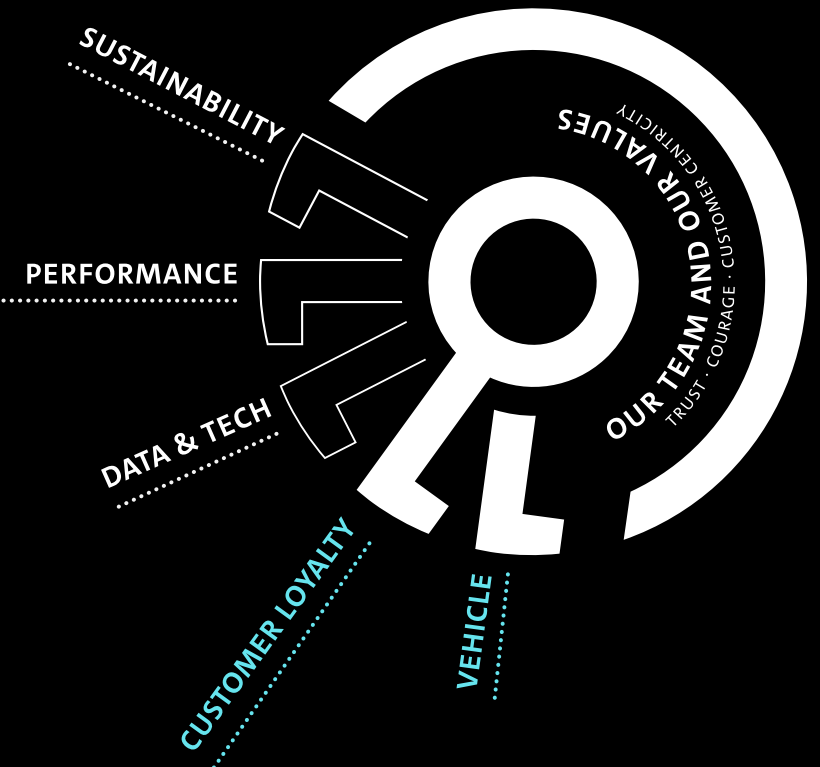
Systems & Processes

- Sourcing
- Operational Excellence
- Transparency



People

- Employees
- Leaders
- Collaboration



MOBILITY
2030



SUSTAINABILITY



OBJECTIVE: We drive the transition to emission-free mobility along the Volkswagen Group's ESG principles

We focus on the **environmental aspect of sustainability** and achieve **CO₂ neutrality** from our products and across our operations

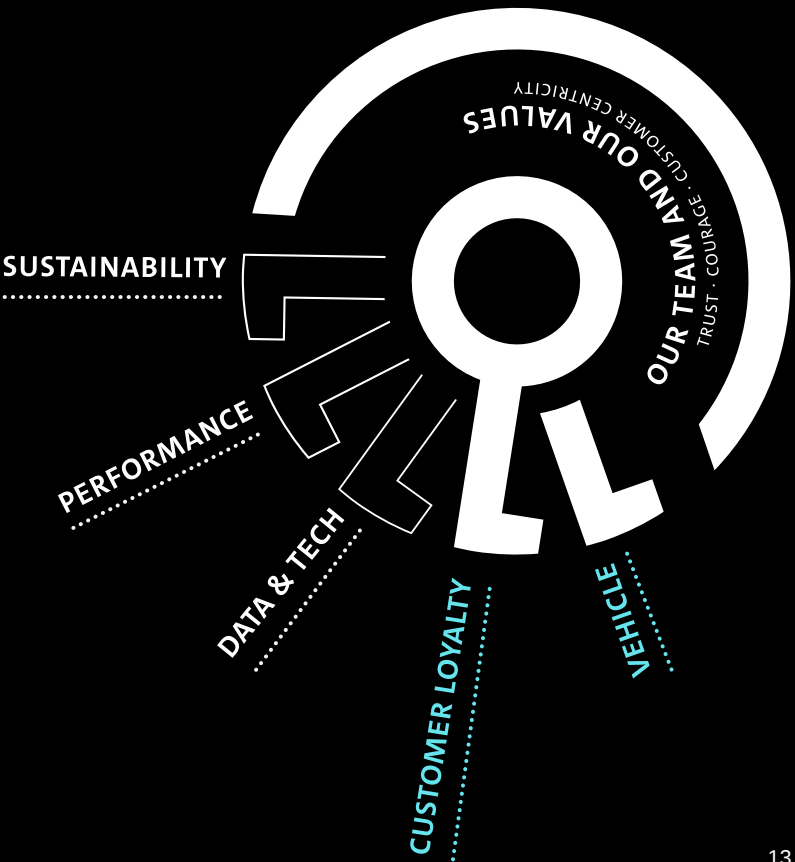
Green Operations



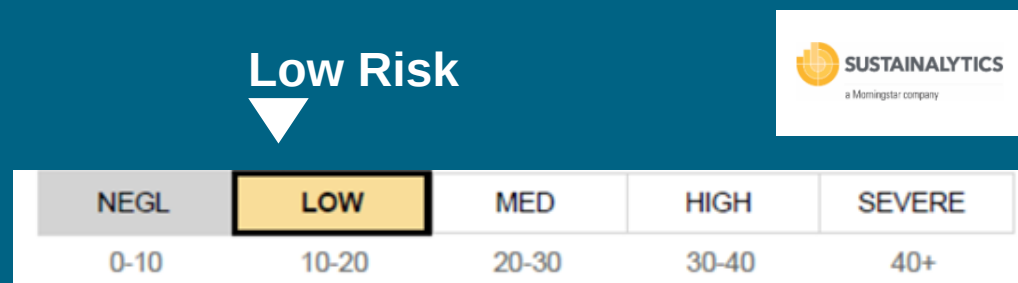
Green IT



Green Products



Volkswagen Financial Services Ratings



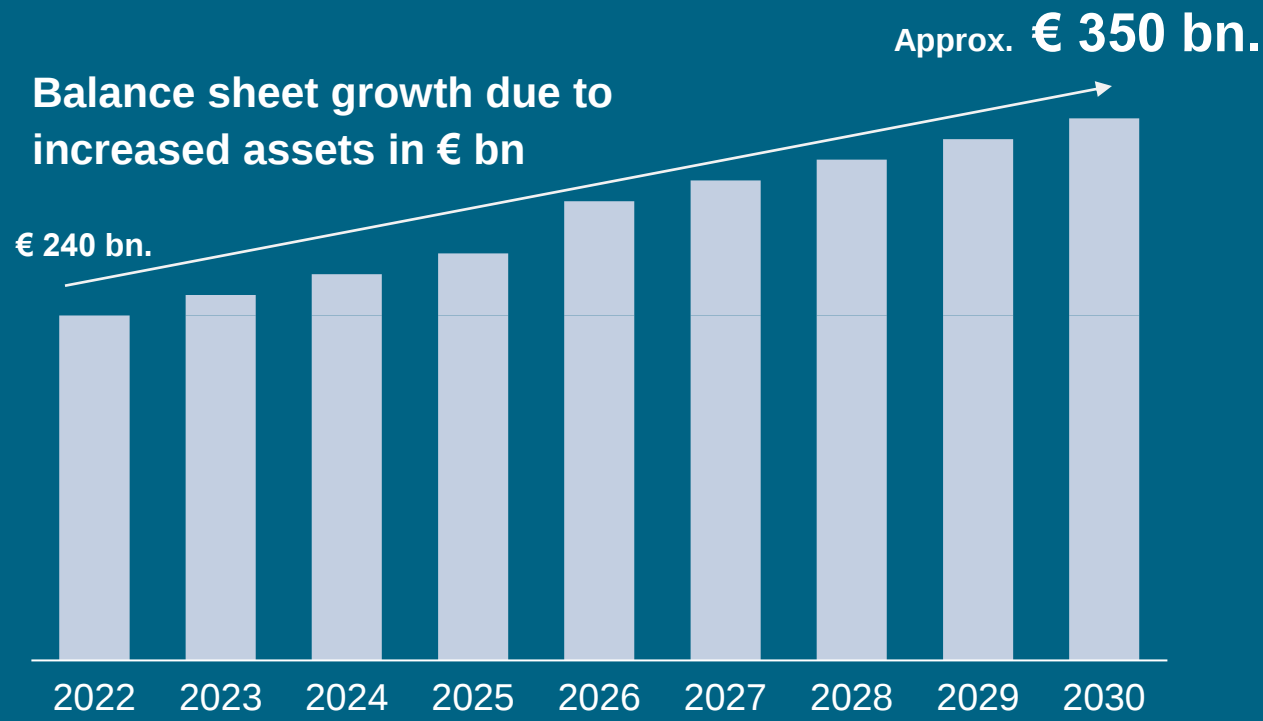
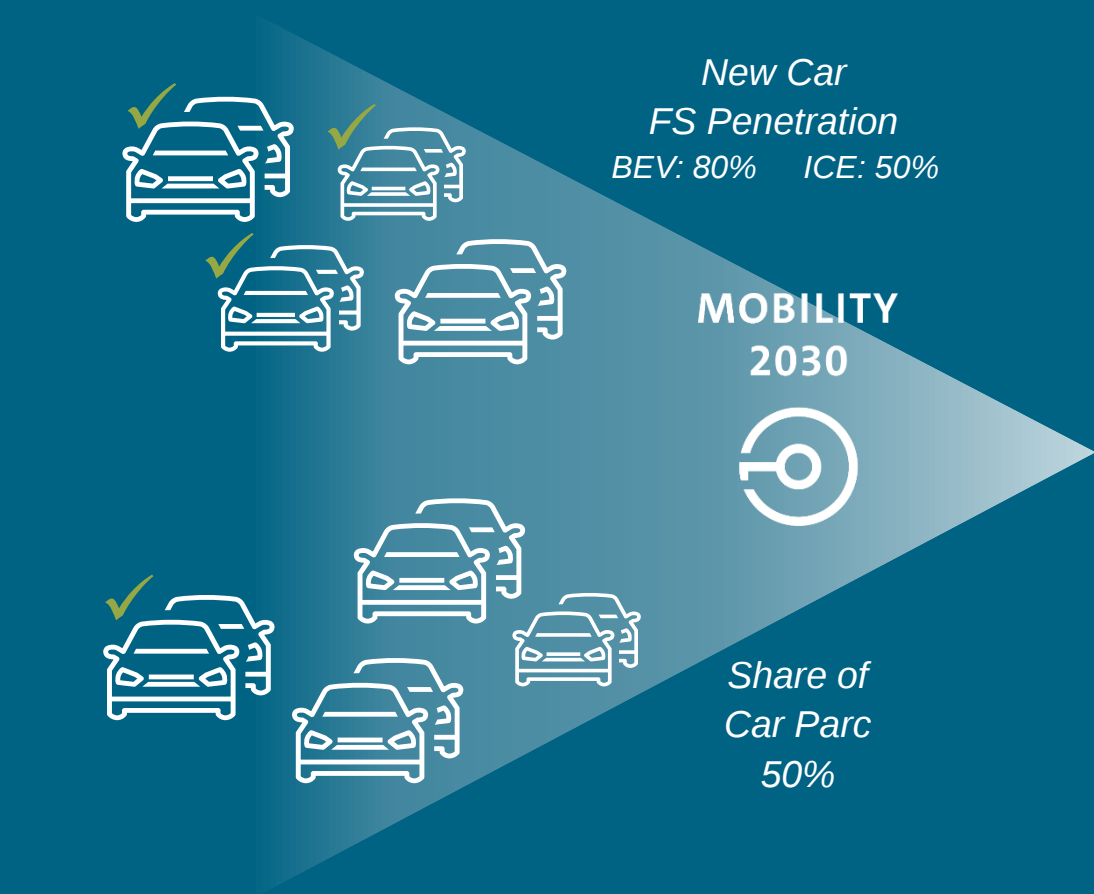
- First external ESG audit with an extraordinary result.
- Analysis of 5 aspects: Product Governance, Corporate Governance, Data Privacy and Security, Business Ethics and Human Capital.
- Ranked within the best 3 % of peer group in sector Consumer Finance.

Credit Rating*	S&P	Moody's
VW FS	BBB+	A3
VW Bank	BBB+	A1

* Senior Unsecured Rating

- Stable Credit Rating in the investment grade from S&P and Moody's.

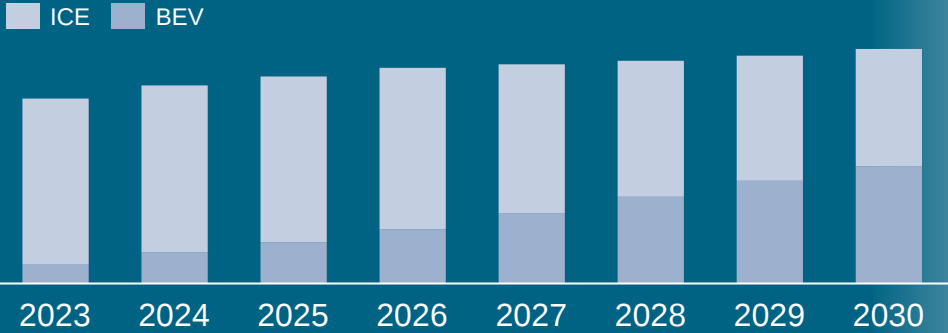
Annual new car sales and an increasing VW FS share of Volkswagen's car parc will increase VW FS' refinancing demand



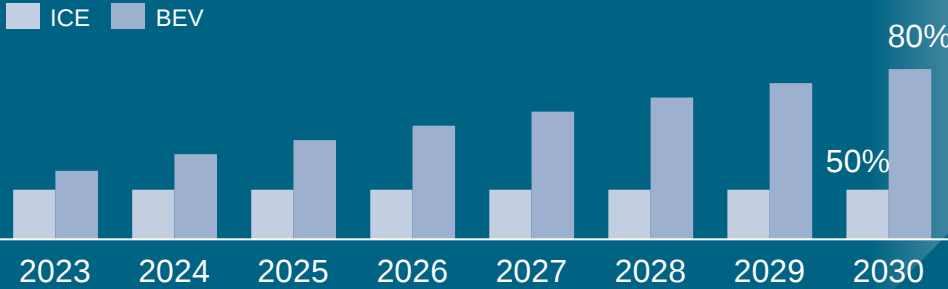
✓ Green in the sense of CO2-neutral use of the car, e.g. BEV

Impact of BEV Group deliveries on VW FS Portfolio and Balance Sheet

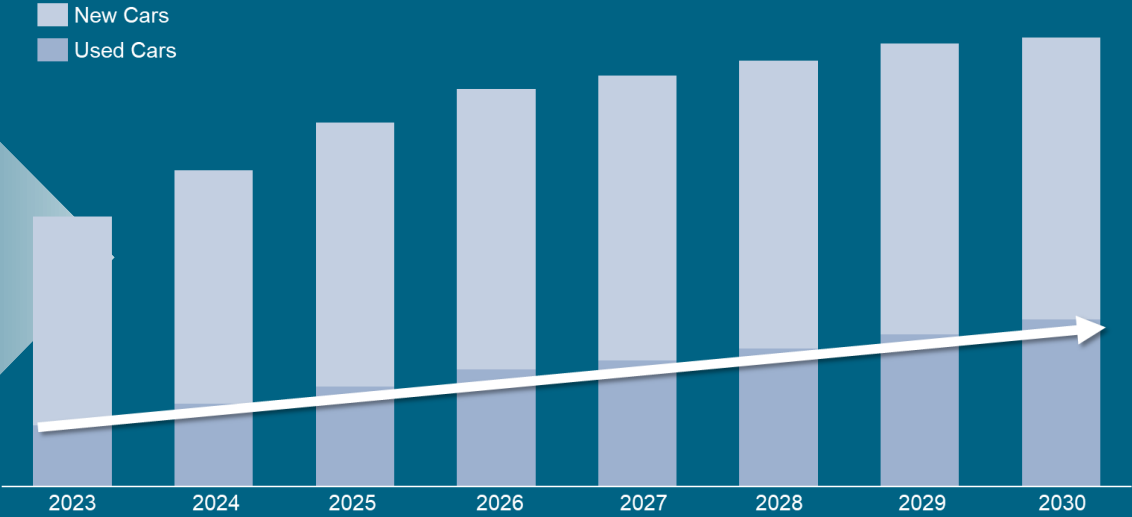
BEV group deliveries to customers increase ...



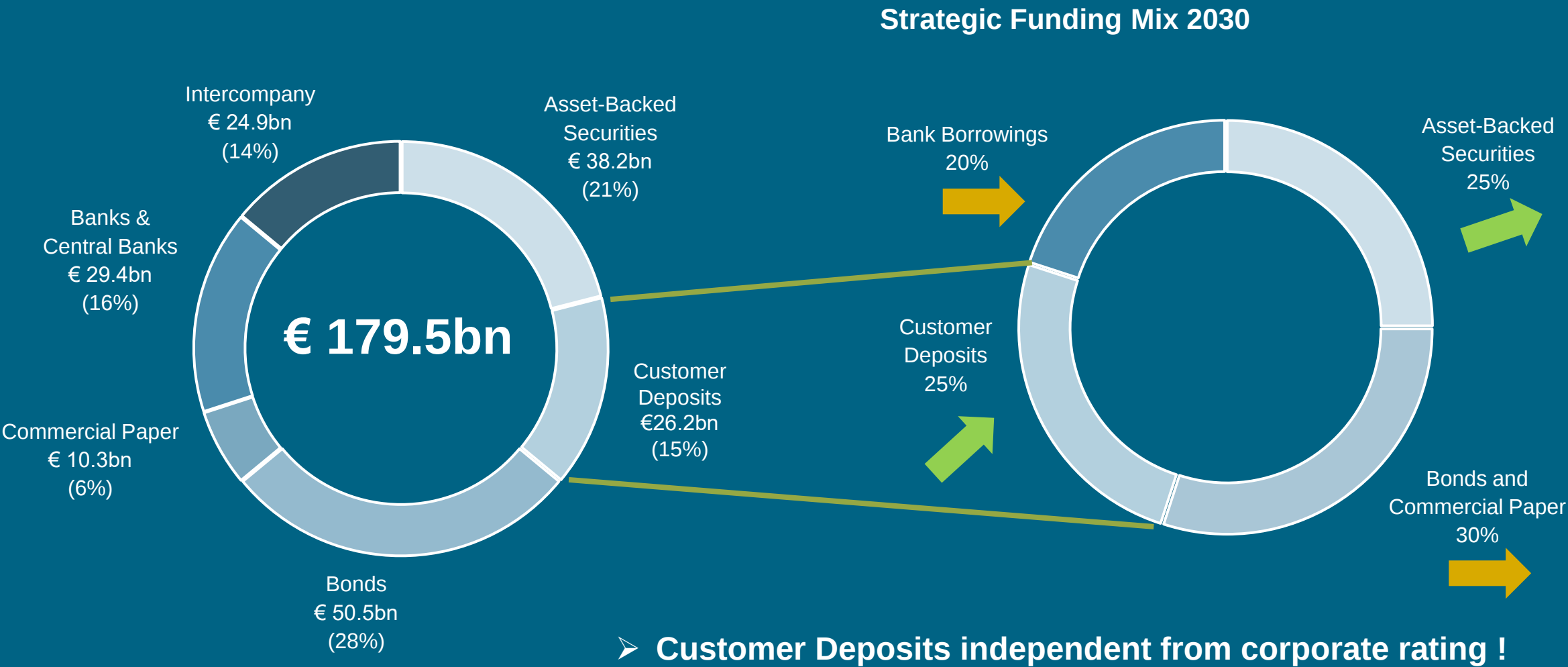
... while VW FS BEV Penetration increases, too.



In addition, used car share of new contracts is increasing and leads to a growing portfolio

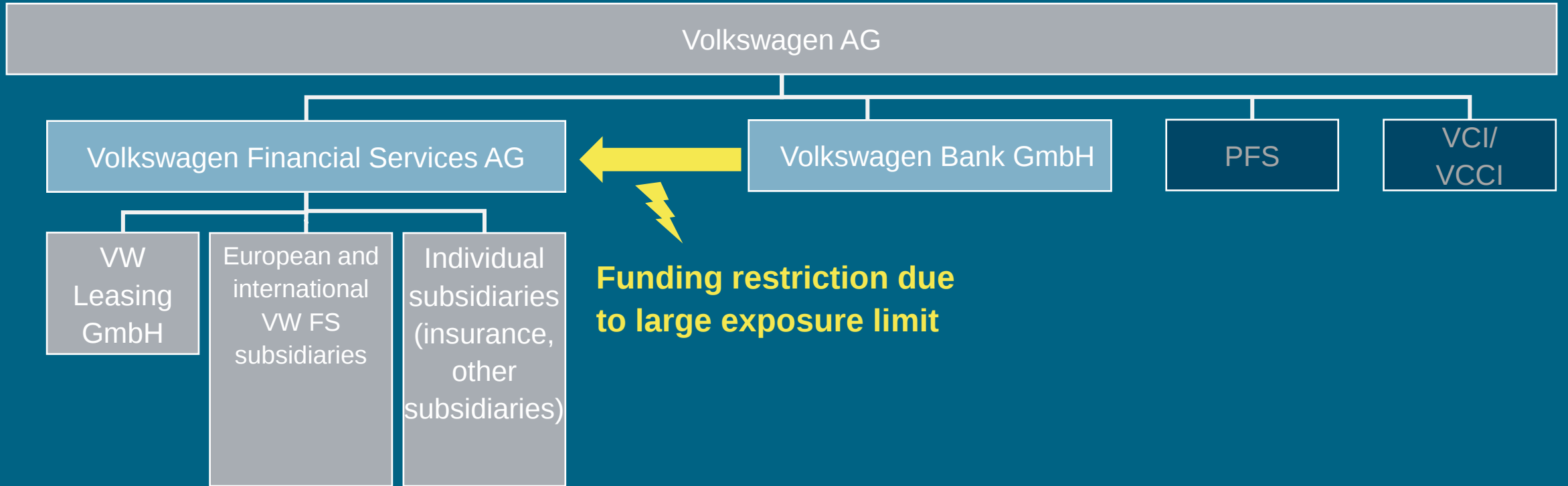


Funding allocation of segment Volkswagen Financial Services as of 31.12.2022



VW FS AG and VW Bank GmbH are currently separate subsidiaries of Volkswagen AG

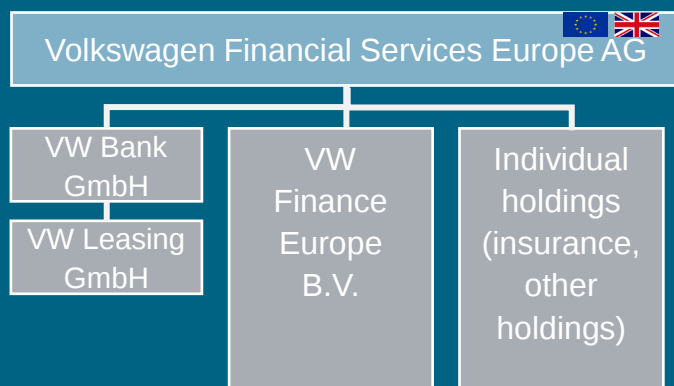
Status quo



Reporting group Volkswagen Financial Services

The new Group structure of Volkswagen Financial Services

One for Europe...

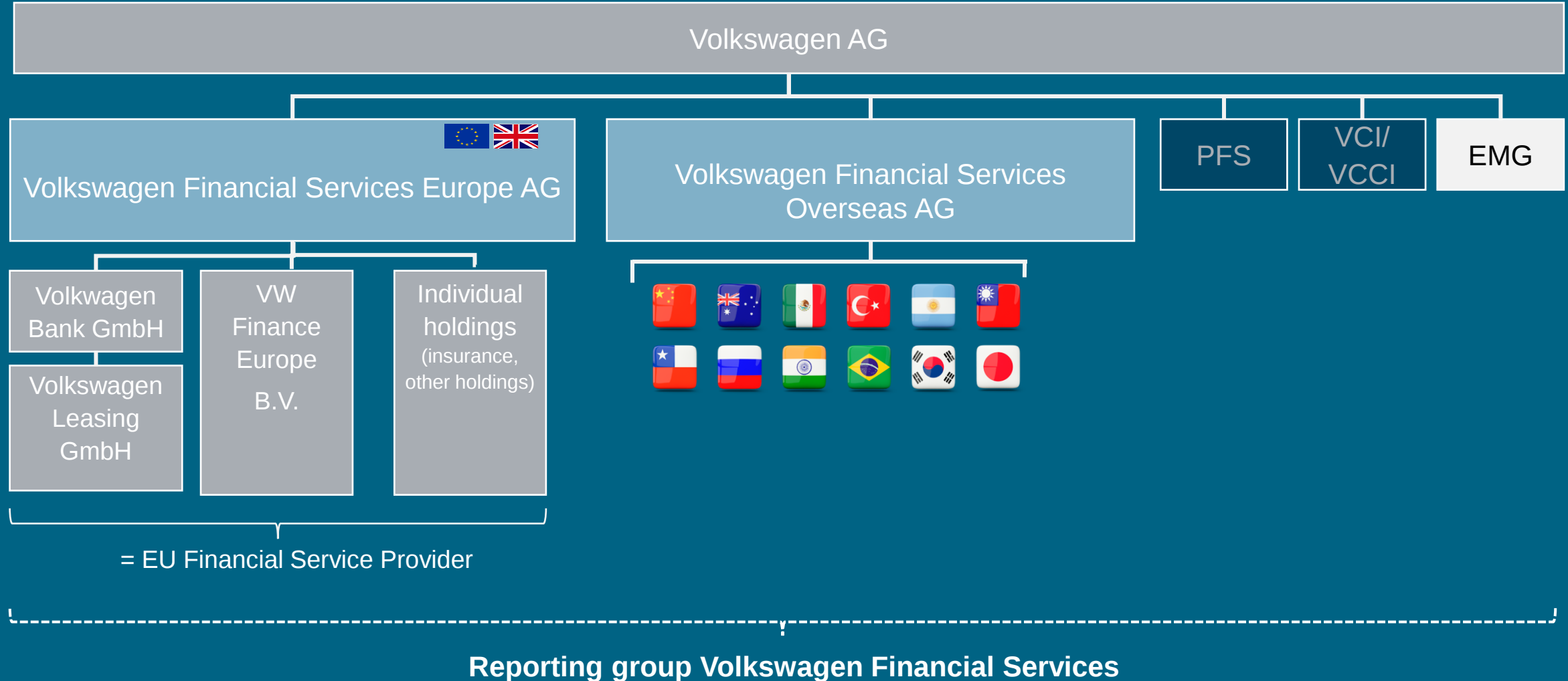


...one for the Overseas

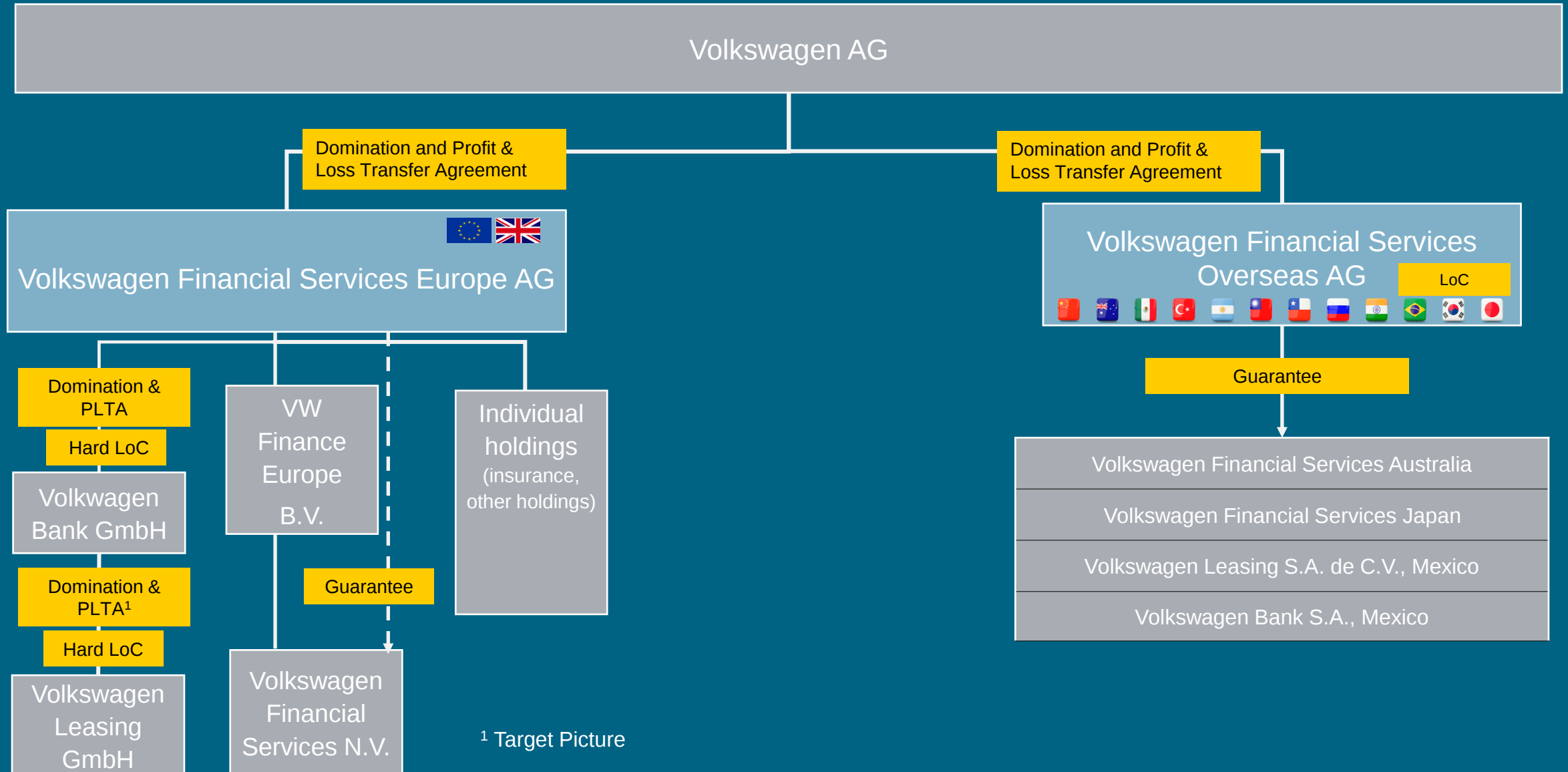


- Usage of VW Bank's customer deposits to fund the planned growth path of the European business
- Sustainable group setup and governance structures, considering the changing regulatory environment
- The new structure paves the way for a successful implementation of the Volkswagen group strategy in the field of mobility services
- Equity base of Volkswagen Financial Services sufficient even in the new structure
- Implementation of main steps planned until mid 2024

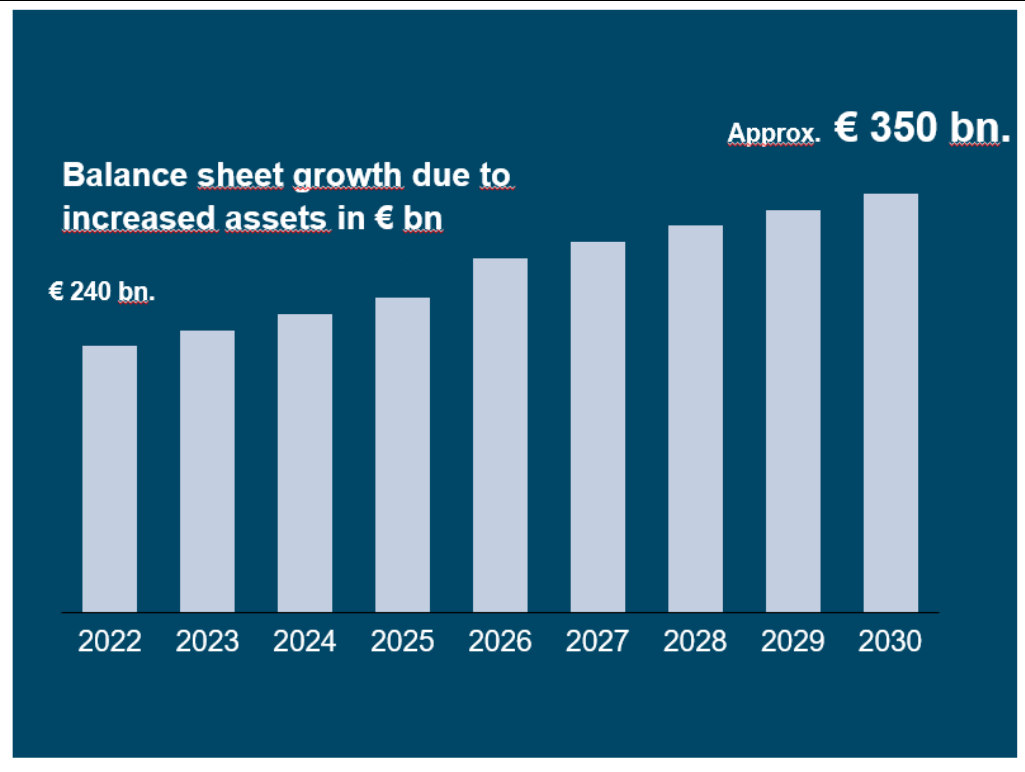
Target picture - Unchanged reporting structure of segment Volkswagen Financial Services



Volkswagen Financial Services organisational structure and guarantee scheme target picture

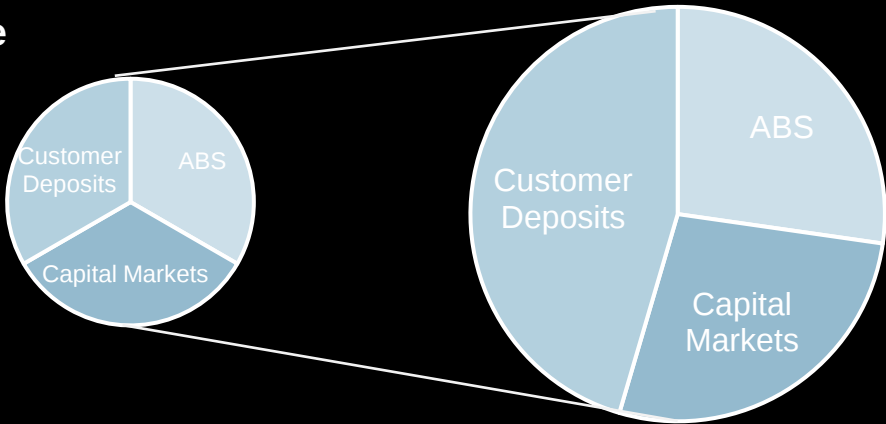


Strong business growth needs a strong refinancing strategy
Core element is the increase of customer deposits in Europe

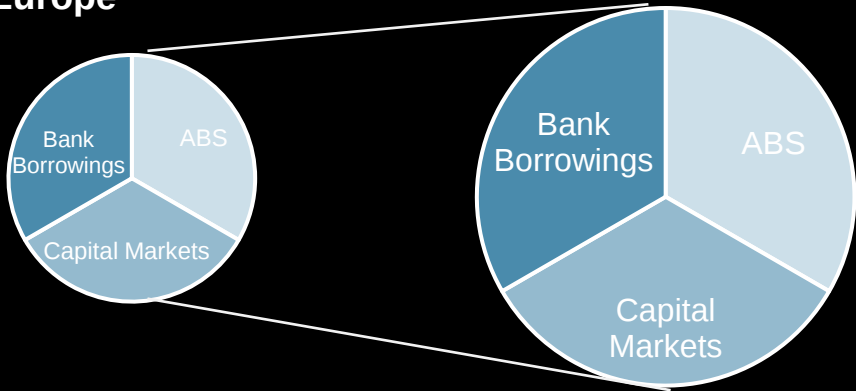


Strategic Funding Mix of Volkswagen Financial Services

Europe



Non-Europe



Financial Performance as of 31.12.2022

Volkswagen Financial Services*



€ 5.6 bn

Operating Profit



22 mn

Contracts



240 bn

Total Assets

Volkswagen Bank GmbH

Total assets	€ 61.2 bn
Customer deposits	€ 26.2 bn
Operating profit	€ 761 mn
Contracts (units)	3.2 mn

Volkswagen Financial Services AG

Total assets	€ 133.3 bn
Operating profit	€ 3.207 bn
Contracts (units)	16.1 mn

*Volkswagen Financial Services are a business segment of the Volkswagen AG group and comprise Volkswagen Financial Services AG along with its associated companies, Volkswagen Bank GmbH, Porsche Financial Services, and the financial services companies in the USA and Canada.

Financial Performance as of 30.06.2023

Volkswagen Financial Services*



€ 1.76 bn

Operating Profit



21.7 mn

Contracts



255 bn

Total Assets

Volkswagen Bank GmbH

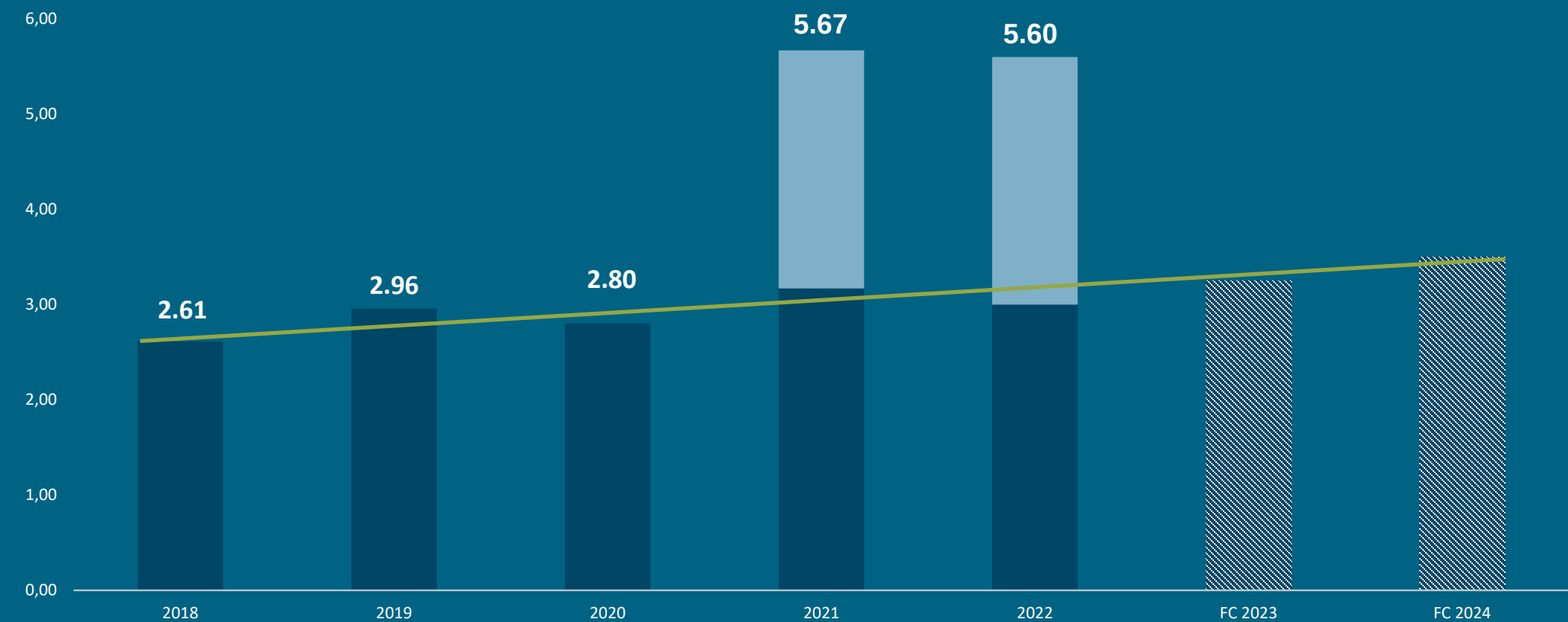
Total assets	€ 70.4 bn
Customer deposits	€ 34.6 bn
Operating profit	€ 359 mn
Contracts (units)	3.2 mn

Volkswagen Financial Services AG

Total assets	€ 138.2 bn
Operating profit	€ 768 mn
Contracts (units)	15.9 mn

*Volkswagen Financial Services are a business segment of the Volkswagen AG group and comprise Volkswagen Financial Services AG along with its associated companies, Volkswagen Bank GmbH, Porsche Financial Services, and the financial services companies in the USA and Canada.

Operating Result Volkswagen Financial Services



Risk Cost Effects



Corona
Pandemic



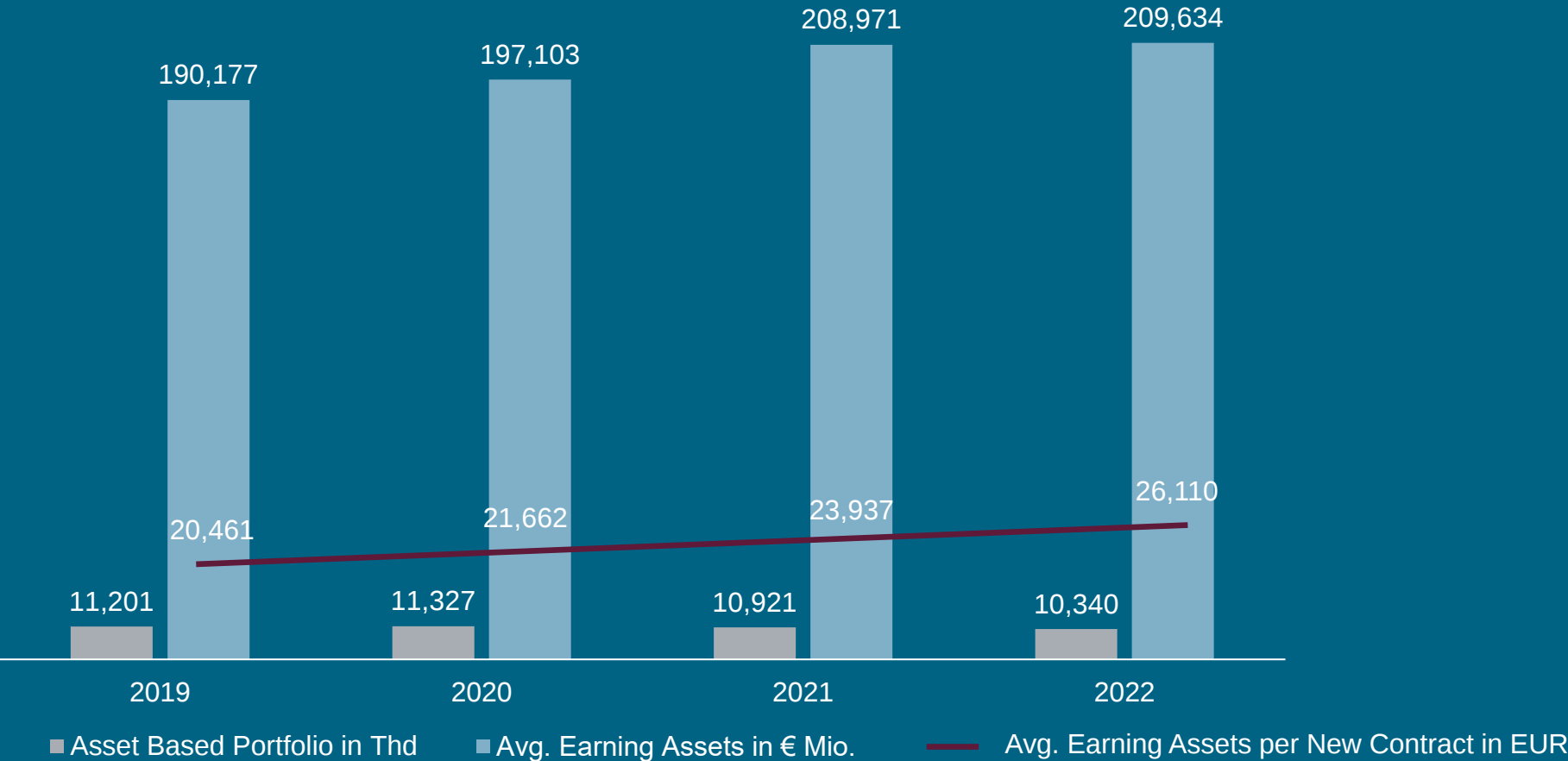
Semiconductor
Shortage



Normalizing
Risk Cost Situation



Avg. earning assets increase while asset based portfolio remains stable

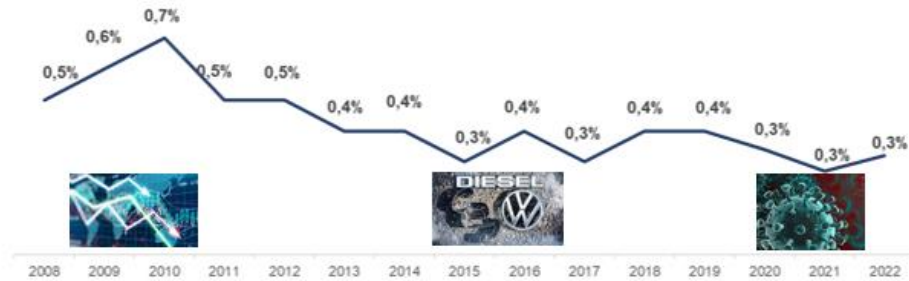


Proven crisis resilience:

- No significant influence of past crises on credit risk until now.
- Credit losses currently and historically on a very low level (**0.31% as of 30 June 2023**).
- Credit risks appropriately covered by provisions.

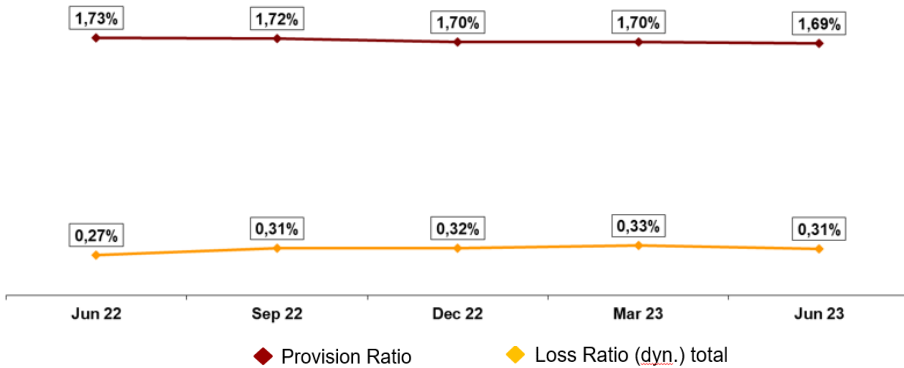
Volkswagen's resilient manager of assets and related risks serving as anchor of stability

Credit loss ratio historically on a very low level



Credit risk situation will remain challenging due to crisis situation in the Ukraine and expected increasing inflation and interest rates.

Provision- vs. Loss Ratio



- Positive trend in the development of used car prices related to an **increased demand in the used car market**.
- The peak in used car prices is already left behind in most markets, but remain on a quite high level in the first months.
- We adapt this in our Residual Value prognosis for new business on model level.

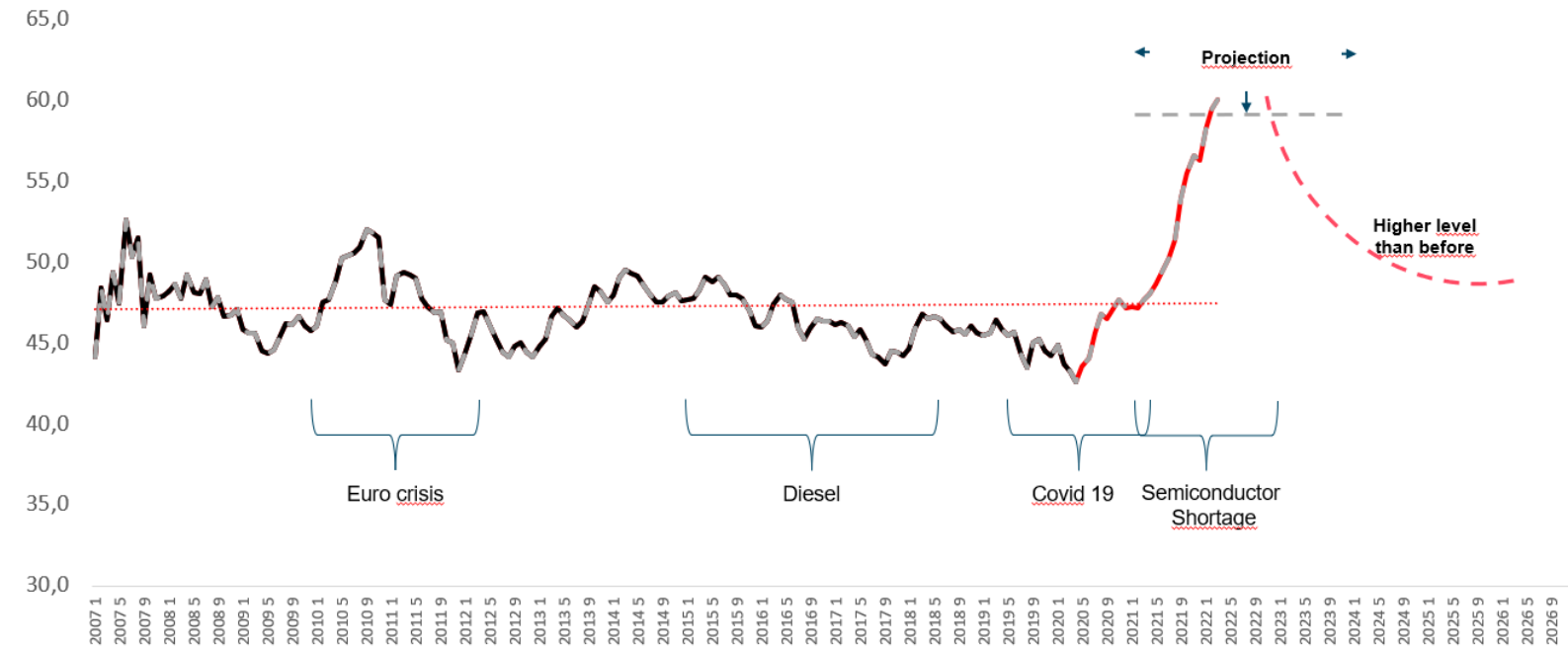
Forecast:

- **Even in the beginning of 2023 the still high used car prices** had a positive effect on our operating profit but in the further course of the year this will be lower than in 2022.

Volkswagen's resilient manager of related risks serving as anchor of stability

Re-marketing situation used cars

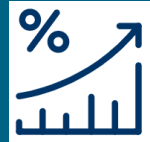
Residual Value



Interest rate risk management at Volkswagen Financial Services



Min. 80% matched funding.

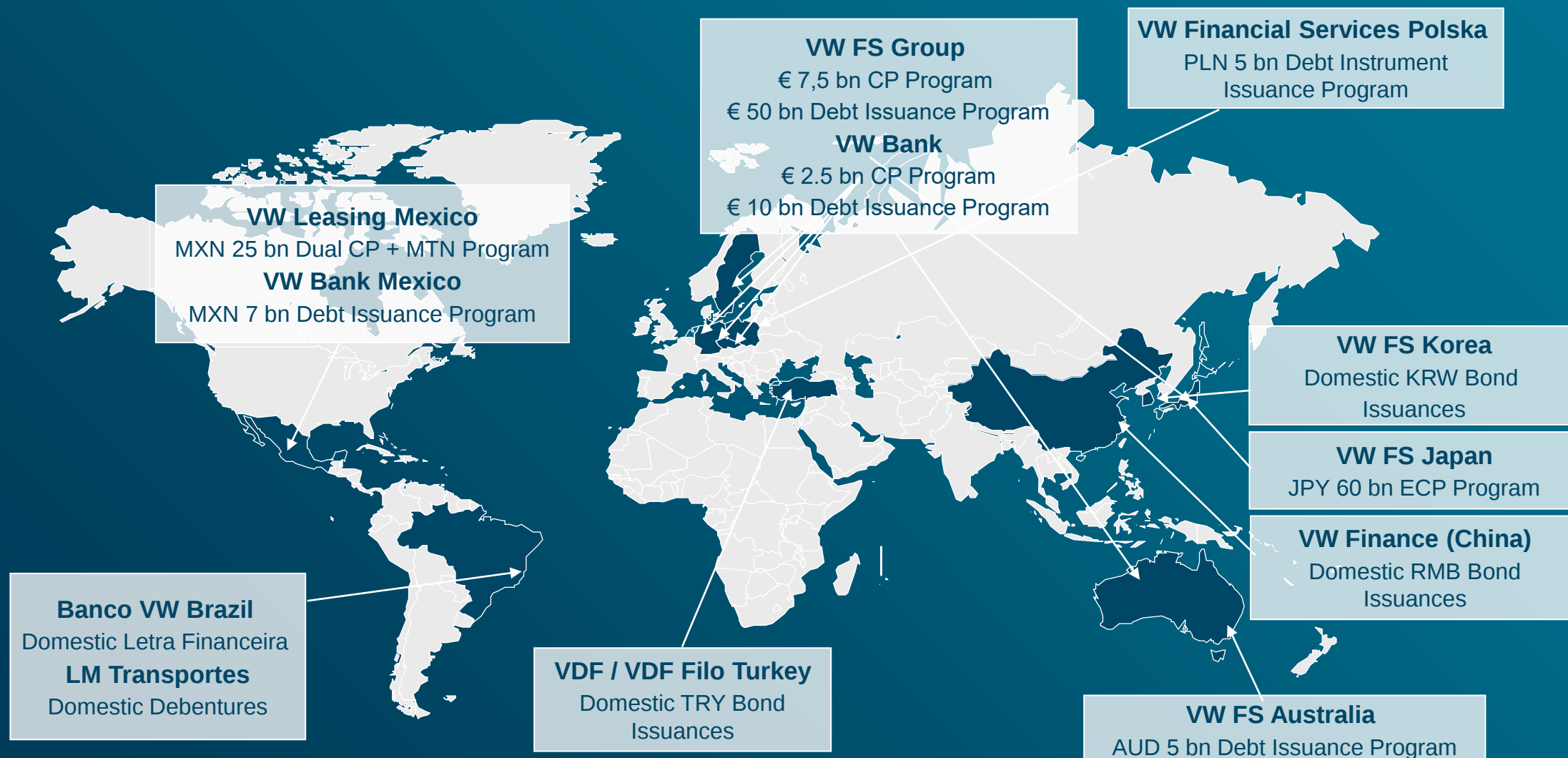


No currency risk:

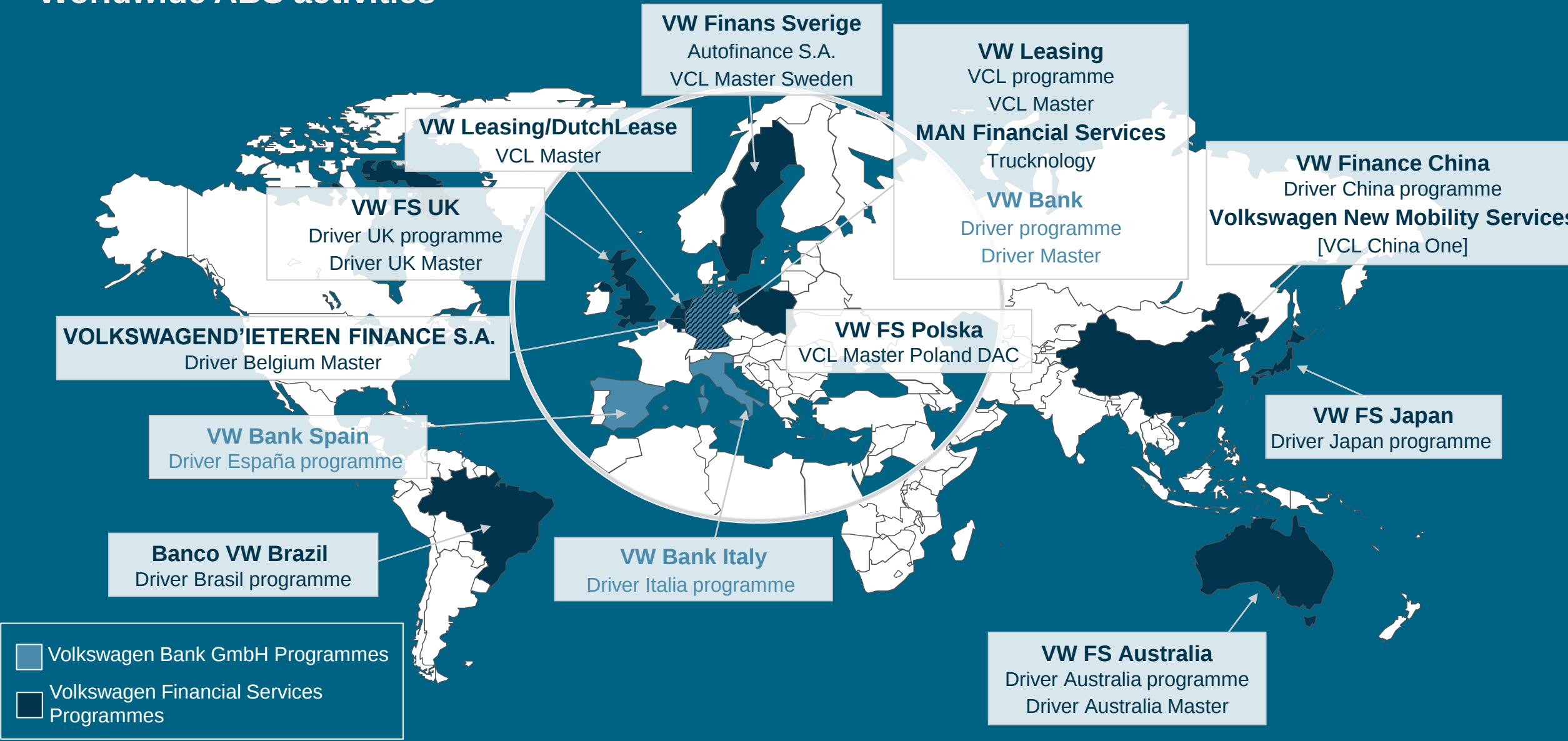
- In principle refinancing is carried out in local currency.
- If not in local currency, the currency risk is fully hedged.

Extraordinary interest rate risk in 2022 and 2023 due to rising interest rates between conclusion of contract and delayed delivery.

Worldwide DCM activities of Volkswagen Financial Services



Worldwide ABS activities



**VOLKSWAGEN
FINANCIAL SERVICES**

THE KEY TO MOBILITY

Thank you !

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