

VOLKSWAGEN

Leading the Transformation.

Volkswagen AG / Volkswagen Financial Services
Credit Investor Update

07. September 2021

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. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates or commodities relevant to the Volkswagen Group or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing 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 Such statements are valid on the date of publication and can be superseded.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.

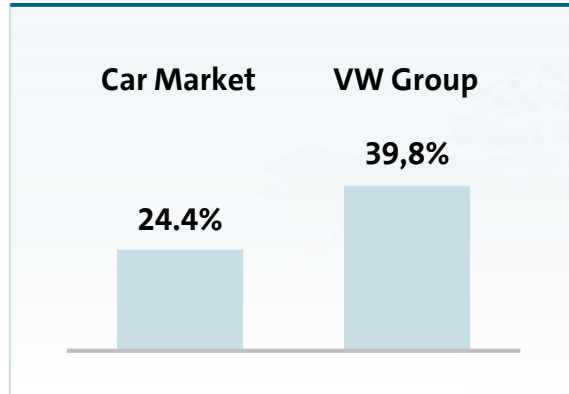
Leading the Transformation.

Deliveries to Customers

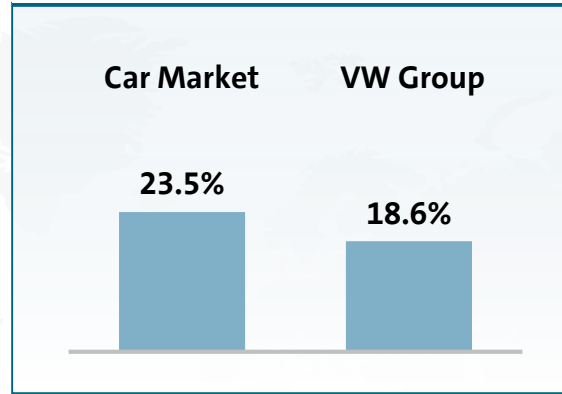
In Europe and North America, Volkswagen Group gains market share¹

Growth y-o-y, January to July 2021 vs. 2020

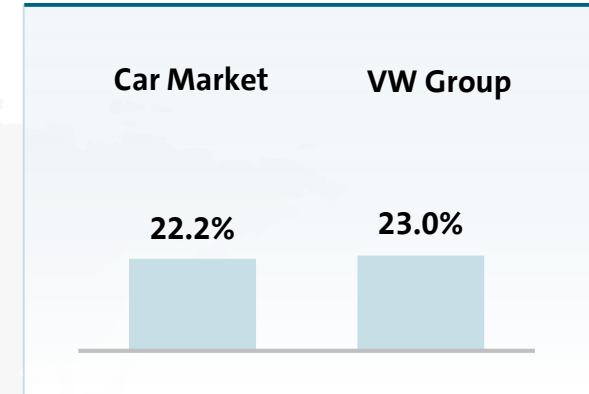
North America²



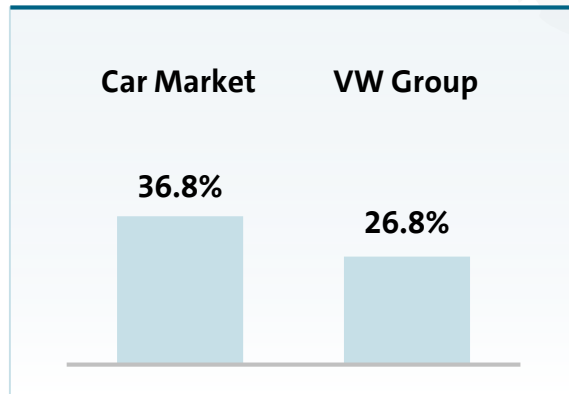
World²



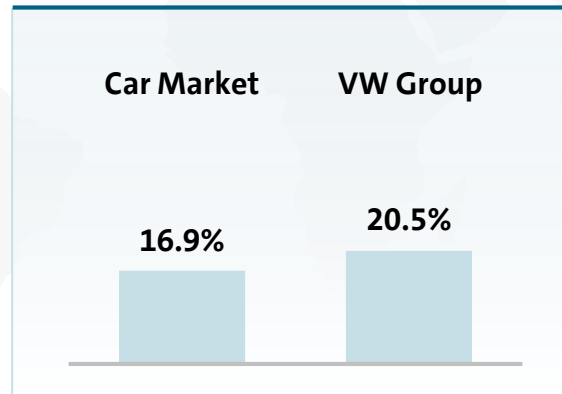
Central & Eastern Europe



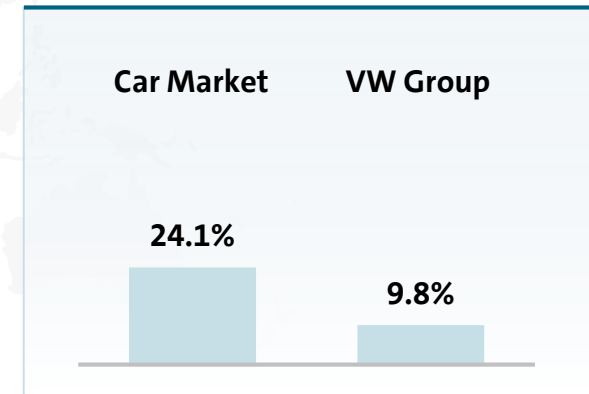
South America²



Western Europe



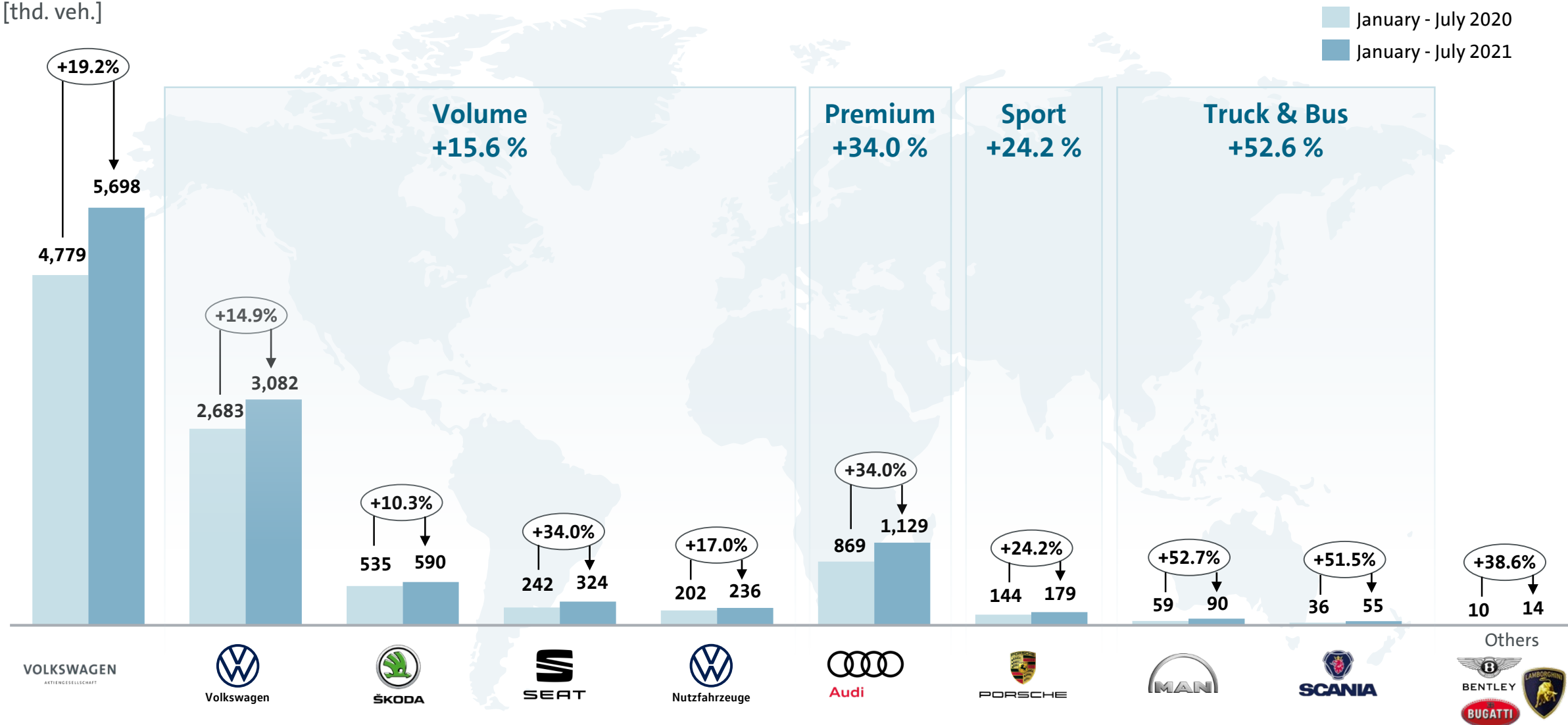
Asia Pacific



1) Volkswagen Group Passenger Cars excl. Volkswagen Commercial Vehicles 2) incl. LCV in North America & South America

Volkswagen Group – Deliveries to Customers by Brands ¹⁾ (January to July 2020 vs. 2021)

[thd. veh.]

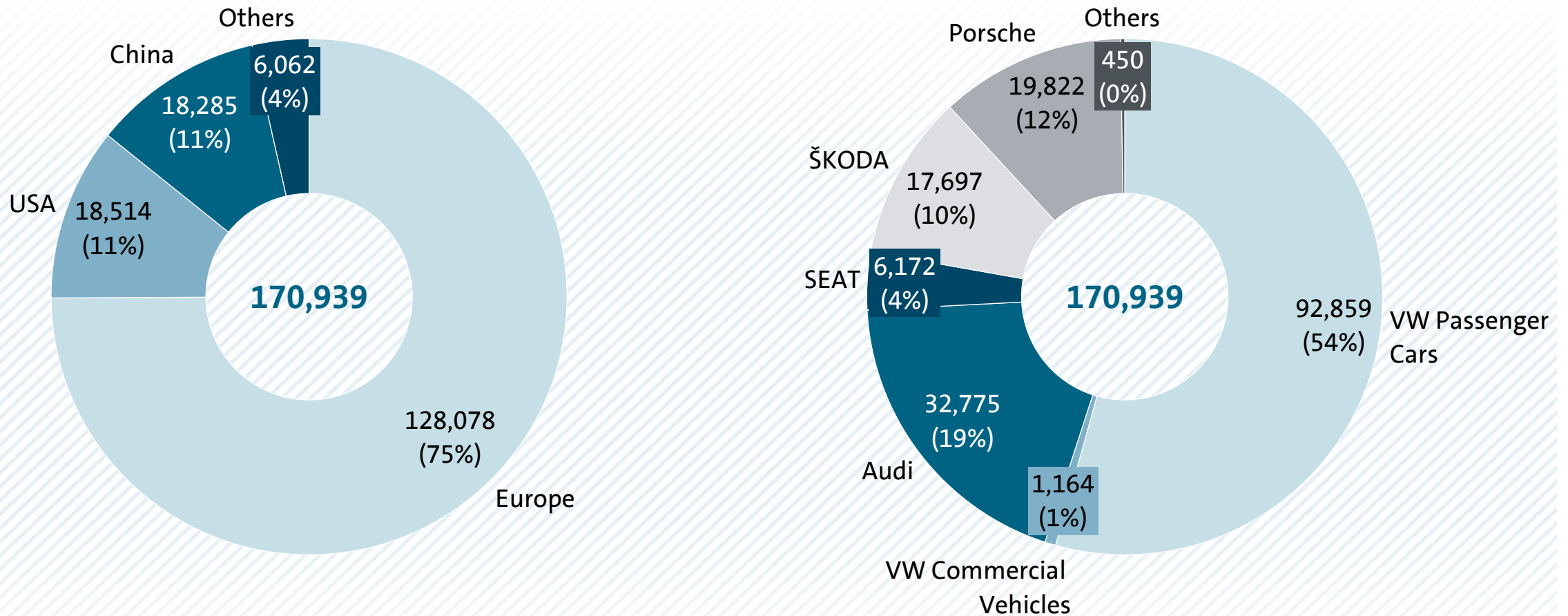


1) Excl. Ducati

E-Mobility gaining momentum – BEV sales to further accelerate in H2

Deliveries by regions and brands January to June 2021¹

[Thsd units]



¹ Europe: EU 27+2+UK, China: Incl. HK

Leading the Transformation.

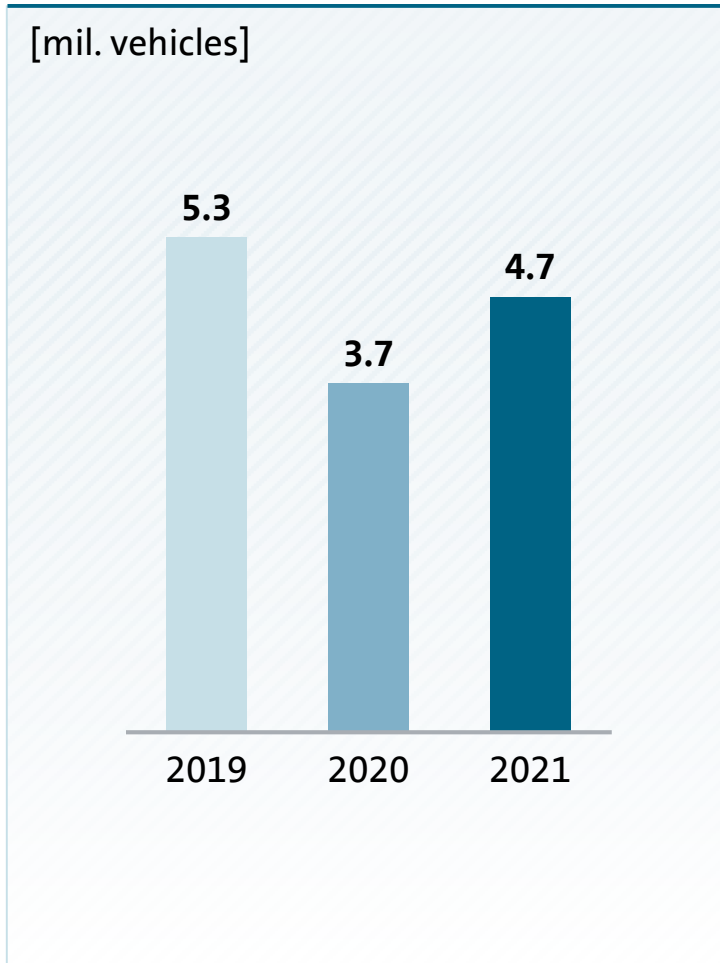
Key Financials



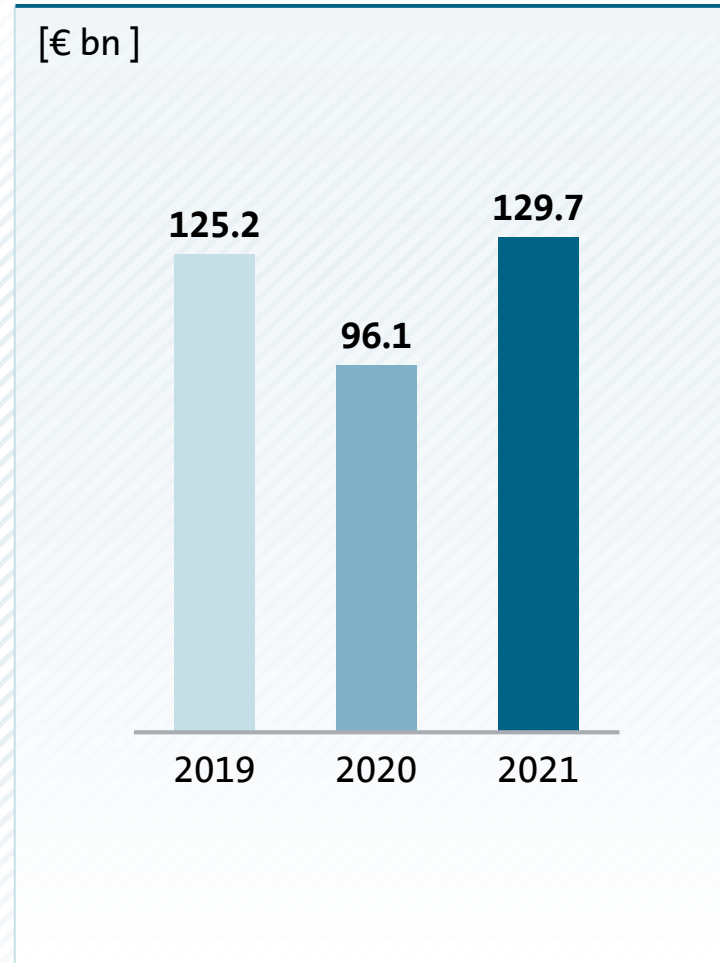
Financial Highlights – Volkswagen Group

January to June 2021 vs. 2020 vs. 2019

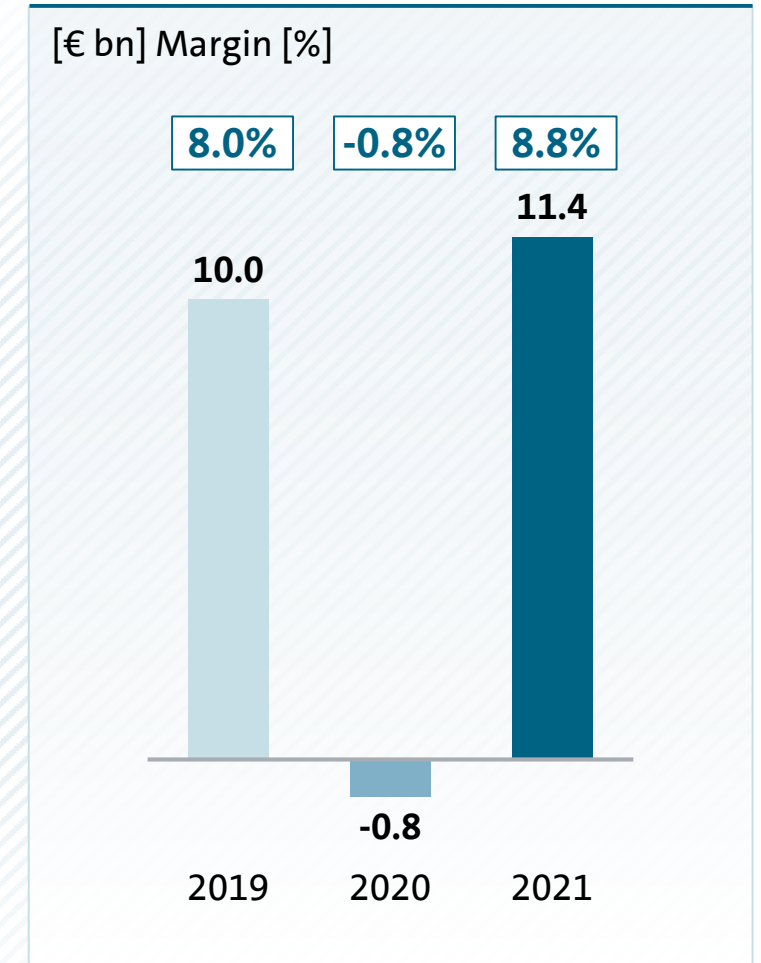
Vehicles Sales H1



Sales Revenue H1



Operating Profit¹ and Margin H1



¹ before Special Items

Volkswagen Group – Analysis by Business Line ¹⁾

(January to June 2021)

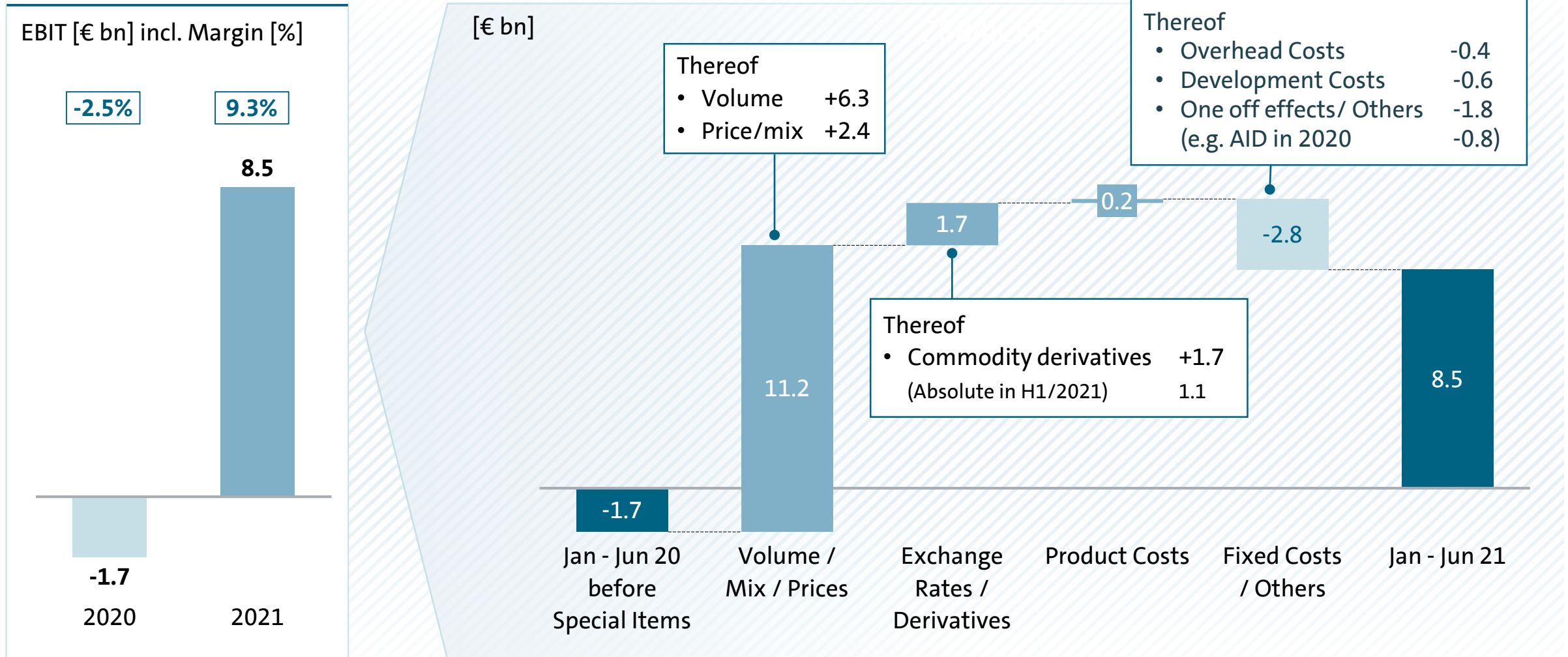
	Vehicle sales		Sales revenue		Operating profit		Operating margin	
	2021	2020	2021	2020	2021	2020	2021	2020
thousand vehicles / € million / percentage								
Volkswagen Passenger Cars	1.552	1.134	40.689	28.580	1.773	-1.491	4.4%	-5.2%
ŠKODA	463	372	10.199	7.546	974	228	9.5%	3.0%
SEAT	310	197	5.656	3.749	-26	-271	-0.5%	-7.2%
Volkswagen Commercial Vehicles	188	157	5.298	4.238	87	-334	1.6%	-7.9%
Audi	602	416	29.212	20.476	3.113	-643	10.7%	-3.1%
Bentley	7	5	1.324	860	178	-99	13.4%	-11.5%
Porsche Automotive ²⁾	152	116	15.107	11.192	2.660	1.143	17.6%	10,2%
Scania Vehicles and Services ³⁾	50	31	7.155	5.269	860	221	12.0%	4.2%
MAN Commercial Vehicles	77	47	6.405	4.669	-456	-423	-7.1%	-9.1%
Power Engineering ⁴⁾	-	-	1.581	1.850	82	21	5.2%	1.1%
VW China ⁵⁾	1.522	1.422	-	-	-	-	-	-
Other ⁶⁾	-263	-160	-14.513	-10.361	-226	-312	-	-
Volkswagen Financial Services	-	-	21.556	18.063	2.339	1.155	-	-
Volkswagen Group before Special Items	-	-	-	-	11.358	-803	8.8%	-0.8%
Special Items	-	-	-	-	-	-687	-	-
Volkswagen Group	4.660	3.736	129.669	96.131	11.358	-1.490	8.8%	-1.5%
Automotive Division ⁷⁾	4.660	3.736	107.027	77.015	8.841	-2.738	8.3%	-3.6%
of which: Passenger Cars	4.533	3.658	92.041	65.312	8.521	-2.350	9.3%	-3.6%
of which: Commercial Vehicles	127	78	13.404	9.854	334	-295	2.5%	-3.0%
of which: Power Engineering	-	-	1.581	1.850	-14	-93	-0.9%	-5.0%
Financial Services Division	-	-	22.642	19.115	2.517	1.248	-	-

¹⁾ All figures shown are rounded, minor discrepancies may arise from addition of these amounts. ²⁾ Porsche (Automotive and Financial Services): sales revenue € 16.525 (12.421) million, operating profit € 2.792 (1.233) million. ³⁾ Scania (Automotive and Financial Services): sales revenue € 7.377 (5.488) million, operating profit € 960 (266) million. ⁴⁾ Prior year including operations from Renk ⁵⁾ The sales revenue and operating profits of the joint venture companies in China are not included in the figures for the Group. These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of € 1.272 (1.404) million. ⁶⁾ In operating profit, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands. ⁷⁾ Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

Passenger Cars EBIT-Bridge

January to June 2021 vs. 2020

Passenger Cars¹

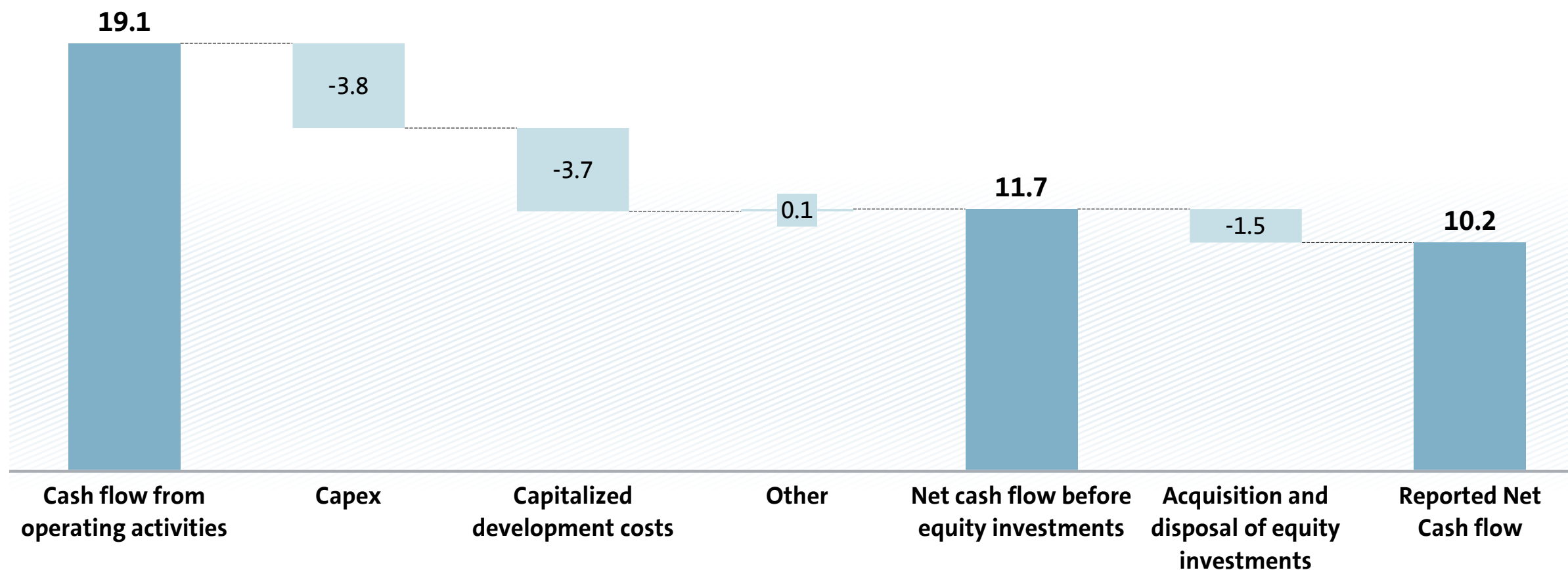


¹ before Special Items

Automotive Division – Net Cash Flow Development ¹⁾

(January to June 2021)

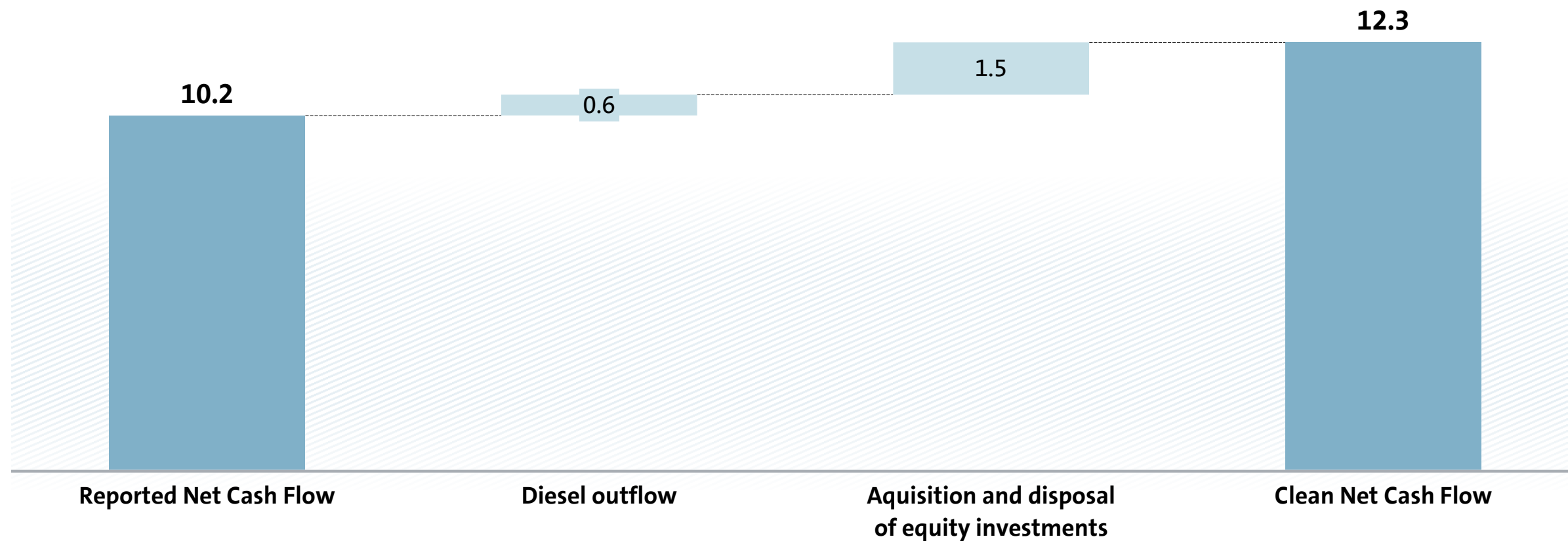
[€ bn]



1) All figures shown are rounded, minor discrepancies may arise from addition of these amounts. Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Net Cash Flow ¹⁾ (January to June 2021)

[€ billion]

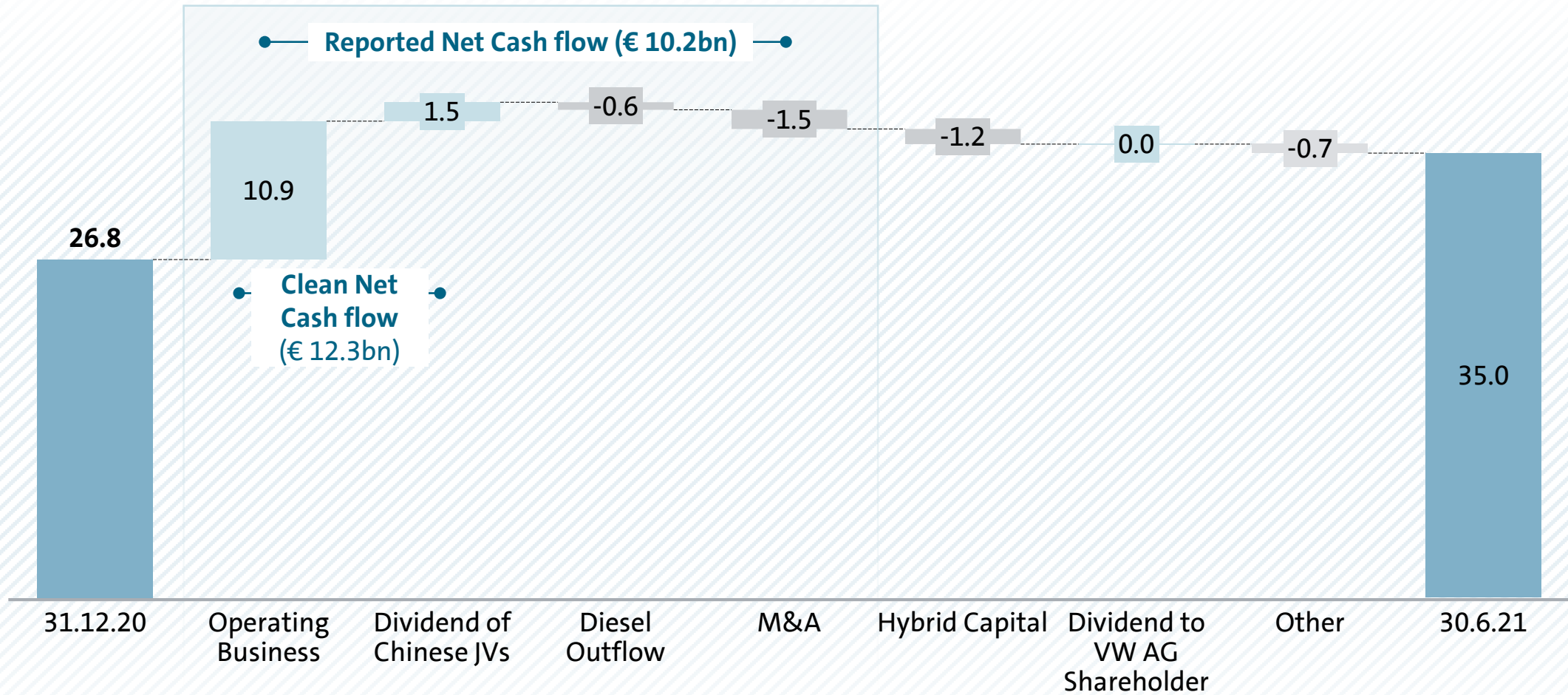


1) Including allocation of consolidation adjustments between Automotive and Financial Services divisions.

Automotive Division – Analysis of Net Liquidity¹

January to June 2021

[€ bn]



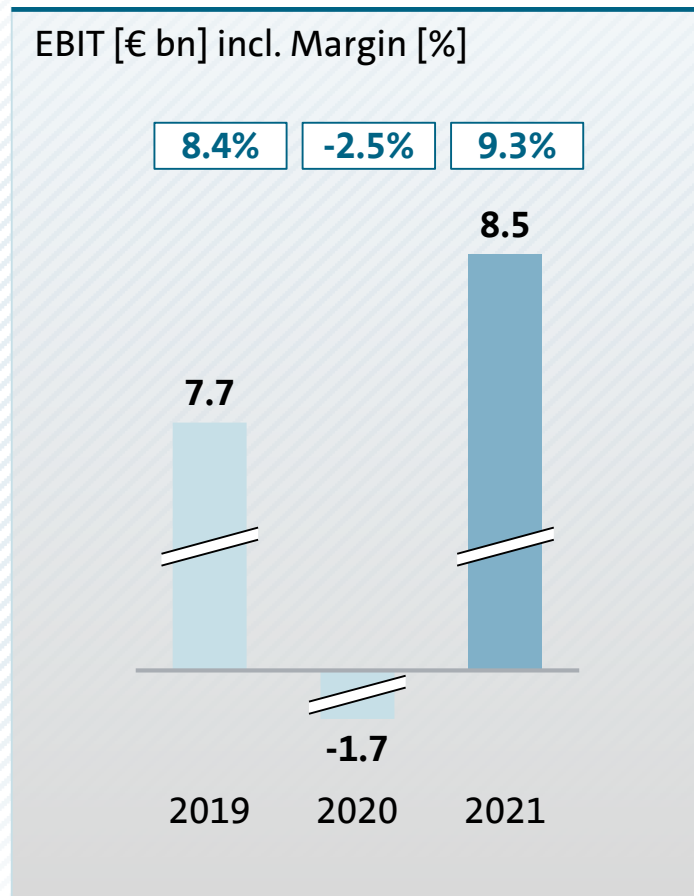
1 All figures shown are rounded, minor discrepancies may arise from addition of these amounts

EBIT per Key Business Areas

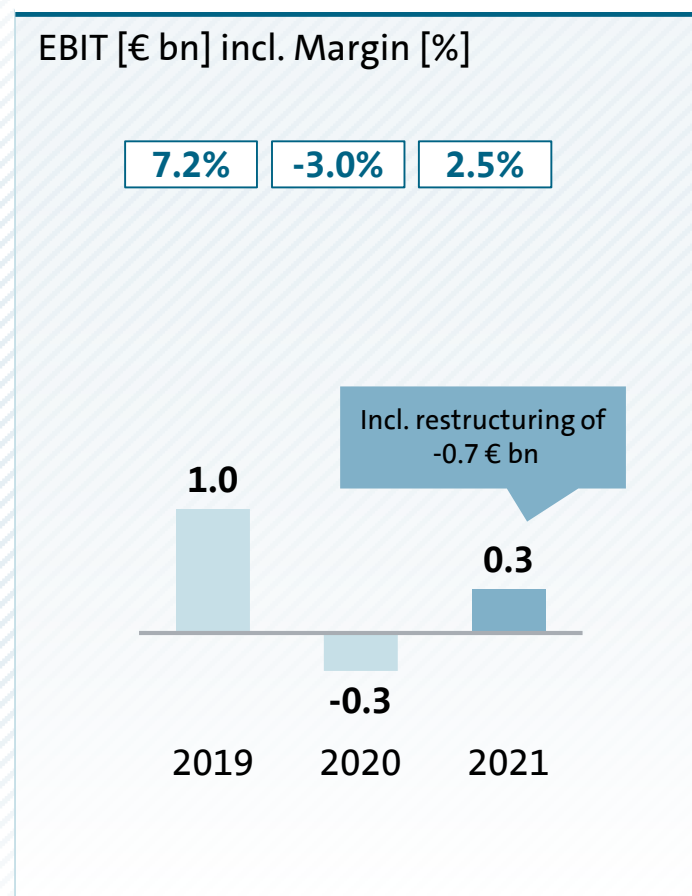
January to June 2021 vs. 2020 vs. 2019

Automotive Division

Passenger Cars¹

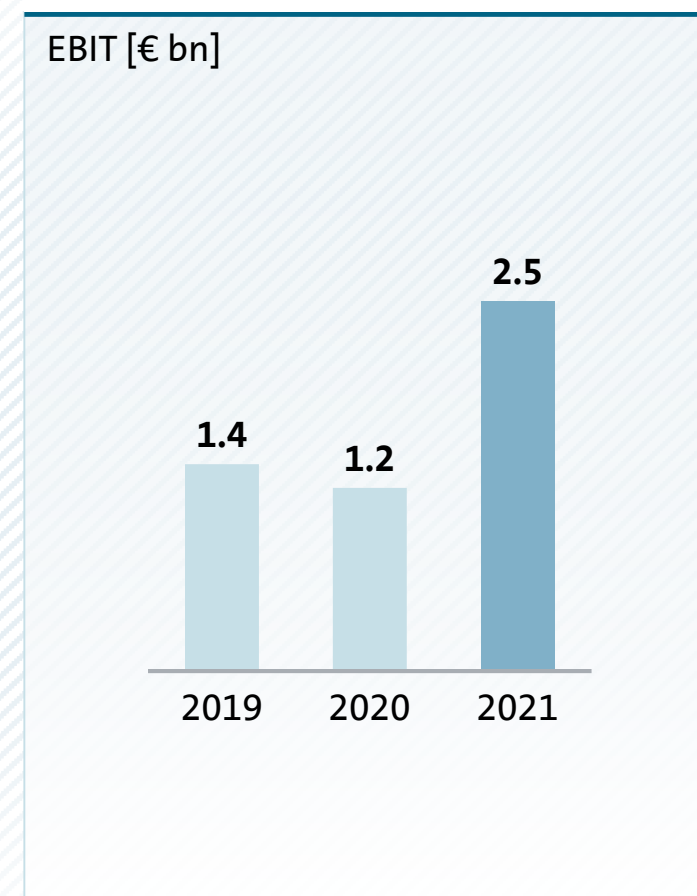


Commercial Vehicles



Financial Services Division

Financial Services

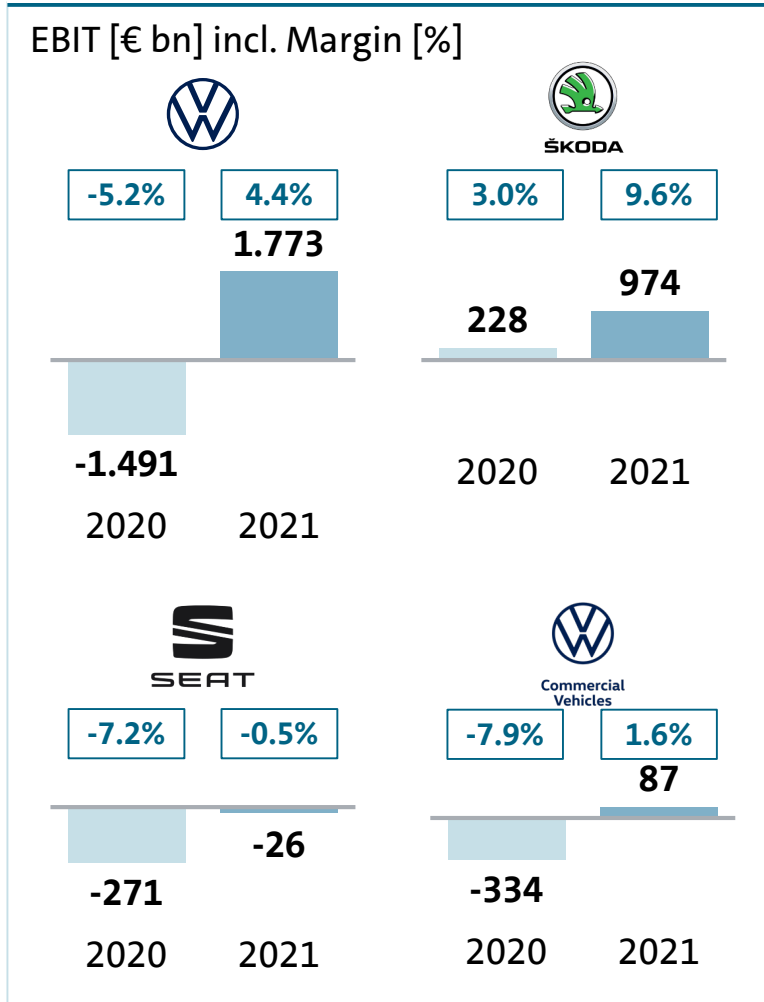


¹ before Special Items

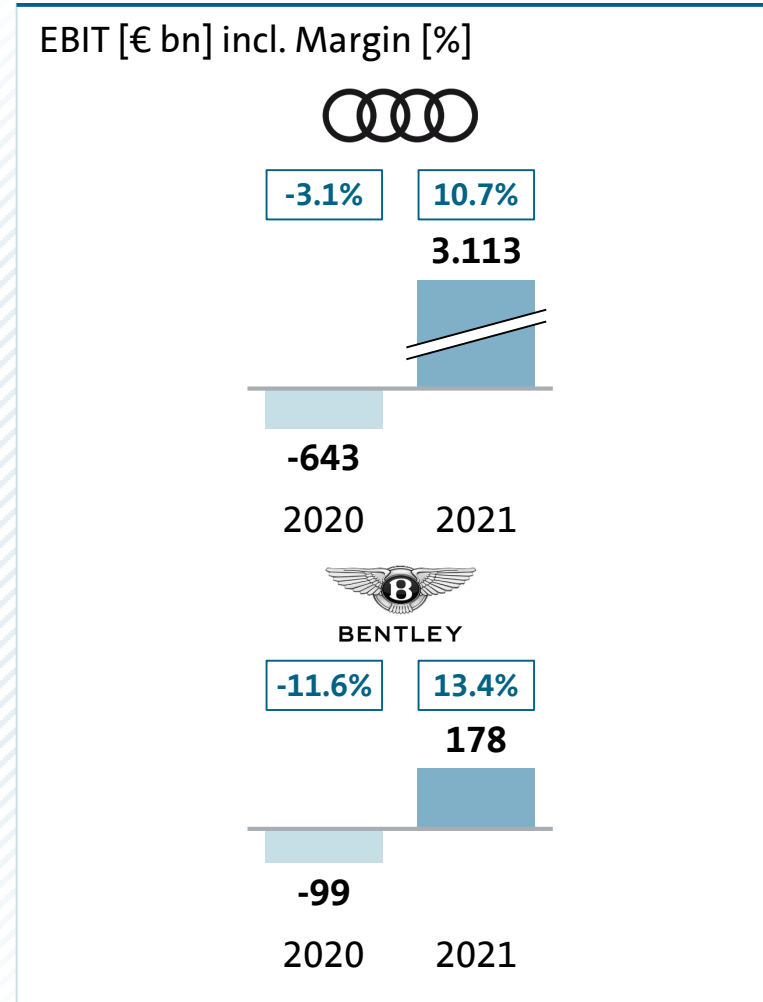
Volkswagen Passenger Cars – Brand Groups Performance

January to June 2021 vs. 2020

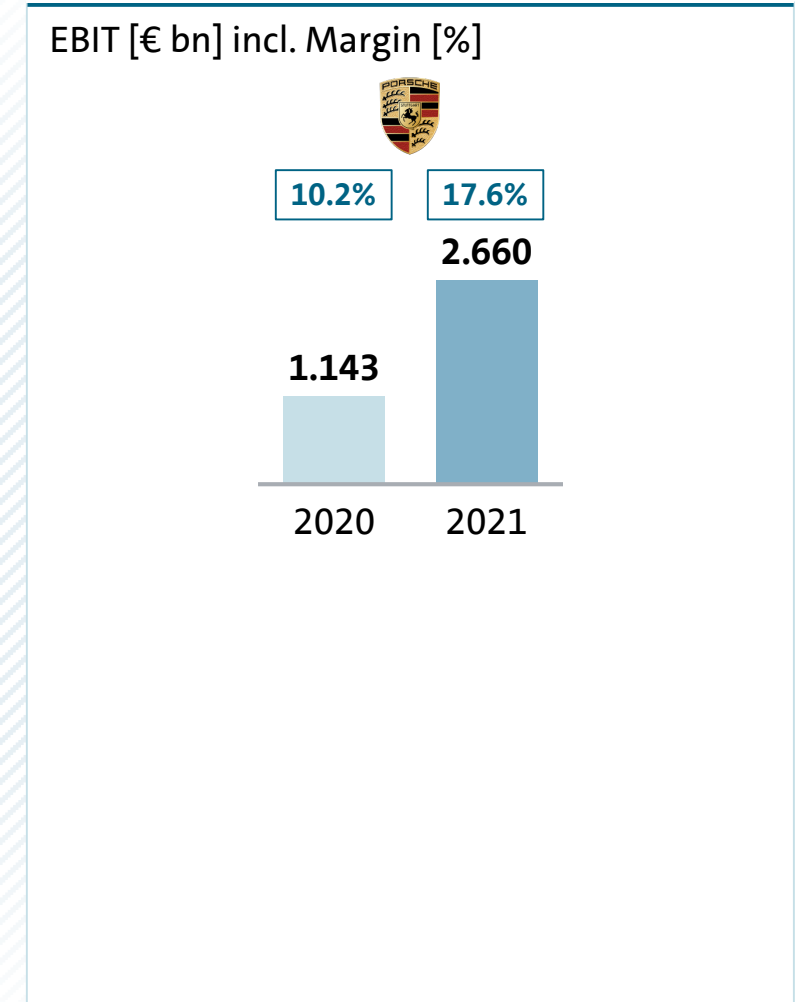
Volume Group



Premium Group



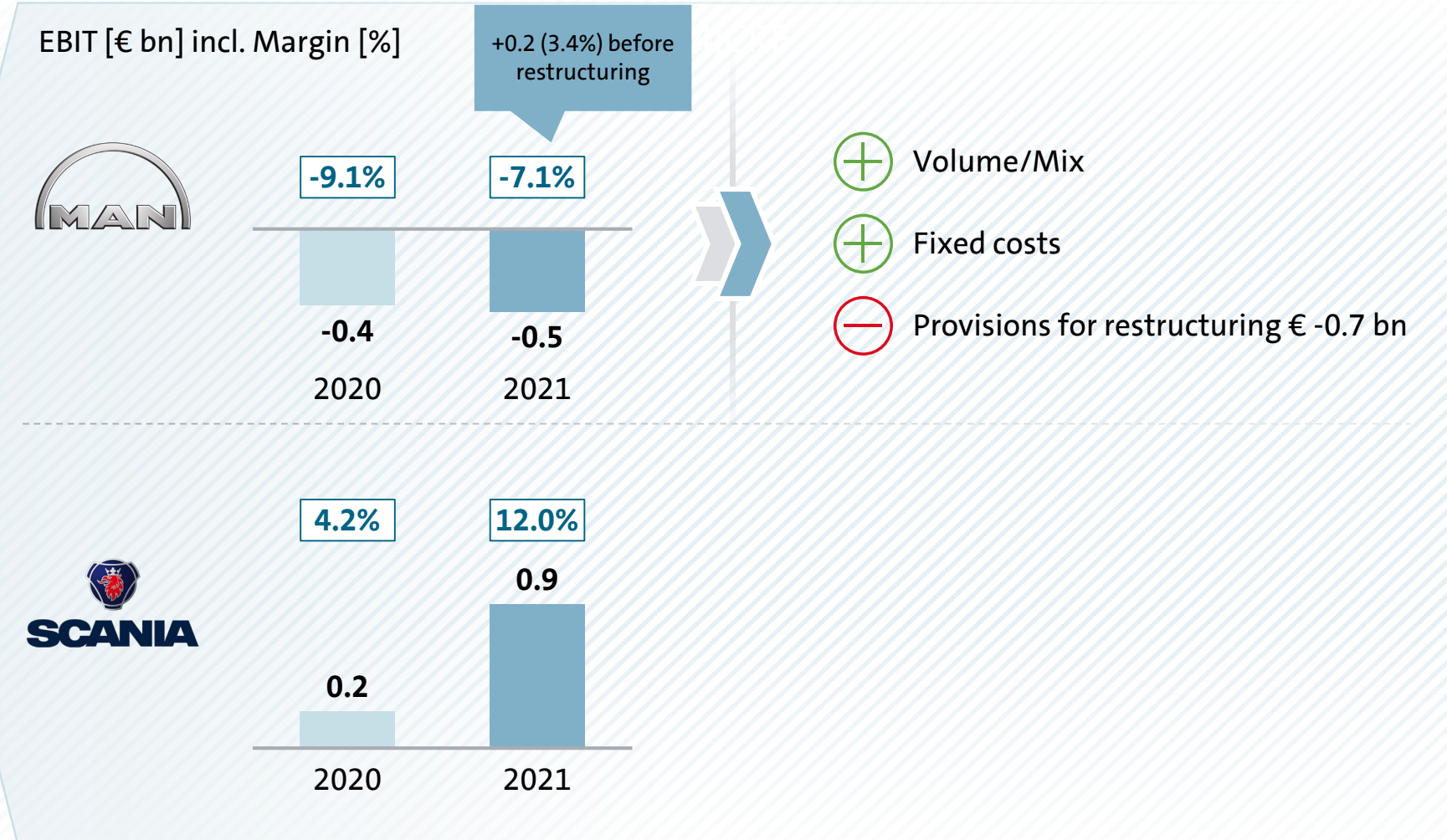
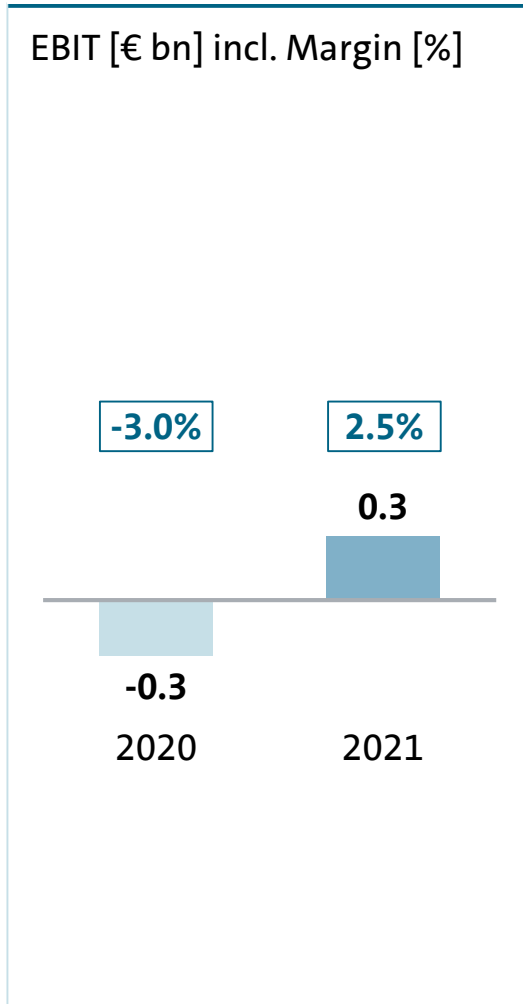
Sport & Luxury Group



Commercial Vehicles EBIT

January to June 2021 vs. 2020

Commercial Vehicles/Trucks



Focus on cash flow – all Group companies clearly positive (except CARIAD)

CFO Focus Areas

Focus on **product transformation towards electric**

Digitalization: Advancing in software/services

Groupwide cost & efficiency programs

Capturing group-wide synergies

Managing margins and Cash Flows

Net Cash Flow by Brands, € mil. (H1 2021)

	Net Cash Flow (including Diesel Payout)	Diesel Payout
Volkswagen Passenger Cars	400	(404)
SEAT	356	
Škoda	678	
Volkswagen Commercial Vehicles	290	
Audi	5,512	(68)
Bentley	251	
Porsche Automotive	2,601	
MAN Commercial Vehicles	327	
Scania Vehicles and Services	354	
Other ¹	-579	(145)
Automotive Division Reported Net Cash²	10,191	

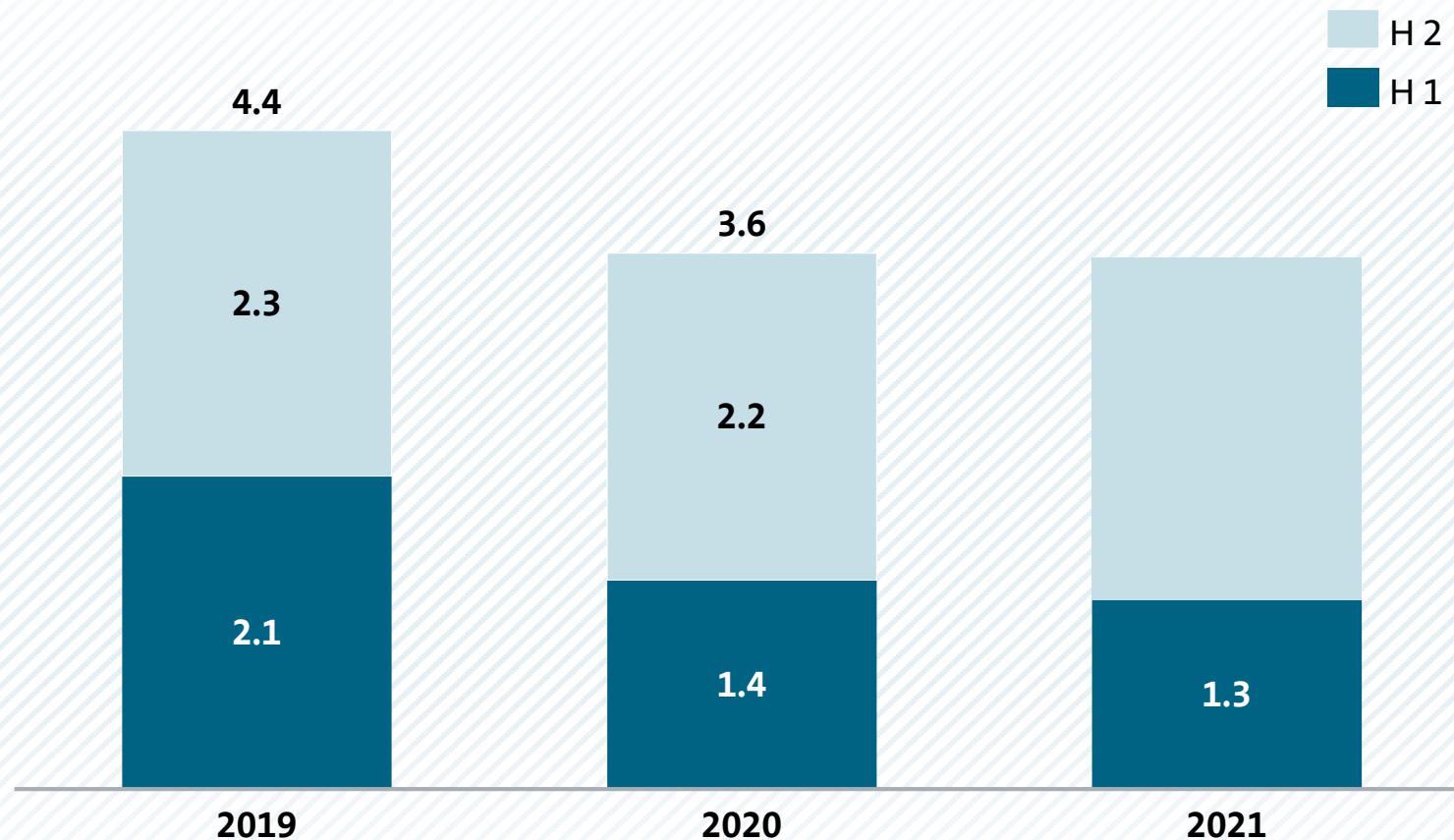
1 Consolidation and other non-brand companies including CARIAD

2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions

All figures shown are rounded, minor discrepancies may arise from addition of these amounts

China Joint Ventures – Proportionate Operating Profit

[€ bn]



Drivers

- Continued strong premium performance, especially FAW-VW
 - Q2 2021 stronger affected by chip shortage
 - Competition in lower volume segment negatively impacted brand Volkswagen and ŠKODA
 - Upfront-Investment SAIC Audi
-
- **Catch up program SVW initiated**

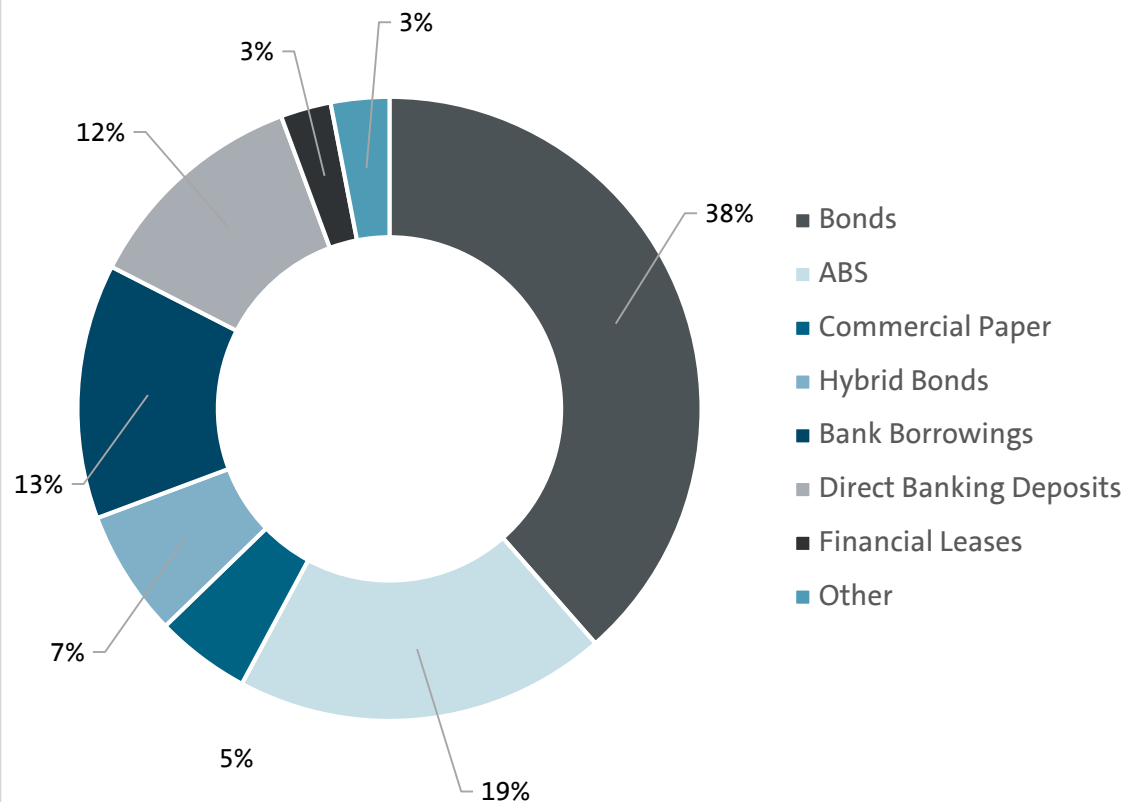
Volkswagen Group – Funding Programs & Outstandings
 As of June 30, 2021

Money and Capital Markets	In € billion	Borrowings	In € billion
Commercial Papers	10.7	Bank Borrowings	28.8
Bonds	98.3		
<i>thereof: Hybrid Bonds</i>	<i>14.3</i>	Direct Banking Deposits	25.8
<i>thereof: Green Bonds</i>	<i>2.0</i>		
ABS	42.1	Financial Leases	5.7
		Other	6.6

Volkswagen Group Funding Strategy – Overview

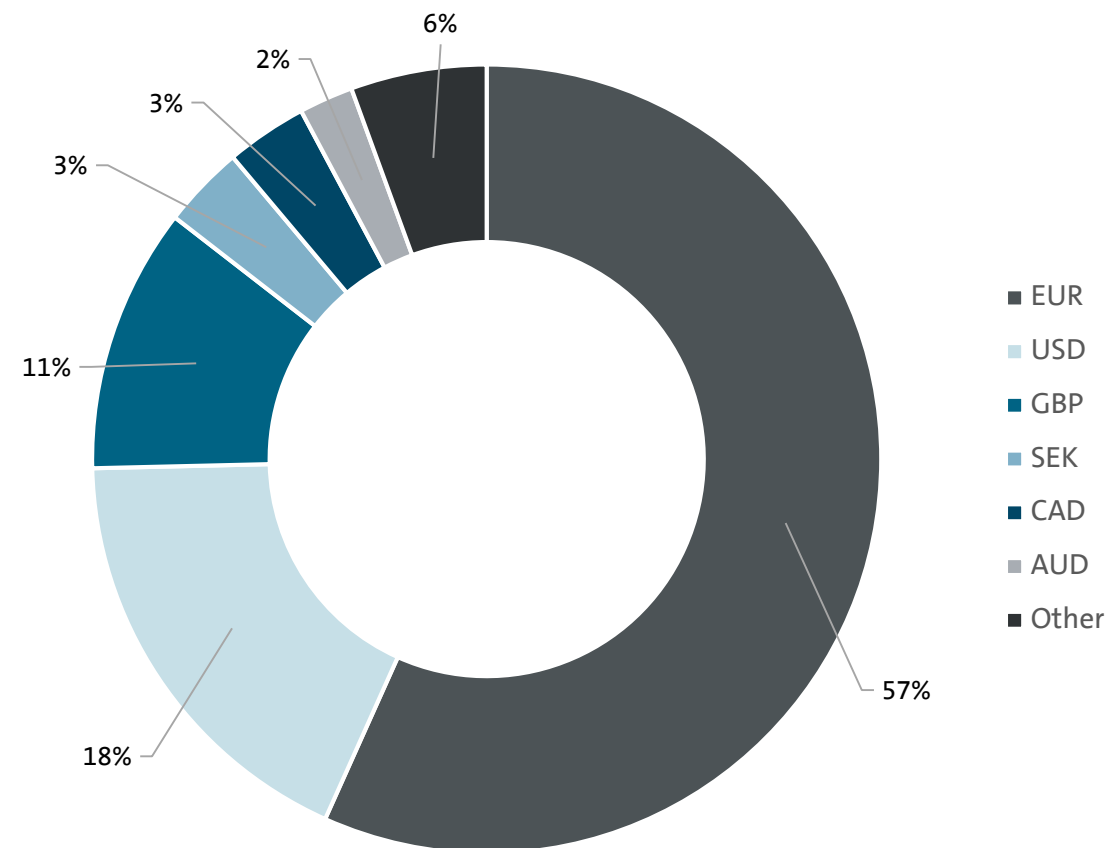
As of June 30, 2021

Funding Sources in €bn



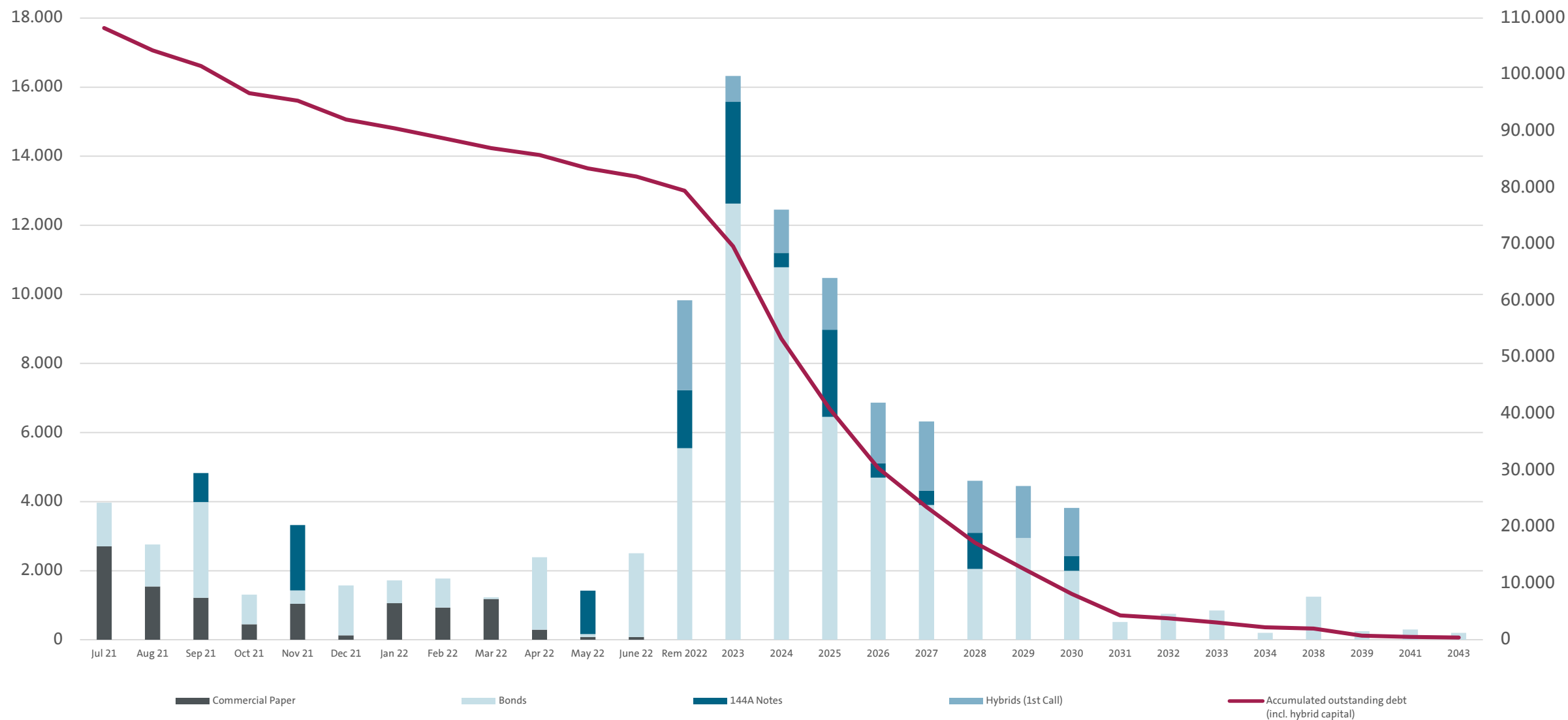
Currency Breakdown in %

(ABS, Commercial Paper and Bonds, ex. Hybrid Bonds)



Volkswagen Group Funding Strategy – Bond Maturity Profile




As of June 30, 2021 (in € million)



Source: Volkswagen Group

Volkswagen Green Finance Framework Eligible Green Projects

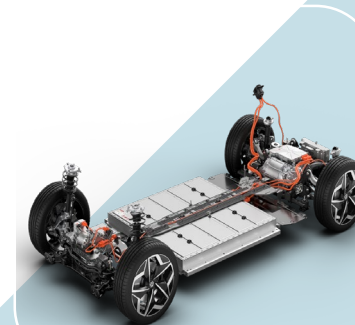
Volkswagen`s Framework

Eligible Green Project Portfolio	ICMA GBP Category	UN SDGs	Contribution to EU's Environmental Objectives
<p>Projects related to the manufacture of electric vehicles</p> <p>Investments in, expenditures for and/or costs for conception, infrastructure, development and construction of the Modular Electrification Toolkit (MEB) itself, of electric vehicles and their production equipment and tools, supplier tools and systems and their key components, such as batteries, all related to the MEB.</p>	Clean Transportation	 	<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation - Increasing clean or climate-neutral mobility</p>
<p>Dedicated e-charging infrastructure</p> <p>(when separable from fossil fuel filling stations and garages)</p>	Clean Transportation		<p>The activities substantially contribute to the following EU environmental objective:</p> <p>Climate Change Mitigation</p>

The Volkswagen Group believes that Green Debt Instruments are effective tools to channel investments to projects that have demonstrated climate benefits and thereby contribute to the achievement of the Paris Climate Agreement and the United Nations' Sustainable Development Goals ("UN SDGs").

ID.3 – Electricity consumption combined 15.4 - 14.5 kWh/100 km; CO₂ emissions combined 0g/km, efficiency class: A+
ID.4 – Electricity consumption combined 16.9-15.5 kWh/100 km; CO₂ emissions combined 0g/km, efficiency class: A+

Portfolio



Volkswagen Green Finance Framework

Eligible Green Projects Portfolio

Eligible Green Project Portfolio ¹ (in EUR bn)					Outstanding Green Debt Instruments ² (in EUR bn)			
ICMA Category ³	2017	2018	2019	2020	ISIN	Issuance Date	Due Date	Principal Amount
Clean Transportation	0.26	0.74	1.11	1.49	XS2234567233	09-23-2020	09-22-2028	1.25
<i>Thereof:</i>								
<i>Projects related to the manufacture of electric vehicles</i>	0.26	0.74	1.11	1.49	XS2234567662	09-23-2020	09-23-2032	0.75
<i>Dedicated e-charging infrastructure</i>	-	-	-	-				
Total (2017-2020)⁴				3.60	Total			2.00

Eligible Green Project Portfolio Unallocated	EUR 1.60bn
Percentage of Eligible Green Project Portfolio Allocated (coverage)	56%
Percentage of Proceeds of Green Finance Instruments allocated to Eligible Green Project Portfolio	100%
The amount or number of new versus existing investments and/or projects ⁵	0% vs. 100%

All figures shown in the report are rounded, so minor discrepancies may arise from addition of these amounts ¹as defined in the Volkswagen Green Finance Framework, March 2020 ²per December 31, 2020, issued by Volkswagen International Finance N.V. and unconditionally and irrevocably guaranteed by Volkswagen AG ³International Capital Market Association: Green Bond Principles ⁴for the period from January 1, 2017 to December 31, 2020 ⁵New projects refer to the projects that have been disbursed in the year of issuance

Impact Reporting for Outstanding Green Bonds

Clean Transportation Portfolios	Signed Amount in EUR bn	Share of Total Project Financing	Eligibility for Green Finance Instruments	Allocated Amount in EUR bn	Saved CO ₂ emissions ID.3 vs Golf 8 TDI ² over life cycle (200,000km) in g CO ₂ e/km	Saved CO ₂ emissions ID.3 vs Golf 8 TDI ² over life cycle (200,000km) in t CO ₂ e	Number of ID.3 sold in EU including the UK, Norway and Iceland (#)	Calculated CO ₂ emissions avoided ID.3 vs Golf 8 TDI ² over life cycle (200,000km) in t CO ₂ e
	a/	b/		c/	d/	d/		d/
Projects related to the manufacture of electric vehicles	3.60	100%	100%	2.00	25.00	5.00	56,500	282,500
Total	3.60	100%	100%	2.00	25.00	5.00	56,500	282,500

Portfolio date: 2017-2020

a/ Signed amount represents the amount legally committed by the issuer for the portfolio of projects or is eligible for green bond financing

b/ This is the share of the total project cost that is financed by the issuer.

c/ This represents the amount of green debt instruments proceeds that has been allocated for disbursements to the portfolio

d/ Eligible Categories impact indicators

Vehicle basis: Golf 8 and ID.3: Production, utilization 200,000 km; Most representative engine-gearbox combination

standard equipment; ID.3 (1st Edition); Range: 440 km

Fuel and power consumption (Well-to-Tank): EU fuels; Energy mix EU-27

Consumption data (Tank-to-Wheel): WLTP

BEV: 62 kWh NMC 622 lithium-ion battery; one battery over the entire service life

¹<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Handbook-Harmonized-Framework-for-Impact-Reporting-December-2020-151220.pdf>

²with similar equipment and performance



All information in relation to Volkswagen's Green Bonds can be found on our Green Finance webpage (volkswagenag.com)

Volkswagen Group – Main Ratings ¹⁾



Long Term / Short Term

Long Term / Short Term

Volkswagen AG

A3 (S) / P-2

BBB+ (S) / A-2

Volkswagen Financial Services AG

A3 (S) / P-2

BBB+ (S) / A-2

Volkswagen Bank GmbH ²⁾

A1 (S) / P-1

BBB+ (S) / A-2

¹⁾ As of July 31, 2020 ²⁾ Senior Unsecured Ratings

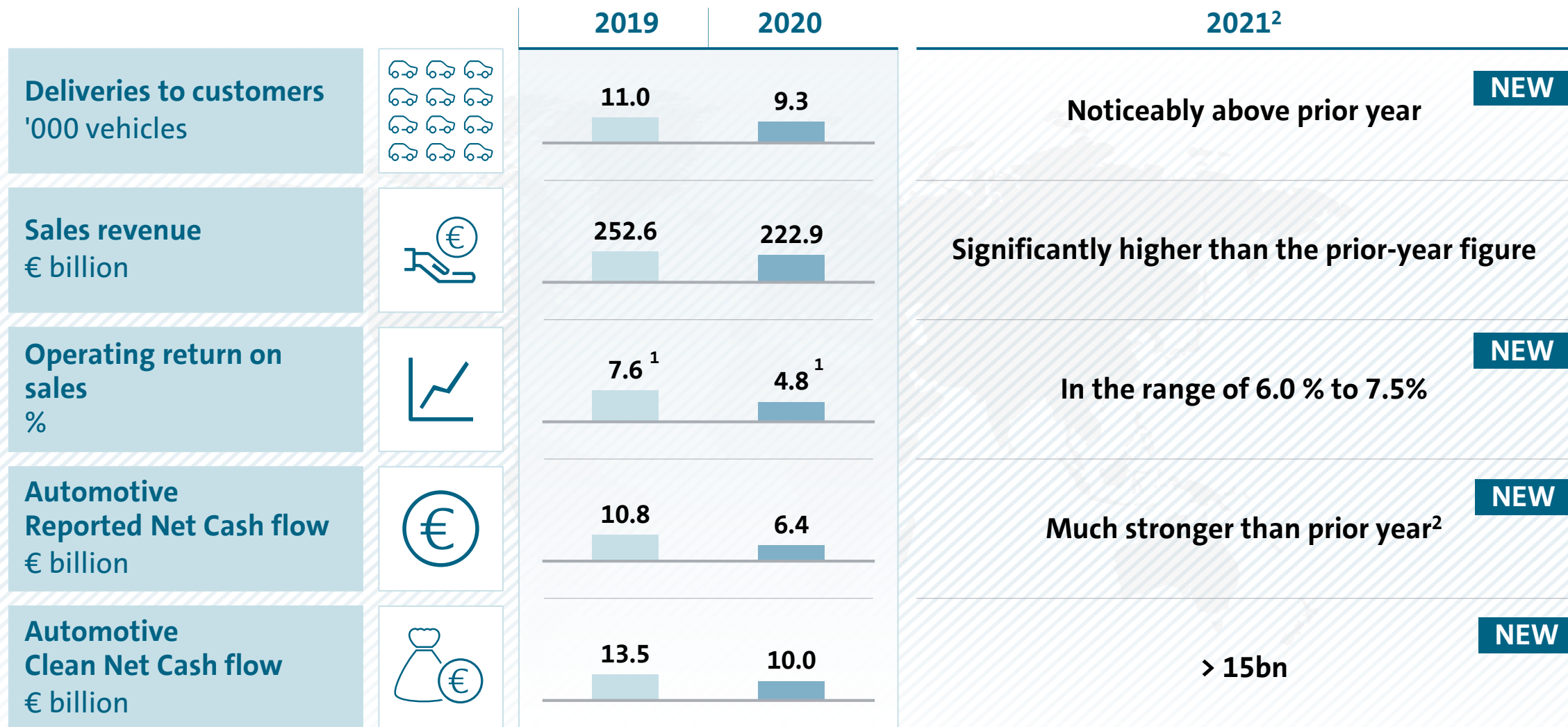
Outlook: (P)ositive, (S)table, (N)egative, RfD = Ratings under review for Downgrade, RfU = Ratings under review for Upgrade

A blurred background image showing a business meeting. Several people are seated around a table, with their hands visible as they interact with a tablet device. The scene is brightly lit, suggesting an office environment.

Leading the Transformation.

Outlook & Operative Excellence

Volkswagen Group – Outlook for 2021



1 Before Special Items 2 Navistar and Europcar not yet included in Volkswagen Group outlook and targets

Financing the transformation: Fixed cost program ahead of schedule, further progress in Q2¹

CFO Focus Areas

Focus on **product transformation towards electric**

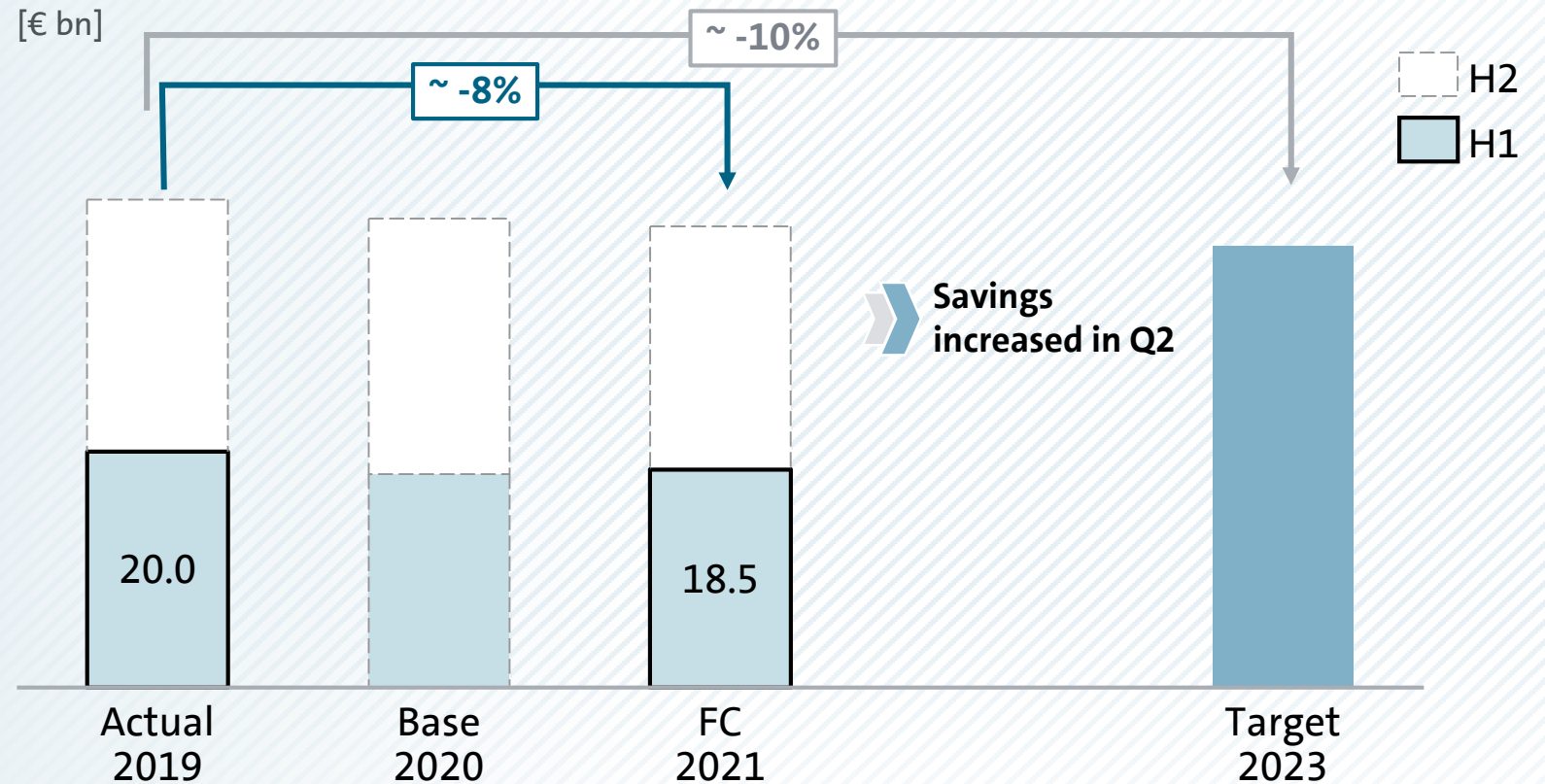
Digitalization: Advancing in software/services

Groupwide cost & efficiency programs

Capturing group-wide synergies

Managing margins and Cash Flows

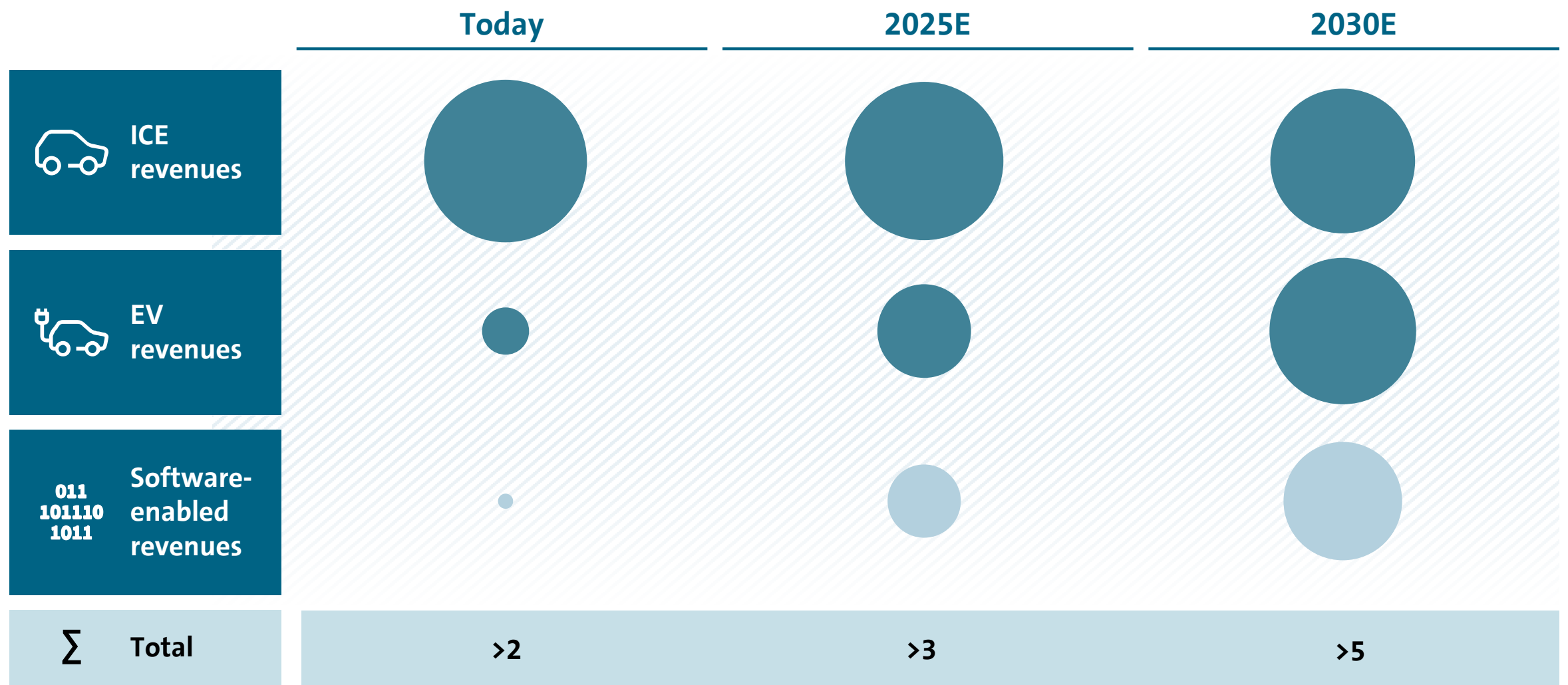
Group wide Overhead Cost Program (without R&D / Capex)



1 All figures shown are rounded, minor discrepancies may arise from addition of these amounts

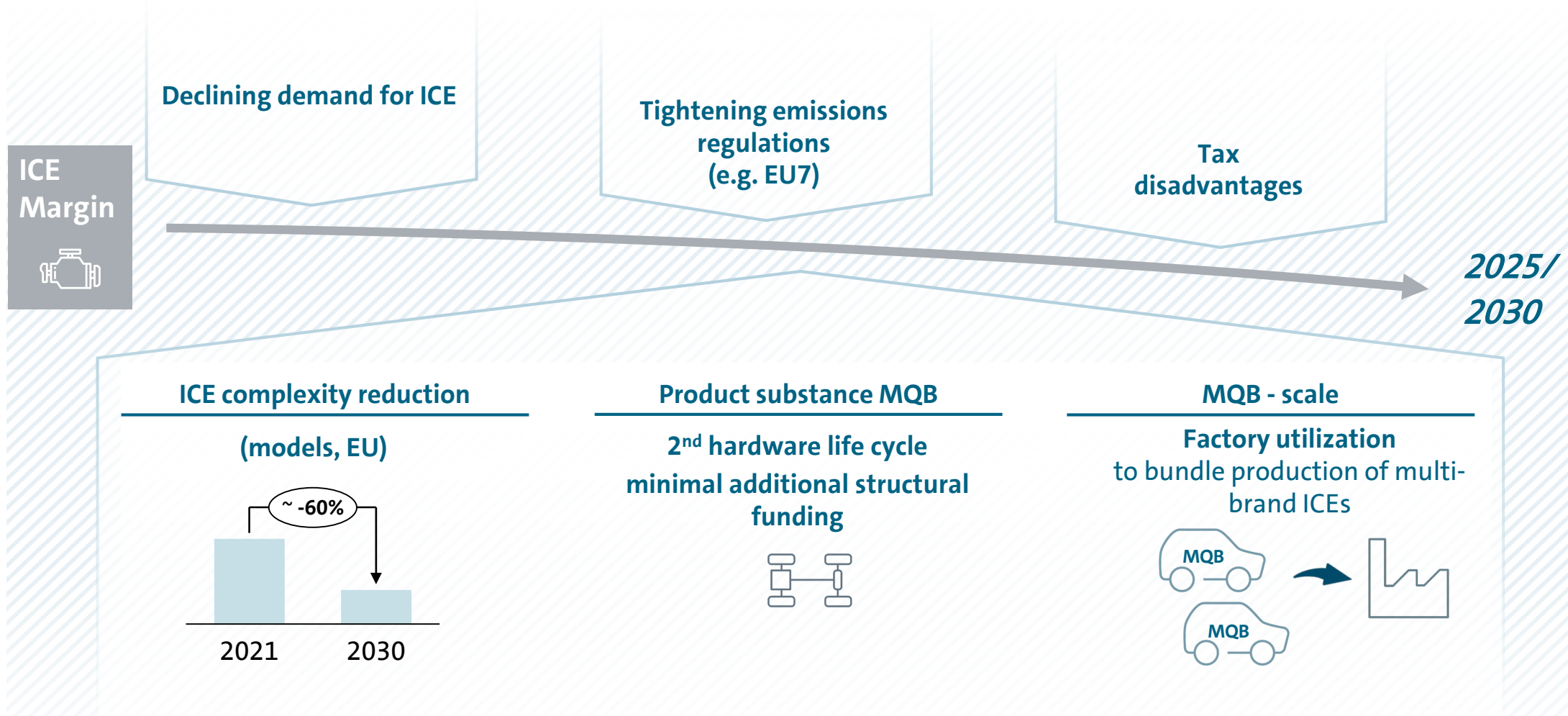
Automotive new car revenue pools are expected to shift fundamentally due to new technologies

Schematic overview



Values in € trillion

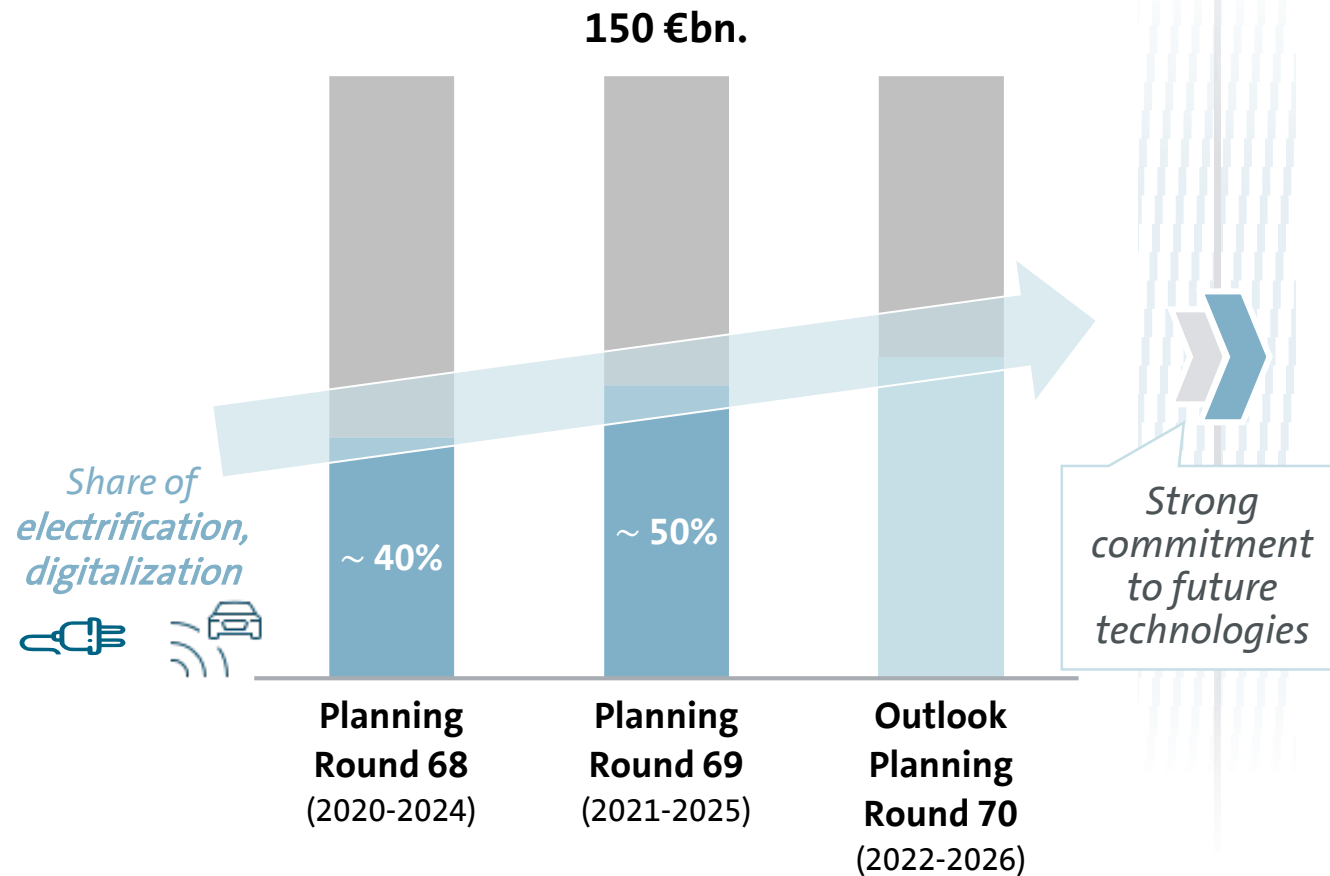
Volkswagen Groups' ambition – keeping the relative scale with MQB



Reallocation of resources towards future technologies

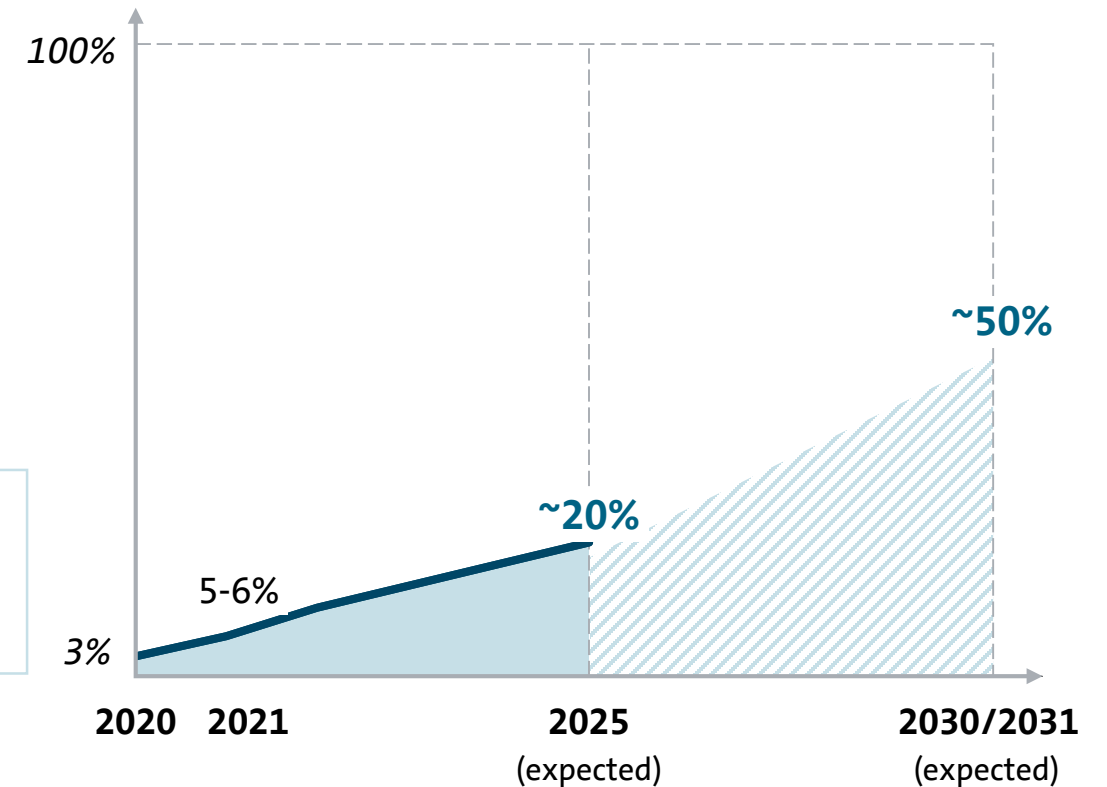
Investment in R&D/ Capex

in €bn



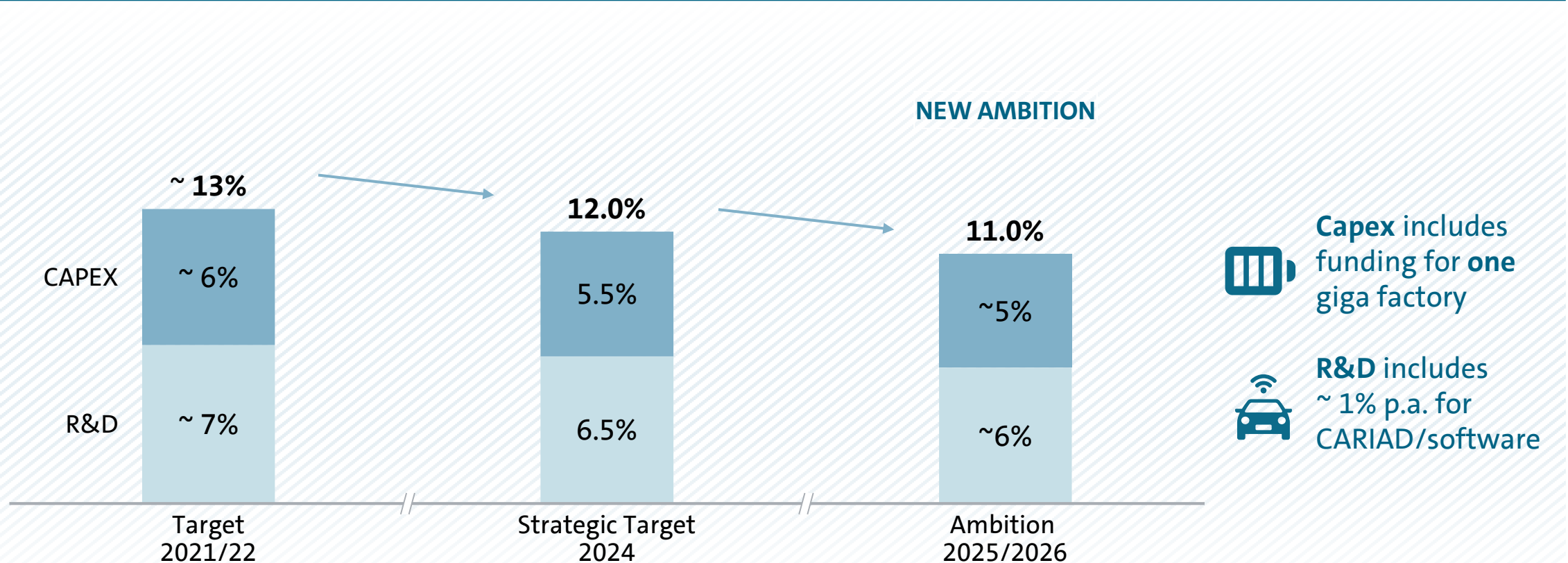
BEV Share Volkswagen Group

Worldwide, in % of sales

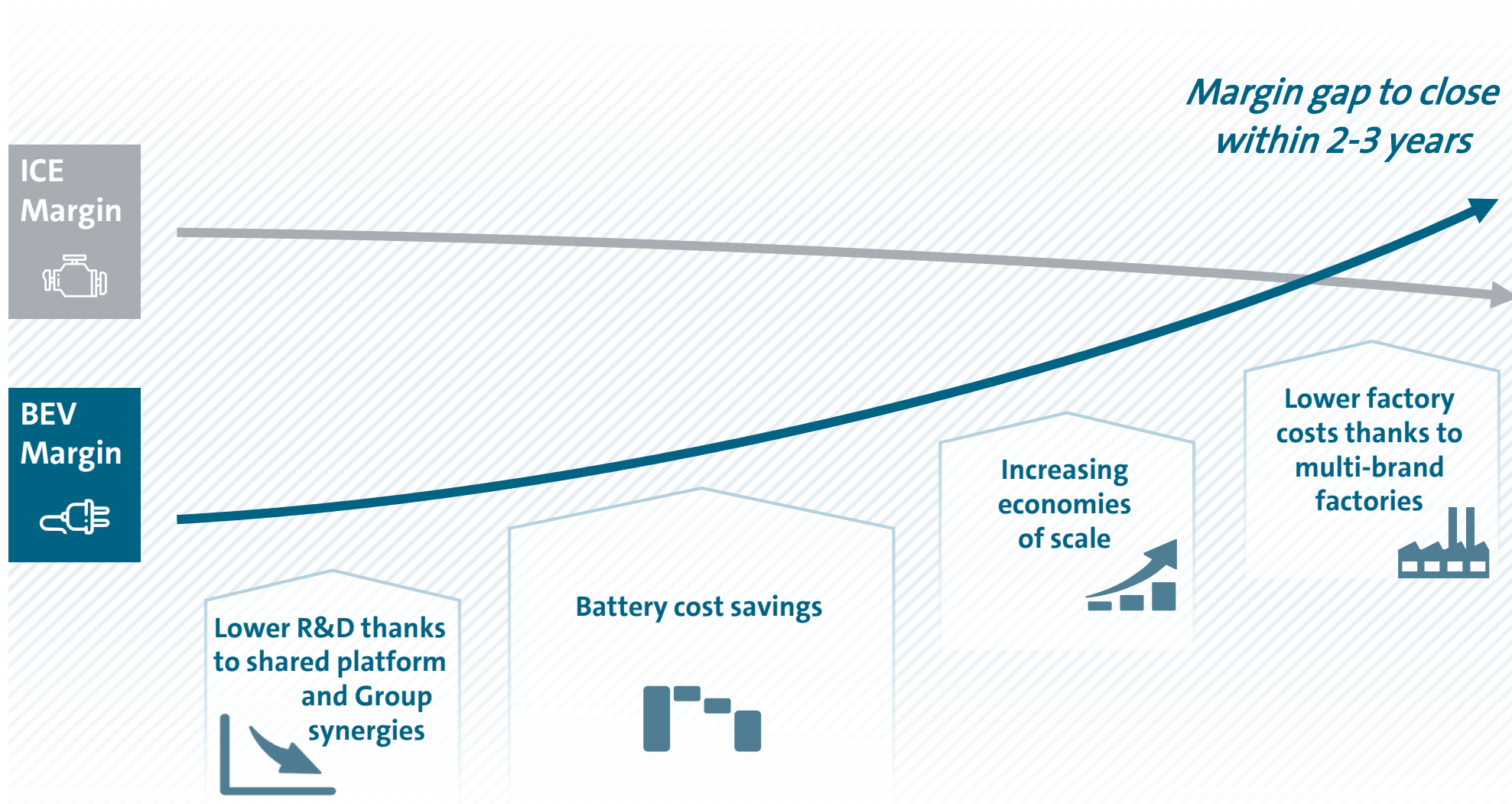


Capturing groupwide synergies leads to more competitive R&D/Capex ratios

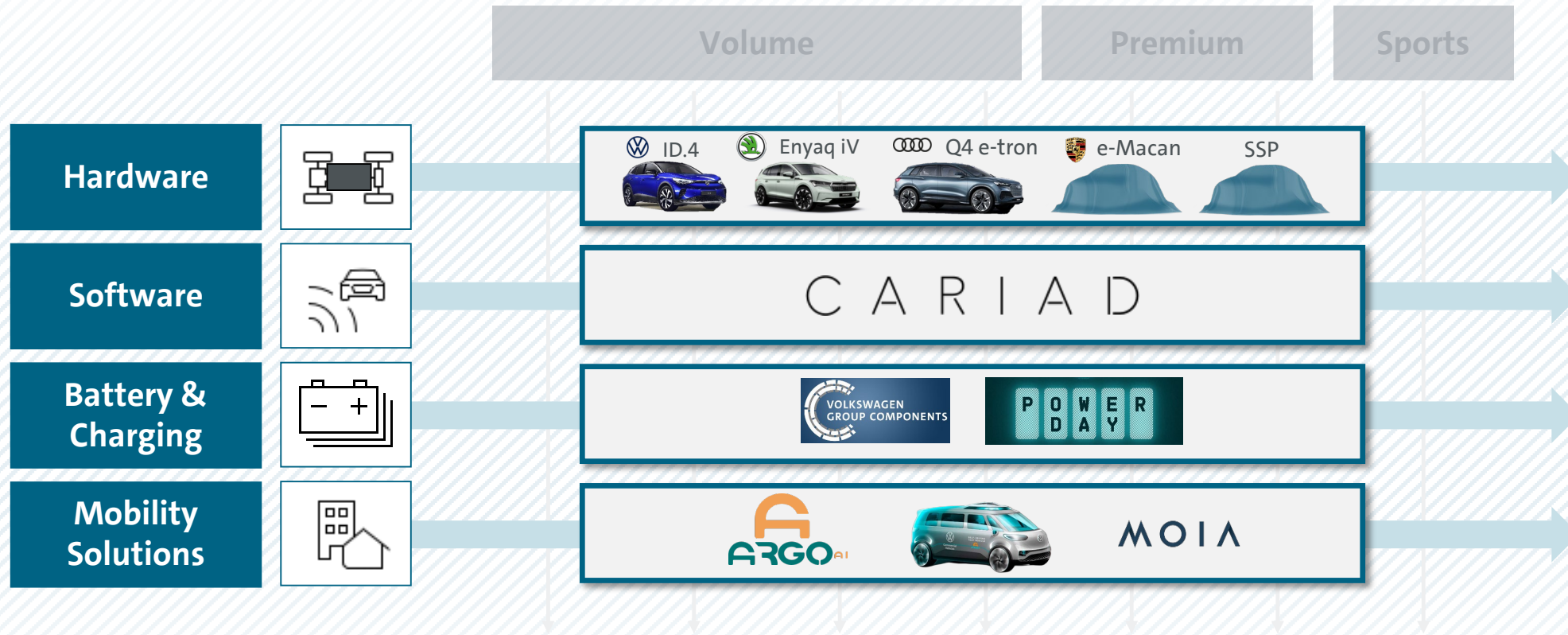
R&D cost/Capex ratio (automotive)



Ambition: Achieving margin parity between BEV and ICE within 2-3 years



Group lays foundation to tap into future profit pools

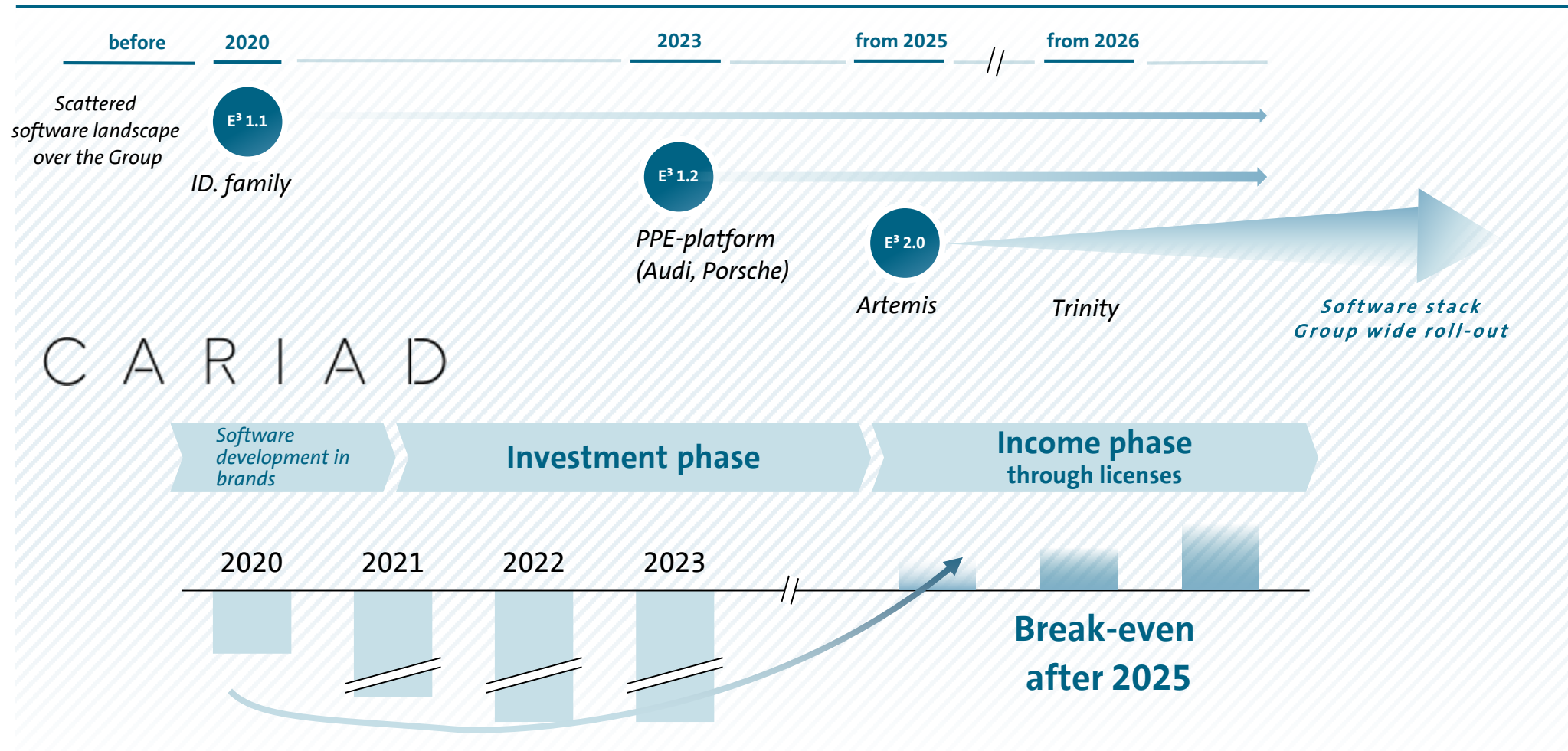


ID.4 - power consumption in kWh/100 km (combined): 16.9-15.5 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Enyaq iV - power consumption in kWh/100 km (combined): 16.0-14.4 (NEDC); CO2-emissions in g/km: 0 (combined); efficiency class: A+; Q4 e-tron - power consumption in kWh/100 km (combined): 17.3-15.8 (NEDC), 19.0-17.0 (WLTP); CO2-emissions in g/km: 0 (combined); efficiency class: A+; ID.Buzz - Concept Car

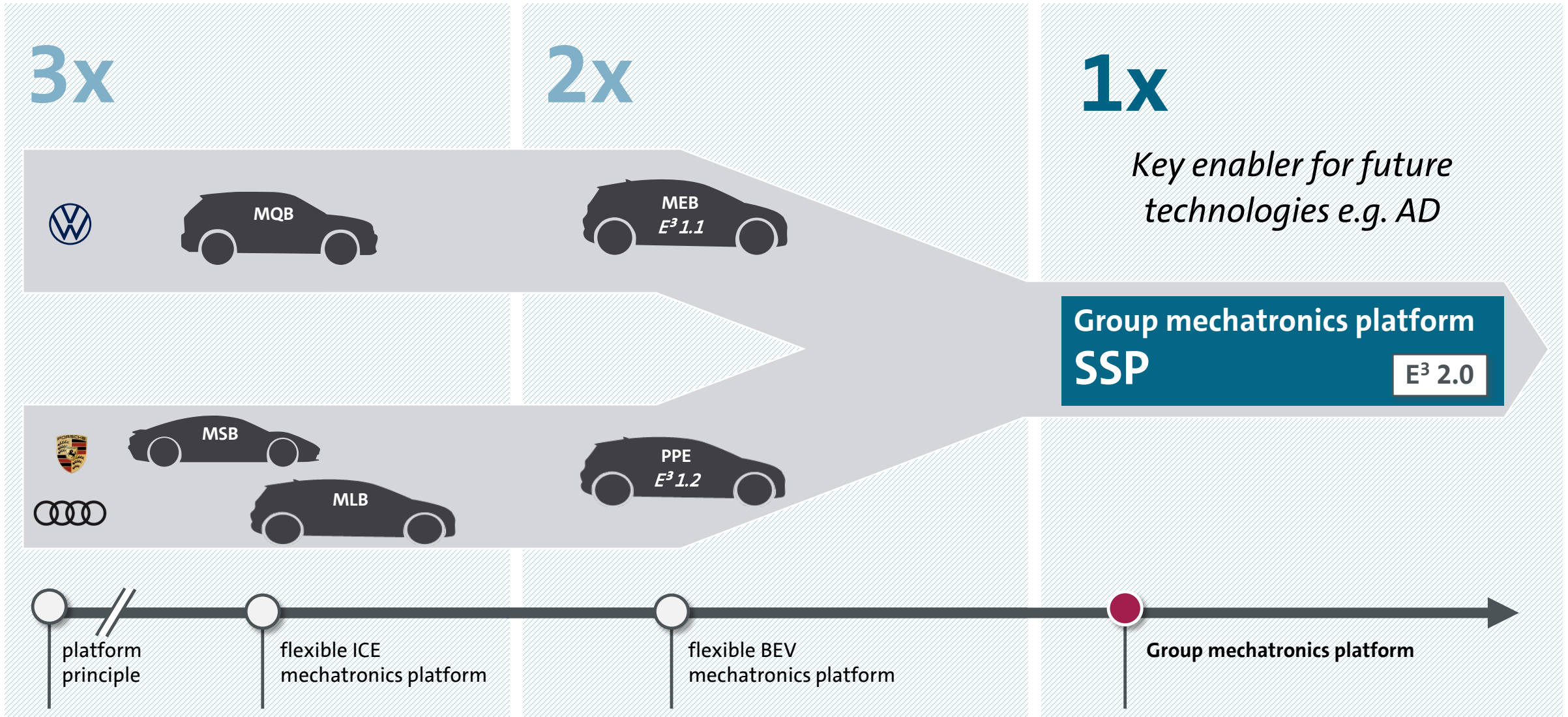
CARIAD business model: Software is the key differentiator for the future, scale is key

Example Software

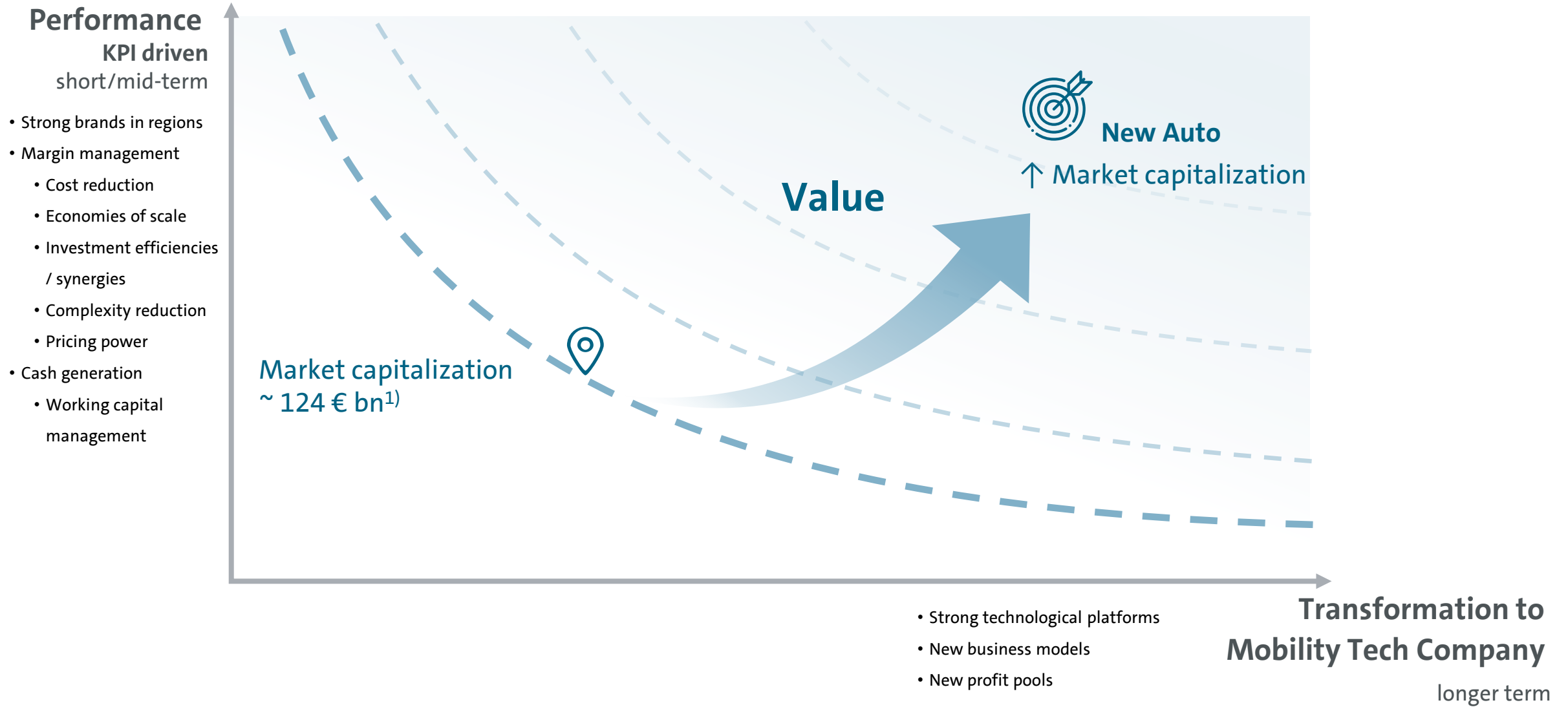
Planned stand-alone Business model CARIAD



Variants are increasingly reduced along the converging path towards a Group mechatronics platform - SSP



Levers for value creation: Execution of transformation

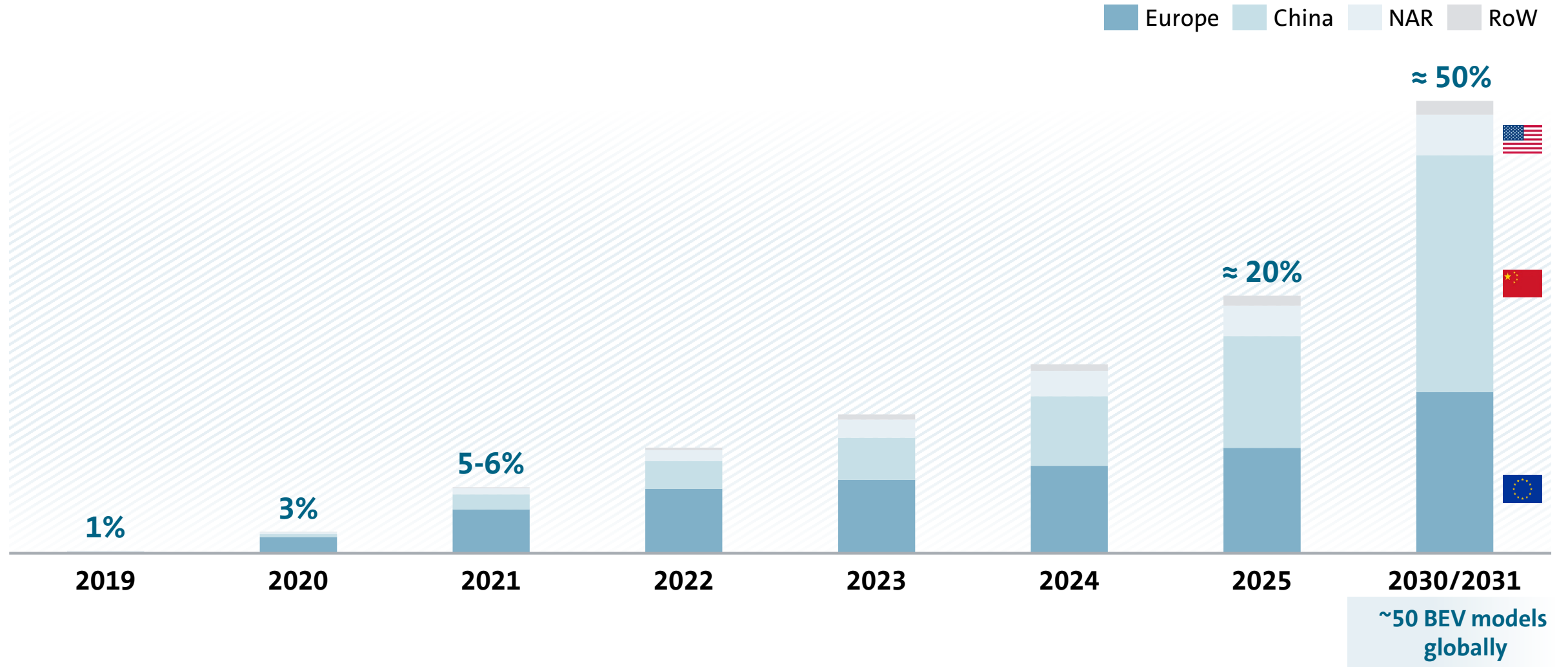


1) Status 07/07/2021

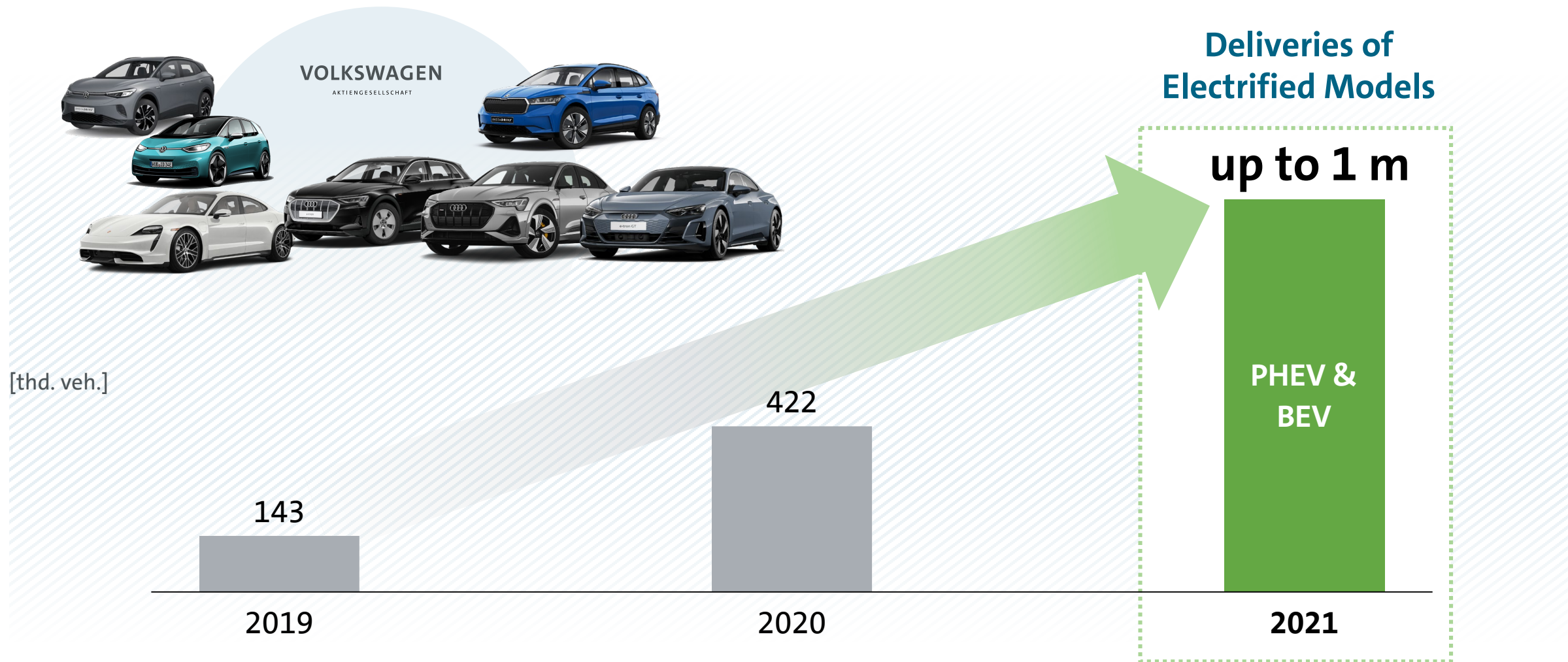
Leading the Transformation.

Strategy – Shaping e-mobility

Significant increase in BEV deliveries will support our CO₂ compliance. Green Deal to increase BEV-volume in Europe even further beyond 2025.



Ramp-up of e-mobility strategy in the Volkswagen Group fully on track



2021 BEV Deliveries to Customers Plan: ID.4, Enyaq iV and Q4 e-tron launches accelerate BEV sales in H2 2021

Launched Models

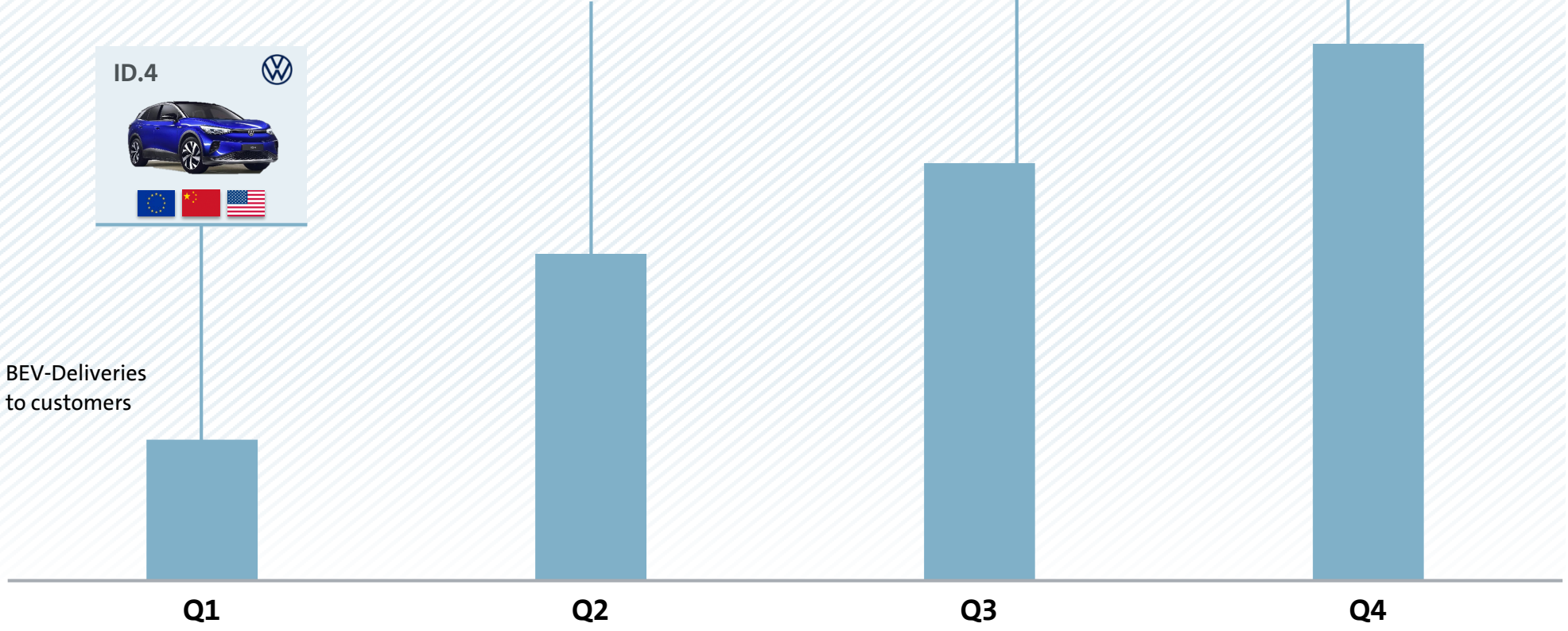
ID.3 (2020)

e-tron (2019)/
e-tron SB (2020)

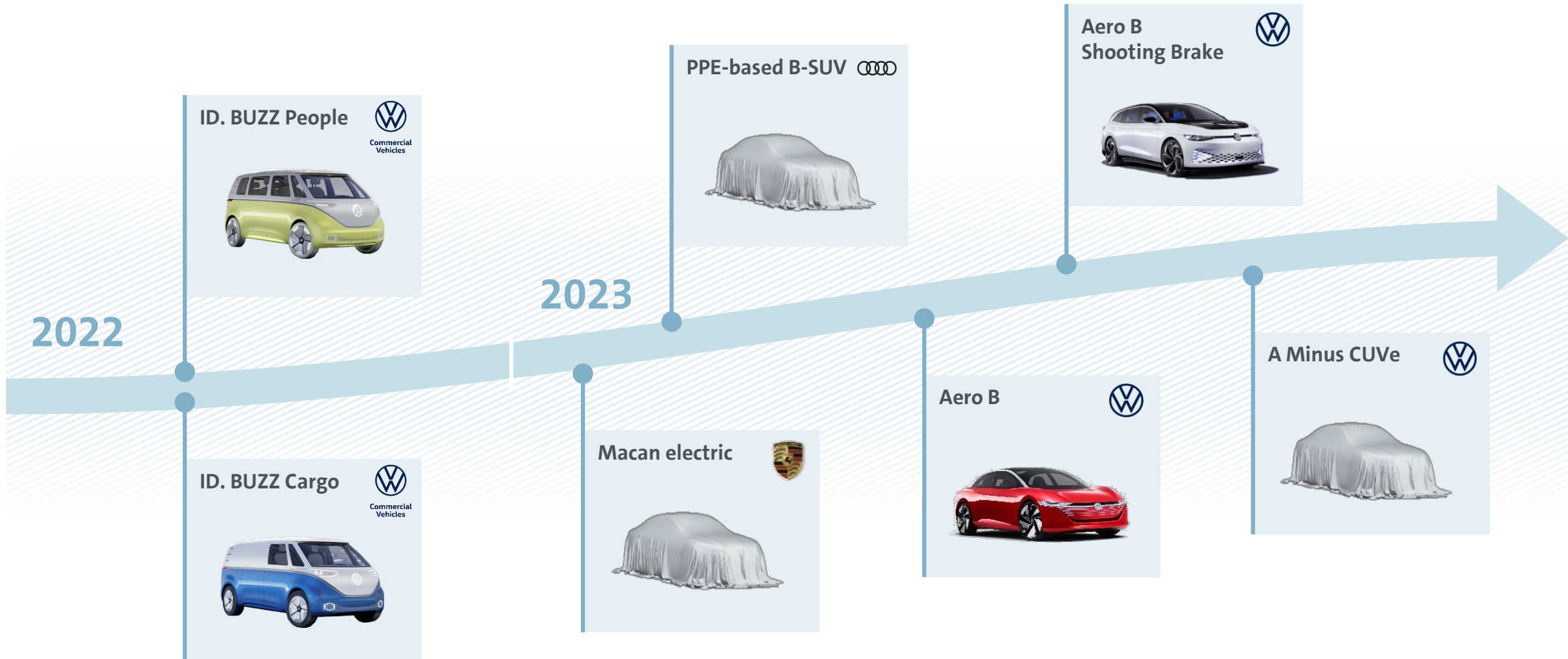
Taycan (2020)

<p>Enyaq iV </p> <p style="text-align: center;"></p>	<p>e-tron GT </p> <p style="text-align: center;"> </p>	<p>Taycan Cross Turismo </p> <p style="text-align: center;"> </p>	<p>Q4 e-tron </p> <p style="text-align: center;"> </p>	<p>ID.6 (CN) </p> <p style="text-align: center;"></p>	<p>ID.5 </p> <p style="text-align: center;"></p>	<p>Born </p> <p style="text-align: center;"></p>
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ID.4

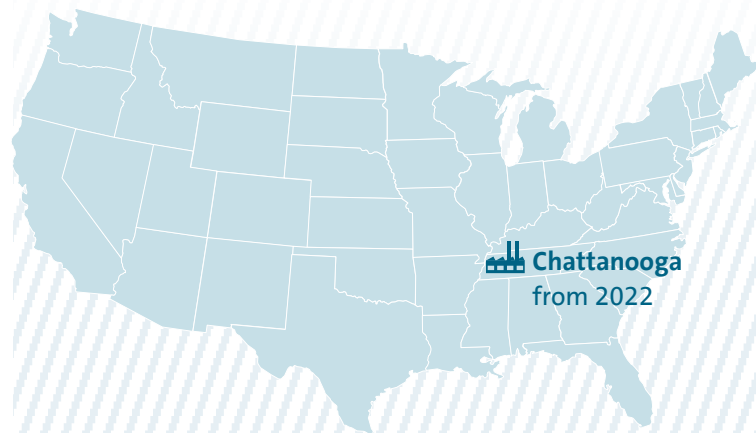


Worldwide BEV model launches in 2022/2023 will drive transition to real BEV player.



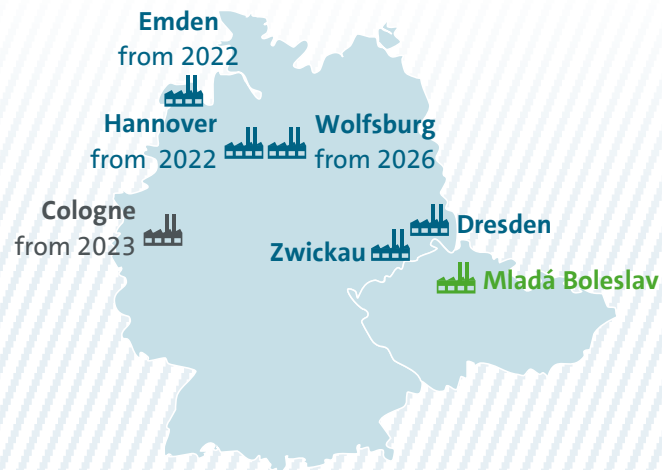
MEB starts to scale, already one million production capacity in 2021

USA



VW ID.4

Europe



VW ID.3



VW ID.4



Audi Q4 e.tron



VW ID. BUZZ



VW Trinity

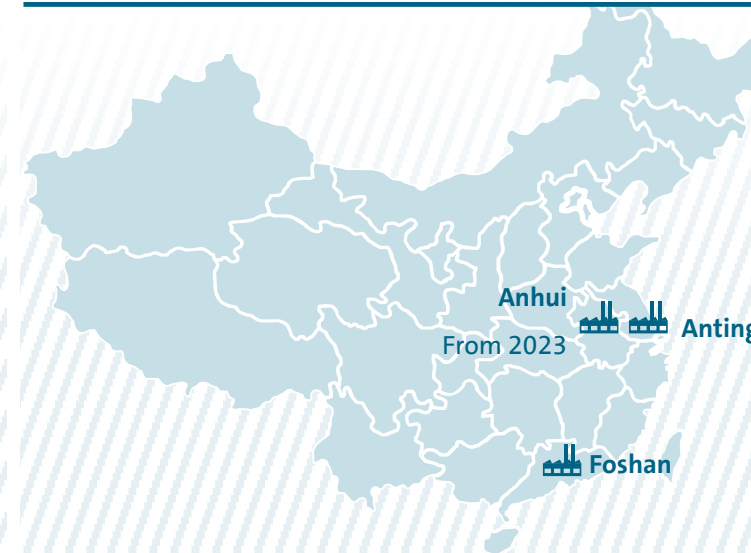


Cupra el Born



Skoda Enyaq

China

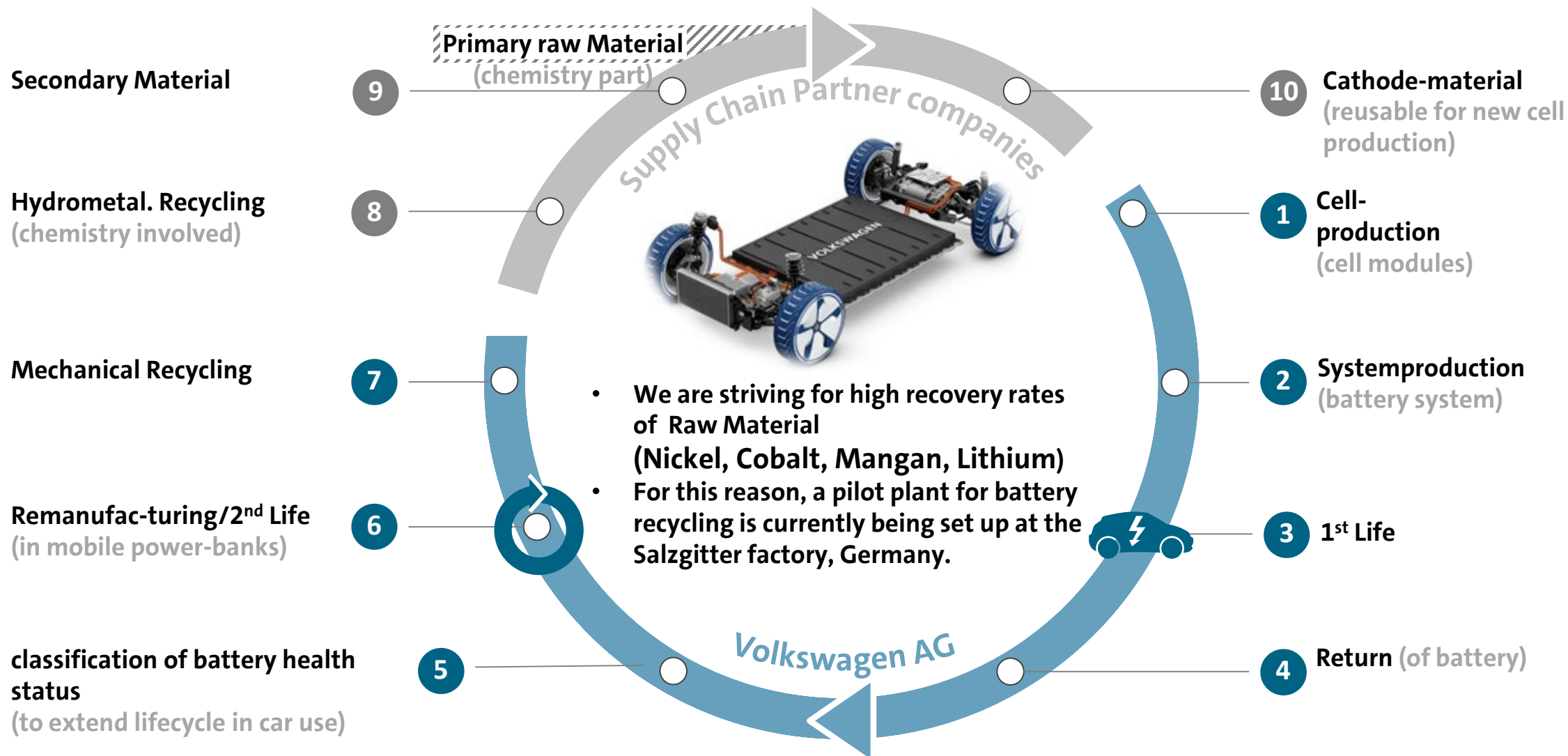


VW ID.4 (CN)



VW ID.6 (CN)

Principle of Closed Loop Battery Materials

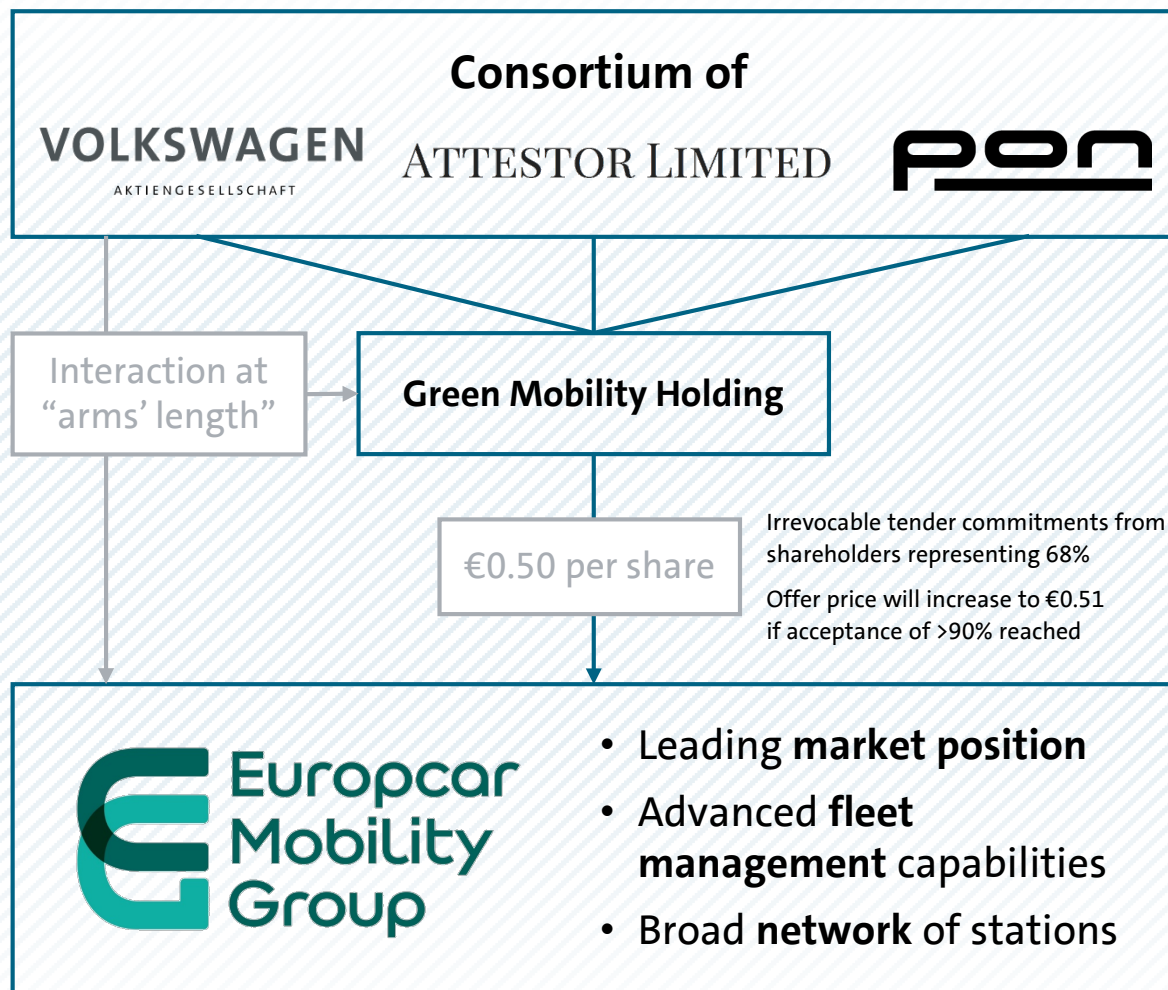


A close-up photograph of a person's hand holding a black smartphone. The phone screen displays the ChargePoint app interface, showing the user's name 'Emre Ulucak' and a 'PayCash' button. The phone is being held near a black charging station with a white NFC symbol. The background is slightly blurred, showing a person in a light blue shirt and a yellow tag with the number '20' on the charging station.

Leading the Transformation.

Strategy – Software-enabled car company

Europcar deal provides compelling opportunity to create a leading mobility platform








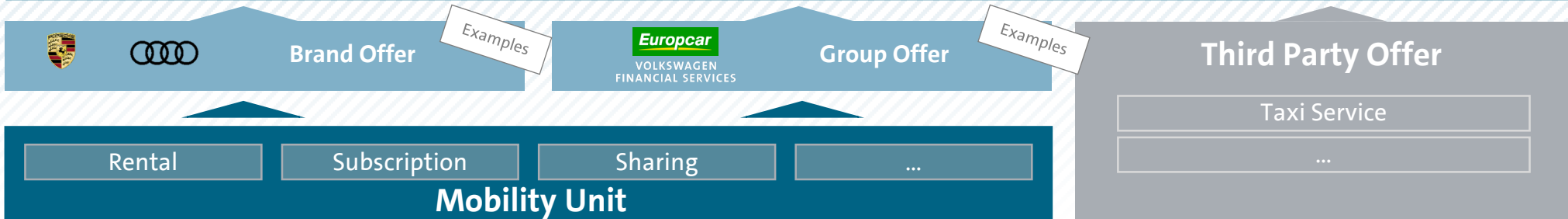
Accelerated delivery of mobility services targets

- Customers increasingly demand **new and innovative on-demand mobility solutions**, such as subscription and sharing models
- Building a **leading mobility platform** is a key priority of NEW AUTO strategy through 2030
- Leveraging the strong **transformation capabilities of Attestor** as well as the **international mobility services and customer experience of Pon**
- **Develop and transform** Europcar's business and **selectively add further services** from Volkswagen Group brands

VW Group Strategy

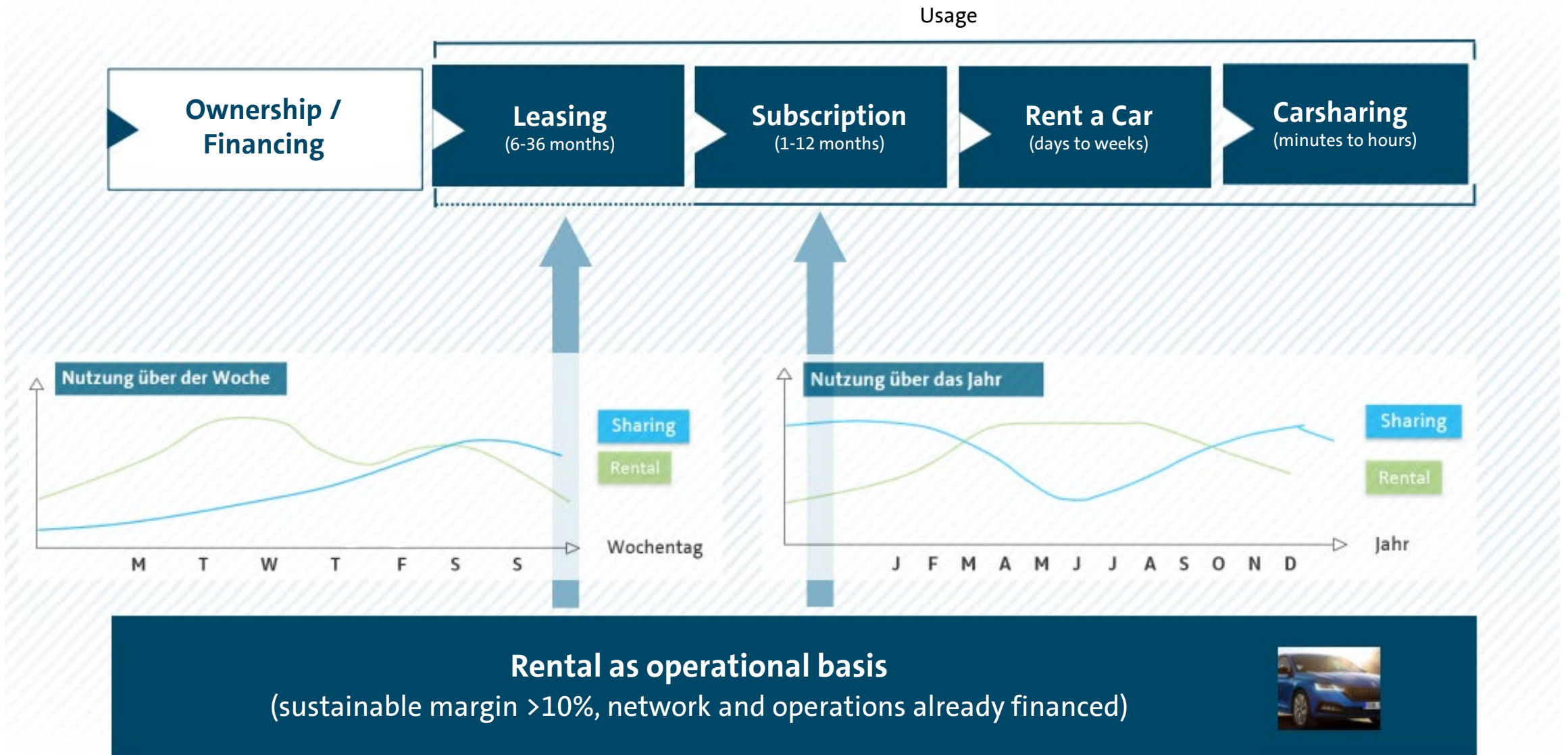
Holistic mobility experience for customers

Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
<i>Commuter</i>				<i>Business Trip</i>		
		<i>Meeting</i>			<i>Weekend Getaway</i>	
Daily trip to work with subscribed vehicle				Use leased car to get to client		
	<i>Sport</i>	Ride pooling from train station to client			Rent a van	
						
	Via car sharing to gym					



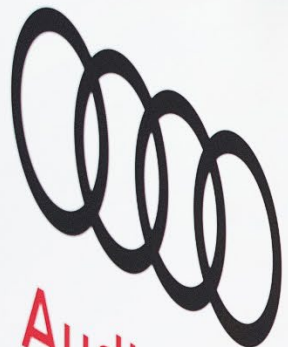
VW Group Strategy

Continuing trend from ownership to usage of services





Volkswagen



Audi



SEAT



ŠKODA



BENTLEY



PORSCHE

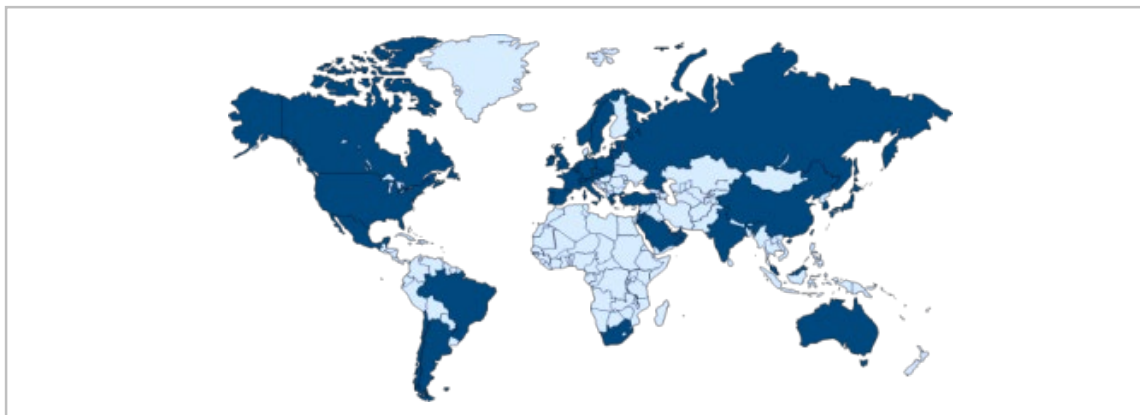


Leading the Transformation.

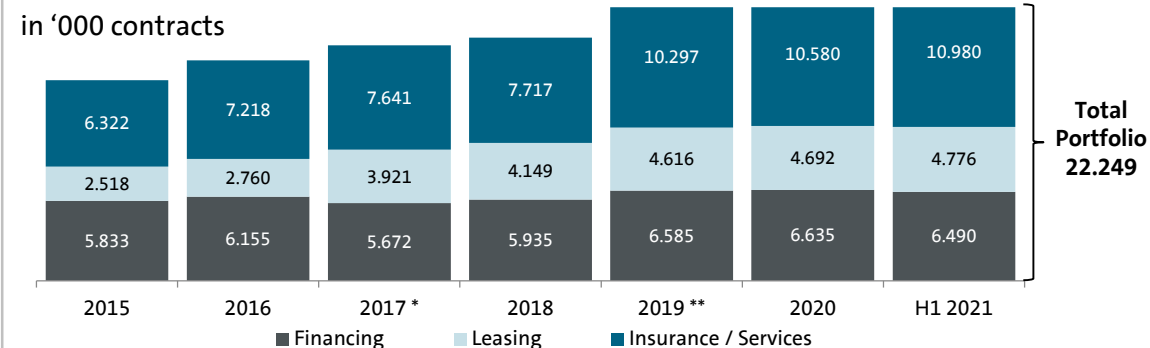
Strong brands & global footprint

Volkswagen Financial Services ¹⁾: global, well diversified and successful

Strong global presence

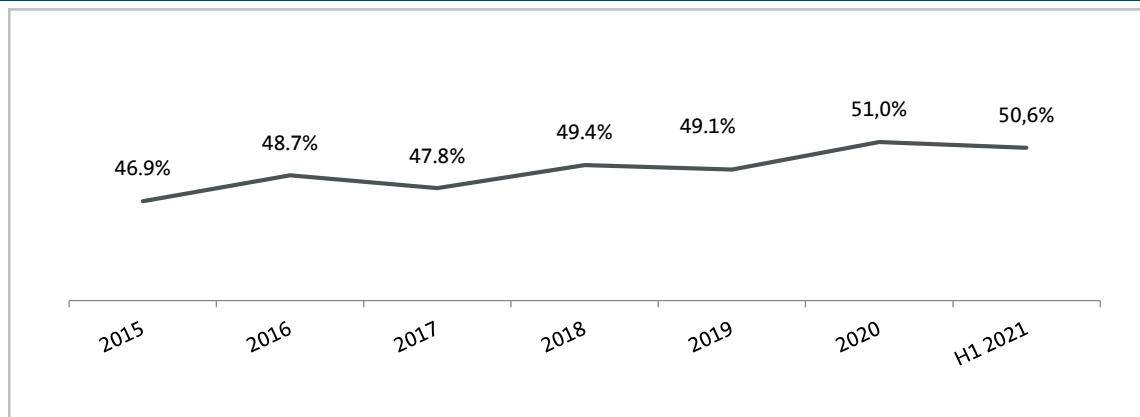


Continuous portfolio expansion



*) Reclassification Finance / Lease contracts **) contracts from international JVs included

Rising penetration rates (without China)



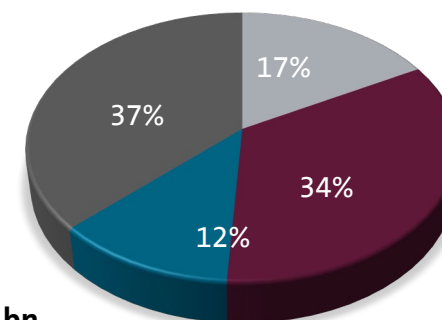
Diversified funding structure

Equity, liabilities to affiliated companies, other

Asset backed securitization

Customer deposits

Bonds, Commercial Paper, liabilities to financial institutions



36.06.2021 € 233.0 bn

¹⁾ Excl. activities of Scania and Porsche Holding Salzburg; incl. Financial Services of Porsche AG and MAN Financial Services.

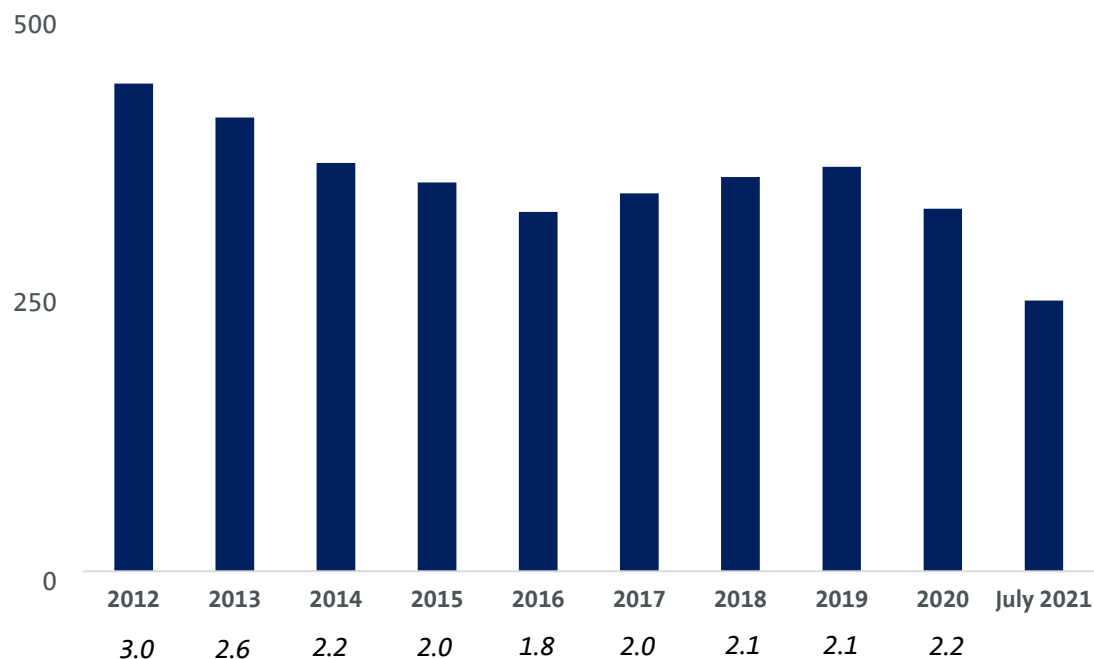
Volkswagen Brand – Turnaround in the US expected for 2021



- **Focus on efficient local production and logistics**
 - > 90% of US sales produced in North America
 - Lower material costs and one-offs due to less complexity
 - First local production on MEB platform from 2022

- **Product portfolio based on market demand**
 - Significant reduction in incentive spend
 - Improved model mix to higher profitability SUVs that fit the market
- **Fix costs improvements**

Deliveries to US customers, '000 units / Market share in %



2020	New 2021	New 2022/2023
 Atlas Cross Sport	 ID.4	 Localized ID.4
	 New Golf GTI	
	 Tiguan PA	 Atlas PA2
 Atlas PA	 Jetta PA	
	 Taos (new Compact SUV)	 Cross Sport PA

A group of five diverse people are gathered around a table, focused on a project. One man in a plaid shirt is leaning over, pointing at a prototype on the table. A woman in a pink top is looking down at the prototype. A man in a black t-shirt with a graphic is holding a small orange component. A woman in a black hoodie is also looking at the prototype. A man in a blue shirt is sitting at the table, working on the prototype. The table has a large sheet of paper with a diagram and the word 'Prototype' written on it. There are various colored blocks and tools on the table.

Leading the Transformation.

Integrity & Compliance

Together4Integrity is Volkswagen's holistic Integrity and Compliance program

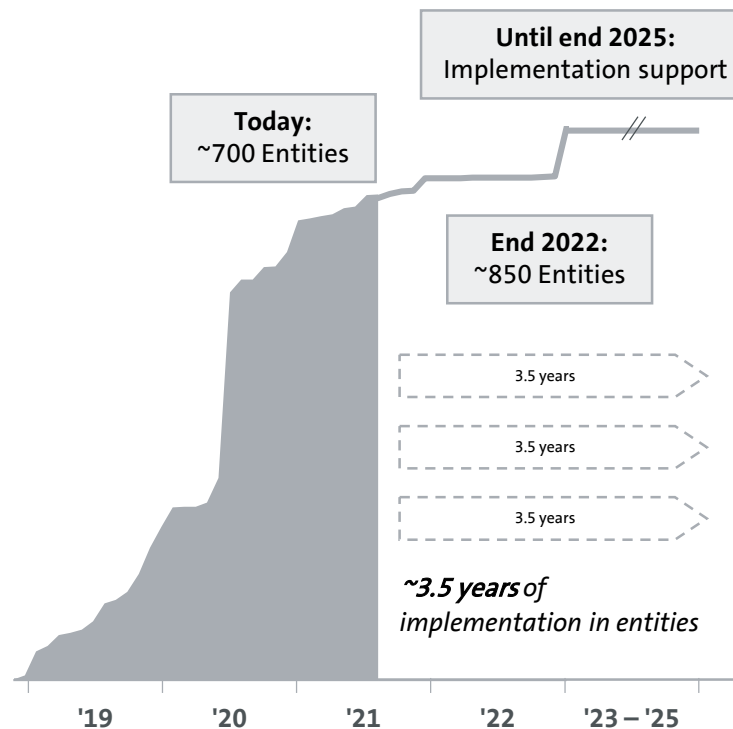
Tailored content bundled in toolbox

~120 Deliverables across 11 Key Initiatives



Rapid roll-out of content in entities

Cumulative number of rolled-out entities over time



Effectiveness Assurance

Worldwide testing to ensure sustainable implementation

Monitor Testing as benchmark and standard for methodology & quality

Finalization of remaining **Monitor Testings** in High Priority Entities

Additional **risk-based testings** across Group Functions & Entities

Tracking with real-time data and targeted reporting



Leading the Transformation.

Commitment

Investor Relations Team

We are pleased to answer your inquiries regarding Volkswagen shares and other capital market related questions.



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Head of Group Investor Relations
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Equity & ESG
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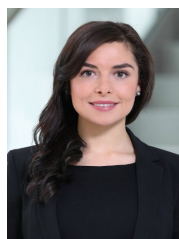
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Leading the Transformation.

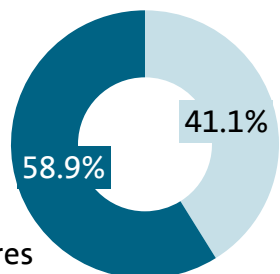
Appendix



The Shareholder Structure, Supervisory and Management Board

Shareholder Structure of Volkswagen AG

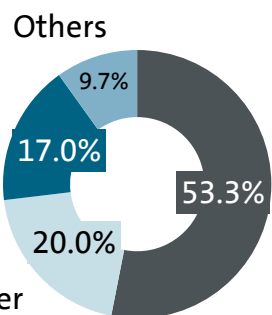
Number of Outstanding Shares



Preferred shares
206,205,445

Ordinary shares
295,089,818

Current Voting Rights Distribution



Porsche SE,
Stuttgart

Qatar Holding

State of Lower
Saxony, Hanover

(as at December 31, 2020)

Supervisory Board of Volkswagen AG

Chairman	Hans Dieter Pötsch
Members	Dr. Hussain Ali Al Abdulla Dr. Hessa Sultan Al Jaber Dr. Bernd Althusmann Daniela Cavallo Mathías Carnero Dr. Hans-Peter Fischer Marianne Heiß Jörg Hofmann Dr. Louise Kiesling Peter Mosch Bertina Murkovic Dr. jur. Hans Michel Piëch Dr. jur. Ferdinand Oliver Porsche Dr. rer. comm. Wolfgang Porsche Conny Schönhardt Athanasios Stimoniaris Stephan Weil Werner Weresch

Board of Management of Volkswagen AG¹⁾

Chairman of the Board of Management of Volkswagen AG	Dr. Herbert Diess
Brand Group 'Sport & Luxury'	Dr. Oliver Blume
Brand Group 'Premium'	Markus Duesmann
Functional Responsibility 'Human Resources' and Brand Group 'Truck & Bus'	Gunnar Kilian
Functional Responsibility 'Integrity & Legal Affairs'	Hiltrud D. Werner
Functional Responsibility 'Finance & IT'	Dr. Arno Antlitz
Functional Responsibility 'Procurement'	Murat Aksel
Functional Responsibility 'Components'	Thomas Schmall-von Westerhold

¹⁾ Each Board Member is responsible for one or more functions within the Volkswagen Group. The work of the Board of Management of Volkswagen AG is supported by the boards of the brands and regions as well as by the other group business units and holdings.

Diesel issue: Special Items & payments

€ (bn)	Diesel special items	Payments	
2015	Legal	7.0	
	Other items	9.2	
		16.2	-
2016	Mainly legal risks	6.4	~3.0
2017	Buyback/retrofit program	2.2	
	Legal	1.0	
		3.2	~16.1
2018	Mainly legal risks	3.2	~5.3
2019	Mainly legal risks	2.3	~1.9
2020	Mainly legal risks	0.9	~2.5
H1 2021		-	~0.6
Total		32.2	~29.4

**VOLKSWAGEN
FINANCIAL SERVICES**
THE KEY TO MOBILITY

The Key to Mobility Creating Value with Volkswagen Financial Services

Investor Update

Volkswagen Financial Services AG and Volkswagen Bank GmbH

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. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates or commodities relevant to the Volkswagen Group or deviations in the actual effects of the Covid-19 pandemic from the scenario presented will have a corresponding effect on the development of our business. In addition, there may be departures from our expected business development if the assessments of the factors influencing 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.

Agenda

1 Overview Volkswagen Financial Services

2 Risk Management

3 Funding

4 Strategy and Initiatives



Overview Volkswagen Financial Services

Volkswagen Group – Management Model

VOLKSWAGEN

AKTIENGESELLSCHAFT

Management Holding

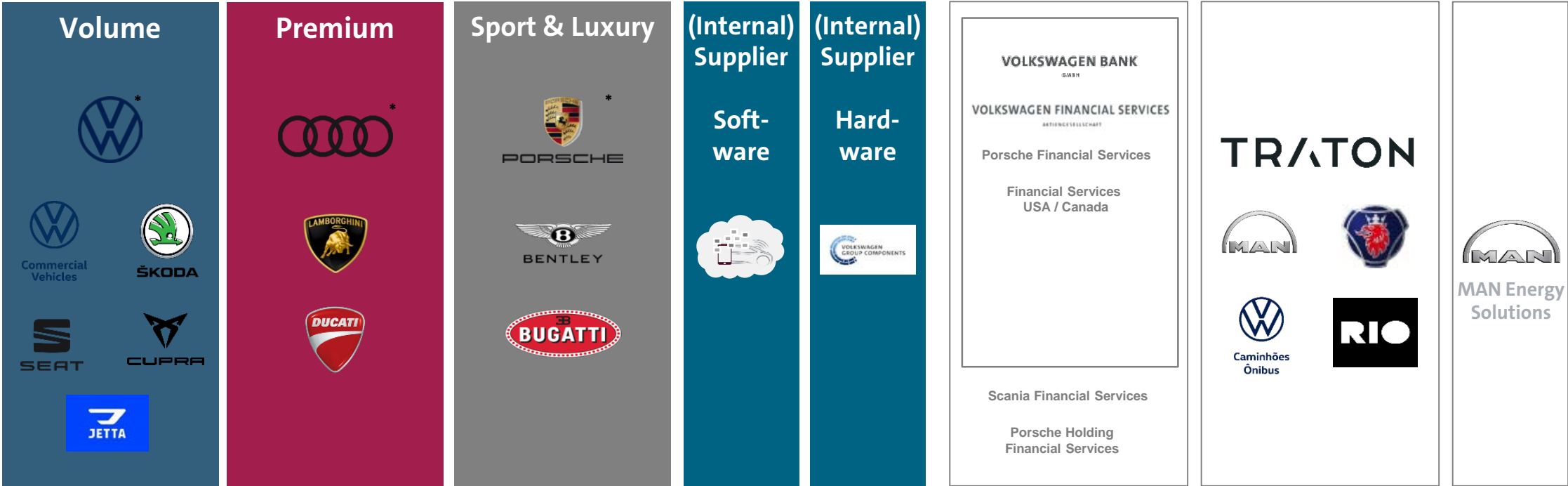
Financial Holding

Passenger Cars

Financial Services

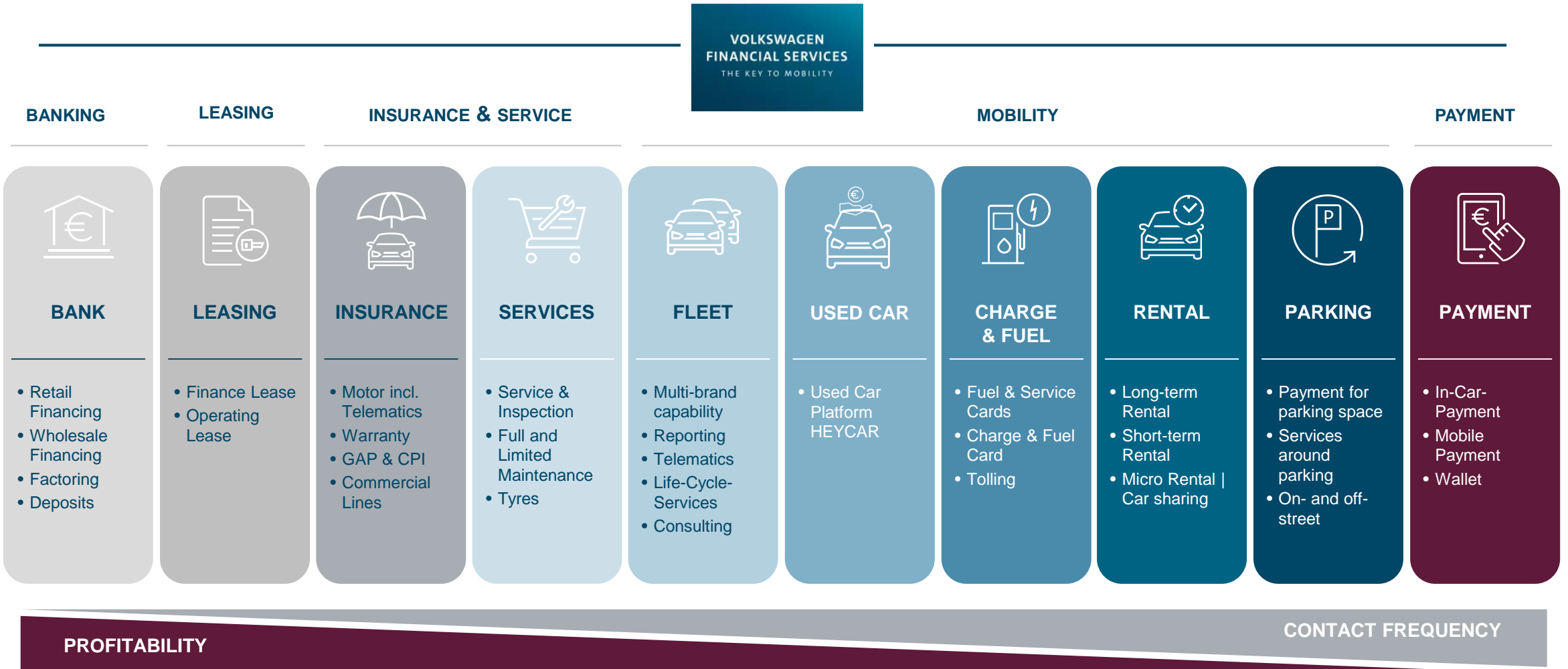
Truck and Bus

Power Engineering



* Brand Group Leads: VW PC; Audi; Porsche

We offer the whole range of services under one roof*

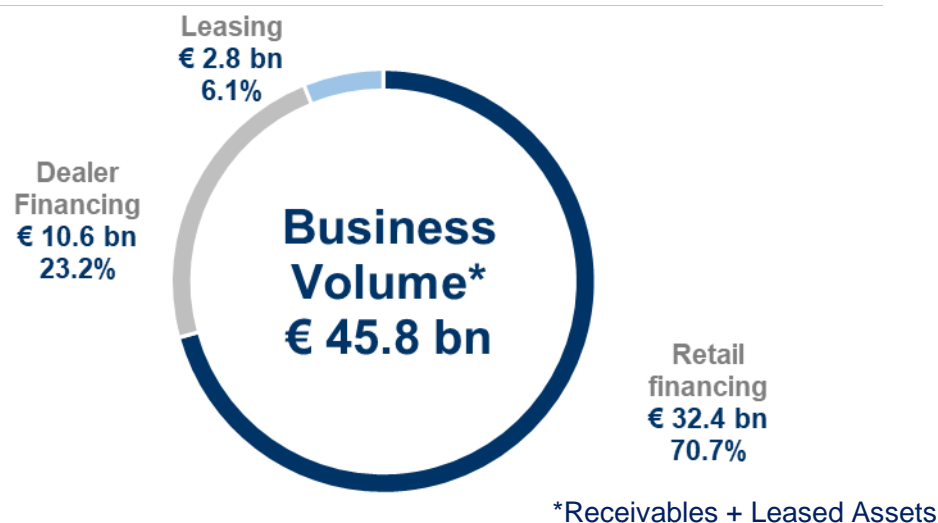


* Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

At a glance as of 30.06.2021

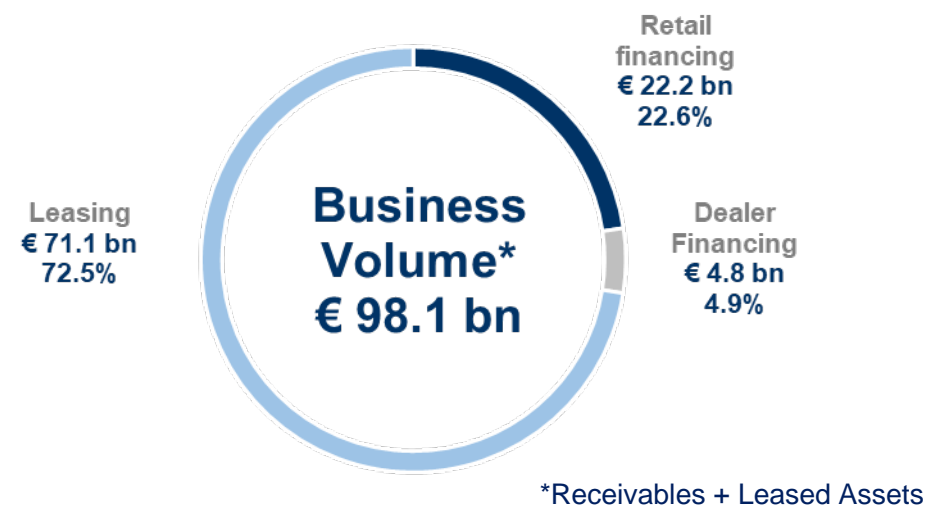
Volkswagen Bank GmbH

Total assets	€65.3 billion
Equity	€10.7 billion
Customer deposits	€26.6 billion
Operating profit	€430 million
Employees	1,908
Contracts (units)	3.6 million



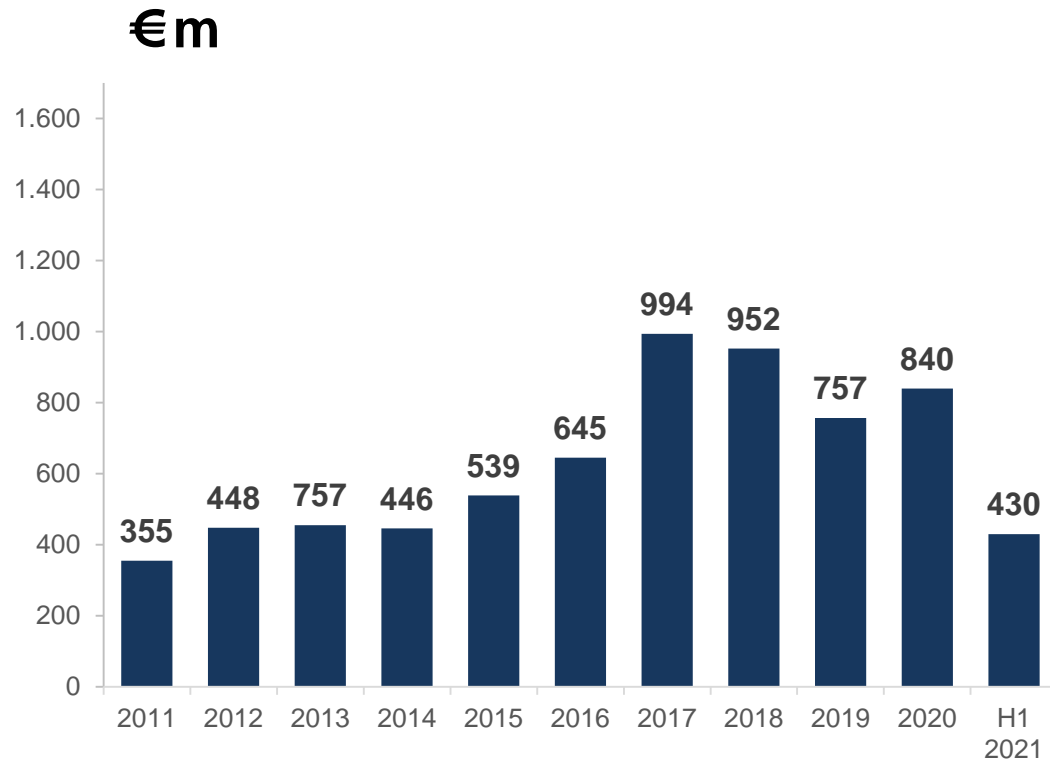
Volkswagen Financial Services AG

Total assets	€124.5 billion
Equity	€14.4 billion
Customer deposits	€14.2 million
Operating profit	€972 million
Employees	10,947
Contracts (units)	15.8 million

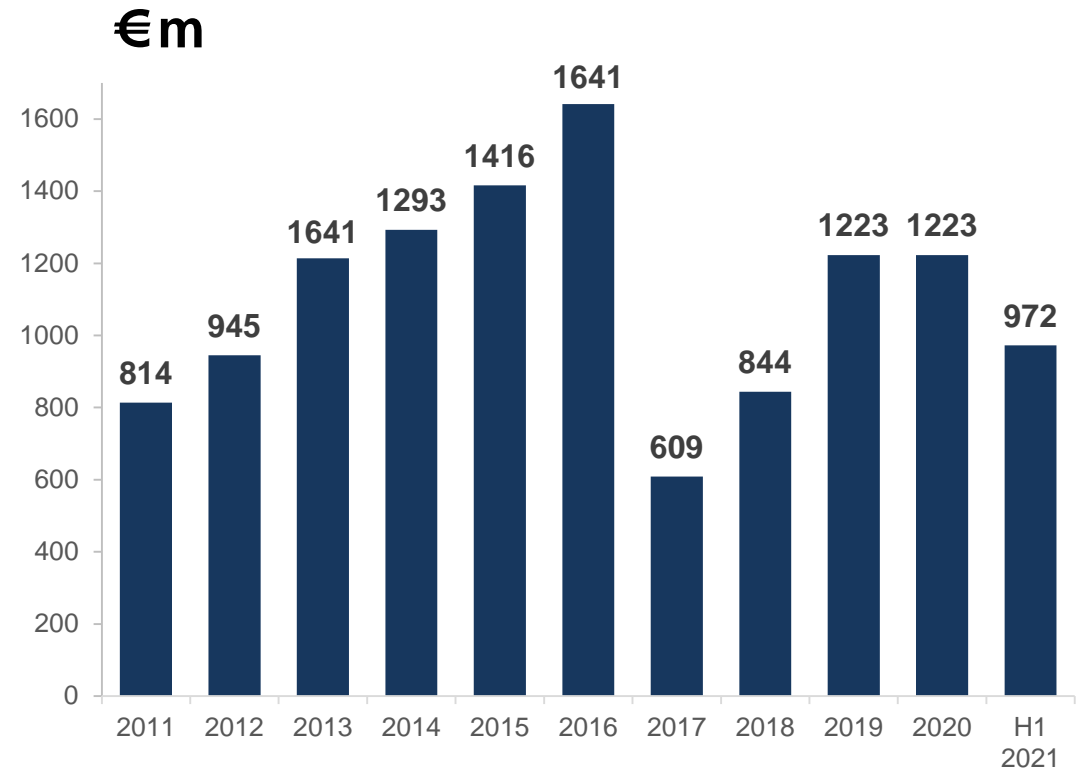


Operating income

Volkswagen Bank GmbH



Volkswagen Financial Services AG*

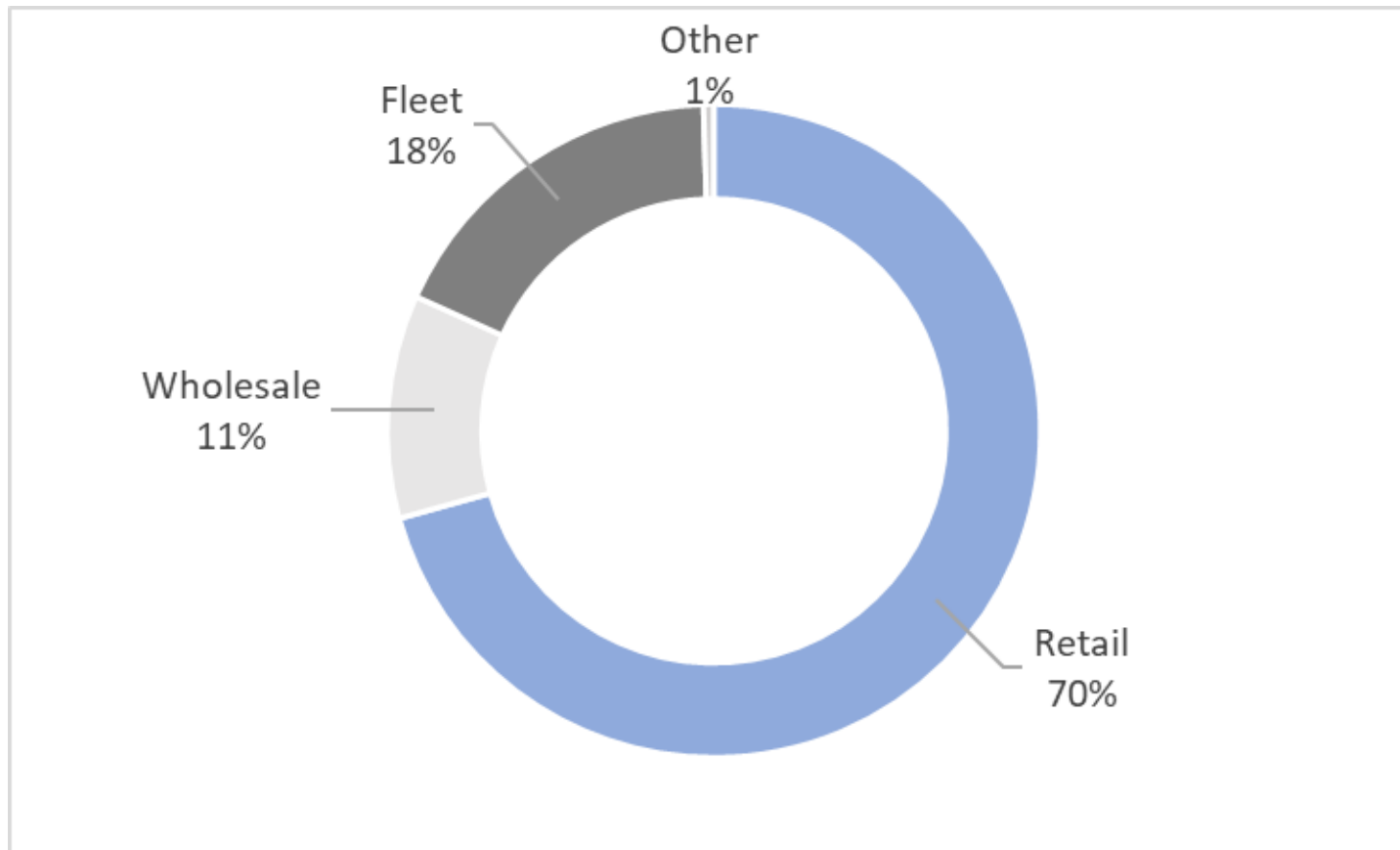


* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016



Risk Management

Portfolio structure Volkswagen Financial Services



Credit Risk is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

Other substantial risk types:

- Residual Value Risk
- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

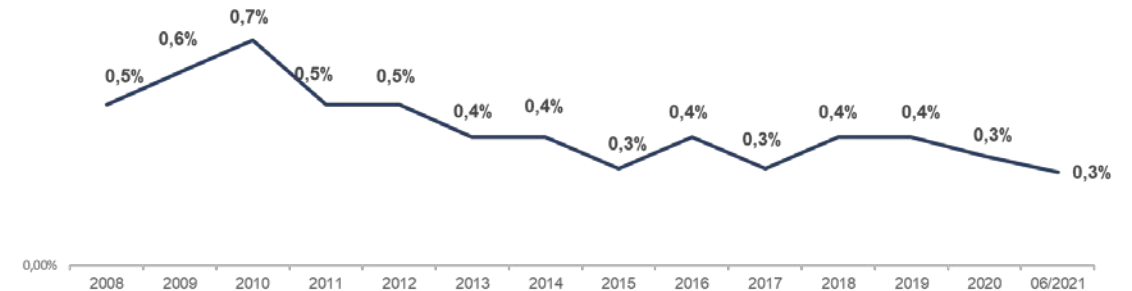
Credit risk management at Volkswagen Financial Services

- During the Covid-19 pandemic Volkswagen Financial Services has so far no material defaults on the credit risk side.
- In history and until today our credit losses (dynamic loss ratio = drawings on provisions including direct write-offs relative to the average volume of receivables) have been on a very low level (0.29% as of 30.06.2021).
- The default and provision ratio increased due to the in 2021 implemented new default definition according to CRR (Capital Requirements Regulation; valid for VW Bank GmbH and VWL) which led to an increase in the default ratio and provision ratio.

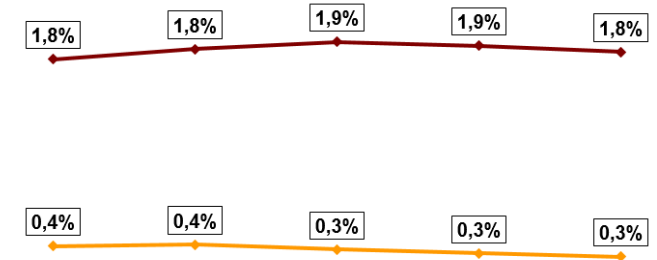
Forecast:

- We expect the risk situation to remain stable. We continue to monitor the risk development closely and will react appropriately if needed.

Credit loss ratio historically on a very low level



Credit Loss Ratio



Detailed Figures

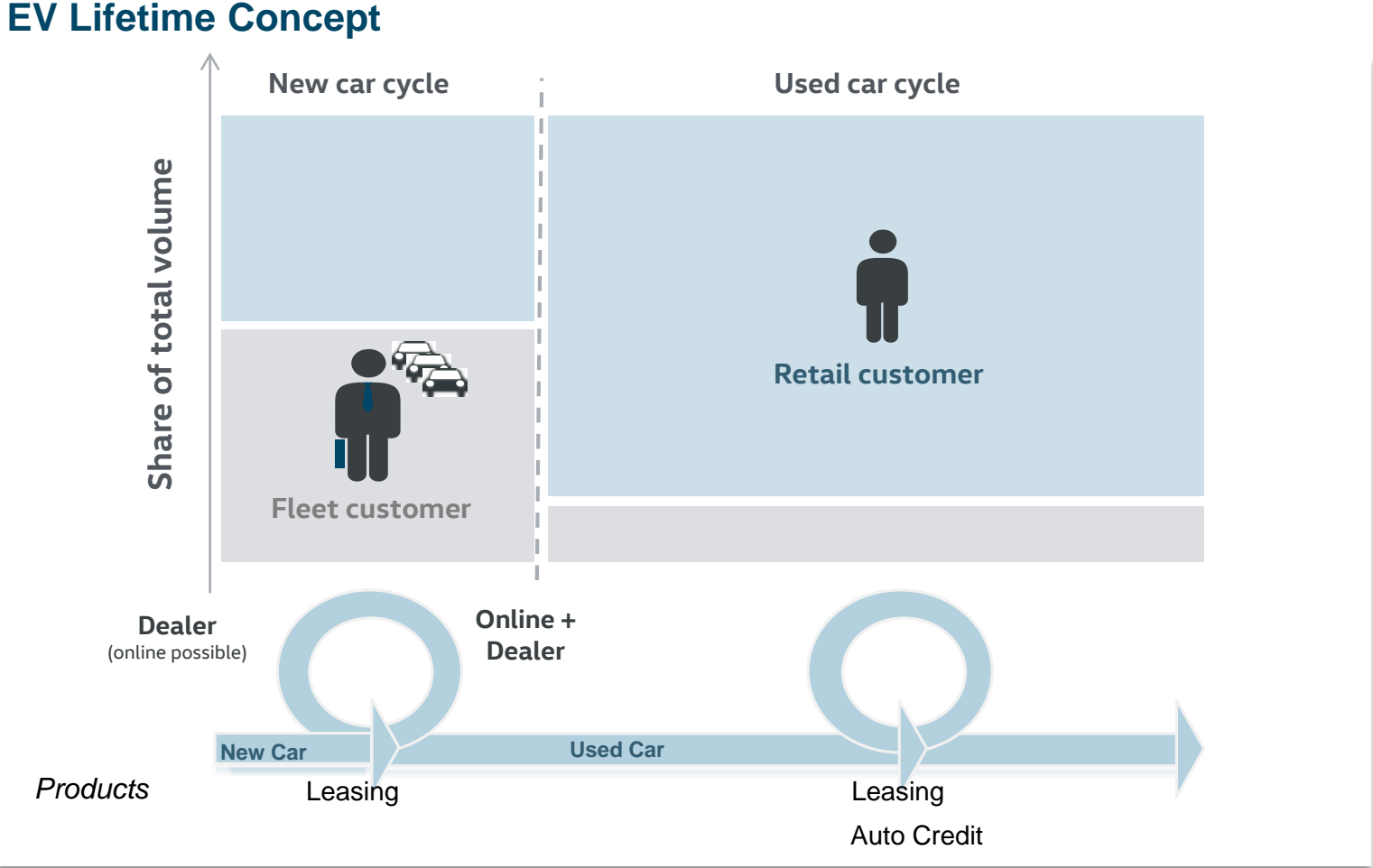
	Jun 20	Sep 20	Dec 20	Mar 21	Jun 21
◆ Provision Ratio	1,8%	1,8%	1,9%	1,9%	1,7%
◆ Loss Ratio (dyn.) total	0,4%	0,4%	0,3%	0,3%	0,3%

Residual value risk management at Volkswagen Financial Services

- The current positive trend in the development of used car prices is related to an increased demand in the used car market, driven by the current shortage of new car deliveries due to the chip shortage and the trend to a second vehicle by private customers. Due to these effects we assume this trend to be a short term effect only.
- Priority of Volkswagen Financial Services is to support the sales of the Volkswagen group brands and to **keep the residual values stable** by offering attractive financial service products e.g. the **used car platform Heycar**.
- We are monitoring the development of residual values very closely.
- Provisioning is done **conservatively**. All residual value risks completely covered by risk provisions and equity.

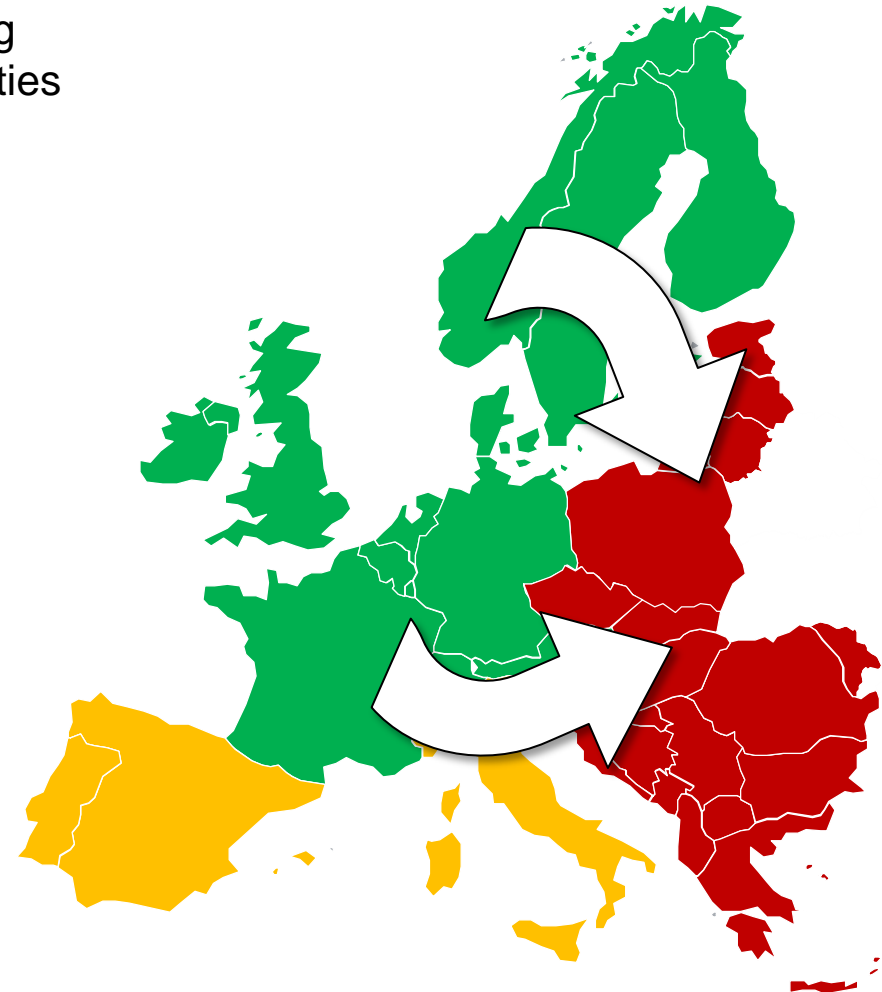
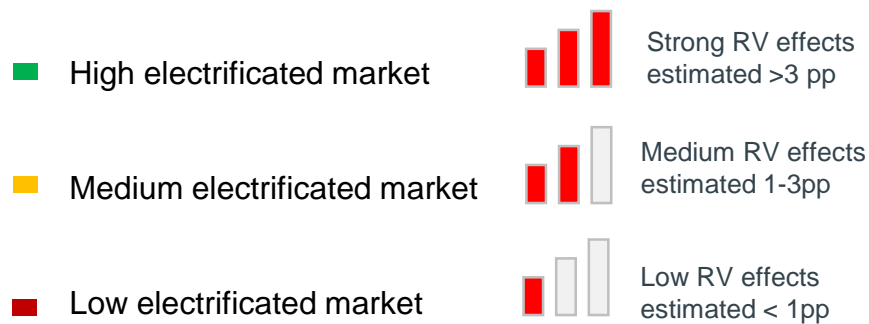


Volkswagen Financial Services Lifetime Concept | Stabilizing residual values and increasing customer loyalty



Residual value & future sales channels for used combustion vehicles

- Registration of new ICE* in mid-/northern Europe will decreasing significantly in the next years (e-support by governments, penalties on ICE, approx. Euro-7 etc.)
- Demand on used ICE in these markets will decrease. Residual values will get under pressure
- Used ICE will be sold in south- and east european countries





Funding

Volkswagen Financial Services organisational structure and guarantee scheme

VOLKSWAGEN

AKTIENGESELLSCHAFT

Rating: BBB+ (s) / A3 (s)¹

100% Shareholder

Control and Profit & Loss Transfer Agreement

Volkswagen Financial Services AG

Rating: BBB+ (s) / A3 (s)¹

Guarantee

Volkswagen Financial Services Australia

Volkswagen Financial Services Japan

Volkswagen Financial Services N.V.

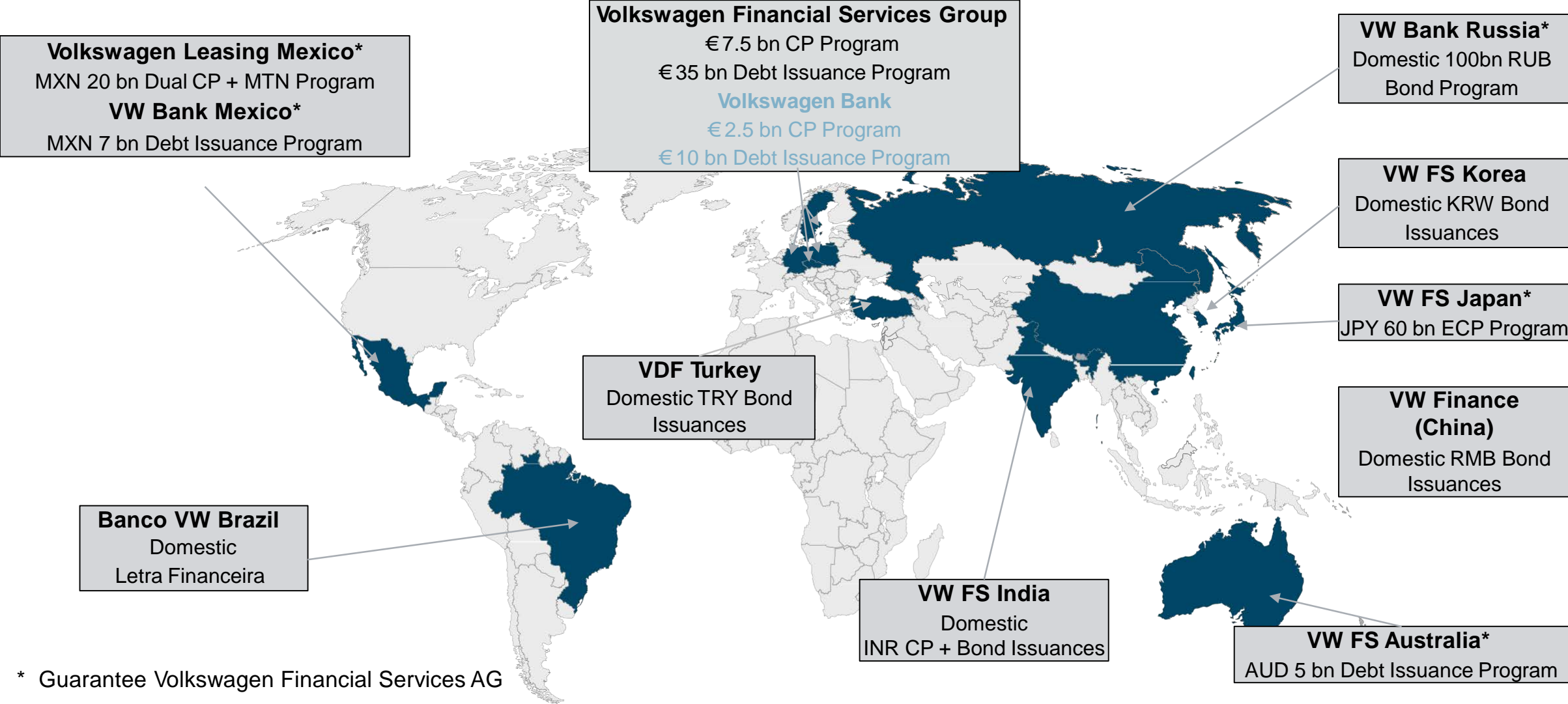
Volkswagen Leasing GmbH

Volkswagen Bank GmbH

Rating: BBB+ (s) / A1 (s)¹

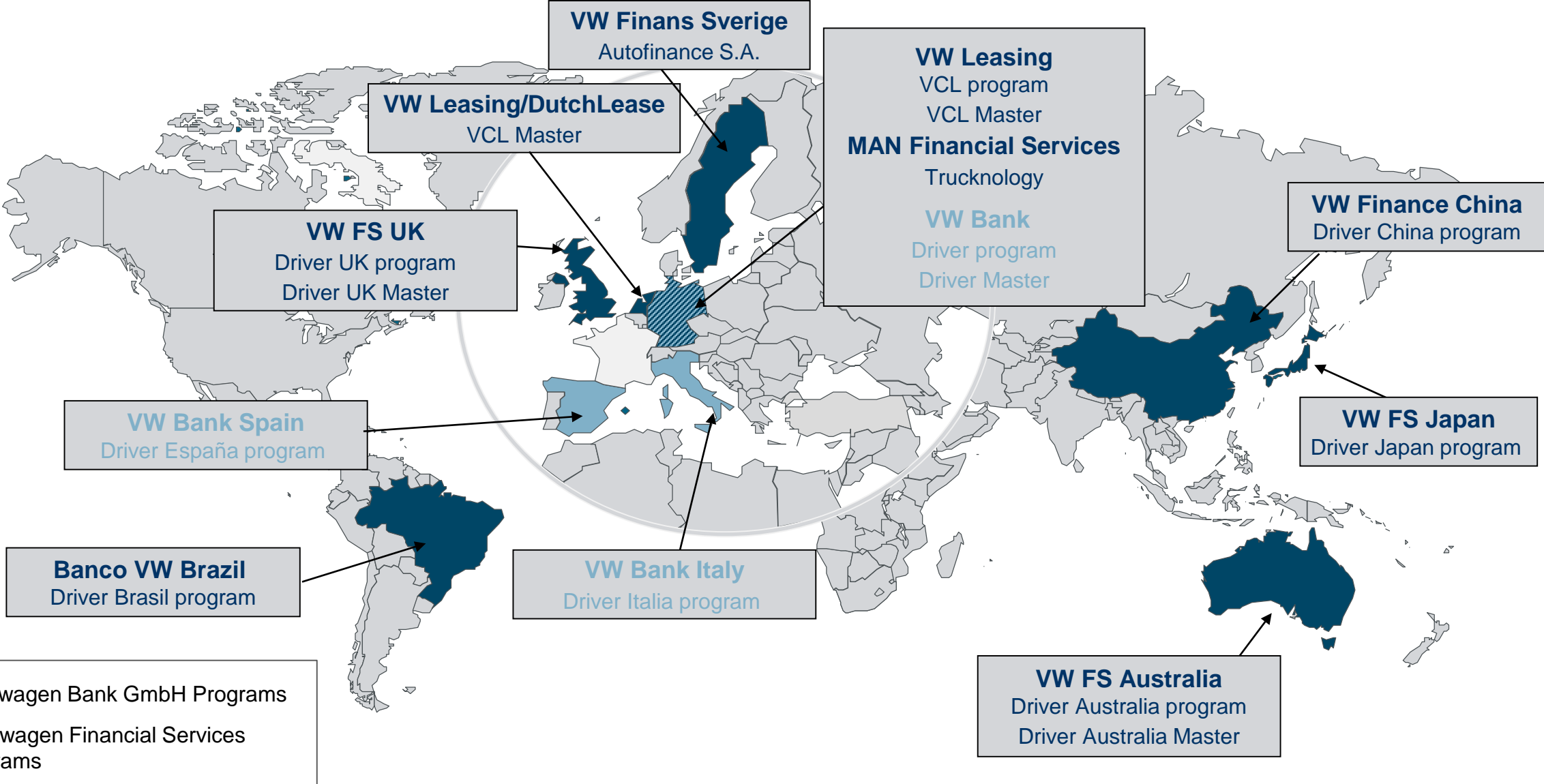
¹Credit Ratings from Standard&Poors / Moody's as per 25 June 2021; (n) Outlook negative, (s) Outlook stable, (RfD) Under Review for Downgrade

Worldwide capital market activities



* Guarantee Volkswagen Financial Services AG

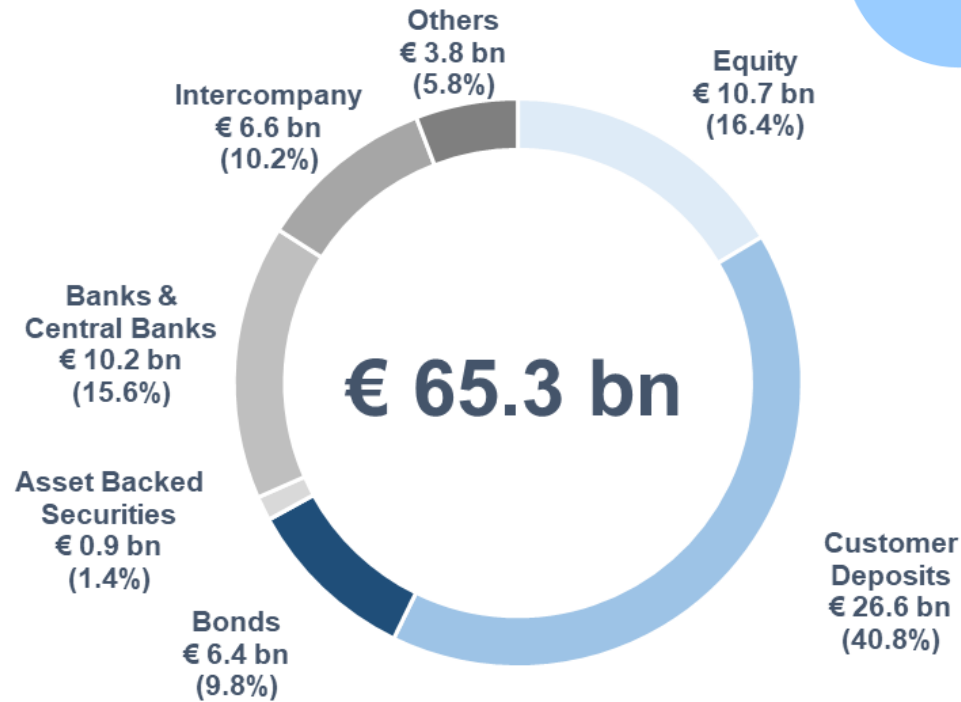
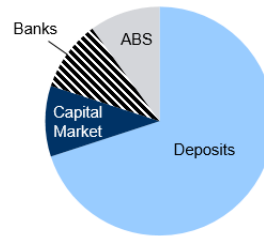
Worldwide ABS activities



Strategic funding allocation as of 30.06.2021

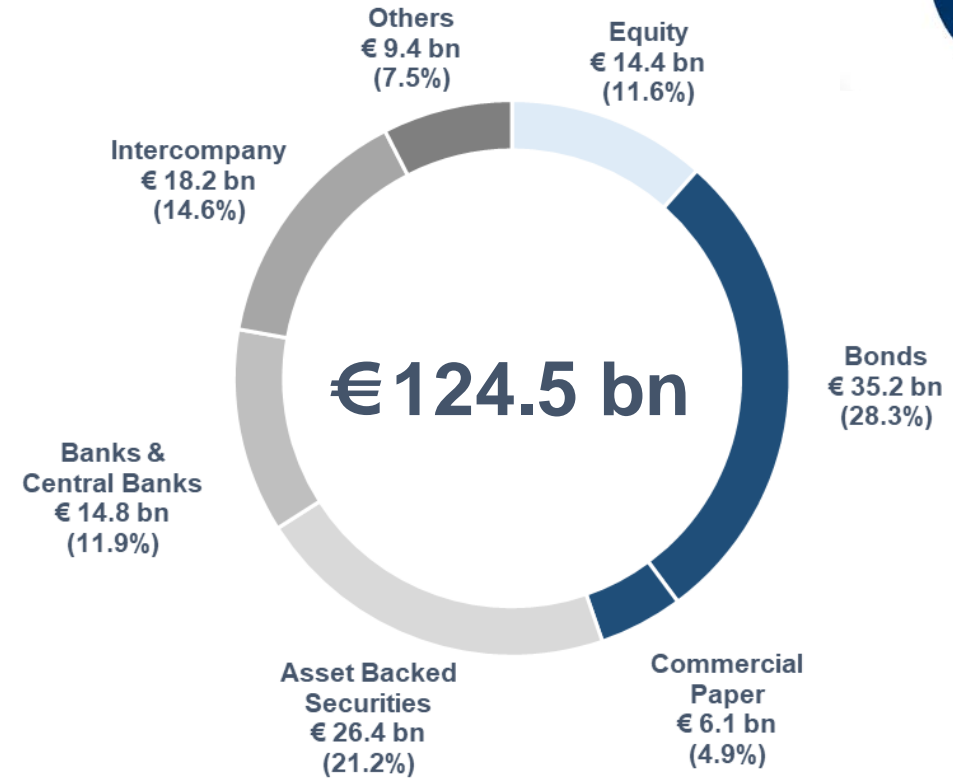
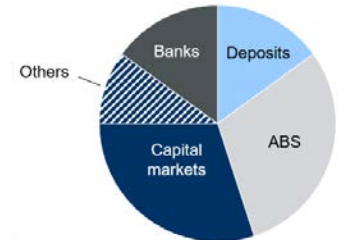
Volkswagen Bank GmbH

Strategic Funding Mix



Volkswagen Financial Services AG

Strategic Funding Mix



A person in a grey suit is holding a tablet computer. The screen displays a globe of the Earth with a white network of lines and nodes overlaid on it. The background of the screen is a city skyline at sunset. A teal banner is overlaid on the bottom left of the screen.

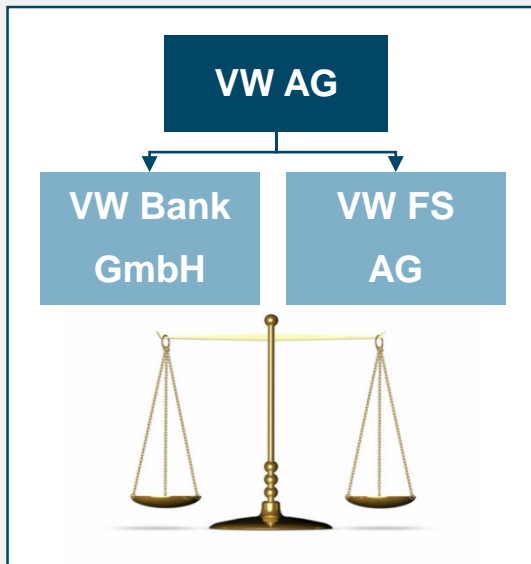
Strategy and Initiatives

Vision and targets of Route2025



All of Volkswagen Financial Services' initiatives help to create a strong basis for further growth - » sustainable growth and efficient use of equity «

Volume



Sustainable growth and efficient use of equity

Efficiency

PEX

40%

Cost-Income-Ratio

Improving our existing business model

Touchpoints

Parking

paybyphone[®]

Charging & Fueling

LOGPAY

Creating digital touchpoints

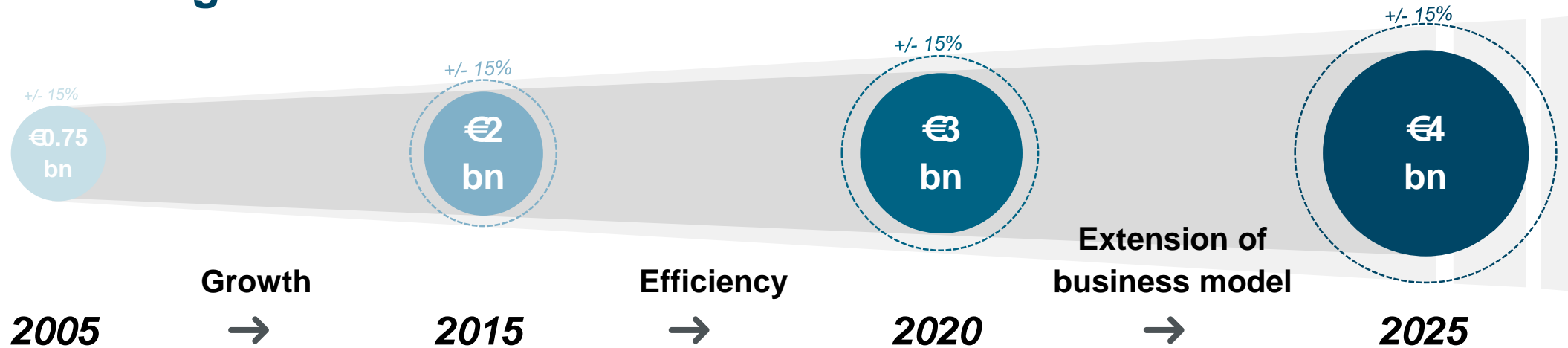
Digitalization



Online journeys & direct sales channels

The new business model strengthens the competitive position of VWFS, creates synergies and is the necessary prerequisite to reach the full potential of existing initiatives

Sustainable
Operating
Profit
VWFS



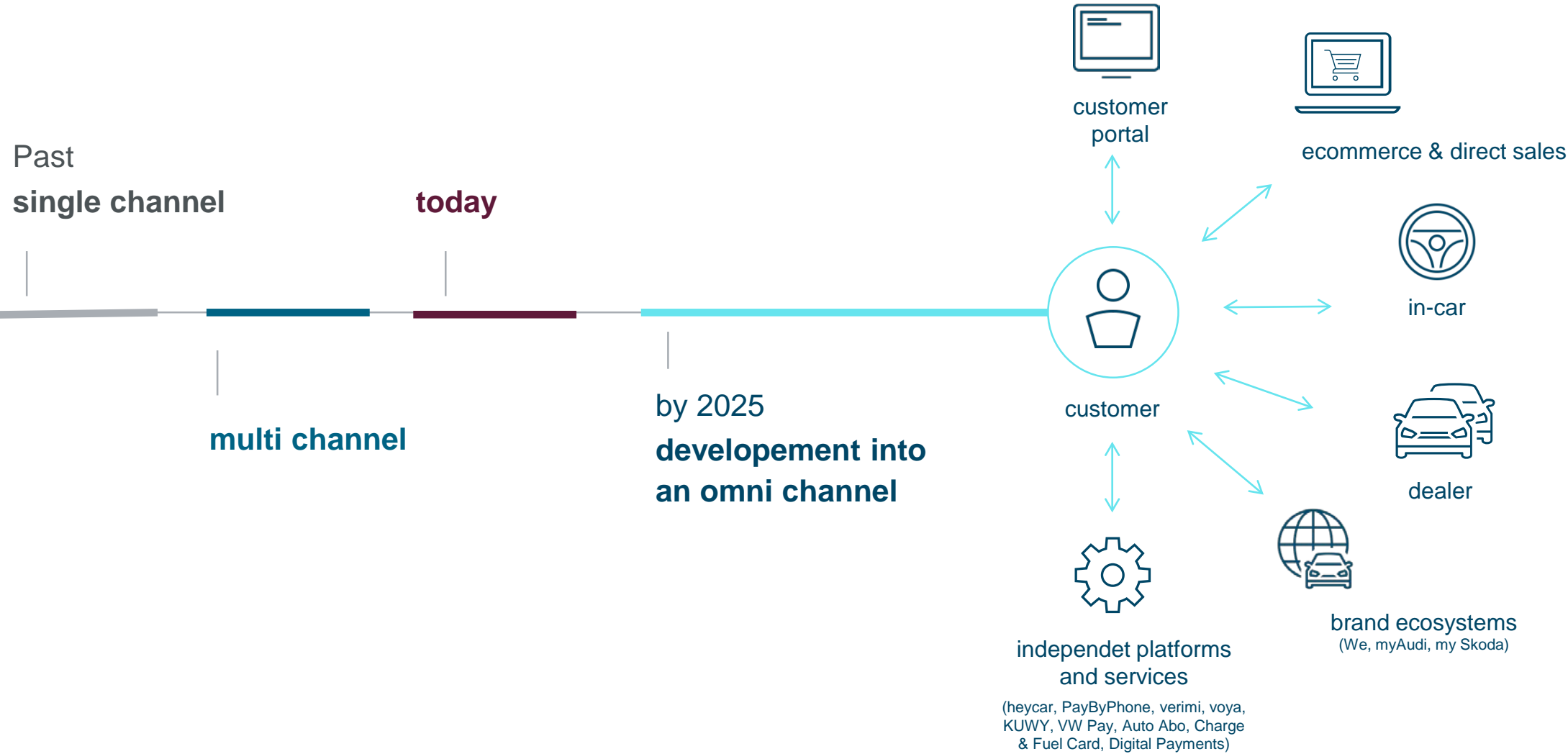
Initiatives

- New markets
- New products
- Cooperation brands + dealers
- Fleet via dealers

- Refinancing strategy
- Capital efficiency (Panda)
- OPEX 1.0
 - Productivity
 - Cost of Sales

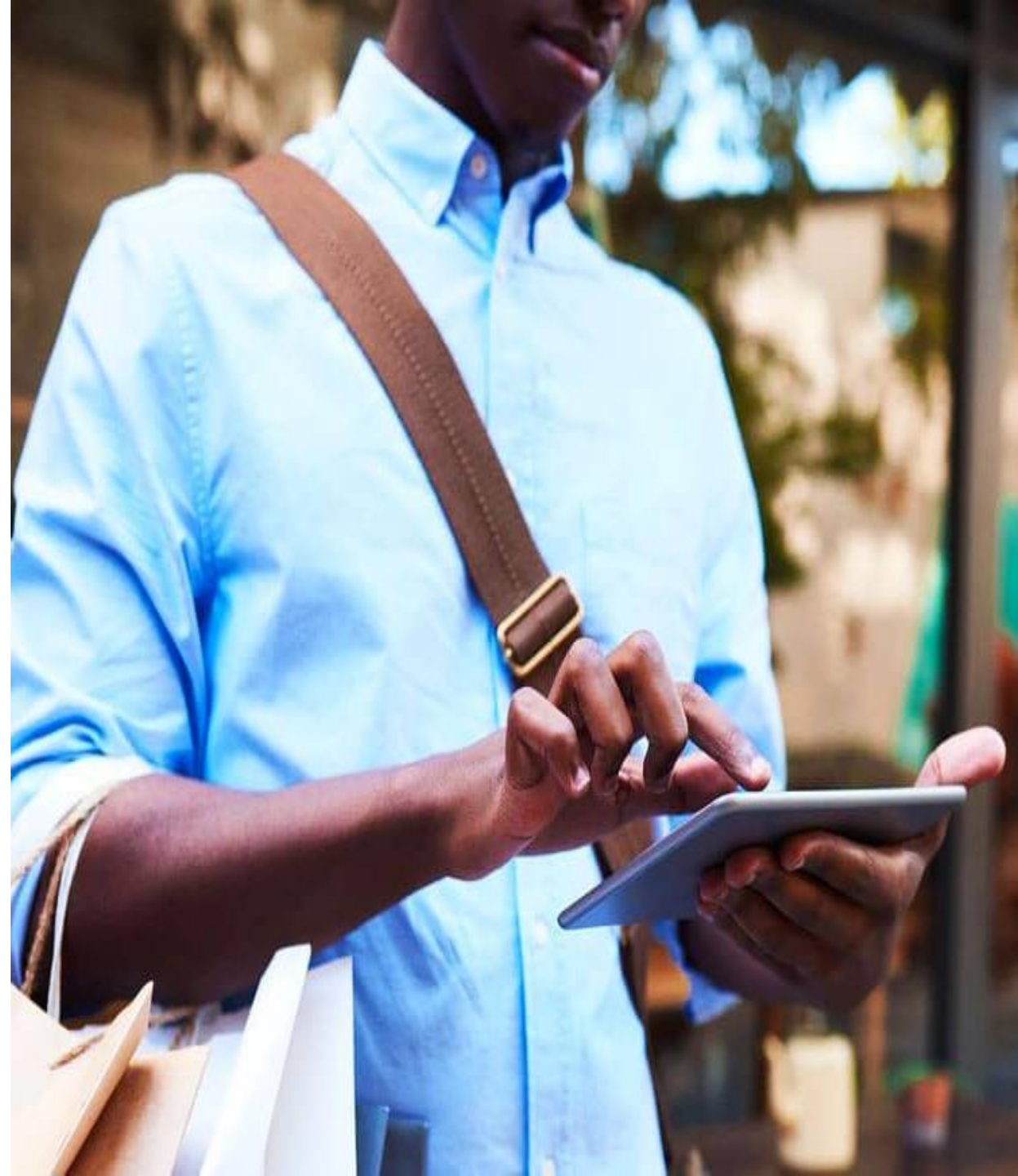
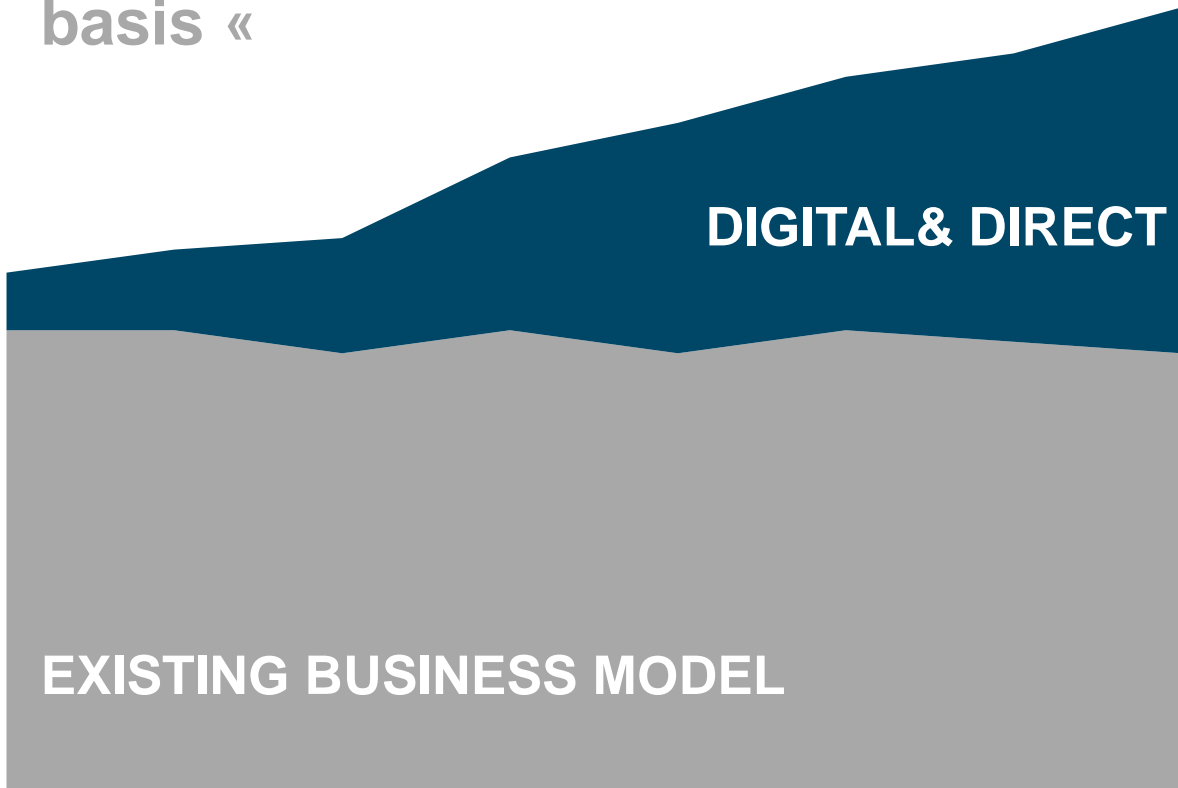
- Fleet International
- CRM²
- Data Driven Marketing
- Used Car Marketing

Volkswagen Financial Services will develop a full-featured omni channel sales path by 2025



COVID-19 as catalyst for new business models

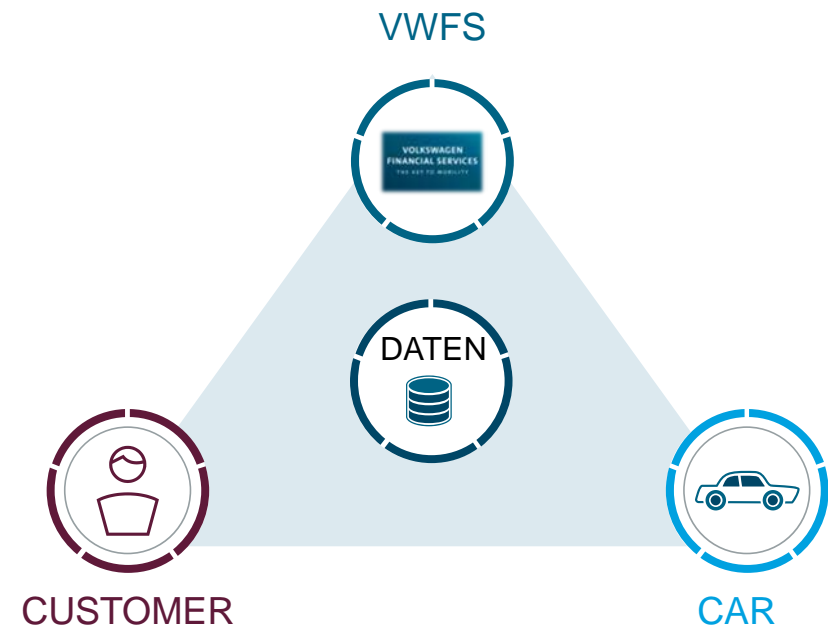
» VWFS has started from a strong basis «



In the existing business model, VW FS has mainly indirect contact to customers, therefore we are adding a “Digital & Direct” channel

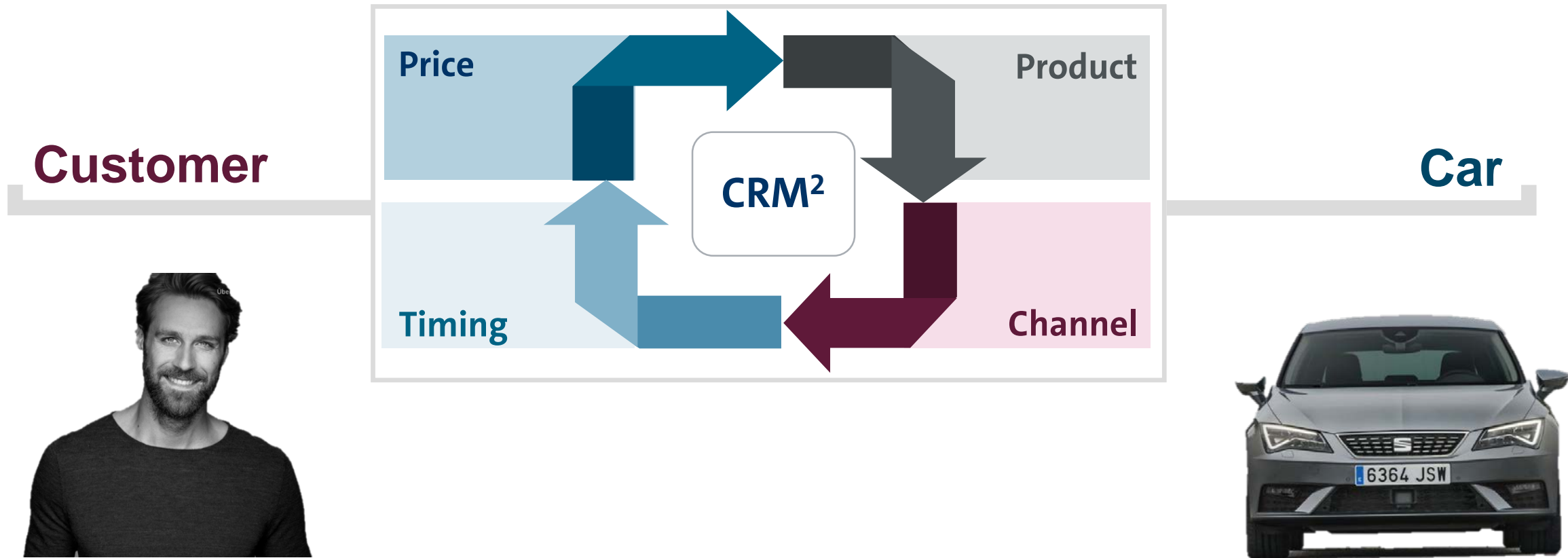


» Enabler Modell «

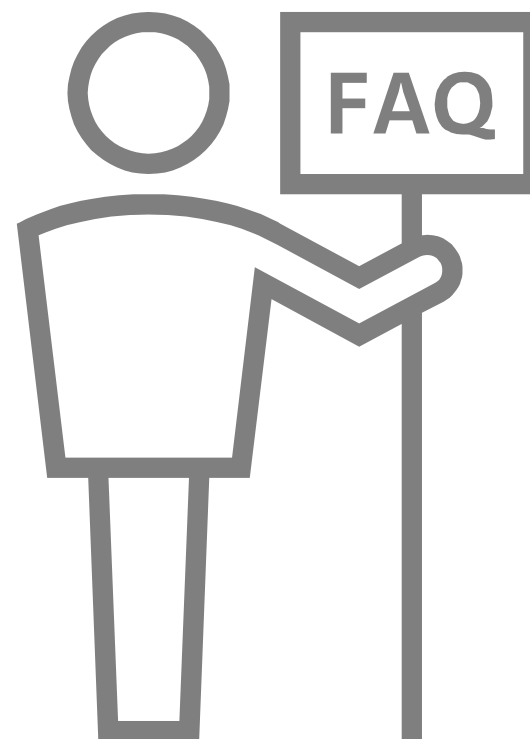
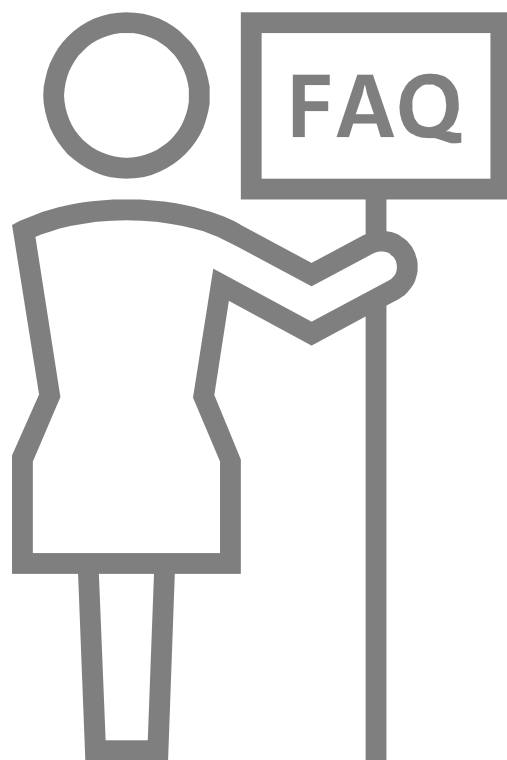


» Digital & Direkt «

Digital & Direct has a clear aim: Optimize the customer & car lifetime value and identify the specific customer requirements



Questions?



**VOLKSWAGEN
FINANCIAL SERVICES**

THE KEY TO MOBILITY

Vielen Dank!

Volkswagen Bank GmbH
Treasury - Investor Relations
Gifhorner Str. 57
38112 Braunschweig



A close-up, low-angle shot of the front left corner of a white car. The car's headlight is illuminated with a purple glow, and the grille features a prominent diamond-patterned mesh. In the background, the lower legs and feet of several people in business attire are visible, standing on a paved surface with white crosswalk lines. The scene is brightly lit, suggesting an outdoor event or showroom setting.

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