VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

HALF-YEARLY FINANCIAL REPORT

JANUARY – JUNE

2021

Key Figures

VOLKSWAGEN FINANCIAL SERVICES AG

€ million	June 30, 2021	Dec. 31, 2020
Total assets	124,547	117,845
Loans to and receivables from customers attributable to		
Retail financing	22,189	21,006
Dealer financing	4,788	4,272
Leasing business	40,503	39,984
Lease assets	30,580	27,311
Equity	14,393	12,760

€ million	H1 2021	H1 2020
Operating result	972	528
Profit before tax	947	542

Percent	June 30, 2021	Dec. 31, 2020
Equity ratio[1]	11.6	10.8

Headcount	June 30, 2021	Dec. 31, 2020
Employees	10,947	10,880
Germany	5,822	5,789
International	5,125	5,091

1 Equity divided by total assets

RATING (AS OF JUNE 30)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Financial Services AG	A-2	BBB+	stable	P-2	A3	stable

All figures shown in the report are rounded, so minor discrepancies may arise when amounts are added together. The comparative figures from the previous fiscal year are shown in parentheses directly after the figures for the current reporting period.

Report on Economic Position

GLOBAL SPREAD OF CORONAVIRUS (SARS-COV-2)

At the end of 2019, initial cases of a potentially fatal respiratory disease became known in China. This disease is attributable to a novel virus belonging to the coronavirus family. Infections also appeared outside China from mid-January 2020. The number of people infected rose very rapidly in the course of 2020, albeit with differences in timing and regional spread. Around the world, measures were taken and adapted at national level and with varying levels of intensity based on the situation. However, these ultimately failed to bringing the spread of the SARS-CoV-2 virus under control. In addition, aid packages to support the economy were agreed by the European Commission and by numerous governments in Europe and other regions, and economic stimulus measures were introduced to counter the pandemic's impact. Throughout the whole of 2020, the global spread of the SARS-CoV-2 virus brought enormous disruption to all areas of everyday life and the economy.

The mostly dynamic increase in the rate of infection continued in many places throughout the first quarter of 2021. This was accompanied by ongoing disruption – such as contact and mobility restrictions or limitations on business activities – in many parts of the world. With the increased availability of testing capacities and vaccines, some countries have permitted the extensive reopening of everyday life and the economy. In China in particular, the measures taken have resulted in a removal of restrictions. In most of the world, infection rates declined in the second quarter of 2021, leading to a further easing of the measures taken to contain the pandemic. However, some countries in South and Central America, Asia and Europe recorded a new rise in infections, which was primarily due to new variants of the SARS-COV-2 virus. Some restrictions returned in response to the situation.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE GROUP'S POSITION

New business grew around the globe over the first half of 2021 and was substantially above the level of the equivalent period in 2020 because of the restrictions and effects resulting from the Covid-19 pandemic in the previous year.

In the first six months of 2021, Volkswagen Financial Services AG increased its business volume compared with the position at the end of 2020, largely as a result of growth in Germany and the impact from changes in exchange rates.

The global share of financed and leased new vehicles in the Group's worldwide deliveries to customers (penetration) stood at 27.3 (28.3)% at the end of the first half of the year.

Net income from leasing transactions improved substantially, the uptrend in Germany being the main contributing factor.

Funding costs were significantly below the prior-year level. Based on higher business volume, this was attributable to lower funding spreads.

The largely stable credit risk situation in the first half of fiscal year 2021 accompanied a noticeable rise in the volume of loans and receivables and a significant fall in risk costs. Support measures were scaled back as the Covid-19 pandemic was contained in most regions of the world. The provision for credit risks was adjusted accordingly.

The residual value portfolio also expanded moderately, although residual value risk declined slightly. All developments continue to be closely monitored and this led to a slight adjustment of the provision for credit risks in the first two quarters.

Overall, the operating result substantially exceeded the corresponding prior-year figure as a result of the changes described above.

The Board of Management of Volkswagen Financial Services AG considers the business to have performed well in the year to date.

CHANGES IN EQUITY INVESTMENTS

The following material changes in equity investments have occurred:

Effective January 5, 2021 and January 29, 2021, Volkswagen Finance Pvt. Ltd., Chennai, India, in which Volkswagen Financial Services AG holds 91% of the shares, acquired a further 42.6% interest in Kuwy Technology Service Pvt. Ltd., India, by means of a direct acquisition of shares and through a capital increase. The total shareholding has therefore risen to 67.7%. Kuwy Technology Pvt. Ltd. provides an app-based brokering platform for vehicle finance that serves as an interface between dealers and finance providers.

By means of three capital increases, Volkswagen Financial Services AG additionally acquired around 27% of the shares in total in Verimi GmbH, Berlin, expanding its overall shareholding to 29.98%.

Truckparking B.V., Utrecht, Netherlands, a subsidiary of Volkswagen Financial Services AG in which the latter held 79.11% of the shares, was liquidated, effective March 2, 2021. The purpose of the liquidation was to slim down the company structure.

On April 10, 2021, Autolease Beheer B.V., Apeldoorn, Netherlands, a wholly owned subsidiary of Volkswagen Pon Financial Services B.V., Amersfoort, Netherlands, was merged into Volkswagen Pon Financial Services B.V. Volkswagen Finance Overseas B.V., Amsterdam, Netherlands, holds a 60% equity investment in Volkswagen Pon Financial Services B.V. The purpose of the merger was to streamline the corporate structure in the Netherlands.

Effective May 28, 2021, Volkswagen Financial Services AG, Braunschweig, transferred its 100% equity investment in Volkswagen Financial Services Polska Sp. z o.o., Warsaw, Poland, as a capital contribution in kind to Volkswagen Finance Overseas B.V., Amsterdam, Netherlands, a wholly owned subsidiary of Volkswagen Financial Services AG.

Volkswagen Pon Financial Services B.V., Amersfoort, Netherlands, in which Volkswagen Finance Overseas B.V., Amsterdam, Netherlands, holds a 60% equity investment, acquired all of the shares in Dutch leasing company Huiskes Kokkeler Autolease B.V., Hengelo, Netherlands, from Van der Straaten Automotive Beheer B.V., Hengelo, Netherlands, effective June 1, 2021. The purpose of the acquisition was to expand the leasing business in the Netherlands.

Effective June 30, 2021, Volkswagen Financial Services AG, Braunschweig, sold its 51% equity investment in Volkswagen Doguș Finansman A.S., Istanbul, Turkey, to VDF Servis ve Ticaret A.S., Istanbul, Turkey, a subsidiary of Volkswagen Financial Services AG, Braunschweig, in which the latter holds 51% of the shares. This sale aimed to streamline the structure of equity investments in Turkey.

In the first half of 2021, Volkswagen Financial Services AG and its wholly owned subsidiary Volkswagen Finance Overseas B.V., Amsterdam, Netherlands, increased the equity of the following companies to strengthen their capital resources:

> PayByPhone Technologies Inc., Vancouver, Canada
> Volkswagen Semler Finans Danmark A/S, Brøndby, Denmark
> Rent-X GmbH, Braunschweig, Germany

There were no further significant capital increases.

GENERAL ECONOMIC DEVELOPMENT

The global spread of the SARS-CoV-2 virus and the associated restrictions continued in the first half of 2021 to varying degrees. The progress made by many countries in administering vaccines to their populations had a positive effect, while the emergence of new variants of the virus led to a renewed rise in infections at a national level. Compared with the prior-year period, the global economy recorded positive growth. In both the advanced economies and the emerging markets, the average rate of expansion of gross domestic product (GDP) was far higher than the negative growth seen in the first half of 2020. At a national level, performance during the reporting period was in part dependent on the extent to which the negative impacts of the Covid-19 pandemic were already materializing and the degree of intensity applied to the measures taken to contain the spread. The governments and central banks of numerous countries around the world continued to maintain their expansive fiscal and monetary policy measures. Interest rates remained relatively low. On average, prices for energy and other commodities rose significantly compared with the prior-year period. Global trade in goods increased in the reporting period.

The economies of Western Europe recorded markedly positive growth overall from January to June 2021 compared with the prior-year period. This trend was seen in nearly all countries in Northern and Southern Europe due among other things to falling infection rates in many countries during the second quarter, which led to the relaxing of measures to contain the pandemic.

On the whole, Germany reported a positive growth rate over the reporting period. The unemployment rate rose slightly compared with the prior-year period, while the number of employees affected by short-time working (Kurzarbeit) remained high. Confidence in the industrial and service sectors rose on average, consumer confidence was slightly above the level for the same period of the previous year.

As a whole, the economies in Central and Eastern Europe showed an increase in real absolute GDP in the first six months of the year compared with the first half of 2020. This trend was also observed in Russia, the largest economy in Eastern Europe.

Turkey's economy achieved positive GDP growth in the first half of 2021 amid high inflation and a devaluation of the local currency. South Africa also recorded a positive development in GDP in the reporting period amid persistent structural deficits and political challenges.

The US economy achieved significantly positive growth in the first six months of 2021 as infection rates tapered off. The US government approved a further comprehensive stimulus package in the first quarter of this year to strengthen the economy. Both the weekly number of people filing new claims for unemployment benefits and the unemployment rate fell, but remained at a relatively high level. The average inflation rate increased in the reporting period. In Canada and Mexico, economic output was also significantly higher than in the same period of 2020.

Brazil's economy recorded an increase from January to June 2021 despite high infection rates. Argentina registered a recovery in economic output amid high inflation and continuous currency depreciation.

China had been exposed to the negative effects of the Covid-19 pandemic earlier than other economies and benefited from a relatively low number of new infections as the year progressed. The country's economic output continued to rise in the reporting period. India registered positive economic growth overall amid a spike in infections. Japan also recorded a positive GDP growth rate compared with the same period of the previous year.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Automotive financial services enjoyed a high level of demand in the first half of 2021. This was attributable to a number of factors, notably the persistently low key interest rates in the main currency areas. Nevertheless, the Covid-19 pandemic exerted downward pressure on demand for financial services in virtually every region.

The European passenger car market continued to be affected by the ramifications of the Covid-19 pandemic in the reporting period, although vehicle deliveries sharply exceeded those of the prior-year period, which had been weak because of the pandemic. Demand for financing agreements and leases for new vehicles was also higher than in the equivalent 2020 period, but there was nevertheless a year-on-year fall in the proportion of total sales accounted for by these contracts. The campaign business related to the financing of used vehicles also benefited from a positive trend, with after-sales products such as inspection, maintenance and spare parts agreements particularly enjoying further growth in the current market environment.

Also in Germany, the financial services business continued to be impacted by the pandemic. Nevertheless, more leases were signed with private and fleet customers in the first half of 2021. The number of new financing agreements in respect of new and used vehicles fell below the level in the prior-year period, although the used vehicle business registered an uptrend, particularly in the second quarter. New business involving maintenance and insurance products was lower than in the corresponding prior-year period, except in the case of a few individual products.

In South Africa, demand for financing and insurance products related to new and used vehicles went up slightly in the first half of 2021, as in the previous year boosted by campaigns, vehicle price inflation and persistently low interest rates. Overall, however, financed vehicle purchases remain difficult overall because of subdued economic activity and the ongoing downward pressure on disposable income.

In the North America region, vehicle deliveries, demand for leases and financing agreements as well as demand for after-sales products and automotive insurance all exceeded the prior-year figures in the first half of 2021. The proportion accounted for by leases and financing agreements remained virtually unchanged year-on-year in the US, whereas it declined in Canada because of the Covid support programs in the previous year. In Mexico, vehicle deliveries exceeded the prior-year figures. In absolute terms, the number of leases and financing agreements reached the prior-year level, although the demand relating to the fleet business was below the comparative 2020 figure.

Demand for automotive financial services in the South America region in the first half of 2021 remained more or less at the prior-year level despite a recovery in the automotive environment compared with 2020. In Brazil, the trend toward fleet business and long-term leases was consolidated. Argentina saw a rise in sales through vehicle savings plans.

The passenger car market in China continued to recover at the beginning of 2021 from the Covid-19 pandemic. However, the recovery slackened off over the second quarter, which also led to a lower number of new contracts for automotive financial services. The figures for the reporting period almost reached the comparative figures for the corresponding prior-year period. In the Japanese market, demand for financial services was slightly higher than in the first six months of the previous year.

In the first half of 2021, the commercial vehicles market – which had been sharply impacted by the Covid-19 pandemic in the previous year – benefited from a recovery compared with the equivalent period in the previous year, primarily on the back of growth in demand for heavy-duty commercial vehicles. This positive trend was also evident in the financing agreements and leases in Europe and Brazil.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Between January and June 2021, global demand for passenger cars rose sharply on the whole compared with the weak level recorded in the prior-year period (+29.1%). However, the growth was uneven owing to the effects of the Covid-19 pandemic, which varied strongly from region to region both in the first six months of 2020 and in 2021. The overall markets of the South America and Africa regions recorded above-average growth. The increases in Western Europe, Central and Eastern Europe, North America and Asia-Pacific were roughly in line with the global average.

Global demand for light commercial vehicles between January and June 2021 was up significantly on the prior-year level.

In Western Europe, demand for passenger cars in the reporting period was up sharply on the previous year. The continuing restrictions aimed at containing the Covid-19 pandemic led to a year-on-year decline in deliveries in the first two months of 2021. From March onwards, demand in the individual months exceeded that of the previous year, which had been affected by the pandemic as of the last third of the first quarter and particularly in the second quarter of 2020. The performance of the large individual passenger car markets was positive without exception: from January to June 2021, new registrations of passenger cars in France, the United Kingdom, Italy and Spain recorded above-average double-digit growth rates.

In the first half of 2021, the volume of new registrations of light commercial vehicles in Western Europe was much higher than the prior-year figure.

Demand for passenger cars in Germany rose significantly between January and June 2021. In addition to the effects of the Covid-19 pandemic, early purchases in the fourth quarter of 2020 in anticipation of the expiry of the temporary reduction in value-added tax (VAT) led to a lower volume of new registrations in the first few months of the reporting period.

Demand for light commercial vehicles in Germany in the reporting period was substantially higher than in the same period of 2020.

In the Central and Eastern Europe region, there was a strong rise in sales of passenger cars in the first six months of

2021 compared with the prior year. The development of demand varied from market to market. In the Central European EU countries as a whole, a lower absolute increase in demand was registered than in Russia, the region's largest single market. This recorded a very sharp rise in demand in the reporting period after falling moderately short of the prior-year level in the first quarter of 2021.
Registration volumes for light commercial vehicles in Central and Eastern Europe rose sharply year-on-year. The number of vehicles sold in Russia in the months of January to June 2021 was up considerably on the prior-year figure.

In Turkey, the passenger car market volume in the reporting period exceeded the low level of the previous year by more than 50%. The market recovery that had begun in the fourth quarter of 2019 thus continued in 2021. In South Africa, the number of passenger cars sold between January and June 2021 was up by around a third on the very weak figure recorded the previous year.

Between January and June 2021, demand for light commercial vehicles rose both in Turkey and in South Africa by more than 50% year-on-year.

In North America, sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the reporting period increased sharply compared with the prior-year figure, which had been impacted by the negative effects of the Covid-19 pandemic.

In this region, the market volume in the USA also rose strongly year-on-year. Of the light commercial vehicles, the SUV models in particular benefited from this increase. The Canadian automotive market saw a very strong rise in sales in the reporting period, thereby halting the downtrend that had begun in 2018 and had accelerated in the previous year as a consequence of the Covid-19 pandemic. The number of vehicles sold in Mexico was considerably higher than the comparable prior-year figure.

In South America, the volume of new registrations for passenger cars and light commercial vehicles in the first six months of 2021 was on the whole much higher than in the weak prior year, which had been drastically affected by the impact of the Covid-19 pandemic. In both Brazil and Argentina, the number of new registrations was approximately one-third higher than in the prior-year period.

In the Asia-Pacific region, the volume of the passenger car market in the reporting period increased sharply compared with the prior-year figure, which had been substantially impacted by the SARS-CoV-2 virus, and nearly reached its pre-pandemic level. The absolute rise in demand for passenger cars in the reporting period was attributable in particular to the favorable trend in China. Here, the signs of a recovery that had begun during the second half of 2020 – following the drastic losses in the first three months of the previous year – continued, but weakened towards the end of the reporting period. In the Indian passenger car market, sales in the January to June 2021 period virtually doubled compared with the weak prior year. In Japan, the number of new passenger cars registered in the reporting period was up significantly on the prior-year period.

There was a moderate year-on-year improvement in demand for light commercial vehicles in the Asia-Pacific region. Registration volumes in China, the region's dominant market and the largest market worldwide, fell noticeably year-on-year. The number of new vehicle registrations in India rose very sharply, and in Japan the number was markedly higher than the prior-year level.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was much higher in the reporting period compared with the prior year. Compared with the previous year, which had been adversely affected by the Covid-19 pandemic, a recovery of the truck markets could be observed worldwide.

Demand in the 27 EU states excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3), was also up sharply on the previous year's level in the first half of 2021. Growth could be observed in almost all truck markets in the region. Poland saw demand virtually double, while the UK recorded growth of more than 40%. France and Germany also saw an appreciable rise in demand. The Russian market grew very sharply. New registrations in Turkey impressively more than doubled year-on-year, albeit from a low prior-year level. On the South African market, demand was up by more than 60%. In Brazil, the largest market in the South America region, demand for trucks in the first half of 2021 was up more than 50% year-on-year.

In the first six months of 2021, there was noticeable growth in demand overall in the bus markets that are relevant for the Volkswagen Group compared with the same period of the prior year. Between January and June 2021, demand for buses in the EU27+3 markets was unchanged on the weak level of the previous year. Demand for buses in Brazil was up very sharply year-on-year, while Mexico registered a significant increase on the previous year. As a consequence of the Covid-19 pandemic, demand for coaches in particular was still virtually non-existent in any of the bus markets that are relevant for the Volkswagen Group.

FINANCIAL PERFORMANCE

The disclosures on financial performance relate to the changes compared with the corresponding period in 2020.

Overall, Volkswagen Financial Services AG's entities performed very well in the first half of 2021.

The operating result improved substantially, by 84.1%, to €972 (528) million.

Interest income from lending transactions and marketable securities was moderately above the prior-year level at €1,024 million (+3.0%).

Net income from leasing transactions rose by 48.3% year-on-year to €1,413 (953) million as a consequence of the rise in business volume and improved marketing performance.

Interest expenses were significantly below the prior-year level at €593 million (–10.8%) as a result of lower funding spreads.

Net income from service contracts amounted to €117 (238) million and was substantially below the prior-year figure.

Net income from insurance business, on the other hand, was higher than in the prior-year period at €83 million (+18.6%).

The provision for credit risks of €129 (288) million was substantially below the prior-year level. Credit risks to which the Volkswagen Financial Services AG Group is exposed as a result of various critical situations (Brexit, economic crises) in the United Kingdom, Russia, Brazil, Mexico, India and the Republic of Korea, were accounted for in the reporting period by recognizing valuation allowances. These remained unchanged in the first half of 2021.

The net fee and commission income amounted to €55 (30) million, substantially above the prior-year level.

General and administrative expenses exceeded the prior-year period's level very significantly and stood at €1,204 million (+19.4%).

Net other operating income was substantially above the prior-year period at €209 million (+58.3%), particularly reflecting a positive impact from foreign currency measurement (other than hedges).

In the first half of 2021, the share of profits and losses of equity-accounted joint ventures amounting to a loss of €11 (profit of 23) million included non-recurring expenses of €43 million. These expenses were attributable to exchange differences on translating foreign operations previously recognized directly in equity that were reclassified in connection with the sale of a joint venture in Turkey.

The net loss on miscellaneous financial assets of €5 million (previous year: €6 million) and the other components of profit or loss led to profit after tax for the Volkswagen Financial Services AG Group of €672 million, which represented a year-on-year increase (+76.4%).

The German companies continued to account for the highest business volumes with 30.6% of all contracts.

NET ASSETS AND FINANCIAL POSITION

The disclosures on net assets and financial position relate to the changes compared with the balance sheet date of December 31, 2020.

Lending business

The total assets of Volkswagen Financial Services AG rose by €6.7 to €124.5 billion.

At €112.3 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 90% of the Group's total assets.

The volume of retail financing lending rose by €1.2 billion to €22.2 billion (+5.6%), as a consequence of exchange rate effects, among other factors.

The number of new contracts was 570 thousand (+16.9% compared with the figure for the first half of 2020). The volume of current contracts declined to 2,876 thousand contracts (–2.8% compared with the figure for December 31, 2020).

The 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 €4.8 billion (+12.1%).

Receivables from leasing transactions were slightly above the prior-year level at €40.5 billion (+1.3%). Lease assets recorded growth of €3.3 billion to €30.6 billion (+12.0%).

A total of 734 thousand new leasing contracts were signed in the reporting period, clearly surpassing the figure for the first half of 2020 (+20.2%). The number of leased vehicles as of June 30, 2021, was 3,632 thousand, a year-on-year increase of 2.6%. As in previous years, the largest contribution came from Volkswagen Leasing GmbH, which had a contract portfolio of 1,679 (1,631) thousand lease vehicles.

The number of service and insurance contracts as of June 30, 2021 was 9,286 (8,912) thousand. The total of 1,763 thousand new contracts was above the figure for the first half of 2020 (+23.6%).

KEY FIGURES BY SEGMENT AS OF JUNE 30, 2021

in thousands	Germany	United Kingdom	Sweden	China	Brazil	Mexico	Other companies[1]	VW FS AG Group
Current contracts	**4,837**	**1,951**	**686**	**1,340**	**603**	**599**	**5,779**	**15,794**
Retail financing	–	8	91	1,338	388	195	855	2,876
of which: consolidated	–	8	91	1,338	388	195	486	2,507
Leasing business	1,604	960	147	2	12	52	855	3,632
of which: consolidated	1,604	960	147	–	0	52	539	3,303
Service/insurance	3,233	983	448	–	203	352	4,068	9,286
of which: consolidated	3,233	941	237	–	131	352	2,492	7,386
New contracts	**834**	**452**	**134**	**283**	**144**	**92**	**1,129**	**3,067**
Retail financing	–	8	22	283	70	26	161	570
of which: consolidated	–	8	22	283	70	26	94	503
Leasing business	352	172	28	0	18	10	153	734
of which: consolidated	352	172	28	–	16	10	98	676
Service/insurance	482	272	84	–	56	56	814	1,763
of which: consolidated	482	267	49	–	42	56	505	1,401
€ million								
Loans to and receivables from customers attributable to								
Retail financing	–	203	1,051	10,077	3,067	1,059	6,731	22,189
Dealer financing	10	1	225	878	301	367	3,007	4,788
Leasing business	18,477	15,984	1,240	1	8	429	4,364	40,503
Lease assets	20,281	3,136	1,939	0	0	90	5,132	30,580
Investment[2]	5,668	773	327	0	–	1	1,344	8,111
Operating result	106	409	43	112	65	65	173	972
Percent								
Penetration[3]	59.7%	44.0%	60.3%	14.4%	38.3%	42.8%	24.4%	27.3%
of which: consolidated	59.7%	44.0%	60.3%	14.4%	37.2%	42.8%	15.4%	25.1%

1 The Other Companies segment covers the following markets: Australia, France, India, Ireland, Italy, Japan, Korea, Luxembourg, Poland, Portugal, Russia ,Spain and the Czech Republic. Relating to the number of contracts and penetration, it also covers the following markets: Argentina, Denmark, the Netherlands, Norway, Switzerland, South Africa, Taiwan and Turkey. It also includes the Volkswagen Financial Services AG holding company, the holding and financing companies in Belgium and the Netherlands, the EURO-Leasing companies in Denmark and Germany, Volkswagen Insurance Brokers GmbH, Volkswagen Versicherung AG, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH 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

Deposit business and borrowings

The significant liability items were liabilities to banks in the amount of €14.8 billion (+1.0%), liabilities to customers amounting to €19.5 billion (–3.3%) and notes and commercial paper issued amounting to €67.7 billion (+9.3%).

Equity

The subscribed capital remained unchanged at €441 million in the reporting period. Equity in accordance with IFRSs was €14.4 (12.8) billion. This resulted in an equity ratio of 11.6% based on total assets of €124.5 billion.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic opportunities

The Board of Management of Volkswagen Financial Services AG anticipates that deliveries to Volkswagen Group customers will be noticeable up on the previous year in 2021, assuming that containment of the Covid-19 pandemic is successful. Volkswagen Financial Services AG supports this positive trend by providing financial services products designed to promote sales. The risk of bottlenecks and disruptions in the supply of semiconductor components has intensified across the entire industry. The adverse impact expected as a result is more likely to affect the second half of the year, prompting us to lower our forecast for deliveries to customers.

Overall, growth in the global economy depends on how the Covid-19 pandemic develops. However, diminished rates of global economic growth or a period of temporary below-average growth rates cannot be ruled out. In this regard, particular attention needs to be paid to the expiry of government support measures and the economic consequences of the action implemented to contain the pandemic. The macroeconomic environment could also give rise to opportunities for Volkswagen Financial Services AG if actual trends turn out to be better than the forecast.

Strategic opportunities

In addition to maintaining its international focus by tapping into new markets, Volkswagen Financial Services AG believes that developing innovative products that are tailored to customers' changing mobility requirements offers additional opportunities. Growth areas 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.

Volkswagen Financial Services AG expects to be presented with opportunities arising from the digitalization of its business. The aim is to ensure that all key products are also available online around the world, thereby enabling the Company to enhance efficiency. By expanding digital sales channels, Volkswagen Financial Services AG is promoting direct sales and strengthening the used vehicle financing platform. In this way, changing customer needs are addressed and the competitive position of Volkswagen Financial Services AG reinforced. However, the digitalization of the business model also involves strategic risk, for example from the potential emergence of new competitors.

RISK REPORT

In the reporting period, there were no material changes to the details regarding the Internal Control System and Internal Risk Management System set out in the report on opportunities and risks in the 2020 Annual Report.

Human Resources Report

Volkswagen Financial Services AG had 10,680 active employees worldwide as of June 30, 2021. In addition to the active workforce in the first half of this year, Volkswagen Financial Services AG had 122 employees who had reached the passive phase of their partial retirement agreements, and 145 vocational trainees. The total number of employees at Volkswagen Financial Services AG as of June 30, 2021 was therefore 10,947, and accordingly exceeded the headcount of 10,880 at the end of 2020.

Currently, 5,822 people are employed in Germany.

Owing to economic considerations, 252 employees of Volkswagen Servicios S.A. de C.V., Puebla, Mexico, which is an unconsolidated company, are included in the overall workforce figures.

Report on Expected Developments

Our planning is based on the assumption that global economic output will recover overall in 2021, provided lasting containment of the Covid-19 pandemic is achieved. This growth will most likely be sufficient for the economy to exceed its pre-pandemic level. We continue to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts. We anticipate that both the advanced economies and the emerging markets will experience positive momentum.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2021. Overall, the volume of demand worldwide for new vehicles is expected to be noticeably up on the previous year, but will not reach the pre-pandemic level, provided successful containment of the Covid-19 pandemic is achieved. For 2021, we anticipate that the volume of new passenger car registrations in Western Europe will be noticeably above that recorded in the previous year. In the German passenger car market, we expect a moderate increase in demand in 2021. Sales of passenger cars in 2021 are expected to noticeably exceed the prior-year figures in markets in Central and Eastern Europe. The volume of demand in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2021 is likely to be significantly higher than the previous year's level. We anticipate a substantial increase overall in new registrations in the South American markets in 2021 compared with the previous year. The passenger car markets in the Asia-Pacific region are expected to be noticeably up on the prior-year level in 2021.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed in 2021; on the whole, we anticipate a moderate rise in demand for 2021, assuming that containment of the Covid-19 pandemic is successful.

For 2021, we expect a substantially positive development in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year in the markets that are relevant for the Volkswagen Group. A moderate increase in overall demand for 2021 is likely in the bus markets relevant for the Volkswagen Group.

We anticipate that automotive financial services will prove highly important to global vehicle sales in 2021, particularly in the context of the ongoing challenges posed by the Covid-19 pandemic.

Forecasting the interest rate risk at Group level is only possible to a limited extent. It is anticipated that interest rates will rise slightly in some interest rate zones, but will probably remain stable in the Eurozone. The interest rate risk is monitored continuously. Potential changes in interest rates are simulated if necessary to determine their effect on profits.

The other types of risk are currently categorized as stable.

Risks will continue to arise first and foremost from the consequences of the Covid-19 pandemic. In addition, growth prospects will be hurt by geopolitical tensions and conflicts. In general terms, both risk and economic growth in individual countries and regions are heavily dependent on the local evolution of the pandemic going forward as well as on the progress of the vaccination program.

Risk costs are a key factor in this regard and they will be determined by the further course of the pandemic and the associated economic consequences. It is projected that risk costs will be substantially below the prior-year level.

The penetration rate will probably be slightly above the prior-year figure. In view of the impact of the Covid-19 pandemic in the previous year, new contracts and business volume are expected to rise significantly. The volume of current contracts at the end of the year is likely to be noticeably higher than the equivalent volume at the end of the previous year.

The Board of Management of Volkswagen Financial Services AG predicts that there will be an upward trend in fiscal year 2021 and that the operating result will exceed substantially the prior-year figure.

The forecast performance and earnings are expected to lead to a substantial year-on-year rise in return on equity; the cost/income ratio is projected to fall noticeably below the prior-year level.

This report contains forward-looking statements on the future business development of Volkswagen Financial Services AG. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions in terms of the global economy and of the financial and automotive markets, which Volkswagen Financial Services AG has made on the basis of the information available and which it currently considers to be realistic. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Any unexpected fall in demand or economic stagnation in the key sales markets of the Volkswagen Group will have a corresponding impact on the development of its business. The same applies in the event of material changes in exchange rates against the euro. The same applies should the actual effects of the Covid-19 pandemic differ from the scenario assumed in this report. In addition, expected business development may vary if the assessments of the key performance indicators and of risks and opportunities presented in the 2020 Annual Report do not develop in line with current expectations, or additional risks and opportunities or other factors emerge that affect the development of the business.

Interim Consolidated Financial Statements (Condensed)

Income Statement
of the Volkswagen Financial Services AG Group

€ million	Note	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020	Change in percent
Interest income from lending transactions and marketable securities		1,024	994	3.0
Income from leasing transactions		10,147	8,040	26.2
Depreciation, impairment losses and other expenses from leasing transactions		–8,735	–7,086	23.3
Net income from leasing transactions		1,413	953	48.3
Interest expense		–593	–665	–10.8
Income from service contracts		1,046	994	5.2
Expenses from service contracts		–929	–756	22.9
Net income from service contracts		117	238	–50.8
Income from insurance transactions		178	177	0.6
Expenses from insurance transactions		–96	–107	–10.3
Net income from insurance business		83	70	18.6
Provision for credit risks		–129	–288	–55.2
Fee and commission income		310	249	24.5
Fee and commission expenses		–255	–219	16.4
Net fee and commission income		55	30	83.3
Net gain or loss on hedges		–2	–10	–80.0
Net gain/loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income		–1	81	X
General and administrative expenses	1	–1,204	–1,008	19.4
Other operating income		837	722	15.9
Other operating expenses		–628	–590	6.4
Net other operating income/expenses		209	132	58.3
Operating result		**972**	**528**	**84.1**
Share of profits and losses of equity-accounted joint ventures		–11	23	X
Net gain or loss on miscellaneous financial assets		–5	–6	–16.7
Other financial gains or losses		–9	–3	X
Profit before tax		**947**	**542**	**74.7**
Income tax expense		–275	–162	69.8
Profit after tax		**672**	**381**	**76.4**
Profit after tax attributable to noncontrolling interests		0	0	0.0
Profit after tax attributable to Volkswagen AG		672	381	76.4
German GAAP profit/loss attributable to Volkswagen AG in the event of loss absorption/profit transfer.		–537	–254	X

Statement of Comprehensive Income of the Volkswagen Financial Services AG Group

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Profit after tax	**672**	**381**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	81	–6
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–24	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	–	–
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	**57**	**–5**
Exchange differences on translating foreign operations		
Gains/losses on currency translation recognized in other comprehensive income	287	–578
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	287	–578
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	287	–578
Hedging		
Fair value changes recognized in other comprehensive income (OCI I)	–30	91
Transferred to profit or loss (OCI I)	36	–102
Cash flow hedges (OCI I), before tax	6	–11
Deferred taxes relating to cash flow hedges (OCI I)	–1	2
Cash flow hedges (OCI I), net of tax	5	–9
Fair value changes recognized in other comprehensive income (OCI II)	0	0
Transferred to profit or loss (OCI II)	0	0
Cash flow hedges (OCI II), before tax	0	0
Deferred taxes relating to cash flow hedges (OCI II)	0	0
Cash flow hedges (OCI II), net of tax	0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–2	–1
Transferred to profit or loss	0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–2	0
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss	0	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–1	0
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	46	–36
Items that may be reclassified to profit or loss	**337**	**–623**
Other comprehensive income, before tax	419	–631
Deferred taxes relating to other comprehensive income	–25	3
Other comprehensive income, net of tax	**394**	**–628**
Total comprehensive income	**1,066**	**–247**
Profit/loss after tax attributable to non-controlling interests	0	0
Total comprehensive income attributable to Volkswagen AG	1,066	–247

Balance Sheet
of the Volkswagen Financial Services AG Group

€ million	Note	June 30, 2021	Dec. 31, 2020	Change in percent
Assets				
Cash reserve		20	47	−57.4
Loans to and receivables from banks		4,503	3,830	17.6
Loans to and receivables from customers attributable to				
Retail financing		22,189	21,006	5.6
Dealer financing		4,788	4,272	12.1
Leasing business		40,503	39,984	1.3
Other loans and receivables		14,198	13,391	6.0
Total loans to and receivables from customers		81,677	78,652	3.8
Derivative financial instruments		592	837	−29.3
Marketable securities		318	312	1.9
Equity-accounted joint ventures		766	743	3.1
Miscellaneous financial assets		508	460	10.4
Intangible assets	2	94	92	2.2
Property and equipment	2	480	494	−2.8
Lease assets	2	30,580	27,311	12.0
Investment property		15	15	0.0
Deferred tax assets		1,741	1,753	−0.7
Current tax assets		234	103	X
Other assets		3,020	3,197	−5.5
Total		**124,547**	**117,845**	**5.7**

€ million	Note	June 30, 2021	Dec. 31, 2020	Change in percent
Equity and Liabilities				
Liabilities to banks		14,818	14,674	1.0
Liabilities to customers		19,547	20,208	−3.3
Notes, commercial paper issued		67,745	61,988	9.3
Derivative financial instruments		454	464	−2.2
Provisions for pensions and other post-employment benefits		532	596	−10.7
Underwriting provisions and other provisions		805	827	−2.7
Deferred tax liabilities		613	571	7.4
Current tax liabilities		610	548	11.3
Other liabilities		2,072	1,684	23.0
Subordinated capital		2,958	3,526	−16.1
Equity		14,393	12,760	12.8
Subscribed capital		441	441	–
Capital reserves		3,216	3,216	–
Retained earnings		11,890	10,568	12.5
Other reserves		−1,157	−1,467	−21.1
Equity attributable to noncontrolling interests		2	2	0.0
Total		**124,547**	**117,845**	**5.7**

Statement of Changes in Equity of the Volkswagen Financial Services AG Group

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES: Currency translation	Hedging transactions: Cash flow hedges (OCI I)	Hedging transactions: Deferred hedging costs (OCI II)	Equity and debt instruments	Equity-accounted investments	Non-controlling interests	**Total equity**
As of Jan. 1, 2020	**441**	**3,216**	**9,228**	**−772**	**−5**	**0**	**1**	**−82**	**2**	**12,029**
Profit after tax	–	–	381	–	–	–	–	–	0	381
Other comprehensive income, net of tax	–	–	−5	−577	−9	0	0	−36	0	−628
Total comprehensive income	**–**	**–**	**376**	**−577**	**−9**	**0**	**0**	**−36**	**0**	**−247**
Capital increases	–	–	–	–	–	–	–	–	–	–
Other changes[1]	–	–	144	–	–	–	–	–	–	144
As of June 30, 2020	**441**	**3,216**	**9,747**	**−1,350**	**−13**	**0**	**1**	**−119**	**2**	**11,926**
As of Jan. 1, 2021	**441**	**3,216**	**10,568**	**−1.355**	**−10**	**0**	**5**	**−106**	**2**	**12,760**
Profit after tax	–	–	672	–	–	–	–	–	0	672
Other comprehensive income, net of tax	–	–	57	287	5	0	−1	46	0	394
Total comprehensive income	**–**	**–**	**729**	**287**	**5**	**0**	**−1**	**46**	**0**	**1,066**
Capital increases	–	–	–	–	–	–	–	–	–	–
Other changes[2]	–	–	593	−27	–	–	–	0	–	566
As of June 30, 2021	**441**	**3,216**	**11,890**	**−1.095**	**−5**	**–**	**4**	**−61**	**2**	**14,393**

1 Includes German GAAP (HGB) profit/loss attributable to Volkswagen AG in the event of loss absorption/profit transfer, effects of full consilidation of Volkswagen Financial Services Ireland Ltd., Dublin, Volkswagen Insurance Services, Correduria de Seguros, S.L., El Prat de Llobregat, and Volkswagen Financial Services Polska Sp. z o.o., Warsaw, as well as the difference of the purchase of the Irish business portfolio.

2 Includes German GAAP (HGB) profit/loss attributable to Volkswagen AG in the event of loss absorption/profit transfer and effects of full consolidation of OOO Volkswagen Financial Services RUS, Moscow.

Cash Flow Statement
of the Volkswagen Financial Services AG Group

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Profit before tax	**947**	**542**
Depreciation, amortization, impairment losses and reversals of impairment losses	2,493	2,343
Change in provisions	−97	−9
Change in other noncash items	−27	261
Gain/Loss on disposal of financial assets and items of property and equipment	−1	0
Net interest expense and dividend income	−1,299	−1,210
Other adjustments	0	0
Change in loans to and receivables from banks	−618	−3,253
Change in loans to and receivables from customers	−1,563	2,275
Change in lease assets	−5,554	−3,501
Change in other assets related to operating activities	227	24
Change in liabilities to banks	−305	−271
Change in liabilities to customers	−757	−115
Change in notes, commercial paper issued	5,191	3,090
Change in other liabilities related to operating activities	374	19
Interest received	1,891	1,874
Dividends received	2	1
Interest paid	−593	−666
Income taxes paid	−293	−208
Cash flows from operating activities	**18**	**1,196**
Proceeds from disposal of investment property	–	1
Acquisition of investment property	–	–
Proceeds from disposal of subsidiaries and joint ventures	14	0
Acquisition of subsidiaries and joint ventures	−102	−1,380
Proceeds from disposal of other assets	3	5
Acquisition of other assets	−15	−26
Change in investments in marketable securities	−4	−5
Cash flows from investing activities	**−104**	**−1,405**
Proceeds from changes in capital	–	–
Distribution to Volkswagen AG	–	–
Loss assumed by Volkswagen AG	673	268
Change in cash funds attributable to subordinated capital	−599	−99
Repayment of lease liabilities	−16	−13
Cash flows from financing activities	**58**	**156**
Cash and cash equivalents at end of prior period	**47**	**106**
Cash flows from operating activities	18	1,196
Cash flows from investing activities	−104	−1,405
Cash flows from financing activities	58	156
Effect of exchange rate changes	2	−5
Cash and cash equivalents at end of period	**20**	**48**

See note (6) for disclosures on the cash flow statement.

Notes to the Interim Consolidated Financial Statements

of the Volkswagen Financial Services AG Group as of June 30, 2021

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, and is registered in the Braunschweig commercial register (HRB 3790).

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.

Basis of Presentation

VW FS AG prepared its consolidated financial statements for the year ended December 31, 2020 in accordance with International Financial Reporting 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 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code). These interim consolidated financial statements for the period ended June 30, 2021 have therefore also been prepared in accordance with IAS 34 and represent a condensed version compared with the full consolidated financial statements. No review of these interim financial statements has been carried out by an auditor.

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.

Accounting Policies

VW FS AG has applied all financial reporting standards adopted by the EU which are subject to mandatory application starting January 1, 2021.

The discount rate applied to German pension provisions reported in these interim consolidated financial statements was 1.1% (December 31, 2020: 0.7%). The increase in the discount rate led to a reduction of the pension provisions, the associated deferred taxes and the actuarial losses on pension provisions recognized in equity under retained earnings. The income tax expense for the interim consolidated financial statements has been calculated in accordance with IAS 34 (Interim Financial Reporting) using the average tax rate anticipated for the entire fiscal year.

Otherwise, the same consolidation methods and accounting policies as those applied in the 2020 consolidated financial statements have generally been used in the preparation of the interim consolidated financial statements and the calculation of the prior-year comparative figures. A detailed description of these methods and policies was published in the notes to the consolidated financial statements in the 2020 Annual Report.

In addition, the effects of new standards were described in detail under “New and Revised IFRSs Not Applied”. The 2020 Consolidated Financial Statements can also be accessed on the internet at www.vwfs.com/arvwfsag20.

Impact of the Covid-19 Pandemic

During the first half of 2021, the rate of infection leveled off, not least due to the progress of the vaccination program. Ongoing disruption – such as contact and movement restrictions or limitations on business activities – nevertheless continued in many parts of the world because of various factors, particularly the prevalence of virus variants.

The preparation of the financial statements was affected by the Covid-19 pandemic in a number of ways, notably in the areas described below.

Changes in residual values continue to be very closely monitored because of their importance in relation to the recoverable amounts of lease assets, which particularly depend on the residual value of the lease vehicles at the end of the lease term. This ensures that an appropriate risk provision is recognized for the residual value portfolio at all times. The residual value risk provision was reduced in the first half of the year despite growth in the residual value portfolio. No material additional impairment losses were recognized in respect of lease assets in the first six months of 2021 as a consequence of the Covid-19 pandemic.

A slight improvement in the credit risk situation was evident from an analysis of the impairment of financial assets in the first half of 2021. Following the containment of the pandemic in many regions, support measures such as the deferral of payments were scaled back. No material additional impairment losses were recognized in respect of financial assets in the first half of 2021 as a consequence of the Covid-19 pandemic.

Impairment tests carried out in the previous year were reviewed in the first half of fiscal year 2021 to assess whether there had been any further impairment of goodwill or of selected joint ventures. In this process, planning year 2021 was adjusted in line with the latest projections, cost of capital rates were updated for the first half of fiscal year 2021 and individual measurement parameters were realigned. Overall, the tests did not give rise to any requirement for the recognition of additional impairment losses in respect of the assets referred to above.

For further information in this regard please also refer to the details in the Report on Economic Position and the Report on Opportunities and Risks in the Interim Management Report.

Basis of Consolidation

In addition to VW FS AG, the consolidated financial statements cover all significant German and non-German subsidiaries, including 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.

The following subsidiary, which had not previously been consolidated for reasons of materiality, was consolidated in the reporting period:

> OOO Volkswagen Financial Services RUS, Moscow

In January 2021, Volkswagen Finance Pvt. Ltd., Mumbai, a wholly owned subsidiary of Volkswagen Financial Services AG, acquired a further 42.6 % of the shares in Kuwy Technology Service Pvt. Ltd., Chennai, thereby increasing its total shareholding to 67.7 %. The entity is not consolidated for reasons of materiality.

In the first half of the year, Volkswagen Financial Services AG acquired further shares, approximating to 27 % in total, in Verimi GmbH, Berlin, by means of three capital increases. For reasons of materiality, the 29.98 % equity investment in this associate is not accounted for using the equity method.

Truckparking B.V., Utrecht, Netherlands, a subsidiary of Volkswagen Financial Services AG not consolidated for reasons of materiality, was wound up in March 2021.

In June 2021, Volkswagen Financial Services AG sold its equity-accounted joint venture Volkswagen Doğuş Finansman A.S., Istanbul, to its joint venture VDF Servis ve Ticaret A.S., Istanbul, which is also accounted for using the equity method.

Interim Consolidated Financial Statements Disclosures

1. General and Administrative Expenses

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Personnel expenses	−484	−452
Non-staff operating expenses	−672	−539
Advertising, public relations and sales promotion expenses	−25	−19
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	−36	−38
Other taxes	−5	−4
Income from the reversal of provisions and accrued liabilities	17	45
Total	**−1,204**	**−1,008**

2. Changes in Selected Assets

€ million	Net carrying amount as of January 1, 2021	Basis of consolidation additions/changes	Disposals/other changes	Depr./amort./impairment	Net carrying amount as of June 30, 2021
Intangible assets	92	10	0	8	94
Property and equipment	494	22	−7	28	480
Lease assets	27,311	10,829	−5,056	2,503	30,580

3. 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 following table shows a reconciliation of the balance sheet items to the classes of financial instruments:

	Balance sheet item		Measured at fair value		Measured at amortized cost[1]		Derivative financial instruments designated as hedges		Not allocated to any measurement category	
€ million	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Assets										
Cash reserve	20	47	–	–	20	47	–	–	–	–
Loans to and receivables from banks	4,503	3,830	–	–	4,503	3,830	–	–	–	–
Loans to and receivables from customers	81,677	78,652	303	305	40,857	38,346	–	–	40,518	40,001
Derivative financial instruments	592	837	77	102	–	–	515	735	–	–
Marketable securities	318	312	318	312	–	–	–	–	–	–
Equity-accounted joint ventures	766	743	–	–	–	–	–	–	766	743
Miscellaneous financial assets	508	460	0	6	–	–	–	–	508	454
Current tax assets	234	103	–	–	30	2	–	–	204	101
Other assets	3,020	3,197	–	–	1,140	918	–	–	1,880	2,278
Total	**91,638**	**88,180**	**699**	**725**	**46,549**	**43,143**	**515**	**735**	**43,875**	**43,578**
Equity and Liabilities										
Liabilities to banks	14,818	14,674	–	–	14,818	14,674	–	–	–	–
Liabilities to customers	19,547	20,208	–	–	17,697	18,494	–	–	1,850	1,714
Notes, commercial paper issued	67,745	61,988	–	–	67,745	61,988	–	–	–	–
Derivative financial instruments	454	464	336	294	–	–	118	170	–	–
Current tax liabilities	610	548	–	–	262	266	–	–	348	282
Other liabilities	2,072	1,684	–	–	217	169	–	–	1,855	1,515
Subordinated capital	2,958	3,526	–	–	2,958	3,526	–	–	–	–
Total	**108,205**	**103,091**	**336**	**294**	**103,698**	**99,116**	**118**	**170**	**4,052**	**3,511**

1 Loans to and receivables from customers and liabilities to customers contain underlying transactions of fair value hedges.

The "Credit commitments and financial guarantees" class contains obligations under irrevocable credit commitments and financial guarantees amounting to €1,074 million (December 31, 2020: €1,313 million).

4. Fair Value Disclosures

The principles and methods of fair value measurement have generally remained unchanged compared with those applied in the previous year. Detailed disclosures on the measurement principles and methods can be found in the 2020 Annual Report.

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. 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 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.

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 are allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets. An equity investment measured at fair value through other comprehensive income and using inputs that are not observable in the market is 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 the risk of early termination resulting from derivatives for 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 as well as yield curves.

The following table shows the allocation of financial instruments measured at fair value and derivative financial instruments designated as hedges to the three-level fair value hierarchy by class:

	LEVEL 1		LEVEL 2		LEVEL 3	
€ million	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	303	305
Derivative financial instruments	–	–	77	102	–	–
Marketable securities	228	226	91	86	–	–
Miscellaneous financial assets	–	–	–	–	0	6
Derivative financial instruments designated as hedges	–	–	515	735	–	–
Total	**228**	**226**	**683**	**923**	**303**	**311**
Equity and Liabilities						
Measured at fair value						
Derivative financial instruments	–	–	163	106	174	188
Derivative financial instruments designated as hedges	–	–	118	170	–	–
Total	**–**	**–**	**280**	**276**	**174**	**188**

The following table shows the changes in the loans to and receivables from banks, loans to and receivables from customers, and equity investments measured at fair value and allocated to Level 3.

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Balance as of Jan. 1	**311**	**346**
Foreign exchange differences	1	–7
Changes in basis of consolidation	–	–
Portfolio changes	–9	–31
Measured at fair value through profit or loss	1	0
Measured at fair value through other comprehensive income	–	–
Balance as of June 30	**303**	**309**

The amounts recognized in profit or loss for loans to and receivables from banks and for loans to and receivables from customers resulting in a net gain of €1 million (previous year: net gain €0 million) have been reported in the income statement under the item "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". Of the amounts recognized in profit or loss, a net gain of €1 million (previous year: net gain of €0 million) was attributable to loans to and receivables from banks and loans to and receivables from customers held as of the reporting date.

The risk variables relevant to the fair value of the loans to and receivables from banks and 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.

If risk-adjusted interest rates as of June 30, 2021 had been 100 basis points higher, profit after tax would have been €2 million (previous year: €2 million) lower. If risk-adjusted interest rates as of June 30, 2021 had been 100 basis points lower, profit after tax would have been €2 million (previous year: €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 rates. 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 change in derivatives measured at fair value in connection with the risk of early termination based on Level 3 measurement.

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Balance as of Jan. 1	**188**	**168**
Foreign exchange differences	9	–12
Changes in basis of consolidation	–	–
Portfolio changes	–	–
Measured at fair value through profit or loss	–23	–10
Measured at fair value through other comprehensive income	–	–
Balance as of June 30	**174**	**146**

The amounts recognized in profit or loss resulting in a net loss of €23 million (previous year: €10million) have been reported in the income statement under the item "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". Of the remeasurements recognized in profit or loss, a net loss of €23 million (previous year: €10 million) was attributable to derivatives held as of the reporting date.

The risk of early termination 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 €84 million (previous year: €96 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 €130 million (previous year: €120 million) lower.

The table below shows the fair values of the financial instruments.

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	303	305	303	305	–	–
Derivative financial instruments	77	102	77	102	–	–
Marketable securities	318	312	318	312	–	–
Miscellaneous financial assets	0	6	0	6	–	–
Measured at amortized cost						
Cash reserve	20	47	20	47	–	–
Loans to and receivables from banks	4,504	3,832	4,503	3,830	2	2
Loans to and receivables from customers	40,868	38,564[1]	40,857	38,346	12	218[1]
Current tax assets	30	2	30	2	–	–
Other assets	1,140	918	1,140	918	–	–
Derivative financial instruments designated as hedges	515	735	515	735	–	–
Not allocated to any measurement category						
Lease receivables	41,673	41,115[1]	40,503	39,984	1,171	1,131[1]
Equity and Liabilities						
Measured at fair value						
Derivative financial instruments	336	294	336	294	–	–
Measured at amortized cost						
Liabilities to banks	14,816	14,668	14,818	14,674	−2	−6
Liabilities to customers	17,729	18,537	17,697	18,494	32	43
Notes, commercial paper issued	67,802	62,089	67,745	61,988	57	101
Current tax liabilities	262	266	262	266	–	–
Other liabilities	217	169	217	169	0	0
Subordinated capital	2,681	3,284	2,958	3,526	−277	−242
Derivative financial instruments designated as hedges	118	170	118	170	–	–

1 Prior-year figures adjusted

The difference between the carrying amount and fair value of irrevocable credit commitments is not material because of the short maturity and the variable interest rate linked to the market interest rate. Nor is the difference between carrying amount and fair value of financial guarantees material.

Segment Reporting

5. Segment Reporting

The delineation between segments follows that used for internal management and reporting purposes in the VW FS AG Group. The operating result is reported as the primary key performance indicator 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, China, the United Kingdom, Sweden, Mexico and Brazil are the segments that are reportable 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 and Austria. 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, the EURO Leasing company in Denmark, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG. 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. Effects from consolidation between the segments and from the provision for country risks are additionally included in the reconciliation.

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 FOR THE FIRST HALF OF 2020:

€ million	Germany	China	United Kingdom	Sweden	Mexico	Brazil	Other segments	Segments total	Recon-ciliation	Group
	JAN. 1 – JUNE 30, 2020									
Interest income from lending transactions and marketable securities in respect of third parties	6	394	4	15	112	220	233	984	11	994
Income from leasing transactions with third parties	4,472	–	1,103	1,326	107	4	1,040	8,052	−12	8,040
of which reversal of impairment losses in accordance with IAS 36	12	–	0	0	0	0	18	32	0	32
Intersegment income from leasing transactions	–	–	–	–	–	–	1	1	−1	–
Depreciation, impairment losses and other expenses from leasing transactions	−4,236	–	−626	−1,276	−59	−2	−883	−7,082	−4	−7,086
of which impairment losses in accordance with IAS 36	−202	–	−20	0	−1	0	−45	−267	0	−267
Net income from leasing transactions	236	–	477	50	48	1	158	971	−18	953
Interest expense	−96	−133	−154	−10	−65	−81	−131	−670	5	−665
Income from service contracts with third parties	713	–	62	–	–	0	218	994	0	994
Intersegment income from service contracts	–	–	–	–	–	–	–	–	–	–
Income from insurance business with third parties	–	–	–	–	–	–	–	–	177	177
Intersegment income from insurance business	–	–	–	–	–	–	–	–	–	–
Fee and commission income from third parties	67	–	3	2	24	29	104	230	19	249
Intersegment fee and commission income	–	–	–	–	–	–	–	–	–	–
Other amortization, depreciation and impairment losses	−4	−5	−2	0	0	−2	−15	−28	−10	−38
Operating result	**−23**	**79**	**220**	**31**	**67**	**73**	**139**	**587**	**−59**	**528**

BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE FIRST HALF OF 2021:

	JAN. 1 – JUNE 30, 2021									
€ million	Germany	China	United Kingdom	Sweden	Mexico	Brazil	Other segments	Segments total	Reconciliation	Group
Interest income from lending transactions and marketable securities in respect of third parties	8	480	3	17	95	178	225	1,004	20	1,024
Income from leasing transactions with third parties	5,376	0	1,406	1,893	116	1	1,355	10,147	0	10,147
of which reversal of impairment losses in accordance with IAS 36	24	–	14	0	3	–	33	73	0	73
Intersegment income from leasing transactions	0	–	–	–	–	–	1	1	−1	–
Depreciation, impairment losses and other expenses from leasing transactions	−4,810	0	−875	−1,828	−69	0	−1,147	−8,729	−6	−8,735
of which impairment losses in accordance with IAS 36	−132	0	–	−4	–	–	−51	−187	0	−187
Net income from leasing transactions	566	0	531	65	47	1	209	1,419	−6	1,413
Interest expense	−118	−170	−115	−10	−35	−60	−106	−614	21	−593
Income from service contracts with third parties	631	0	89	–	0	0	326	1,045	0	1,046
Intersegment income from service contracts	–	–	–	–	–	–	–	–	–	–
Income from insurance business with third parties	–	–	–	–	–	–	–	–	178	178
Intersegment income from insurance business	–	–	–	–	–	–	–	–	–	–
Fee and commission income from third parties	67	–	3	2	22	26	168	288	23	310
Intersegment fee and commission income	–	–	–	–	–	–	–	–	–	–
Other amortization, depreciation and impairment losses	−9	−4	−2	−1	0	−1	−14	−31	−5	−36
Operating result	**105**	**111**	**409**	**43**	**65**	**73**	**231**	**1,037**	**−65**	**972**

Information on the main products (lending and leasing business) can be taken directly from the income statement.

The breakdown of noncurrent assets in accordance with IFRS 8 and of the additions to noncurrent lease assets by geographical market is shown in the following tables:

€ million	JAN. 1 – JUNE 30, 2020					
	Germany	China	United Kingdom	Sweden	Mexico	Brazil
Noncurrent Assets	13,446	23	2,776	1,278	34	200
Additions to lease assets classified as noncurrent assets	3,771	–	443	247	1	–

€ million	JAN. 1 – JUNE 30, 2021					
	Germany	China	United Kingdom	Sweden	Mexico	Brazil
Noncurrent Assets	18,465	72	3,207	1,679	32	212
Additions to lease assets classified as noncurrent assets	5,668	0	773	327	1	–

Investment recognized under other assets was of minor significance.

The following table shows the reconciliation to consolidated revenue, consolidated operating result and consolidated profit before tax.

€ million	Jan. 1 – June 30, 2021	Jan. 1 – June 30, 2020
Segment revenue	**12,484**	**10,259**
Other companies	226	187
Consolidation	–182	–169
Group revenue	**12,527**	**10,277**
Segment profit or loss (operating result)	**1,037**	**587**
Other companies	–53	–37
Contribution to operating profit by included companies	–17	–29
Consolidation	5	6
Operating result	**972**	**528**
Share of profits and losses of equity-accounted joint ventures	–11	23
Net gain or loss on miscellaneous financial assets	–5	–6
Other financial gains or losses	–9	–3
Profit before tax	**947**	**542**

Other Disclosures

6. Cash Flow Statement

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. The narrow definition of cash and cash equivalents comprises only the cash reserve, which consists of cash-in-hand and central bank balances.

7. Off-Balance-Sheet Liabilities

CONTINGENT LIABILITIES

The contingent liabilities of €317 million (December 31, 2020: €296 million) relate largely to legal disputes concerning tax matters in which the criteria for the recognition of a provision in accordance with IAS 37 was not satisfied. After an analysis of the individual cases covered by the contingent liabilities, it is believed that the disclosure of further detailed information on individual proceedings, legal disputes and legal risks could seriously prejudice the course of those proceedings.

OTHER FINANCIAL OBLIGATIONS

	DUE	DUE	DUE	TOTAL
€ million	2021	2022 – 2025	From 2026	Dec. 31, 2020
Purchase commitments in respect of				
Property and equipment	4	–	–	4
Intangible assets	0	–	–	0
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	494	–	–	494
Leasing and rental contracts	9	1	0	11
Miscellaneous financial obligations	55	0	–	55

€ million	DUE by June 30, 2022	DUE July 1, 2022 – June 30, 2026	DUE From July 1, 2026	TOTAL June 30, 2021
Purchase commitments in respect of				
Property and equipment	8	–	–	8
Intangible assets	0	–	–	0
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	315	–	–	315
Leasing and rental contracts	9	2	0	11
Miscellaneous financial obligations	57	0	–	57

In the case of irrevocable credit commitments, the Company expects the customers to draw down the facilities concerned.

8. Related Party Disclosures

Related parties as defined by IAS 24 are natural persons and entities that VW FS AG has control over or over which it has significant influence, or natural persons and entities that have control over or can exercise significant influence over 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 Volkswagen AG's Supervisory Board for 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 4, 2021, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights in Volkswagen AG on December 31, 2020. 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).

VW FS AG and its sole shareholder Volkswagen AG have 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 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" column. Volkswagen AG and its subsidiaries have also furnished collateral for the benefit of VW FS AG within the scope of the operating business.

The "Goods and services provided" column 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 two tables below show the transactions with related parties. In these tables, 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.

€ million	Interest Income H1 2021	Interest Income H1 2020	Interest Expenses H1 2021	Interest Expenses H1 2020	Goods and Services Provided H1 2021	Goods and Services Provided H1 2020	Goods and Services Received H1 2021	Goods and Services Received H1 2020
Supervisory Board	–	–	–	–	–	0	–	–
Board of Management	–	–	–	–	–	–	–	–
Volkswagen AG	1	1	−13	−12	517	621	4,770	3,604
Porsche SE	–	–	–	–	0	0	–	–
Other related parties in the consolidated entities	35	36	−90	−89	1,949	1,609	3,779	4,834
Non-consolidated subsidiaries	2	1	−1	−1	15	11	14	26
Joint ventures	48	29	–	–	224	210	251	234
Associated companies	–	–	–	–	1	0	–	–

€ million	Loans to and receivables from June 30, 2021	Loans to and receivables from Dec. 31, 2020	Valuation allowances on impaired loans and receivables June 30, 2021	Valuation allowances on impaired loans and receivables Dec. 31, 2020	Of which additions in current year June 30, 2021	Of which additions in current year Dec. 31, 2020	Liabilities to June 30, 2021	Liabilities to Dec. 31, 2020
Supervisory Board	–	–	–	–	–	–	–	–
Board of Management	–	–	–	–	–	–	–	–
Volkswagen AG	4,027	3,642	–	–	–	–	7,074	11,034
Porsche SE	0	–	–	–	–	–	–	0
Other related parties in the consolidated entities	7,568	6,429[1]	–	–	–	–	13,641	11,199
Non-consolidated subsidiaries	235	293	–	–	–	–	153	251
Joint ventures	6,674	6,568[1]	–	–	–	–	109	121
Associated companies	–	0	–	–	–	–	–	–

1 Prior-year figures adjusted, shift between "Other related parties in the consolidated entities" and "Joint ventures"

The “Other related parties in the group of consolidated entities” line 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 Board of Management 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.

VW FS AG did not receive any capital contributions from Volkswagen AG in the first half of 2021 or in the first half of 2020. However, VW FS AG and its subsidiaries provided capital contributions of €94 million (previous year: €88 million) to related parties.

Members of the Board of Management 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 conduct transactions in the normal course of business. All transactions with these related parties are on an arm’s-length basis.

In the first half of 2021, standard short-term bank loans amounting to an average total of €165 million (December 31, 2020: €179 million) were granted to related parties as part of dealer financing.

9. Governing Bodies of Volkswagen Financial Services AG

Effective June 10, 2021, Ms. Hildegard Wortmann was appointed to the Supervisory Board of Volkswagen Financial Services AG. Mr. Frank Witter resigned from the Supervisory Board on March 31, 2021. Dr. Arno Antlitz was appointed Chairman of the Supervisory Board effective April 24, 2021.

10. Events After the Balance Sheet Date

There were no significant events in the period between June 30, 2021 and July 23, 2021.

Braunschweig, July 23, 2021

Volkswagen Financial Services AG
The Board of Management

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the condensed interim consolidated financial statements in accordance with generally accepted accounting principles give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim 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 over the rest of the fiscal year.

Braunschweig, July 23, 2021

Volkswagen Financial Services AG
The Board of Management

Lars Henner Santelmann

Dr. Alexandra Baum-Ceisig

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