

Volkswagen Financial Services Overseas
Aktiengesellschaft

ANNUAL REPORT

IFRS

2025

Key Figures

VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG

€ million (as of Dec. 31)	2025	2024
Total assets	31,123	31,378
Loans to and receivables from customers attributable to		
Retail financing	18,795	19,125
Dealer financing	4,336	4,421
Leasing business	1,235	1,124
Lease assets	2,809	2,455
Equity	3,865	3,990
Operating profit	528	460
Profit before tax	589	396

in percent (as of Dec. 31)	2025	2024
Overhead ratio ¹	1.17	1.4
Equity ratio ²	12.4	12.7
Return on equity ³	15.0	9.2

¹ Personnel expenses, nonpersonnel indirect expenses and recognized amortization and depreciation reduced by income from services rendered/average total assets

² Equity / total assets

³ Profit before tax / average equity.

Number (as of Dec. 31)	2025	2024
Employees	2,940	2,930
Germany	48	48
International	2,892	2,882

RATING (AS OF DECEMBER 31)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE			FITCH RATINGS LIMITED		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Financial Services Overseas AG	A-2	BBB+	negative	P-2	Baa1	stable	F1	A-	negative

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

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Fundamental Information about the Group

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

BUSINESS MODEL

Within the Volkswagen Group, the Volkswagen Financial Services Overseas AG Group is a central and integrated provider of financial and mobility services in non-European third countries. Its business activities are closely aligned with the manufacturers and dealer organizations of the Volkswagen Group.

The core responsibilities are:

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

The business model comprises the following operating segments:

Financing

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

Leasing business

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

Insurance and services

This segment includes, for example, comprehensive and third-party liability insurance products as well as credit protection insurance safeguarding customers against financial difficulties, such as unemployment. In this context, Volkswagen Financial Services Overseas AG serves as an insurance broker. Another area is service contracts, e.g. for tire replacement, maintenance and servicing, as well as extended warranties.

ORGANIZATION OF THE VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG GROUP

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

Generally speaking, all the structural measures implemented by Volkswagen Financial Services Overseas AG have the goal of organizing the company in a way that increases the quality delivered to customers and distributors, makes processes more efficient and leverages synergies.

The Board of Management of Volkswagen Financial Services Overseas AG consists of two members. Kai Vogler served as the CEO (Chair of the Board of Management) until January 31, 2026. Dr. Wolf-Stefan Specht was appointed Chair of the Board of Management effective March 1, 2026. This role covers functions such as corporate management, sales and marketing, audit and information technology. As CFO, Patrick Welter is responsible for functions such as risk management, controlling, treasury and compliance.

MOBILITY2030 STRATEGY

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

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

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

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

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

PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND A COMBINED MANAGEMENT REPORT

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

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

SIGNIFICANT CHANGES IN EQUITY INVESTMENTS

Effective February 3, 2025, Volkswagen Financial Services Overseas AG acquired 10% of the shares in Porsche Volkswagen Servicios Financieros Chile S.p.A. from Porsche Bank AG, headquartered in Salzburg, Austria, thus increasing the equity investment it holds to a total of 60%.

In addition, Volkswagen Finance Overseas B.V., headquartered in Amsterdam, Netherlands, acquired 60% of the shares in Porsche Movilidad Colombia S.A.S., headquartered in Bogotá, Colombia, from Porsche Bank AG. The objective of the project was a strategic realignment of the markets between Porsche Bank AG and Volkswagen Financial Services Overseas AG.

Effective August 1, 2025, Volkswagen Financial Services Taiwan Ltd., headquartered in Taipei, Taiwan, a wholly owned subsidiary of Volkswagen Finance Overseas B.V., headquartered in Amsterdam, Netherlands, formed a new subsidiary named Volkswagen Insurance Brokers Taiwan Co., Ltd., also headquartered in Taipei, Taiwan. The new subsidiary serves to provide reinsurance brokerage services.

Effective December 16, 2025, the joint venture named Beijing Cardif Airstar Property & Casualty Insurance Co., Ltd., headquartered in Beijing, China, was formed. Volkswagen Financial Services Overseas AG holds a share of 18%; other shareholders are BNP Paribas Cardif S.A., headquartered in Paris, France, and Sichuan Silver Mi Technology Co., Ltd., headquartered in Sichuan, China, a wholly owned subsidiary of Xiaomi Corporation, headquartered in Beijing, China. The investment serves to gain access to the Chinese insurance market.

There were no other significant changes in equity investments.

INTERNAL MANAGEMENT

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

KEY PERFORMANCE INDICATORS

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

Report on Economic Position

The global economy recorded positive growth in 2025. Global demand for vehicles increased slightly compared with the previous year. The operating result amounted to €528 million, a significant increase on the prior-year figure.

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

Implementation of the restructuring program as of July 1, 2024 has led to significant changes in the key performance indicators and the items of the income statement and balance sheet. The following explanations of the deviations from the prior year relate to the change in the values of key performance indicators and of performance indicators in the balance sheet and income statement for continuing operation of Volkswagen Financial Services Overseas AG.

The operating result amounted to €528 million in the reporting year, a significant increase on the prior-year figure.

New business (new contracts) worldwide amounted to 2.4 million in 2025.

The business volume of Volkswagen Financial Services Overseas AG came to €27.2 billion, which was on a level with the prior year.

The share of financed and leased vehicles in the Group's worldwide deliveries (penetration) stood at 17.8 (13.5)% at the end of 2025.

The money and capital market rates relevant for funding decreased slightly during 2025. The risk premiums (spreads) fell significantly in the second half of the year after recording a high level for a time at the start of the year owing in particular to the uncertain outcome of the US administration's economic policy measures.

The credit risk situation arising from Volkswagen Financial Services Overseas AG's overall portfolio was largely shaped by macroeconomic factors and increased competitive pressure in fiscal year 2025. This resulted in a strongly increased risk situation with a lending volume on a level with the previous year.

The residual value portfolio continues to be of minor significance to Volkswagen Financial Services Overseas AG because customer demand at present is focused mainly on financing products. Nevertheless, very strong growth in the portfolio was achieved, driven especially by the Brazilian market. The development in residual value risk continues to be closely monitored on an ongoing basis, leading to corresponding measures where required.

In fiscal year 2025, liquidity risk for the Volkswagen Financial Services Overseas AG Group was essentially on a level with the previous year.

The existing sources of funding were adequate to enable the growth achieved in the fiscal year. A wide range of funding instruments were used in a number of different currency areas, regions and countries. The funding structure remained broadly diversified in terms of the instruments used. The Group's main sources of funding, comprising money and capital markets, ABSs and funding through banks, continued to be available at Group level and could still be used as required.

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

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

	Actual 2024		Forecast for 2025	Actual 2025
Nonfinancial performance indicators				
Penetration (percent)	13.5	> 13.5	slightly over previous year	17.8
Current contracts (thousands)	4,646	> 4,646	significantly over previous year	5,061
New contracts (thousands)	1,940	> 1,940	significantly over previous year	2,367
Financial performance indicators				
Volume of business (€ million)	27,124	= 27,124	same level as previous year	27,174
Operating result (€ million)	460	> 460	significantly over previous year	528
Return on Equity in (percent)	9.2	> 9.2	strong above previous year	15.0
Overhead ratio (percent)	1.4	= 1.4	same level as previous year	1.17

DEVELOPMENTS IN THE GLOBAL ECONOMY

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

North America

In the USA, gross domestic product in the reporting year grew at a somewhat slower pace than in the previous year. The Federal Reserve had cut its key interest rates in several steps in the previous year but broke with this easing stance in the reporting year due to uncertainty surrounding the impact of the US administration's economic policy actions, and only resumed its monetary policy easing in September 2025. In Canada and Mexico, economic growth was down somewhat year on year.

South America

In Brazil, economic output grew at a somewhat slower pace, while economic growth in Argentina picked up considerably following a negative trend over two consecutive years.

Asia-Pacific

Growth in China's economic output was above the global average and hovered around the prior-year level in the reporting year. India's economy grew at a similarly strong rate as in 2024. Japan's economic output increased.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

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

In Türkiye, the political environment calmed down in the reporting year. This led to key interest rates being cut, which in turn had a positive impact on the refinancing situation. While the leasing-based fleet business remained challenging, the lending business showed itself to be robust. In the insurance business, a slight decline began to emerge in the premium segment.

In South Africa, there was a strong increase in vehicle sales in 2025 compared with the previous year. As a result, the number of financed purchases also increased. Used cars were popular on account of higher prices for new vehicles. Although the South African Reserve Bank cut key interest rates, financing costs remained high amid challenging economic conditions.

The market environment in the North America region was challenging in the reporting year, particularly in light of tariff discussions and vehicle availability. In the USA, the number of leasing and financing contracts, new vehicle penetration and new contracts for insurance and aftersales products were all down on the respective prior-year figures despite rising penetration figures in the second half of the year. In Canada and Mexico, demand for leasing and financing contracts was lower than in the previous year, while new contracts for insurance and after-sales products were up on the prior-year figures.

In the South America region, the market for financial services remained strong, underpinned by growing demand for mobility and financing solutions. Interest rates remained high in Brazil, although expectations of rate cuts improved the market environment. Trends in the demand for mobility and financing solutions were positive thanks to improved consumer sentiment, increased credit availability and brisk business from marketing campaigns. In Argentina, the number of financial services contracts concluded benefited from stabilizing macroeconomic conditions despite political uncertainty.

Demand for electrified vehicles in the Chinese automotive market continued to rise between January and December 2025, and trends in the used vehicles segment were also positive. After the first quarter, which saw an increase in banks edging into the market with their products, the regulatory authorities reined in these competitive measures in June, which in turn boosted demand for automotive financial services. Interest subsidies for consumer loans generated further stimulus in the market. Japan's highly competitive automotive market showed growth in the sale of new and used cars in the reporting period despite rising inflation and refinancing costs. A positive trend was also observed in the electric vehicle sales contained in these figures. There was a strong rise in digital and flexible financing models.

The financial services business for commercial vehicles was down on the prior-year level in 2025.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

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

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

Sector-specific environment

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

protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

North America

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) were in the range of the previous year in the North America region in fiscal year 2025. The market volume in the USA and Mexico also remained similar to that of the previous year, but increased slightly in Canada.

South America

In the South America region, the volume of new vehicle registrations for passenger cars and light commercial vehicles was noticeably higher in the reporting year than for 2024. The number of new registrations in Brazil increased slightly compared with the previous year, while the Argentinian market recorded very strong growth.

Asia-Pacific

In the Asia-Pacific region, the volume of the passenger car market from January to December 2025 was slightly up on that of the previous year. The number of new registrations in the Chinese passenger car market was slightly higher than the 2024 figure due to measures including extensive government sales incentives and lower prices. The Indian and Japanese passenger car markets also saw slight growth.

In 2025, the volume of demand for light commercial vehicles in the Asia-Pacific region was slightly above the level for the previous year. Registration volumes in China, the region's dominant market and the largest market worldwide, were noticeably higher year on year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than 6 tonnes was noticeably below the level of the comparative period in fiscal year 2025. Globally, truck markets were on a level with the previous year.

The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – the level of new registrations was significantly lower than in the previous year. In South America, demand for trucks in the reporting year was slightly above that of the previous year.

Demand in the bus markets relevant for the Volkswagen Group was up noticeably on the prior-year level. Demand on the bus markets in North America was on a level with the previous year overall, though the individual markets exhibited very different trends. For example, the school bus segment in the USA and Canada recorded a significant increase, while new registrations of buses in Mexico saw a strong decrease compared with the previous year. Demand for buses in South America was up significantly year on year.

FINANCIAL PERFORMANCE

The disclosures on financial performance relate to changes in continuing operations compared with the prior year.

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

The operating result increased significantly year-on-year to €528 (460) million. Consolidated profit before tax, after including the share of profits and losses of equity-accounted investments, the net gain or loss on miscellaneous financial assets of other financial investments and the other financial result, amounted to €589 million, a very strong increase on the prior-year figure. Return on equity amounted to 15.0 (9.2)%.

Interest income from lending transactions and marketable securities was €2,666 million (+3.1%) and therefore slightly up on the level of the previous year.

Net income from leasing transactions amounted to €485 (457) million, a noticeable increase compared to the previous year's level. The impairment losses on lease assets of €16 (11) million included in the surplus from leasing transactions were attributable to current market movements and expectations.

Interest expenses were noticeably above the previous year's level at €1,889 (1,729) million.

Net income from service contracts amounted to €18 million (-5.3%) and was noticeably below the prior-year figure.

At €-296 (-233) million, the net addition to the provision for credit risks was up sharply on the previous year. In the previous year, the provision for credit risks contained a one-time item caused by the full reversal of additional country-specific valuation allowances of €136 million.

Net fee and commission income amounted to €42 (55) million, a very strong decrease on the prior-year figure.

General and administrative expenses were slightly down on the previous year at €435 (447) million.

The overhead ratio was 1.17%.

Net other operating income amounted to €43 (-208) million, a very strong increase on the prior-year figure. In the previous year, the deconsolidation of companies in particular had a negative impact of €-244 million. An amount of €21 (22) million was added to the provisions for legal risks and recognized through profit or loss in net other operating income/expenses.

The share of profits and losses of equity-accounted investments saw a very strong year-on-year increase to €35 (-44) million. This change was mainly due to the return to profit after tax of the Turkish joint venture in the current fiscal year.

The net gain/loss on miscellaneous financial assets amounting to €-12 (-12) million in the current fiscal year includes impairment losses of €-11 million for an equity-accounted joint venture and €-7 million for unconsolidated subsidiaries.

On the basis of these figures, together with the other income and expense components, the Volkswagen Financial Services Overseas AG Group generated profit after tax of €572 (184) million.

Under Volkswagen Financial Services Overseas AG's current control and profit-and-loss transfer agreement, a profit of €401 million reported by Volkswagen Financial Services Overseas AG in its single-entity financial statements prepared in accordance with the HGB was transferred to the sole shareholder, Volkswagen AG.

NET ASSETS AND FINANCIAL POSITION

Lending business

At 27.5 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Financial Services Overseas AG Group – accounted for approximately 89% of the Group's total assets.

The volume of retail lending decreased by a total of €0.3 billion to 18.8 billion (–1.7%).

The number of new retail financing contracts came to 839 thousand, which was above the prior-year level (699 thousand). The number of current contracts stood at 1,960 (1,970) thousand at the end of the year.

The overall lending volume in dealer financing – which comprises loans to and receivables from Group dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – decreased to €4.3 billion (–1.9%).

Overall, receivables from leasing transactions were noticeably above the previous year's level at €1.2 billion (+9.9%). Overall, lease assets grew by €0.4 billion to €2.8 billion (+14.4%).

A total of 194 thousand new leases were entered into in the reporting period. There were 250 thousand lease vehicles in the contract portfolio as of December 31, 2025. The biggest contribution came from LM Transp. Interestaduais Serviços e Comércio S.A., Salvador, Brazil, which has a contract portfolio of 110 thousand lease vehicles.

Total assets of the Volkswagen Financial Services Overseas AG Group fell to €31.1 billion year-on-year (–0.8%).

There were 2,851 thousand service and insurance contracts at the end of the year. The new business volume of 1,334 thousand contracts was up on the prior-year figure (1,097 thousand).

Deposit business and borrowings

In terms of capital structure, the significant liability items included liabilities to banks in the amount of €13.4 billion (–4.5%), liabilities to customers amounting to €3.7 billion (+12.6%) and notes, commercial paper issued in the amount of €8.7 billion (+0.8%). Further details on the funding and hedging strategy can be found in the Liquidity Analysis and Funding sections and in the disclosures on interest-rate risk and liquidity risk in the risk report.

Subordinated capital

The subordinated capital was €0.1 (0.1) billion.

Equity

IFRS equity consists of subscribed capital of unchanged €441 million, the capital reserve of unchanged €2 million, retained earnings of €4.4 (4.3) billion, other reserves of €–1.1 (–0.8) billion and equity attributable to non-controlling interests of €0.1 (0.1) billion. Equity in accordance with IFRSs was €3.9 (4.0) billion overall. This resulted in an equity ratio (equity divided by total assets) of 12.4% based on total assets of €31.1 billion.

Changes in off-balance-sheet liabilities

Off-balance-sheet liabilities decreased by a total of €271 million year-on-year to €4,711 million as of December 31, 2025.

KEY FIGURES BY SEGMENT AS OF DECEMBER 31, 2025

in thousands	Brazil	Mexico	China	Australia	Other companies ¹	VW FS Overseas AG Group
Current contracts	2,064	853	613	186	1,345	5,061
Retail financing	704	171	565	154	367	1,960
of which: consolidated	704	171	565	154	166	1,759
Leasing business	110	52	48	10	30	250
of which: consolidated	110	52	48	10	20	239
Service/insurance	1,250	631	–	21	948	2,851
of which: consolidated	1,250	499	–	21	252	2,023
New contracts	1,140	328	255	69	575	2,367
Retail financing	332	69	210	58	169	839
of which: consolidated	332	69	210	58	61	730
Leasing business	108	24	45	5	12	194
of which: consolidated	108	24	45	5	5	188
Service/insurance	699	236	–	5	394	1,334
of which: consolidated	699	236	–	5	31	972
€ million						
Loans to and receivables from customers attributable to						
Retail financing	7,585	1,888	3,922	3,103	2,298	18,795
Dealer financing	196	917	1,033	1,549	640	4,336
Leasing business	148	699	–	95	294	1,235
Lease assets	2,174	155	–	80	399	2,809
Investment ²	1,094	21	–	58	180	1,354
Operating result	234	168	80	55	–10	528
Percent						
Penetration ³	49.4	42.7	8.3	44.6	28.0	17.8
of which: consolidated	49.4	42.7	8.3	44.6	45.2	17.1

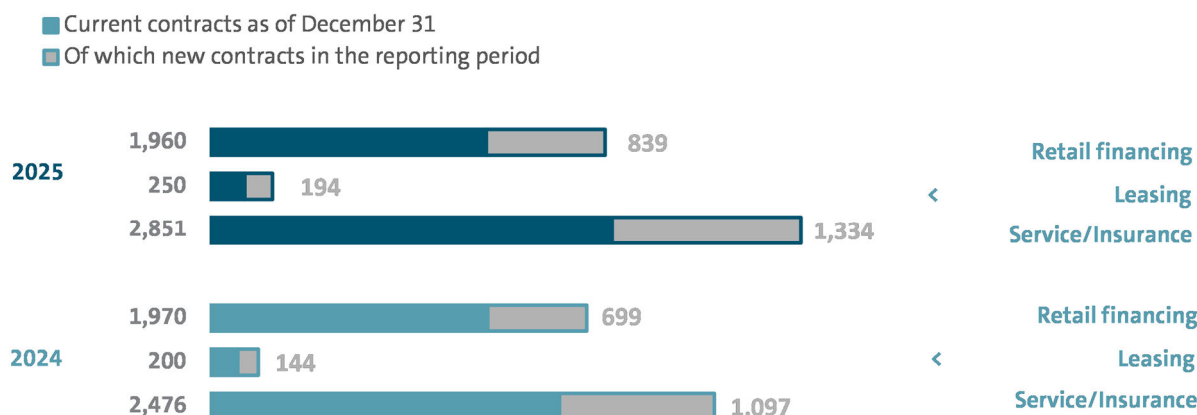
1 The other companies include the markets of Argentina, Chile, Colombia, India, Japan, South Africa, South Korea, Taiwan and Türkiye in terms of the number of contracts and the penetration rate. They also include the Volkswagen Financial Services Overseas AG holding company, the holding companies in the Netherlands and consolidation effects.

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

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

NEW AND CURRENT CONTRACTS AS OF DECEMBER 31, 2025

In thousands



LIQUIDITY ANALYSIS

Most of the funding for the entities of Volkswagen Financial Services Overseas AG is procured locally, mainly on the basis of capital market and asset-backed securities (ABS), bank credit lines and loans from other Volkswagen Group companies. Moreover, committed and uncommitted credit lines from other Volkswagen AG Group companies are available to protect against unexpected fluctuations in liquidity.

Within the context of an outsourcing agreement, the Treasury function of Volkswagen Bank GmbH performs central liquidity management tasks, which include preparing liquidity maturity balances, forecasting cash flows and initiating suitable actions as required.

Liquidity management is conducted locally by the subsidiaries of Volkswagen Financial Services Overseas AG. An internal control system (ICS) has been established within the companies to monitor and measure the liquidity risk. Risk management is based on the use of defined maturity structures for Treasury liabilities. Compliance with these limits is reviewed monthly, serving as an early warning indicator. The central reporting takes place on a quarterly basis.

Depending on their location, the subsidiaries of Volkswagen Financial Services Overseas AG additionally satisfy local regulatory liquidity requirements.

FUNDING

Strategic principles

In terms of funding, the Volkswagen Financial Services Overseas AG Group pursues the goal of ensuring liquidity at all times. The concept of diversification includes optimization of the available instruments, currencies, maturities and fixed interest rate while taking into account cost and risk aspects.

Funding for the international entities is also intended to be largely procured locally. Bank credit lines, ABS and unsecured capital market bonds are the strategic funding instruments for this purpose.

Implementation

During the reporting year, Volkswagen Financial Services Overseas AG and its subsidiaries issued 20 public bonds in various currencies and made a number of private placements. Bonds denominated in Japanese Yen were issued under the €5 billion capital market program established for Volkswagen Financial Services Overseas AG. Further transactions were placed in Australia, Brazil, Mexico and Türkiye, each on the basis of applicable local documentation requirements.

The following tables show the transaction details:

CAPITAL MARKET TRANSACTIONS IN FISCAL YEAR 2025

Originator	Month	Volume and currency	Maturity
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	January	150 million BRL	3 years
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	January	350 million BRL	5 years
VDF FAKTORİNG A.Ş., Istanbul	February	150 million TRY	0.5 years
VDF Filo Kiralama A.Ş., Istanbul	March	1 billion TRY	1 years
Volkswagen Leasing S.A. de C.V., Puebla	May	1.4 billion MXN	3 years
Volkswagen Leasing S.A. de C.V., Puebla	May	1.6 billion MXN	5 years
Volkswagen Financial Services Australia Pty. Ltd., Chullora	June	500 million AUD	4 years
Banco Volkswagen S.A., São Paulo	June	519 million BRL	2 years
Banco Volkswagen S.A., São Paulo	June	337 million BRL	3 years
Banco Volkswagen S.A., São Paulo	June	144 million BRL	10 years
Volkswagen Bank S.A., Institucion de Banca Múltiple, Puebla	September	1.4 billion MXN	3 years
Volkswagen Bank S.A., Institucion de Banca Múltiple, Puebla	September	1.1 billion MXN	5 years
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	September	1.1 billion BRL	3 years
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	September	112 million BRL	5 years
Volkswagen Financial Services Japan Ltd., Tokyo	October	2.5 billion JPY	1 years
Volkswagen Financial Services Japan Ltd., Tokyo	October	1.5 billion JPY	3 years
Volkswagen Financial Services Australia Pty. Ltd., Chullora	October	300 million AUD	5 years
Banco Volkswagen S.A., São Paulo	December	250 million BRL	2 years
Banco Volkswagen S.A., São Paulo	December	650 million BRL	3 years
Banco Volkswagen S.A., São Paulo	December	99.9 million BRL	10 years
Banco Volkswagen S.A., São Paulo (private placement)	Total	3.2 billion BRL	2–10 years

In addition, asset-backed securities (ABSs) were issued. Through its subsidiaries, Volkswagen Financial Services Overseas AG was active with various ABS transactions in global markets, including Australia, China and Japan.

ABS TRANSACTIONS IN FISCAL YEAR 2025

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Financial Services Japan Ltd.; Tokyo	Driver Japan 14	February	Japan	53.5 billion JPY
Volkswagen Finance China Co., Ltd., Beijing	Driver China 16	May	China	4.0 billion CNY
Volkswagen Financial Services Australia Pty. Ltd., Chullora	Driver Australia 11	July	Australia	600 million AUD

Ratings

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

In December 2025, S&P affirmed its A-2 (short-term) and BBB+ (long-term) ratings for Volkswagen AG and Volkswagen Financial Services Overseas AG. The outlook for both ratings was downgraded to negative following the change at Volkswagen AG.

On March 18, 2025, Moody's downgraded the ratings of Volkswagen Financial Services Overseas AG to a long-term rating of Baa1 following the downgrade of Volkswagen AG on March 17, 2025, confirmed the short-term rating at P-2, and reset the outlook back to "stable".

In September 2025, Fitch affirmed its F1 (short-term) and A- (long-term) ratings for Volkswagen AG and Volkswagen Financial Services Overseas AG. The outlook was changed from "stable" to "negative" on April 10, 2025, following the change to Volkswagen AG on April 7, 2025.

Volkswagen Financial Services Overseas AG

(Condensed, in accordance with the HGB)

2025 BUSINESS PERFORMANCE

Volkswagen Financial Services Overseas AG reported a result from ordinary activities after tax amounting to a profit of €401 (208) million for fiscal year 2025.

Sales revenue amounted to €3 (2) million, with cost of sales coming to €3 (2) million. These items primarily include the income from cost allocations to Group companies and the expenses related to personnel.

Other operating income came to €2 (17) million, with other operating expenses amounting to €10 (3) million. Other operating income mainly comprised income from the reversal of provisions.

Mainly due to the dividend income of €268 million from the equity investment in Volkswagen Finance (China) Co., Ltd., net income from long-term equity investments improved to €276 (258) million.

Taking account of an amount of €154 thousand that is blocked for distribution within the meaning of section 268(8) of the HGB, €401 million will be transferred pursuant to the existing control and profit-and-loss transfer agreement.

Total assets declined by 16.8%, from €3,058 million to €2,545 million.

Receivables from affiliated companies fell by €611 million to €482 million. They largely consist of loan receivables, time deposits and current account balances.

The company's liabilities declined by 20.2% to €2,034 million. These are mainly accounted for by liabilities to affiliated companies of €2,007 (2,100) million and other liabilities of €27 (448) million.

The Company's equity is almost unchanged at €489 million. The equity ratio was 19.2% (16.0%) as of the reporting date.

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

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

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

€ million	2025	2024
Sales	3	2
Cost of sales	3	2
Gross profit on sales	0	0
General and administrative expenses	28	27
Other operating income	2	17
Other operating expenses	10	3
Net income from long-term equity investments	276	259
of which income from affiliated companies	268	249
Financial result	-17	-40
of which income from affiliated companies	74	66
of which expenses from affiliated companies	56	60
Income tax expense	-178	-2
Profit after tax	401	208
Profits transferred under a profit-and-loss transfer agreement	401	207
Losses absorbed under a profit-and-loss transfer agreement	-	-
Net income	0	1
Profit brought forward	-	2
Asset reductions due to division	-	-6,589
Equity shares released to cover the reduction in assets	-	6,589
Transfer to other profit reserves	0	3
Net retained profits	-	-

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

€ million	Dec. 31, 2025	31.12.2024
Assets		
A. Fixed assets		
I. Financial assets	2,054	1,942
	2,054	1,942
B. Current assets		
I. Receivables and other assets	489	1,109
II. Cash-in-hand and bank balances	0	–
	489	1,109
C. Prepaid expenses	2	7
Total assets	2,545	3,058
Equity and liabilities		
A. Equity		
I. Subscribed capital	441	441
II. Capital reserves	0	0
III. Retained earnings	48	47
IV. Net retained profits	–	–
	489	488
B. Provisions	22	21
C. Liabilities	2,034	2,549
D. Deferred income	–	–
Total equity and liabilities	2,545	3,058

Report on Opportunities and Risks

The active management of opportunities and risks is a fundamental element of the successful business model used by Volkswagen Financial Services Overseas AG.

OPPORTUNITIES AND RISKS

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

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

MACROECONOMIC OPPORTUNITIES AND RISKS

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

Declining inflation in major economic regions and the resulting easing of monetary policy are expected to boost consumer demand. We continue to believe that risks will arise from increasing fragmentation of the global economy and protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East, and the increasing uncertainties regarding the political orientation of the USA. We assume that both the advanced economies and the emerging markets will show a somewhat weaker momentum compared to the reporting period on average.

We also foresee the global economy continuing on a path of steady growth through 2030. The macroeconomic environment could, however, also create opportunities for Volkswagen Financial Services Overseas AG if inflation takes a more positive path than anticipated, for example, or if geopolitical tensions ease and economic growth proves stronger as a result.

Strategic opportunities and risks

In addition to maintaining its international focus by tapping into new markets, the Volkswagen Financial Services Overseas AG Group identifies opportunities in developing innovative products that address customers' evolving mobility requirements. Growth segments such as mobility products and service offerings are being systematically developed and expanded. Further opportunities may be created by launching established products in new markets.

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

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

Opportunities from credit risk

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

Opportunities from residual value risk

When vehicles are remarketed, the Volkswagen Financial Services Overseas AG Group may be presented with the opportunity to achieve a price that is higher than the calculated residual value if prices actually achieved from remarketing rise more than anticipated because of an increase in demand for used vehicles or other factors causing supply bottlenecks for new vehicles.

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

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

- > The Board of Management of Volkswagen Financial Services Overseas AG, in its capacity as the governing body responsible for the executive management of the business, has concluded a service agreement with the Accounting division of Volkswagen Financial Services AG (service provider) as of July 1, 2024, to ensure that the accounting and financial reporting processes of the individual entity Volkswagen Financial Services Overseas AG and of the Volkswagen Financial Services Overseas AG Group are carried out properly. This agreement describes the services performed by the service provider, including the type of services and the manner in which they are provided, the documentation of the relevant processes and the obligations of Volkswagen Financial Services Overseas AG as the principal to provide assistance. In the context of outsourcing, the services provided by the principal are monitored using the controls implemented.

- > The Board of Management of Volkswagen Financial Services Overseas AG has also integrated an accounting function into its own organization to ensure consultation in respect of the requirements and schedules for the services to be performed by the service provider, the coordination of the service provider and the performance of quality assurance by Volkswagen Financial Services Overseas AG.
- > There are Group-wide requirements and rules that form the basis of a standardized, proper and continuous financial reporting process.
- > Among other things, the accounting policies for the domestic and foreign entities included in the consolidated financial statements of Volkswagen Financial Services Overseas AG are governed by the accounting and financial reporting requirements of the IFRS Accounting Standards (IFRSs). The accounting policies for the single-entity financial statements of Volkswagen Financial Services Overseas AG are governed by the accounting and financial reporting requirements of the German Commercial Code (HGB).
- > The accounting requirements also govern specific formal requirements for the consolidated financial statements. In addition to defining the basis of consolidation, the components of the IFRS reporting packages to be prepared by the Group companies are also defined in detail. The accounting requirements also include specific requirements for the presentation and settlement of intercompany transactions and the related balance reconciliation process.
- > At the Group level, specific control activities by the service provider aimed at ensuring that the consolidated financial reporting provides a true and fair view include the analysis and possible correction of the IFRS reporting packages prepared by the consolidated entities, taking account of the reports submitted by the auditor or of the audit meetings held in this connection.
- > The service provider's monitoring and review mechanisms are designed with both integrated and independent process components. Automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as four-eyes-principle.
- > Internal auditing of Volkswagen Financial Services Overseas AG is a key component of the monitoring and control system. It carries out regular audits of accounting-related processes as part of its risk-oriented auditing activities and reports on these audits directly to the Board of Management of Volkswagen Financial Services Overseas AG. In addition, as part of its risk-oriented auditing activities, the Internal Audit department of Volkswagen Financial Services AG carries out regular audits of accounting-relevant processes performed by the service provider.

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

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

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

At Volkswagen Financial Services Overseas AG, risk is defined as the danger of loss or damage that could occur if an expected future development turns out to be less favorable than planned. Volkswagen Financial Services Overseas AG, including its subsidiaries and equity investments, is exposed to a large number of risks typical for the financial services sector within the scope of its primary operating activities. It consciously accepts these risks to ensure that it can exploit any resulting market opportunities.

The organizational structure of the Volkswagen Group's Risk Management System/Internal Control System is based on the internationally recognized COSO Enterprise Risk Management Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission Enterprise Risk Management (COSO-ERM). The structure of the Risk Management System/Internal Control System in accordance with the COSO ERM Integrated Framework also ensures that potential areas of risk in the Volkswagen Financial Services Overseas AG Group are comprehensively covered by the risk management processes. Risk is managed using a risk management system based on a three-lines model. This structure functions as a monitoring and control system for risk. This comprises a framework of risk principles, organizational structures, and processes for assessing, monitoring and communicating risks. The individual elements are tightly focused on the activities of the individual divisions. This structure makes it possible to identify at an early stage any trends that could represent a risk to the business as a going concern so that appropriate corrective action can then be initiated.

One of the functions of the Risk Management division is to provide frameworks (second line) for the organization of the Risk Management System and report directly to the Board of Management. This function includes drawing up and coordinating risk policy guidelines (to be carried out by the risk owner) and developing and maintaining methodologies and processes relevant to risk management, as well as issuing internal framework standards for the procedures to be used around the world.

Local risk management (first line) ensures that the requirements applicable to the international subsidiaries are implemented and complied with. On-site local risk management is responsible for the detailed design of models and procedures for measuring and managing risks, and carries out local implementation of processes and technical features.

Appropriate procedures are in place to ensure that risk management is adequate. The relevant risk owner for individual risk types continuously monitors and manages risks, which are pooled and reported to the Board of Management by Risk Management. The individual elements in the system are regularly verified on a risk-oriented basis by Internal Audit (third line).

The Chief Financial Officer is responsible within Volkswagen Financial Services Overseas AG for overall risk monitoring. In this role, he submits regular reports to the Audit Committee, Supervisory Board and Board of Management on the overall risk position of Volkswagen Financial Services Overseas AG.

An important feature of the risk management system at Volkswagen Financial Services Overseas AG is the clear, unequivocal separation of tasks and areas of responsibility, both organizationally and in terms of personnel, between the holding company (Risk Management division) and the markets (local risk management) to ensure that the system is fully functioning at all times and regardless of the personnel involved.

BUSINESS STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Board of Management. As part of this overall responsibility, the Board of Management has introduced a strategy process and drawn up a business strategy.

The MOBILITY2030 business strategy sets out the fundamental views of the Board of Management of Volkswagen Financial Services Overseas AG on fundamental matters relating to business policy. It includes the objectives for each key business activity and the strategic areas for action to achieve the relevant objectives.

The main risk management goals and measures for each category of risk provide direction for the business policy and risk appetite.

The focus of the strategy, which is adopted and communicated by the Board of Management and applies throughout the Group, is based on risk appetite and the steering approach for each risk category. Risk appetite and the steering approach are defined on a regular basis for all types of risk that have been deemed material by the Board of Management. They have an impact on the extent to which risk management measures are implemented by the risk owner for the individual risk types. Further details and specifics of the individual risk types are set out in operational requirements as part of the planning round in accordance with management requirements. The attainment of goals is reviewed on a regular basis and any variances are analyzed to establish the causes.

RISK-BEARING CAPACITY

Volkswagen Financial Services Overseas AG has established a system for determining risk-bearing capacity, in which risk is compared with the risk-taking potential. The outcome of an analysis of substantial risks that could jeopardize the continued existence of the business as a going concern forms the basis for inclusion in the calculation of risk-bearing capacity. The Company is deemed to have maintained its risk-bearing capacity if, as a minimum, the substantial risk types are covered by the risk-taking potential. Risks are quantified using methodologies that reflect an unexpected loss within a certain period of time.

In accordance with the risk tolerance level laid down by the Board of Management of Volkswagen Financial Services Overseas AG, only a portion of the risk-taking potential is specified as the maximum risk that can be assumed (overall risk limit).

RISK CONCENTRATIONS

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

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

- >
- > Just a few borrowers/contracts account for a large proportion of the loans (counterparty concentrations)
- > A small number of sectors account for a large proportion of the loans (sector concentrations)
- > Many of the loans are to businesses within a defined geographical area (regional concentrations)
- > Loans/receivables are secured by just one type of collateral or by a limited range of collateral types (collateral concentrations)
- > Residual values subject to risk are limited to a small number of vehicle segments or models (residual value concentrations), or

- > Volkswagen Financial Services Overseas AG's income is generated from just a few sources (income concentrations).

One of the objectives of Volkswagen Financial Services Overseas AG's risk policy is to reduce such concentrations by means of broad diversification.

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

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

Likewise, a captive cannot avoid collateral concentrations because the vehicle is the predominant collateral asset by virtue of the business model. A broad vehicle diversification means that there is no residual value concentration. Income concentration arises from the very nature of the business model. The special constellation in which the Company serves to promote Volkswagen Group sales results in certain dependencies that directly affect income growth.

SUBSTANTIAL RISK TYPES AND RISK REPORTING

Based on the annual validation of the risk inventory, the following risk types were assessed as substantial to Volkswagen Financial Services Overseas AG: credit risk, residual value risk, shareholder risk, liquidity risk, interest rate risk, operational risk, strategic risk and reputational risk. Country risk is essentially covered by shareholder risk. Cross-border finance and intercompany loans are of only minor significance for affiliated companies of Volkswagen Financial Services Overseas AG. The currency risk is also not substantial. Hedging transactions are used to mitigate any risks that arise in this respect.

Risks are regularly reported to the Board of Management in the form of a management report. This includes key financial performance indicators and key risk data for selected substantial risk types. The presentation of aggregated quantitative data for the Volkswagen Financial Services Overseas AG Group is accompanied by a presentation of the changes by markets.

Ad hoc reports at risk-type level are generated as needed to supplement the system of regular reporting. These reports are used to ensure that the Board of Management is informed of any impending negative trends.

Credit risk

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

The aim of systematic credit risk monitoring by the international subsidiaries is to identify potential borrower or lessee insolvencies at an early stage, initiate any corrective action to prevent a potential default in good time and anticipate possible losses by recognizing appropriate write-downs or provisions. Significant borrowers or borrower units are also monitored by Risk Management.

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on financial position and financial performance. If, for example, an economic downturn leads to a higher number of insolvencies or greater unwillingness of borrowers or lessees to make payments, the recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

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

A set of guidelines outlines the requirements for developing and maintaining the rating models. Another set of guidelines specifies the parameters for developing, using and validating the scoring systems in the retail business.

Rating systems for corporate customers

Volkswagen Financial Services Overseas AG Group uses rating systems to assess the creditworthiness of corporate customers if a defined threshold value for the limit/credit amount is exceeded or if a customer belongs to a risk-based group. This evaluation takes into account both quantitative factors (mainly data from annual financial statements) and qualitative factors (such as the prospects for future business growth, quality of management, market and industry environment, and the customer's payment record). When the credit assessment has been completed, the customer is assigned to a rating class, which is linked to a probability of default. A centrally maintained, workflow-based rating application is used for the most part to support this analysis of creditworthiness. The rating determined for the customer serves as an important basis for decisions on whether to grant or renew a loan, and for decisions on provisions. The models in use are largely centrally validated and monitored on a regular basis, and are adjusted if required. The scoring systems described in the following section are used for customers below the aforementioned threshold value.

Scoring systems in the retail business

Scoring systems are used in the processes for credit approval and for evaluating the existing portfolio to determine the creditworthiness of the retail customers. These scoring systems provide an objective basis for credit decisions. The systems use information about the borrower available internally and externally and estimate the probability of default for the requested loan, generally with the help of statistical methods based on historical data covering a number of years. An alternative approach adopted for smaller or low-risk portfolios also uses generic, robust scorecards and expert systems to assess the risk involved in credit applications. To classify the risk in the credit portfolio, both behavioral scorecards and simplified estimation procedures are used, depending on portfolio size and the risk inherent in the portfolio. The models and systems in use are regularly monitored, validated, adjusted (where required) and refined at local level.

Collateral

The general rule is that credit transactions are secured by collateral to an extent that is commensurate with the risk. In addition, overarching rules specify the requirements that must be satisfied by collateral, the evaluation procedures and the evaluation bases. Local collateral guidelines with specific values take these rules into account. The values in the collateral policies are based on historical data and experience accumulated by experts over many years. As the operating activities of Volkswagen Financial Services Overseas AG Group are focused on retail financing, dealer financing and the leasing of vehicles, the vehicles themselves are hugely important as collateral assets. For this reason, trends in the market values of vehicles are locally monitored and analyzed; the collateral values based on this data are adjusted, where required.

Provisions

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

Risk Management sets fundamental parameters in the form of golden rules and guidelines for the management of credit risk. These constraints form the mandatory outer framework of the central risk management system, within which the divisions/markets can operate in terms of their business policy activities, planning, decisions, etc. in compliance with their assigned authority. Appropriate processes are used to monitor all lending in relation to financial circumstances, collateral and compliance with limits, contractual obligations and internal and external conditions. As such, commitments are managed according to the degree of risk involved (standard, intensified and problem loan management). Credit risk is also managed using reporting limits determined by Volkswagen Financial Services Overseas AG and specified separately for each individual company. Regular reporting and the yearly planning process are used to monitor credit risk at portfolio level.

CHANGES IN CREDIT RISK

Credit risk ¹	Dec. 31, 2025	Dec. 31, 2024
Amount utilized (€ million)	29,674	29,428
Default rate in %	4.0	3.1
Impairment ratio in %	3.6	3.5

¹ Including joint ventures (full inclusion) and subsidiaries recognized at cost.

The rating and scoring processes on which the impairment ratio is based include default probabilities of future events.

Residual value risk

Residual value risk arises from the fact that the actual market value for a lease asset at the time of remarketing could be lower than the residual value calculated at the inception of the lease. On the other hand, there is an opportunity in that the remarketing could generate proceeds greater than the calculated residual value.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. Direct residual value risk refers to residual value risk borne directly by the Volkswagen Financial Services Overseas AG Group (contractually determined). An indirect residual value risk arises if the residual value risk has been transferred to a third party (such as a dealer) on the basis of a residual value guarantee. In such cases, the initial risk is a counterparty default risk in respect of the residual value guarantor. If the residual value guarantor defaults, the residual value risk reverts to the Volkswagen Financial Services Overseas AG Group.

If a residual value risk materializes, it may be necessary to recognize an impairment loss or a loss on disposal of the asset concerned. This could have a negative impact on financial performance. As stated in the accounting policies for leases described in the notes to the consolidated financial statements, the impairment losses generally lead to a subsequent adjustment of future depreciation rates.

Direct residual value risk is quantified using expected loss, which equates to the difference between the latest forecast as per the remeasurement date of the remarketing proceeds on expiry of the contract and the contractual residual value specified for each vehicle. Other parameters such as remarketing costs are also taken into account in the calculation. The expected loss for the portfolio is determined by

aggregating the individual expected losses for all vehicles. The expected losses arising from contracts subject to risk relate to the losses expected at the end of the term of the contracts concerned. These losses are recognized in profit or loss in the consolidated financial statements for the current period or in prior periods. The ratio of the expected losses from contracts subject to risk to the contractually fixed residual values in the overall portfolio is expressed as risk exposure. The results from the quantification of the expected loss and risk exposure are considered in the assessment of the risk situation.

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

CHANGES IN DIRECT RESIDUAL VALUE RISK

Direct residual value risk ¹	Dec. 31, 2025	Dec. 31, 2024
Number of contracts	207,952	168,939
Guaranteed residual values (€ million)	3,246	2,981
Risk exposure in %	2.1	3.4

¹ Including joint ventures (full inclusion) and subsidiaries recognized at cost

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

SHAREHOLDER RISK

Shareholder risk refers to the risk that equity investments made by Volkswagen Financial Services Overseas AG could potentially lead to losses in connection with capital provided (as a result of lack of dividends, write-downs to going-concern value, losses on disposal or decrease in hidden reserves) or liability risks (for example, in the case of letters of comfort).

In principle, Volkswagen Financial Services Overseas AG only makes such equity investments to help it achieve its corporate objectives. The investments must therefore support its own operating activities and are intended to be held on a long-term basis.

If shareholder risk were to materialize in the form of a loss of fair value or even the complete loss of an equity investment, this would have a direct impact on relevant financial data. The net assets and financial performance of Volkswagen Financial Services Overseas AG would be adversely affected by write-downs recognized in profit or loss.

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

Liquidity risk

Liquidity risk is the risk of a negative variance between actual and expected cash inflows and outflows. Liquidity risk is defined as the risk of not being able to meet payment obligations in full or when due, or – in the event of a liquidity crisis – the risk of only being able to raise funding at higher market rates or only being able to sell assets at a discount to market prices. If liquidity risk were to materialize, higher costs and lower selling prices for assets could lead to a negative impact on financial performance. The consequence of liquidity risk in the worst-case scenario is insolvency caused by illiquidity. Liquidity risk management ensures that this situation does not arise. The analysis and management of liquidity risk at the entities belonging to Volkswagen Financial Services Overseas AG are outsourced to the Treasury division of Volkswagen Bank GmbH.

The primary objective of liquidity management is to safeguard the ability of the Company to meet its payment obligations at all times. This can be guaranteed through the use of drawdowns under credit facilities available with third-party banks and with Volkswagen AG. To measure liquidity risk, Volkswagen Financial Services Overseas AG has set up a system of limits throughout the Group. This system restricts funding-related cash outflows over a time horizon of 12 months. A broad diversification of funding maturities is therefore necessary to ensure compliance with the limits. To manage liquidity, the Operational Liquidity Committee (OLC) meets at least every six weeks to monitor the current liquidity situation and the range of liquidity coverage. It decides on funding measures and prepares any necessary decisions for the decision-makers. Risk Management communicates the main risk management information and relevant early warning indicators relating to liquidity risk. As of December 31, 2025, 59% of the limit was utilized.

Interest rate risk

Interest rate risk refers to potential losses that could arise as a result of changes in market interest rates. It occurs because of interest rate mismatches between asset and liability items in a portfolio or on the balance sheet. Volkswagen Financial Services Overseas AG is exposed to interest rate risk in its banking book. Changes in interest rates that cause interest rate risk to materialize can have a negative impact on financial performance. Interest rate risk is managed with an interest rate gap analysis based on limits using interest rate derivatives as part of the risk strategy defined by the Board of Management of Volkswagen Financial Services Overseas AG. Monitoring is performed by Treasury on the basis of a service agreement with Volkswagen Bank GmbH. A report on interest rate risk at Volkswagen Financial Services Overseas AG is submitted to the Board of Management each quarter. As of December 31, 2025, 64% of the limit was utilized.

Operational risk

Operational risk (OpR) is defined as the risk of loss that could result from inadequate or failed internal processes (process risk), people (HR risk), systems (technological risk), legal positions or contracts (legal risk), or from external events (catastrophe risk).

The objective of operational risk management is to present operational risks transparently and initiate precautionary and corrective measures with a view to preventing or, when this is not possible, mitigating the risks or losses. If an operational risk materializes, this represents an operational loss with the resulting loss of a business asset, which has a negative impact on net assets, financial position or financial performance, depending on the amount of the loss. Processes and responsibilities are set out in the operational risk manual.

The annual risk self-assessment is used to determine a forward-looking monetary assessment of potential risks. A standardized risk questionnaire is provided for this purpose. The local experts use these questionnaires to determine and record the potential level of risk and the probability that a risk could materialize. The central loss database is used to ensure that information about monetary operational losses is collected in-house on an ongoing basis and the relevant data is stored. A standardized loss form is made available to the local experts to aid this process. The experts use this form to determine and record the relevant data, including the amount and cause of the loss.

Operational risk is managed by the companies/divisions (operational risk units) on the basis of the guidelines in force. To this end, local management decides whether future risks or losses are to be ruled out (risk prevention), mitigated (risk mitigation), consciously accepted (risk acceptance) or transferred to third parties (risk transfer).

Risk Management checks the plausibility of the information provided by the companies/divisions in the risk self-assessments, reviews the reported loss events and then initiates any necessary corrective action, reviews the operational risk system to ensure it is fully functioning and instigates appropriate modifications as required. This includes the integration of all relevant operational risk units.

Details of operational risk are reported regularly to the Board of Management. Ad hoc reports are issued in addition to the ongoing reports if the criteria specified for these are met.

Actual losses from operational risk amounted to €13.7 million in the year under review.

Strategic risk

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

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

Reputational risk

Reputational risk refers to the risk that an event or several successive events could cause reputational damage (in the eyes of the general public), which in turn could limit current and future business opportunities or activities (potential earnings), thereby leading to an indirect adverse financial impact (customer base, sales, funding costs) and direct financial losses such as penalties or litigation costs. The responsibilities of the Corporate Communications division include avoiding negative reports in the press or similar announcements that could inflict damage on the reputation of the Company. If this is unsuccessful, the division is then responsible for assessing the situation and initiating appropriate communications aimed at specific target groups to limit the reputational damage as far as possible. The strategic objective is therefore to prevent or reduce any negative variance between actual reputation and the level of reputation the Company expects. A loss of reputation or damage to the Company's image could have a direct impact on financial performance.

SELECTED OTHER RISKS AND RISK PROCESSES

Compliance and integrity risks

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

The separate category of integrity risk encompasses all risks that arise from ethically improper conduct or actions that do not comply with the principles and values of Volkswagen Financial Services Overseas AG, thereby presenting an obstacle to the long-term success of the business.

To manage these risk types, Volkswagen Financial Services Overseas AG has established a decentralized Integrity and Compliance function, which serves as a governance function that defines and implements risk-mitigating measures. The Integrity and Compliance function fosters compliance with statutory requirements, internal rules and the organization's own stated values and contributes to establishing an appropriate corporate culture. Integrity risk and compliance risk are not treated as separate risk types, but as integral aspects of an overarching risk process that impacts all risk types.

The Chief Integrity & Compliance Officer is a core part of this function. Their role is to implement effective processes for complying with statutory requirements and the corresponding control mechanisms. This is achieved primarily by defining binding requirements at Group level to serve as the framework for the local implementation of the stipulations by the integrity and compliance officers of the individual companies. Local companies are independently responsible for implementing these requirements. The individual companies are responsible for additional requirements and ethical principles. Deviations from the minimum requirements are only permitted if accompanied by the disclosure of plausible reasons (such as local statutory requirements) and in consultation with the Chief Integrity & Compliance Officer.

The development of a compliance culture is fostered by the continuous communication of the Volkswagen Group's Code of Conduct and by risk-oriented awareness measures such as tone-from-the-top, face-to-face training and e-learning programs. This culture is further reinforced by communication measures including guidelines, information materials and participation in the respective compliance and integrity programs.

The Chief Integrity & Compliance Officer supports the Board of Management in matters relating to the avoidance of integrity and compliance risks and reports to the Board at regular intervals. For its part, the Board of Management has entered into its own voluntary undertaking regarding compliance and integrity. This ensures that compliance and integrity aspects will also be discussed and taken into account in all decisions made by the Board of Management.

The areas of antitrust compliance and prevention of money laundering and funding of terrorism have been outsourced to Volkswagen Financial Services AG.

Environmental, social and governance (ESG) risks

The Volkswagen Financial Services Overseas AG Group regards ESG matters as a business responsibility and critical strategic success factor for a captive such as itself operating in the automotive and personal mobility spheres. It actively chooses not to assess ESG risks as a separate category of significant risk in the risk inventory process, however, because their highly heterogeneous nature means they have potential impacts across a large number of risk types.

The Volkswagen Financial Services Overseas AG Group continues to work intensively on ESG matters, the various aspects of which affect all areas of our business model and have been included as a separate element (governance) in the MOBILITY2030 strategy.

In terms of the environmental dimension, the Volkswagen Financial Services Overseas AG Group is committed to a Group-wide reduction in CO₂ emissions, for example, by using renewable energy sources at the various sites.

In terms of the social dimension, the Volkswagen Financial Services Overseas AG Group has established standards to safeguard occupational health and safety, diversity, equal opportunities, training and professional development. In addition, the subsidiaries are involved in a large number of local social projects. For example, Banco Volkswagen S.A., a subsidiary of Volkswagen Financial Services Overseas AG, supports a range of projects to help socially vulnerable population groups and improve socially marginalized communities.

SUMMARY

Fiscal year 2025 was characterized by increasing competitive pressure coupled with new opportunities (e.g. portfolio growth in the Brazilian market). The more volatile macroeconomic environment in the markets of Volkswagen Financial Services Overseas AG resulted in an anticipated increase in the risk situation.

Interest rate and liquidity risk remain stable.

The residual value risk is still of minor significance because of the currently low penetration of residual value products in the portfolio.

Forecast for credit and residual value risk

The risk situation will remain challenging given the very pronounced economic risks and global political tensions anticipated for 2026. The specific risk situation of Volkswagen Financial Services Overseas AG's portfolios will depend strongly on how inflation and purchasing power develop in the various markets (especially Brazil).

The Company continues to monitor the risk situation closely so that it can respond proactively to any potential developments by initiating targeted corrective measures.

In the residual value portfolio in particular, a further continuous increase in contract volumes is expected for fiscal year 2026, driven by a growing trend from financing to leasing products. This development is expected to have a positive impact on the residual value portfolio.

Forecast for liquidity risk

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

Report on Expected Developments

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

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

Our assumptions are based on current estimates by third-party institutions. These include economic research institutes, banks, international organizations and consulting firms.

DEVELOPMENTS IN THE GLOBAL ECONOMY

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

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

North America

We anticipate continued stable economic growth in the USA in 2026 and expect that, on average, inflation will remain at a similar level to the previous year. The US Federal Reserve is likely to implement further key rate cuts in the course of 2026. For Canada we expect a somewhat slower growth rate than in the previous year, while economic growth in Mexico will probably be somewhat higher than in the reporting year.

South America

The Brazilian economy will most likely record a positive rate of growth in 2026, although it will be somewhat lower than that of the reporting year. Argentina is expected to continue to show positive growth, probably also at a somewhat lower level.

Asia-Pacific

Chinese GDP is projected to grow at a relatively high level in 2026, albeit at a somewhat lower rate than in the previous year. India's economic growth will likely see slightly lower momentum than in the reporting year. Japan's economic output is also expected to grow compared with 2025, but at a somewhat slower pace.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

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

In the mid-sized and heavy commercial vehicles category, we are seeing robust demand for financial services products in the emerging markets. In these countries in particular, financing solutions support vehicle sales and are thus an essential component of the sales process. In the developed markets, we expect to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2026. This trend is also expected to persist in the period 2027 to 2030.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

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

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

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

North America

The sales volume in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America overall and in the United States in 2026 is forecast to be slightly lower than the level seen in the previous year. Demand will probably remain highest predominantly for models in the SUV and

pickup segments. We expect to see a strong decline in new registrations of all-electric vehicles due to a realignment of BEV subsidies at the federal level. In Canada, the number of vehicles sold is likely to be slightly lower than in the previous year. We also expect the volume of new registrations in Mexico to be slightly under the prior-year level.

South America

Owing to their dependence on demand for raw materials worldwide, the South American markets for passenger cars and light commercial vehicles are heavily influenced by developments in the global economy. We anticipate a slight increase overall in new registrations in the South American markets in 2026 compared with the previous year. The market volume in Brazil is expected to be noticeably higher than in 2025, while in Argentina it is projected to be slightly up on the prior year.

Asia-Pacific

The volume of new passenger car registrations in the Asia-Pacific region in 2026 will probably be in the range of the previous year. We estimate that the market volume in China will likewise be in the range of the 2025 figure. Plug-in hybrid models with long ranges are likely to be increasingly in demand. A weaker-than-expected economic recovery or intensifying geopolitical tensions may have adverse effects. In particular, the volatile trade dispute between China and the United States is likely to continue to weigh on business and consumer confidence, as long as there is no resolution in sight. We expect the Indian passenger car market to be at the same level as the previous year, while demand in Japan will probably slightly exceed the prior-year volume.

The volume of new registrations for light commercial vehicles in the Asia-Pacific region in 2026 will probably be on a level with the previous year's figure. We are expecting demand in the Chinese market to be in the range of the prior year. For India, we project that the volume in 2026 will be slightly higher than in the reporting year. In the Japanese market, we estimate that volumes will also be slightly higher year-on-year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

For 2026, we expect that new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes will be on a level with the previous year in the markets that are relevant for the Volkswagen Group, with regional variations.

The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – we expect new registrations to be slightly above the level of the previous year. We anticipate a noticeable dip in demand in South America in 2026.

On average, we anticipate that demand in the relevant truck markets will remain at a steady level for the years 2027 to 2030.

A slight year-on-year decrease in demand is anticipated for 2026 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region. We forecast noticeable growth for the bus markets in North America for 2026. New registrations in South America are expected to be significantly lower than the prior-year figure in 2026.

Overall, we predict demand for buses to be steady on average across the relevant markets for the period from 2027 to 2030.

INTEREST RATE TRENDS

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

MOBILITY CONCEPTS

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

Volkswagen Financial Services Overseas AG closely monitors developments in the mobility market and is working on new models to support alternative marketing approaches and establish new mobility concepts with the goal of securing and expanding its business model. Simple, convenient, transparent, safe, reliable, flexible – these are the standards that the Company has set for itself.

In collaboration with the automotive brands of the Volkswagen Group, Volkswagen Financial Services Overseas AG aims to take a leading position in the development of new mobility concepts, as has been the case in the conventional automotive business for many years.

From traditional financing and leasing to long-term rental business and subscription services, Volkswagen Financial Services Overseas AG is already able to meet a large proportion of customer mobility needs.

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

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

NEW MARKETS/INTERNATIONALIZATION/NEW SEGMENTS

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

SUMMARY OF EXPECTED DEVELOPMENTS

Increasing fragmentation of the global economy combined with growing protectionist tendencies in the USA are raising uncertainty as to future development. In addition, growth prospects will be impacted by ongoing geopolitical tensions and conflicts, especially the Russia-Ukraine conflict and confrontations in the Middle East. Moreover, there is a significant challenge in China due to the persistently tough vehicle sales situation coupled with fierce competition in the finance business.

The business performance of Volkswagen Financial Services Overseas AG will again remain essentially dependent on the unit sales of the Volkswagen Group in 2026. The intention is to step up sales efforts with the brands of the Volkswagen Group, in particular via joint strategic projects. Volkswagen Financial Services Overseas AG also plans to continue its efforts to make optimal use of the potential available along the automotive value chain.

Volkswagen Financial Services Overseas AG aims to meet the requirements and desires of its customers as effectively as possible working together with the Group brands. It is providing the type of flexible mobility services that customers expect through products such as its leasing service. The ongoing spread of digitalization should deliver a boost to this area of business.

The product bundles and mobility offerings of recent years that have already been successful from the perspective of Volkswagen Financial Services Overseas AG are to be refined in line with customer needs. Volkswagen Financial Services Overseas AG's position in the global competitive environment will continue to be strengthened not only through efforts targeting the market, but also through strategic investments in IT projects and continuous process optimization.

OUTLOOK FOR 2026

The Board of Management of Volkswagen Financial Services Overseas AG expects that global economic output will grow at a similar pace in 2026 to that of 2025. Risks will continue to arise from the increasing fragmentation of the global economy, protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries.

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

The operating result for fiscal year 2026 is expected to be noticeably below the level recorded in the previous year.

Compared with the previous year, new contracts are forecast to be on the same level and penetration significantly lower.

It is assumed that current contracts in 2026 will be significantly above fiscal year 2025, and business volume will be slightly lower than in fiscal year 2025.

Return on equity is expected to be strongly down year-on-year in 2026 as a result of the forecast earnings performance and stable capital adequacy situation.

We anticipate that the overhead ratio will be significantly higher than the previous year.

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

	Actual 2025	Forecast for 2026	
Nonfinancial performance indicators			
Penetration (percent)	17.8	< 17.8	significantly below previous year
Current contracts (thousands)	5,061	> 5,061	significantly up on previous year
New contracts (thousands)	2,367	= 2,367	same level as previous year
Financial performance indicators			
Volume of business (€ million)	27,174	< 27,174	slightly below the previous year
Operating result (€ million)	528	< 528	noticeably below previous year
Return on equity (percent)	15.0	< 15.0	stronger below previous year
Overhead ratio (percent)	1.17	> 1.17	significantly up on previous year

Braunschweig, March 2, 2026

Volkswagen Financial Services Overseas AG
The Board of Management



Dr. Wolf-Stefan Specht



Patrick Welter

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

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Income Statement

of the Volkswagen Financial Services Overseas AG Group

€ million	Note	Jan. 1. – Dec. 31, 2025	Jan. 1. – Dec. 31, 2024	Change in percent
Interest income from lending transactions and marketable securities	5, 8, 17, 53	2,666	2,585	3.1
Income from leasing transactions		1,424	1,328	7.2
Depreciation, impairment losses and other expenses from leasing transactions		-940	-871	7.9
Net income from leasing transactions	5, 8, 12 – 13, 18, 64	485	457	6.1
Interest expense	5, 8, 19, 53	-1,889	-1,729	9.3
Income from service contracts		149	118	26.3
Expenses from service contracts		-131	-99	32.3
Net income from service contracts	5, 20	18	19	-5.3
Provision for credit risks	8, 21, 53	-296	-233	27.0
Fee and commission income		181	150	20.7
Fee and commission expenses		-139	-95	46.3
Net fee and commission income	5, 22	42	55	-23.6
Net gain or loss on hedges	8, 23	-101	-40	X
Net gain/loss on financial instruments measured at fair value	8, 21, 53	-3	1	X
General and administrative expenses	5, 10 – 12, 14, 15, 25	-435	-447	-2.7
Other operating income		116	119	-2.5
Other operating expenses		-74	-328	-77.4
Net other operating income/expenses	5, 26	43	-208	X
Operating result		528	460	14.8
Share of profits and losses of equity-accounted investments		35	-44	X
Net gain/loss on miscellaneous financial assets	9, 27	-12	-12	0.0
Other financial gains or losses	28	38	-9	X
Profit before tax		589	396	48.7
Income tax expense	6, 29	-17	-212	-92.0
Profit from continuing operations, net of tax		572	184	X
Profit from discontinued operations, net of tax	2	-	298	-100.0
Profit after tax		572	482	18.7
Profit after tax attributable to noncontrolling interests		3	13	-76.9
Profit after tax attributable to Volkswagen AG		568	469	21.1

Statement of Comprehensive Income

of the Volkswagen Financial Services Overseas AG Group

€ million	Note	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
Profit after tax		572	482
Pension plan remeasurements recognized in other comprehensive income	14, 45		
Pension plan remeasurements recognized in other comprehensive income, before tax		0	39
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	6, 29	-1	-10
Pension plan remeasurements recognized in other comprehensive income, net of tax		0	30
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	8	-	-
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		0	30
Exchange differences on translating foreign operations	4		
Gains/losses on currency translation recognized in other comprehensive income		-255	-161
Transferred to profit or loss		-	304
Exchange differences on translating foreign operations, before tax		-255	142
Deferred taxes relating to exchange differences on translating foreign operations	6, 29	-	-
Exchange differences on translating foreign operations, net of tax		-255	142
Hedging transactions	8		
Fair value changes recognized in other comprehensive income (OCI I)		-68	191
Transferred to profit or loss (OCI I)		-10	-12
Cash flow hedges (OCI I), before tax		-79	179
Deferred taxes relating to cash flow hedges (OCI I)	6, 29	34	-75
Cash flow hedges (OCI I), net of tax		-45	103
Fair value changes recognized in other comprehensive income (OCI II)		-	-
Transferred to profit or loss (OCI II)		-	-
Cash flow hedges (OCI II), before tax		-	-
Deferred taxes relating to cash flow hedges (OCI II)	6, 29	-	-
Cash flow hedges (OCI II), net of tax		-	-
Fair value valuation of debt instruments that may be reclassified to profit or loss	8		
Fair value changes recognized in other comprehensive income		-	-3
Transferred to profit or loss		-	8
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax		-	6
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss	6, 29	-	-2
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax		-	4
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax		-8	105
Items that may be reclassified to profit or loss		-307	355
Other comprehensive income, before tax		-341	471
Deferred taxes relating to other comprehensive income		33	-86
Other comprehensive income, net of tax		-307	385
Total comprehensive income		264	867
Total comprehensive income attributable to noncontrolling interests		-2	1
Total comprehensive income attributable to Volkswagen AG		266	866

€ million	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024
Breakdown of total comprehensive income attributable to Volkswagen AG	266	866
Continuing operation	266	308
Discontinued operation	–	559

Balance Sheet

of the Volkswagen Financial Services Overseas AG Group

€ million	Note	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Change in percent
Assets				
Cash reserve	7, 31, 53 – 57, 60 – 61	84	320	–73.8
Loans to and receivables from banks	8, 32, 53 – 61	1,316	1,160	13.4
Loans to and receivables from customers attributable to				
Retail financing		18,795	19,125	–1.7
Dealer financing		4,336	4,421	–1.9
Leasing business		1,235	1,124	9.9
Other loans and receivables		375	658	–43.0
Total loans to and receivables from customers	8, 12, 33, 53 – 59, 61	24,740	25,327	–2.3
Derivative financial instruments	8, 34, 53 – 57, 61 – 62	109	277	–60.6
Marketable securities	8, 53 – 59, 61	0	0	0.0
Equity-accounted investments	2, 35	103	95	8.4
Miscellaneous financial assets	9, 53 – 57	110	87	26.4
Intangible assets	10, 36	212	230	–7.8
Property and equipment	11 – 12, 37	40	45	–11.1
Assets leased out	12, 64	2,809	2,455	14.4
Investment property	12 – 13, 38, 64	5	1	X
Deferred tax assets	6, 39	507	500	1.4
Current tax assets ¹	6, 53 – 57, 59	145	171	–15.2
Other assets ¹	12, 40, 44, 53 – 57, 59	944	710	33.0
Total		31,123	31,378	–0.8

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

€ million	Note	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Change in percent
Equity and Liabilities				
Liabilities to banks	8, 42, 53 – 57, 60 – 61	13,436	14,075	-4.5
Liabilities to customers	8, 42, 53 – 57, 60 – 61	3,733	3,315	12.6
Notes, commercial paper issued	8, 43, 53 – 58, 60 – 61	8,667	8,599	0.8
Derivative financial instruments	8, 44, 53 – 57, 60 – 62	82	21	X
Provisions for pensions and other post-employment benefits	14, 45	10	11	-9.1
Other provisions	16, 46, 65	116	131	-11.5
Deferred tax liabilities	6, 47	211	173	22.0
Current tax liabilities ¹	6, 53 – 57	208	227	-8.4
Other liabilities ¹	48, 53 – 57, 60	701	729	-3.8
Subordinated capital	8, 49, 53 – 57, 60 – 61	94	107	-12.1
Equity	51	3,865	3,990	-3.1
Subscribed capital		441	441	–
Capital reserves		2	2	–
Retained earnings		4,432	4,265	3.9
Other reserves		-1,124	-822	36.7
Equity attributable to noncontrolling interests		113	103	9.7
Total		31,123	31,378	-0.8

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

Statement of Changes in Equity

of the Volkswagen Financial Services Overseas AG Group

€ million	OTHER RESERVES										Total equity
	Subscribed capital	Capital reserves	Retained earnings	Currency translation	Hedging transactions		Equity and debt instruments	Equity-accounted investments	Non-controlling interests		
					Cash flow hedges (OCI I)	Deferred hedging costs (OCI II)					
Balance as of Jan. 1, 2024	441	6,589	16,934	-1,048	-55	-	-4	-82	115	22,891	
Changes due to the corrected recognition of provisions for Time Assets ¹	-	-	-27	-	-	-	-	-	-	-27	
Balance as of Jan. 1, 2024 after corrections	441	6,589	16,907	-1,048	-55	-	-4	-82	115	22,863	
Profit after tax	-	-	469	-	-	-	-	-	13	482	
Other comprehensive income, net of tax	-	-	30	159	98	-	4	105	-12	385	
Total comprehensive income	-	-	499	159	98	-	4	105	1	867	
Capital increases	-	-	-	-	-	-	-	-	2	2	
Profit transferred to/loss assumed by Volkswagen AG ²	-	-	-207	-	-	-	-	-	-	-207	
Distributions of noncash assets due to the derecognition of discontinued operations	-	-6,587	-12,943	0	-	-	-	0	-	-19,530	
Other changes	-	-	9	-	-	-	-	0	-14	-6	
Balance as of Dec. 31, 2024	441	2	4,265	-889	43	-	-	24	103	3,990	
Balance as of Jan. 1, 2025	441	2	4,265	-889	43	-	-	24	103	3,990	
Profit after tax	-	-	568	-	-	-	-	-	3	572	
Other comprehensive income, net of tax	-	-	0	-255	-40	-	-	-8	-5	-307	
Total comprehensive income	-	-	568	-255	-40	-	-	-8	-2	264	
Profit transferred to/loss assumed by Volkswagen AG ²	-	-	-401	-	-	-	-	-	-	-401	
Other changes	-	-	-	-	-	-	-	-	12	12	
Balance as of Dec. 31, 2025	441	2	4,432	-1,143	4	-	-	16	113	3,865	

1 Due to a correction to the recognition of provisions for Time Assets made in the prior year, the figures were restated as of January 1, 2024.

2 The figures are the share of earnings attributable to Volkswagen AG in accordance with the HGB.

Further information on equity is presented in note (51).

Cash Flow Statement

of the Volkswagen Financial Services Overseas AG Group

€ million	Jan. 1 – Dec. 31, 2025	Jan. 1 – Dec. 31, 2024 ¹
Profit before tax	589	1,007
Depreciation, amortization, impairment losses and reversals of impairment losses	364	3,312
Change in provisions	-16	-41
Change in other noncash items	149	-29
Loss on disposal of financial assets and items of property and equipment	0	256
Net interest expense and dividend income	-916	-1,012
Other adjustments	-2	-10
Change in loans to and receivables from banks	17	32
Change in loans to and receivables from customers	-391	894
Change in lease assets	-674	-4,938
Change in other assets related to operating activities	-257	119
Change in liabilities to banks	-232	-521
Change in liabilities to customers	309	-444
Change in notes, commercial paper issued	364	2,939
Change in other liabilities related to operating activities	163	63
Interest received	2,802	4,775
Dividends received	7	7
Interest paid	-1,893	-3,770
Income taxes paid	-138	-236
Cash flows from operating activities	245	2,404
Proceeds from disposal of investment property	-	6
Acquisition of investment property	-	-
Proceeds from disposal of subsidiaries, joint ventures and associates	0	56
Acquisition of subsidiaries, joint ventures and associates	-33	-343
Proceeds from disposal of other assets	1	-52
Acquisition of other assets	-26	-43
Change in investments in marketable securities	0	30
Cash flows from investing activities	-58	-347
Proceeds from changes in capital	-	-
Distribution to Volkswagen AG	-	-
Profit transferred to/loss assumed by Volkswagen AG	-207	311
Change in cash funds attributable to subordinated capital	-12	-47
Repayment of liabilities arising from leases	-8	-14
Cash flows from financing activities	-227	251
	-	-
Cash and cash equivalents at end of prior period²	1,455	3,457
Changes in basis of consolidation	-	-4,256
Cash flows from operating activities	245	2,404
Cash flows from investing activities	-58	-347
Cash flows from financing activities	-227	251
Effect of exchange rate changes	-26	-54
Cash and cash equivalents at end of period²	1,390	1,455

¹ The cash flows presented for the prior year 2024 include discontinued operations. Disclosures on the cash flow statement are presented in note (66).

Notes to the Consolidated Financial Statements

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

General Information

Volkswagen Financial Services Overseas Aktiengesellschaft (VW FS Overseas AG, which operated under the name Volkswagen Financial Services Aktiengesellschaft until June 30, 2024), has the legal form of an Aktiengesellschaft (German stock corporation). It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 3790).

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

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

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

Basis of Presentation

In the previous year, the comprehensive restructuring program for the former Volkswagen Financial Services Overseas AG and Volkswagen Bank GmbH subgroups was successfully completed within the Volkswagen Group. As of July 1, 2024, as part of the restructuring, the interests in all German and European companies, including their respective subsidiaries and investees, as well as other assets and liabilities of the VW FS Overseas AG subgroup were transferred to Volkswagen Financial Services AG (operating as Volkswagen Financial Services Europe AG until June 30, 2024), which is supervised by the European Central Bank. VW FS Overseas AG is the holding company that manages the non-European subsidiaries. As a wholly owned subsidiary of Volkswagen AG, it remains an integral part of the Volkswagen Group. The spin-offs did not involve the payment of a purchase price and were reported as distributions of noncash assets to the parent company, Volkswagen AG. The companies spun off in the previous year as well as the assets and liabilities were classified as discontinued operations in accordance with IFRS 5. In the income statement of the VW FS Overseas AG Group, in accordance with IFRS regulations, continuing operations are thus presented separately as far as the income statement item "Profit from continuing operations, net of tax" and discontinued operations as far as the income statement item "Profit from discontinued operations, net of tax". In the previous year, the income statement item "Profit from discontinued operations, net of tax" amounted to €298 million and included the profit after tax of the spun-off companies between January 1 and June 30, 2024, the assets and liabilities of discontinued operations and the (gain)/loss on disposal of the discontinued operations as

of July 1, 2024. As the restructuring was already completed in 2024, the income statement item “Profit from discontinued operations, net of tax” shows the prior-year figure.

As of the reporting date, VW FS Overseas AG is not a publicly traded share capital company within the meaning of section 264d of the *Handelsgesetzbuch* (HGB – German Commercial Code) and does not have the status of a public-interest entity pursuant to section 316a of the HGB. Therefore, VW FS Overseas AG has voluntarily applied international accounting standards in preparing its consolidated financial statements pursuant to section 315e(3) of the HGB. VW FS Overseas AG prepared its consolidated financial statements for the year ended December 31, 2025 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 315e(3) sentence 2 in conjunction with section 315e(1) of the HGB. All IFRSs issued by the International Accounting Standards Board (IASB) up to December 31, 2025 for which mandatory application was required in fiscal year 2025 in the EU have been taken into account in these consolidated financial statements.

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

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

The Board of Management completed the preparation of these consolidated financial statements on March 3, 2026 and released them for submission to the Supervisory Board for approval and subsequent publication. This date marked the end of the period in which adjusting events after the reporting period were recognized.

Changes to Prior-Year Figures

This section explains the changes to prior-year figures. In addition to the adjustments explained in this section, further retrospective corrections of information were made. They are described in notes (55), (56) and (60) with explanations in the text or footnotes of tables.

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

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

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

takes into account the different characteristics of intragroup tax allocations as financial assets and liabilities in the balance sheet presentation. The voluntary change in the balance sheet presentation therefore increases the informative value and decision-usefulness of the consolidated financial statements. Disclosures relating to the changed balance sheet items have been adjusted together with their prior-year figures in notes (40), (41), (48), (50), (54), (55), (56), (57), and (60).

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

€ million	Dec. 31, 2024 prior to changes	Change in balance sheet presentation due to reclassification of intragroup income tax allocations	Dec. 31, 2024 restated
Assets			
Current tax assets	186	-15	171
Other assets	694	15	710
Total	31,378	-	31,378
Equity and liabilities			
Current tax liabilities	650	-423	227
Other liabilities	306	423	729
Total	31,378	-	31,378

Effects of New and Revised IFRSs

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

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

The amended provisions do not materially affect the VW FS Overseas AG Group's financial position and financial performance.

New and Revised IFRSs Not Applied

VW FS Overseas AG has not applied in its 2025 consolidated financial statements the following financial reporting standards that have been issued by the IASB as of December 31, 2025 but were not yet subject to mandatory application in the year under review.

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

¹ Requirement for initial application from the VW FS Overseas AG perspective

² Slight amendments to a number of IFRS standards (IFRS 1, IFRS 7, IFRS 9, IFRS 10 und IAS 7).

Accounting Policies

1. Basic principles

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

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

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

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

2. Basis of consolidation

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

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

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

COMPOSITION OF THE VW FS OVERSEAS AG GROUP

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

	Dec. 31, 2025	Dec. 31, 2024
VW FS Overseas AG and consolidated subsidiaries		
Germany	1	1
International	28	28
Subsidiaries recognized at cost		
Germany	–	–
International	18	14
Associates, equity-accounted joint ventures		
Germany	–	–
International	2	2
Associates, joint ventures and equity investments recognized at cost		
Germany	–	–
International	3	4
Total	52	49

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

The changes in the composition of the VW FS Overseas AG Group in the reporting year shown in the table above are explained below:

During the current fiscal year, VW FS Overseas AG acquired further shares amounting to 10% in the previous joint venture Porsche Volkswagen Servicios Financieros Chile S.p.A., Santiago de Chile, for a purchase price of €2 million from Porsche Bank AG, Salzburg, a Volkswagen Group company. The purchase price was paid in cash. By increasing its holding to a total of 60%, VW FS Overseas AG now controls Porsche Volkswagen Servicios Financieros Chile S.p.A. and its subsidiary Porsche Volkswagen Corredores de Seguros Chile S.p.A., Santiago de Chile. In addition, Volkswagen Finance Overseas B.V., Amsterdam, a subsidiary of VW FS Overseas AG, acquired 60% of the shares in Porsche Movilidad Colombia S.A.S., Bogotá, for a purchase price of €4 million from Porsche Bank AG. The purchase price was also paid in cash. With the acquisition of the shares, Volkswagen Finance Overseas B.V. controls the company. For reasons of materiality, the three companies are not consolidated.

The consolidated Dutch subsidiary Volkswagen Finance Overseas HoldCo B.V., Amsterdam, was merged with the likewise consolidated Dutch subsidiary Volkswagen Finance Overseas B.V., Amsterdam.

Together with two other shareholders, BNP Paribas Cardif S.A., Paris, and Sichuan Silver Mi Technology Co., Ltd., Sichuan, VW FS Overseas AG formed the Chinese company Beijing Cardif Airstar Property & Casualty Insurance Co., Ltd., Beijing. With an interest of 18%, VW FS Overseas AG exercises a significant influence over the new company. The investment serves to gain access to the Chinese insurance market. For reasons of materiality, the interest in the associate is not accounted for using the equity method.

Volkswagen Insurance Brokers Taiwan Co., Ltd., Taipei, was formed as a wholly owned subsidiary of Volkswagen Financial Services Taiwan Ltd., Taipei. For reasons of materiality, the entity is not consolidated.

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

The additions and disposals of special purpose entities in 2025 were as follows:

Additions:

- > Driver Australia eleven Trust
- > Driver China Sixteen Auto Loan Securitisation Trust
- > FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS DRIVER MASTER BRASIL I – Responsabilidade Limitada

Disposals:

- > Driver Australia seven Trust
- > Driver China Fourteen Auto Loan Securitization Trust

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

OTHER DISCLOSURES ON SUBSIDIARIES UNDER IFRS 12

Some subsidiaries hold assets in the form of cash, usability of which is limited within the Group on account of contractual or regulatory provisions. These assets in the amount of €74 million (previous year: €78 million) are reported as “Restricted cash” under the “Other assets” balance sheet item.

DISCLOSURES ON JOINT VENTURE UNDER IFRS 12

The equity-accounted joint ventures VDF Servis ve Ticaret A.S., Istanbul, and Volkswagen Financial Services South Africa (Pty) Ltd., Sandton, were classified as material joint ventures of the VW FS Overseas AG Group and therefore are presented separately. They run the financial services business in the respective countries and thus help to promote vehicle sales in the Volkswagen Group.

The VDF Servis ve Ticaret A.S.

The VDF Servis ve Ticaret A.S. Group, with its registered office in Istanbul, Turkey, is a financial services provider offering financing, leasing and insurance products for Volkswagen Group vehicles to business and private customers in Turkey. The VW FS Overseas AG Group and its partner in this joint venture, Doğu Otomotiv Servis ve Ticaret A.S., have entered into an agreement for a long-term strategic partnership.

Volkswagen Financial Services South Africa (Pty) Ltd.

Volkswagen Financial Services South Africa (Pty) Ltd., with its registered office in Sandton, South Africa, is a financial services provider offering financing and leasing products for Volkswagen Group vehicles to business and private customers in South Africa. The VW FS Overseas AG Group and its partner in this joint venture, FirstRand Investments Holdings Proprietary Limited, have entered into an agreement for a long-term strategic partnership.

The following table summarizes the financial information for the material joint ventures on a 100% basis:

€ million	VDF SERVİS VE TİCARET A.S. (TÜRKİYE)		VOLKSWAGEN FINANCIAL SERVICES SOUTH AFRICA (PTY) LTD. (SOUTH AFRICA)	
	2025	2024	2025	2024
Shareholding (percent)	51%	51%	51%	51%
Loans to and receivables from banks	93	77	192	171
Loans to and receivables from customers	859	752	2,169	1,879
Lease assets	278	336	13	1
Other assets	72	79	12	60
Total	1,303	1,243	2,386	2,111
of which: noncurrent assets	806	562	1,147	1,179
of which: current assets	497	681	1,240	932
of which: cash	93	77	192	171
Liabilities to banks	812	789	688	544
Liabilities to customers	74	85	9	19
Notes, commercial paper issued	–	–	1,495	1,370
Other liabilities	89	61	27	27
Equity	329	308	167	150
Total	1,303	1,243	2,386	2,111
of which: noncurrent liabilities	34	37	1,406	1,235
of which: noncurrent financial liabilities	–	17	1,394	1,223
of which: current liabilities	941	899	813	726
of which: current financial liabilities	885	858	797	683
Income	712	837	252	264
of which: interest income	545	467	227	246
Expenses	–640	–923	–220	–244
of which: interest expense	–312	–333	–164	–178
of which: depreciation and amortization	–6	–6	–1	0
Profit/loss from continuing operations, before tax	72	–85	33	20
Income tax expense or income	–33	–16	–3	–3
Profit/loss from continuing operations, net of tax	39	–102	30	16
Profit/loss from discontinued operations, net of tax	–	–	–	–
Other comprehensive income, net of tax	–1	–5	–	–
Total comprehensive income	38	–107	30	16
Dividends received	–	–	8	9

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

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

€ million	VDF SERVIS VE TICARET A.S. (TÜRKİYE)	VOLKSWAGEN FINANCIAL SERVICES SOUTH AFRICA (PTY) LTD. (SOUTH AFRICA)
2024		
Equity of the joint venture as of Jan. 1, 2024	321	146
Profit/loss	-102	16
Other comprehensive income	103	-
Change in share capital	-	-
Exchange differences on translating foreign operations	-13	6
Dividends	-	18
Equity of the joint venture as of Dec. 31, 2024	308	150
Share of equity	157	77
Impairment/other	-118	-21
Carrying amount of the share of equity as of Dec. 31, 2024	39	56
2025		
Equity of the joint venture as of Jan. 1, 2025	308	150
Profit/loss	39	30
Other comprehensive income	-1	-
Change in share capital	-	-
Exchange differences on translating foreign operations	-16	2
Dividends	-	15
Equity of the joint venture as of Dec. 31, 2025	329	167
Share of equity	168	85
Impairment/other	-118	-32
Carrying amount of the share of equity as of Dec. 31, 2025	50	53

The IFRS equity of the joint venture VDF Servis ve Ticaret A.S., Türkiye, was determined as of December 31, 2025 and December 31, 2024 in line with the requirements of IAS 29.

There were no unrecognized losses relating to interests in joint ventures.

Cash attributable to joint ventures amounting to €142 million (previous year: €141 million) was pledged as collateral in connection with ABS transactions and was therefore not available to the VW FS Overseas AG Group.

There are no irrevocable credit commitments and financial guarantees to joint ventures or associates.

3. Consolidation methods

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

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

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

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

The acquisition method of accounting described in IFRS 3 is not applied if the subsidiaries being consolidated for the first time are the result of a business combination under the common control of a superordinate parent company, e.g. Volkswagen AG. Instead, the Group applies the predecessor accounting method under which the existing consolidated carrying amounts of assets and liabilities are continued. For this reason, the consolidation of these subsidiaries cannot result in either goodwill or badwill. Any difference between the acquired net assets and any transferred considerations is recognized outside profit and loss in retained earnings at the time of inclusion in the consolidation process.

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

4. Currency translation

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

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

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

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

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

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

	€1 =	BALANCESHEET , MIDDLE SPOT RATE ON DEC. 31		INCOME STATEMENT , AVERAGE RATE	
		2025	2024	2025	2024
Australia	AUD	1.75715	1.67610	1.75156	1.64013
Brazil	BRL	6.43495	6.43140	6.30767	5.82618
Denmark ¹	DKK		–		7.45805
United Kingdom ¹	GBP		–		0.85455
Japan	JPY	183.97500	163.23000	168.98701	163.82257
Mexico	MXN	21.10080	21.58915	21.67638	19.82192
Poland ¹	PLN		–		4.31739
Republic of Korea	KRW	1,695.30500	1,534.32000	1,605.67518	1,475.43597
Russia ¹	RUB		–		98.08337
Sweden ¹	SEK		–		11.39137
Taiwan	TWD	36.78495	34.10110	35.17111	34.74228
Czech Republic ¹	CZK		–		25.02057
People's Republic of China	CNY	8.22490	7.59860	8.11757	7.78612

¹ For these currencies, the average rates quoted for 2024 correspond to the unweighted average rates for the first half of 2024.

5. Revenue and expense recognition

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

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

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

Gains from the sale of used vehicles are recognized when the buyer has acquired the title to the vehicle concerned. The gains are reported under income from leasing transactions, provided that the used vehicles were accounted for under operating leases prior to sale. The expenses that are incurred in connection with the disposal of the used vehicles from previous operating leases are recognized under depreciation, impairment losses and other expenses from operating leasing transactions. If the used vehicles sold originate from previously recognized lending transactions or finance leases, the income is reported in other operating income and the associated expenses from the disposal of the used vehicles are reported in other operating expenses.

In the case of service contracts, such as maintenance or inspection agreements, revenue is recognized on either a percentage-of-completion or straight-line basis, depending on the type of service performed. Percentage of completion is normally calculated by considering the services provided up to the reporting date as a proportion of the total anticipated services (output-based). If the customer pays for services in advance, the Group recognizes a corresponding contractual liability until the relevant service is performed. Revenue is recognized on a straight-line basis, provided that the service is provided at a

constant level over the term of the contract or that the commitment applicable over the entire term of the contract can be utilized without warning at any time.

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

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

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

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

6. Income taxes

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

Deferred tax assets are recognized if it is probable that in the future sufficient taxable profits will be generated in the same tax unit against which the deferred tax assets can be utilized. No deferred tax assets are recognized in the year of formation if their recovery is not likely within a reasonable period. If it is no longer likely that deferred tax assets recognized in previous years will be recovered within a reasonable period, valuation allowances are applied.

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

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

The effects of the changes to the Corporate Income Tax Act in Germany and the introduction of global minimum taxation are included in the disclosures in note (29) Income tax expense.

7. Cash reserve

The cash reserve is carried at the nominal amount.

8. Financial instruments

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

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

IFRS 9 breaks down financial assets into the following categories:

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

Financial liabilities are classified using the following categories:

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

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

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

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

FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTIZED COST

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

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

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

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

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

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

accordance with the effective interest method and foreign currency gains or losses, are immediately recognized in profit or loss.

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

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

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

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

The VW FS Overseas AG Group recognizes financial assets that represent an equity instrument and are not held for trading purposes in the measurement category of financial assets measured at fair value through other comprehensive income (equity instruments). The equity instruments are measured at fair value through other comprehensive income in exercise of the fair-value-through-OCI option. The accumulated gains or losses from remeasurement are transferred on derecognition to retained earnings and not to the income statement (i.e. they are not reclassified to profit or loss).

LOANS AND RECEIVABLES

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

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

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

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

The accounting policies relating to receivables from customers attributable to the leasing business in the VW FS Overseas AG Group are described in note (12) Leases.

MARKETABLE SECURITIES

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

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments comprise derivatives designated as hedging instruments and derivatives not designated as hedging instruments. All derivatives are measured at fair value and are presented separately in notes (34) and (44).

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

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

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

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

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

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

Interest income or interest expense related to derivatives designated as balance sheet hedges is reported in the income statement item in which the interest income or interest expense related to the hedged item is reported. Interest income or interest expense related to derivatives used for economic hedging that do not meet the requirements of designation as hedging instruments is also reported in the income statement item in which the interest income or interest expense related to the financial assets and liabilities or the hedged item is presented.

PROVISION FOR CREDIT RISKS

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

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

Financial assets are subject to credit risks, which are taken into account by recognizing valuation allowances in the amount of the expected loss; such valuation allowances are recognized both for

financial assets with objective evidence of impairment and for non-impaired financial assets. These allowances are posted to separate valuation allowance accounts.

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

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

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

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

Both historical information, such as average historical default probabilities for each portfolio, and forward-looking information, such as macroeconomic factors and trends (e.g. rate of change for gross domestic product, unemployment rate), linked to expected credit losses, are used to determine the measurement parameters for calculating the provision for credit risks. To model the measurement parameters, calculations are carried out for various probability-weighted scenarios using region-specific macroeconomic factors. The calculation to determine whether the credit risk has increased significantly at the reporting date generally takes into account the maturity of the agreement.

The credit risk expected for the reporting date on the date of initial recognition is compared against the actual credit risk on the reporting date on the basis of the 12-month probability of default (PD). For the purposes of the comparison, the expected PD for the reporting date is determined by taking into account the maturity. Depending on the internal risk management models applied, threshold values are specified for expected credit risk using statistical methods and expert assessments, taking into account transaction-specific variables (such as maturity, payment record and credit process). A credit risk higher than the threshold value indicates a significant increase in credit risk. Depending on specific regional circumstances, qualitative factors may also be used to determine a significant increase in credit risk. This includes the addition of contracts to a watchlist for customers with loans subject to intensified loan management. Generally, credit risk is assumed to have increased significantly at the latest if payments are past due by more than 30 days unless the financial assets have already been allocated to Stage 3 because of other objective evidence of impairment or, as a consequence of a substantial contractual modification, they are added to Stage 1 again at the reporting date despite payments being past due.

A financial asset for which the credit risk is determined to be very low at the reporting date can normally be allocated to Stage 1. In the VW FS Overseas AG Group, largely in the capital markets business, a very low credit risk can be assumed if the financial asset is classified as investment grade.

According to the definition of default used by the VW FS Overseas AG Group, there is deemed to be objective evidence of impairment if a number of situations arise, such as payment delayed by more than 90 days, the initiation of enforcement measures, the threat of insolvency or over-indebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures.

If necessary, additional valuation allowances (post-model adjustments) are recognized on a country-specific basis in the provision for credit risks where certain standard models and processes implemented – including the credit risk parameters applied – do not fully reflect the uncertainties in the global economy and it is judged appropriate to include other aspects in making assessments about the future. In these cases, all available sufficiently reliable information and the macroeconomic factors relevant to the assessment are factored in to establish the additional valuation allowances due to uncertainties.

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

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

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

Disclosures relating to the provision for credit risks are presented separately in notes (21) and (59).

MODIFICATIONS

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

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

If a modification is not significant, the gross carrying amount of the financial asset or financial liability must be adjusted such that the gross carrying amount after modification reflects the modified cash flows discounted with the original effective interest rate, including all the costs incurred as a result of the modification of the agreement. The old financial asset or financial liability is therefore not

derecognized and there is no recognition of a new asset or liability. The difference between the gross carrying amount before and after modification is the modification gain or loss. If a significant increase in credit risk is determined as part of a non-significant modification of a financial asset subject to the general approach (see section “Provision for credit risks”), the asset is allocated to Stage 2.

LIABILITIES

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

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

9. Miscellaneous financial assets

Shares in unconsolidated subsidiaries and interests in unconsolidated joint ventures and associates are reported as miscellaneous financial assets.

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

10. Intangible assets

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

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

At every reporting date, intangible assets with finite useful lives are tested to establish whether there are any indications of impairment. An appropriate impairment loss is recognized if a comparison shows that the recoverable amount for the asset is lower than its carrying amount.

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

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

The recoverable amount of goodwill is derived from the value in use for the relevant cash-generating unit, which is determined using the discounted cash flow method. The basis is the latest planning data

prepared by management for a planning period of five years, with growth in subsequent years estimated using a flat rate percentage. This planning is based on expectations regarding future global economic trends, trends in the overall markets for passenger cars and commercial vehicles and on assumptions derived from these trends about financial services, taking into account market penetration, risk costs and margins. Information about the assumptions made in the detailed planning period is presented in the disclosures regarding management's material estimates and assumptions. Additional details are included in the report on expected developments, which forms part of the management report. Planning assumptions are adjusted in line with the latest available information.

The calculation of cash flows is based on the forecast growth rates for the relevant markets. Cash flows after the end of the planning period are generally estimated using a growth rate of 1% p.a. (previous year: 1% p.a.). The interest rate used is based on the long-term market interest rate relevant to each cash-generating unit (regions or markets). If necessary, the standard cost of equity rate for the Group is also adjusted using discount factors specific to the country and business concerned. The interest rates used are disclosed in note (36).

11. Property and equipment

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

Depreciation on assets reported under property and equipment is based mainly on the following useful lives:

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

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

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

The property and equipment line item on the balance sheet also includes right-of-use assets in connection with leases in which the VW FS Overseas AG Group is the lessee. The accounting policies for these right-of-use assets are set out in note (12) Leases within the subsection covering the Group as lessee.

12. Leases

GROUP AS LESSOR

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

Lease income and lease expenses that the Group generates or incurs as a lessor are recognized under income from leasing transactions and depreciation, impairment losses and other expenses from leasing transactions in the income statement and are explained in note (18) Net Income from Leasing Transactions. Net income from leasing transactions largely consists of the following components: revenue from operating leases, interest income from finance leases, gains and expenses from the disposal of used ex-lease vehicles, and depreciation and impairment losses in respect of lease assets.

A finance lease is a lease that transfers material risks and rewards to the lessee. Where residual value guarantees are agreed, residual value risks are passed to the residual value guarantor. In the consolidated balance sheet, receivables from finance leases are reported within loans to and receivables from customers and the net investment in the lease generally equates to the cost of the lease asset. Interest income from these transactions is reported under leasing income in the income statement. The interest paid by the customer is allocated so as to produce a constant periodic rate of interest on the remaining balance of the lease receivable.

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

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

The VW FS Overseas AG Group takes full account of the credit risk arising in connection with lease receivables by recognizing loss allowances in accordance with the provisions specified in IFRS 9. The accounting policies covering loss allowances for the credit risk on lease receivables are included in note (8) Financial Instruments in the subsection addressing the provision for credit risks.

GROUP AS LESSEE

The right-of-use asset for leases in which the VW FS Overseas AG Group is the lessee is depreciated on a straight-line basis over the term of the lease. The depreciation expense is reported under general and administrative expenses. The allocation of the depreciation amounts for right-of-use assets to the categories "Right of use on land, land rights and buildings incl. buildings on third party land" and "Right of use on other equipment, operating and office equipment" is shown in note (64) Leases. In the subsequent measurement of the lease liability, the carrying amount is updated using the effective

interest method and taking into account the lease payments made. The interest expenses arising from the application of the effective interest method are reported under interest expenses in the income statement.

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

Lease liabilities are carried at the present value of the lease payments. Exemptions are provided for short-term leases and leases in which the underlying asset is of low value.

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

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

13. Investment property

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

14. Provisions for pensions and other post-employment benefits

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

The VW FS Overseas AG Group provides occupational pensions in the form of both defined contribution and defined benefit plans. In the case of defined contribution plans, the Company makes contributions to state or private pension schemes based on statutory or contractual requirements, or on a voluntary basis. Once the contributions have been paid, the VW FS Overseas AG Group has no further obligations. Current contributions are recognized as pension expenses of the period concerned. In 2025, they amounted to a total of €3 million (previous year: €28 million) in the VW FS Overseas AG Group. Contributions to the compulsory state pension system in Germany amounted to €0 million (previous year: €21 million).

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

The pension provisions for defined benefit commitments are measured by independent actuaries using the internationally accepted projected unit credit method in accordance with IAS 19. This means

that the future obligations are measured on the basis of the proportionate benefit entitlements earned as of the reporting date. The measurement of pension provisions takes into account actuarial assumptions regarding discount rates, salary and pension trends, life expectancy and employee turnover rates, which are determined for each Group company depending on the economic environment.

Detailed disclosures on provisions for pensions and other post-employment benefits are set out in note (45).

15. Other provisions

Under IAS 37, provisions are recognized if a present legal or constructive obligation to a third party has arisen as a result of a past event, it is probable that settlement in the future will result in an outflow of resources embodying economic benefits and the amount of the obligation can be estimated reliably. If an outflow of resources is neither probable nor improbable, the amount concerned is deemed to be a contingent liability. In accordance with IAS 37, this contingent liability is not recognized but disclosed in note (67).

Due to the spin-off of the European operation effective July 1, 2024, which included underwriting provisions associated with the previous insurance business of the VW FS Overseas AG Group, the “Underwriting provisions and other provisions” balance sheet item was renamed “Other provisions”.

Share-based compensation within other provisions and other liabilities comprises payments from the share-based retrospective long-term bonus and payments based on performance shares, i.e. remuneration plans that are settled in cash on the basis of Volkswagen AG preferred shares and recognized at fair value in accordance with IFRS 2. Fair value is recognized as remuneration expense over the vesting period and is reported as part of personnel expenses in general and administrative expenses in the income statement. Further disclosures on share-based payment can be found in note (68) Share-based payment.

The remuneration expense is treated as part of personnel expenses within general and administrative expenses reported in the income statement.

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

Income from the reversal of other provisions is generally recognized in the income statement item or net income item in which the associated expense was recognized in previous fiscal years. Provisions that are not associated with an outflow of resources within one year are recognized at their settlement amount discounted to the reporting date using market discount rates. An average discount rate of 2.58% (previous year: 2.61%) was used in the eurozone. The settlement amount also includes expected cost increases.

16. Estimates and assumptions by management

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

Assumptions and estimates are based on the latest available information. The circumstances prevailing at the time the consolidated financial statements are prepared and future trends in the global and sector environment considered to be realistic are taken into account in the projected future performance of the business. Management’s estimates and judgments have been made on the basis of

assumptions relating, in particular, to macroeconomic trends as well as trends in automotive markets, financial markets and the legal framework.

The planning assumption in respect of global economic development is that global economic output will grow at a similar pace in 2026 to that of 2025. Falling inflation in major economic regions and the gradual easing of monetary policy as a result are expected to boost consumer demand. Risks are expected to arise from increasing fragmentation of the global economy, protectionist tendencies and turbulence in the financial, energy and raw materials markets, and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are constraining growth prospects; risks stem in particular from the Russia-Ukraine conflict and the confrontations in the Middle East, as well as from growing uncertainties regarding the economic policy stance of the USA and the global increase of geoeconomic measures which could further exacerbate geopolitical tensions. It is assumed that the advanced economies will exhibit a similar level of growth on average and that the emerging markets will grow at a slightly slower pace than in the reporting period. The general expectation is that the global economy will continue on a path of stable growth through 2030.

These assumptions suggest that automotive financial services – coupled with vehicle market trends – will prove highly important to global vehicle sales in 2026. Demand is expected to rise in emerging markets where market penetration has so far been low. Regions with more established automotive financial services markets will probably see a continuation of the trend towards achieving mobility at the lowest possible total cost. Integrated end-to-end solutions, which include mobility-related service modules such as insurance and innovative packages of services, are likely to become ever more important. Additionally, it is assumed that demand will increase for new forms of mobility, such as rental and car subscription services. Dealers will remain important strategic partners. The seamless integration of financial services into the online vehicle offering will become increasingly important. We assume that this trend will also persist in the years 2027 to 2030.

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

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

New registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes are expected to be at the previous year's level in 2026 in the markets of relevance for the Volkswagen Group, with some regions experiencing a bigger change than others.

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

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

transport. In addition, new mobility solutions will change the traditional perception of owning a vehicle. As a result, mobility is being redefined in many respects.

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

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

As future business performance is subject to unknown factors that, in part, lie outside the control of the Group, assumptions and estimates continue to be subject to considerable uncertainty. If changes in parameters are different from the assumptions and beyond any influence that can be exercised by management, the amounts actually arising could differ from the estimated values originally forecast. If actual performance varies with the forecasts, the assumptions and, where necessary, the carrying amounts of the assets and liabilities concerned are adjusted accordingly.

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

RECOVERABLE AMOUNT OF LEASE ASSETS

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

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

LEASE TERM IN LESSEE ACCOUNTING

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

FINANCIAL INSTRUMENTS

The procedure for determining the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. When possible, these estimates take into account the latest market data as well as rating classes and scoring information derived from empirical values and combined with forward-looking parameters. Estimates and assumptions by management of future events are required for the determination of country-specific additional valuation allowances due to uncertainties. Further information on determining valuation allowances can be found in the disclosures on the provision for credit risks (notes 8 and 59).

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

INCOME FROM SERVICE CONTRACTS

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

PROVISIONS

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

The measurement of pension provisions is based on actuarial assumptions regarding discount rates, salary and pension trends, and employee turnover rates, which are determined for each group company depending on the economic environment. Further information about the assumptions applied in relation to provisions for pensions and other post-employment benefits can be found in notes (14) and (45).

In the case of other provisions, expected values are used as the basis for measurement, which means that changes are made on a regular basis, involving either additions to the provisions or the reversal of unused provisions. Changes in the estimates of the amounts for other provisions are always recognized in profit or loss. The recognition and measurement of provisions for litigation and legal risks included within other provisions requires making predictions with regard to court decisions and the outcome of legal proceedings. Each case is individually assessed on its merits based on developments in the proceedings, the company's past experience in comparable situations and evaluations made by experts and lawyers. Further information about the assumptions applied in relation to other provisions can be found in note (15).

RECOVERABLE AMOUNT OF NONFINANCIAL ASSETS, JOINT VENTURES AND ASSOCIATES

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

DEFERRED TAX ASSETS AND UNCERTAIN INCOME TAX ITEMS

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

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

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

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

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

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

Income Statement Disclosures

17. Interest income from lending transactions and marketable securities

Interest income from lending transactions and marketable securities includes interest income from customer and dealer financing transactions, interest income and expenses on derivatives used to hedge financial assets outside the leasing business and other interest income.

The interest income from financial assets measured at amortized cost included in interest income from lending transactions and marketable securities is calculated using the effective interest method and amount to €2,663 million (previous year: €2,581 million).

Interest income of €0 million (previous year: interest expense of €0 million) was reported on non-derivative financial assets measured at fair value through profit or loss.

Interest income and expenses on derivatives designated as hedging instruments for hedging financial assets outside of the leasing business result in a net expense of €2 million (previous year: €2 million).

18. Net income from leasing transactions

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

€ million	2025	2024
Leasing income from operating leases	654	591
Interest income from finance leases	136	158
Gains from the disposal of used ex-operating-lease vehicles	622	570
Miscellaneous income from leasing transactions	13	10
Income from leasing transactions	1,424	1,328
Lease assets depreciation and impairment losses	-271	-243
Expenses from the disposal of used ex-operating-lease vehicles	-646	-600
Miscellaneous expenses from leasing transactions	-22	-28
Depreciation, impairment losses and other expenses from leasing transactions	-940	-871
Total	485	457

19. Interest expense

Interest expenses include funding expenses for lending and leasing business.

The interest expenses in an amount of €1,866 million (previous year: €1,793 million) related to financial instruments not measured at fair value through profit or loss.

Interest income and expenses on derivatives not designated as hedging instruments for hedging financial liabilities result in a net expense €-4 million (previous year net expense: €4 million). Interest income and expenses on derivatives designated as hedging instruments for hedging financial liabilities result in a net expense of €19 million (previous year net income: €67 million).

The disclosures relating to the interest expenses for lease liabilities reported under the interest expense line item in the income statement can be found in note (64) Leases.

20. Net income from service contracts

Of the total income recognized for service contracts in the reporting year, an amount of €149 million (previous year: €118 million) related to service contracts requiring the recognition of income at a specific point in time.

Of the income from service contracts recognized in the reporting period, income of €54 million had been included in the contractual liabilities for service contracts as of January 1, 2025. Of the income from continuing operations recognized in the prior year, income of €42 million had been included in the contractual liabilities for service contracts as of January 1, 2024.

21. Provision for credit risks

The provision for credit risks relates to the following balance sheet items: loans to and receivables from banks, loans to and receivables from customers, marketable securities and other assets; in the context of the provision for credit risks in respect of credit commitments and financial guarantees, it also relates to the “Other liabilities” balance sheet item.

The breakdown of the amount recognized in the consolidated income statement is as follows:

€ million	2025	2024
Additions to provision for credit risks	-560	-655
Reversals of provision for credit risks	375	575
Direct write-offs	-175	-207
Income from loans and receivables previously written off	63	53
Net gain or loss from significant modifications	0	0
Total	-296	-233

The additions to the provision for risks and direct write-offs include total expenses from the provision for credit risks from trade receivables amounting to €1 million (previous year: €4 million). Income from reversals of provisions for credit risks relates to trade receivables in the amount of €3 million (previous year: €1 million).

22. Net fee and commission income

Net fee and commission income largely comprises income and expenses from insurance brokerage, together with fees and commissions from the financing business and financial services business. The breakdown is as follows:

€ million	2025	2024
Fee and commission income	181	150
of which commissions from insurance broking	109	99
Fee and commission expenses	-139	-95
of which sales commission from financing business	-70	-64
Total	42	55

23. Net gain or loss on hedges

The “Net gain or loss on hedges” item comprises gains and losses arising from the fair value measurement of hedging instruments and hedged items.

The details of the gains and losses are as follows:

€ million	2025	2024
Fair-Value-Hedges		
Gains/losses from micro fair value hedges		
Gains/losses on hedging instruments	-93	146
Gains/losses on hedged items	-9	-186
Gains/losses from micro fair value hedges	-101	-40
of which ineffectiveness of micro fair value hedges	-101	-40
Cash flow hedges		
Gains/losses from the reclassification of cash flow hedge reserves	11	12
Gains/losses from the conversion of foreign currency loans/receivables and liabilities in cash flow hedges	-11	-12
Gains/losses from the ineffective portion of hedging instruments in cash flow hedges	0	-1
Total	-101	-40

24. Net gain or loss on financial instruments measured at fair value

This item includes the gain/loss on derivatives not designated as hedging instruments and the gain/loss on marketable securities and loans/receivables measured at fair value through profit or loss. Gains and losses arising from changes in the fair value of derivatives that do not satisfy the requirements of IFRS 9 for hedge accounting at the micro level are recognized under gains and losses on derivatives not designated as hedging instruments.

The details of the gains and losses are as follows:

€ million	2025	2024
Gains/losses on derivatives not designated as hedging instruments	-2	1
Gains/losses on marketable securities measured at fair value through profit/loss	-	-
Gains/losses on loans/receivables measured at fair value through profit/loss	-1	0
Total	-3	1

25. General and administrative expenses

The breakdown of general and administrative expenses is shown in the following table:

€ million	2025	2024
Personnel expenses	-149	-153
Non-staff operating expenses	-223	-249
Advertising, public relations and sales promotion expenses	-11	-5
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	-47	-38
Other taxes	-9	-8
Income from the reversal of provisions and accrued liabilities	4	7
Total	-435	-447

The disclosures relating to the expenses from the depreciation of right-of-use assets included in general and administrative expenses and to the expenses from short-term leases and leases in which the underlying asset is of low value can be found in note (64) Leases.

The breakdown and explanation of personnel expenses is set out in the separate note (70) Personnel expenses. The disclosures concerning the total fees paid to the auditor of the consolidated financial statements in accordance with section 314(1) no. 9 of the HGB are made in note (69) Total audit fees of the Group auditors paid to the auditor of the consolidated financial statements.

26. Net other operating income/expenses

The breakdown of the net other operating income/expenses is as follows:

€ million	2025	2024
Gains on the measurement of non-hedge foreign currency loans/receivables and liabilities	0	1
Income from services provided and cost allocations to other entities in the Volkswagen Group	6	3
Income from the reversal of provisions and accrued liabilities	26	41
Income from claims for damages	0	1
Income from the disposal of used vehicles outside operating leases	0	0
Income from non-significant modifications	21	15
Miscellaneous operating income	62	59
Losses on the measurement of non-hedge foreign currency loans/receivables and liabilities	-4	-1
Litigation and legal risk expenses	-21	-22
Expenses from the disposal of used vehicles outside operating leases	-1	-1
Expenses from non-significant modifications	-17	-13
Miscellaneous operating expenses	-31	-291
Total	43	-208

27. Net gain/loss on miscellaneous financial assets

The net gain/loss on miscellaneous financial assets includes dividend income, income and expenses from disposals and net gains or losses arising from the recognition of impairment losses and reversals on shares in unconsolidated subsidiaries, joint ventures and associates.

28. Other financial gains or losses

Other financial gains or losses mainly consist of interest income and interest expenses in connection with tax-related issues, pensions and other provisions.

29. Income tax expense

Income tax expense includes the taxes charged in respect of the Volkswagen AG tax group, taxes for which VW FS Overseas AG and its consolidated subsidiaries are the taxpayers, and deferred taxes. The breakdown of income taxes is shown in the following table:

€ million	2025	2024
Current tax income/expense, Germany	178	6
Current tax income/expense, foreign	-147	-322
Current income tax expense	31	-316
of which income (+)/expense (-) related to prior periods	194	5
Deferred tax income (+)/expense (-), Germany	-4	-49
Deferred tax income (+)/expense (-), foreign	-44	-89
Deferred tax income (+)/expense (-)	-49	-138
Income tax expense	-17	-454
of which: Income tax expense from continuing operations	-17	-212
of which: Income tax expense from discontinued operations	-	-242

The reported tax expense in 2025 of €17 million (previous year: €454 million) is €159 million lower (previous year: €152 million higher) than the expected tax expense of €177 million (previous year: €302 million) calculated by applying the tax rate of 30.0% (previous year: 30.0%) to the consolidated profit before tax.

The following reconciliation shows the relationship between the income tax expense and the profit before tax for the reporting period.

€ million	2025	2024
Profit before tax from continuing operations	589	396
Profit before tax from discontinued operations	-	609
Profit before tax	589	1,006
multiplied by the domestic income tax rate of 30.0 % (previous year: 30.0 %)		
= Imputed income tax expense in the reporting period at the domestic income tax rate	-177	-302
+ Effects from different foreign tax rates	-39	11
+ Effects from tax-exempt income	43	112
+ Effects from non-deductible operating expenses	-86	-162
+ Effects from loss carryforwards	-8	-23
+ Effects from permanent differences	-2	-78
+ Effects from tax credits	0	0
+ Taxes attributable to prior periods	253	5
+ Effects from changes in tax rates	0	-
+ Effects from non-deductible withholding taxes	-10	-13
+ Other variances	8	-5
= Current income tax expense	-17	-454
Effective tax rate in %	2.9	45.2

The statutory corporation tax rate in Germany for the 2025 assessment period was 15%. Including trade tax and the solidarity surcharge, this resulted in an aggregate tax rate of 30.0%.

A change to the Corporate Income Tax Act was passed in Germany in July 2025. As a consequence, the corporate income tax rate will be gradually reduced from 15 percent to 10 percent, starting in 2028. This resulted in expenses of €0 million from the measurement of deferred tax assets and deferred tax liabilities in the fiscal year ended December 31, 2025.

In the German tax group, a tax rate of 30.0% (previous year: 30.0%) is used to measure deferred taxes for differences between the carrying amount of an asset in the balance sheet and its tax base that are reversed in the short term, and 27% (previous year: 30%) for differences that will reverse in the long term. The reduction in the tax rate for long-term differences results from the amendment to the Corporate Income Tax Act in Germany.

The applied local income tax rates for foreign Group companies vary between 20.0% (previous year: 20.0%) and 45.0% (previous year: 45.0%).

The following table shows a breakdown of the as yet unused tax loss carryforwards:

€ million	UNUSED TAX LOSS CARRYFORWARDS		OF WHICH UNUSABLE TAX LOSS CARRYFORWARDS	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
	Non-expiring tax loss carryforwards	112	91	112
Expiry within 10 years	358	289	13	16
Expiry over 10 years	–	–	–	–
Total	470	380	125	105

The tax credits granted by various countries led to the recognition of a tax benefit in an amount of €0 million (previous year: €1 million).

The realization of tax loss carryforwards from previous years led to a reduction in current income taxes of €4 million in 2025 (previous year: €0 million). No deferred tax assets were recognized in respect of deductible temporary differences of €67 million (previous year: €32 million).

In the current fiscal year, deferred tax assets are recognized in the VW FS Overseas AG Group for companies that incurred a loss in the current period or in the previous period, which exceed the deferred tax liabilities by €66 million (previous year: €82 million). The companies involved are expecting to generate profits in the future.

In accordance with IAS 12.39, deferred tax liabilities of €34 million (previous year: €42 million) have not been recognized for temporary differences and undistributed profits of subsidiaries because VW FS Overseas AG has the relevant control.

Of the deferred taxes recognized in the balance sheet, an amount of €2 million (previous year: €–31 million) relates to transactions reported in other comprehensive income. Of this amount, €0 million (previous year: €–2 million) relates to minority interest. A breakdown of the changes in deferred taxes is presented in the statement of comprehensive income.

The VW FS Overseas AG Group will not be subject to any impacts from the introduction of the global minimum level of taxation (Pillar 2). Consequently, no current tax expense in connection with Pillar 2 income taxes is incurred.

30. Further income statement disclosures

The following table shows both fee and commission income and expenses related to trust business and fee and commission income and expenses related to financial assets and financial liabilities not measured at fair value through profit or loss and not measured using the effective interest method.

€ million	2025	2024
Income from fees and commissions	40	32
Expenses from fees and commissions	0	0
Total	40	32

Income of €0 million (previous year: €0 million) that had been included in the contractual liabilities as of January 1 of the reporting period was recognized in the reporting year.

Balance Sheet Disclosures

31. Cash reserve

The cash reserve primarily includes credit balances of €84 million (previous year: €320 million) held with foreign central banks.

32. Loans to and receivables from banks

Loans to and receivables from banks mainly include credit balances with banks in the amount of €1,305 million (previous year: €1,133 million).

33. Loans to and receivables from customers

The “Loans to and receivables from customers” item includes deductions arising from the provision for credit risks recognized to cover the expected credit risk. The provision for credit risks is presented in notes (21) and (59).

Receivables from customers attributable to retail financing comprise loans to private and commercial customers for the financing of vehicles. The vehicle itself is normally pledged to as collateral for the financing of vehicles. Dealer financing encompasses floor plan financing as well as loans to the dealer organization for operating equipment and investment. Assets are pledged as collateral, but guarantees and charges on real estate are also used as security. Receivables from leasing transactions include receivables from finance leases and receivables due in connection with lease assets. The other loans and receivables largely consist of loans and receivables from entities within the Volkswagen Group.

Receivables from leasing transactions include due receivables amounting to €175 million (previous year: €126 million). Of this amount, €28 million (previous year: €26 million) is attributable to finance leases and €147 million (previous year: €100 million) to operating leases. The due lease receivables are payable within one year.

34. Derivative financial instruments

This balance sheet item comprises the positive fair values from derivatives in recognized hedges and from derivatives not designated as a hedging instrument. In the following table, the positive fair values of hedges of cross-currency interest rate swaps are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

€ million	Dec. 31, 2025	Dec. 31, 2024
Transactions to hedge against		
currency risk on assets using fair value hedges	1	–
currency risk on liabilities using fair value hedges	–	–26
interest-rate risk using fair value hedges	11	64
interest-rate risk using cash flow hedges	50	249
currency risk on future cash flows using cash flow hedges	38	–29
Total hedging transactions	100	258
Assets arising from nonhedge derivatives that are not	8	18
Total	109	277

35. Equity-accounted investments and other financial assets

Equity-accounted investments

€ million	2025	2024
Cost as of Jan. 1,	234	238
Foreign exchange differences	–	–
Changes in basis of consolidation	–	0
Additions	–	–
Reclassifications	–	–
Disposals	–	–
Changes/remeasurements recognized in profit or loss	35	–44
Dividends	–8	–9
Other changes recognized in other comprehensive income	–8	48
Balance as of Dec. 31,	253	234
Impairment losses as of Jan. 1,	138	138
Foreign exchange differences	–	–
Changes in basis of consolidation	–	–
Additions	11	–
Reclassifications	–	–
Disposals	–	–
Reversal of impairment losses	–	–
Balance as of Dec. 31,	150	138
Net carrying amount as of Dec. 31,	103	95
Net carrying amount as of Jan. 1,	95	99

The presentation of the equity-accounted investments relates entirely to joint ventures.

During the fiscal year, impairment losses of €11 million (previous year: €– million) were recognized for a consolidated joint venture included in the balance sheet item “Investments accounted for using the equity method”.

Miscellaneous financial assets

€ million	2025	2024
Cost as of Jan. 1,	212	210
Foreign exchange differences	-5	2
Changes in basis of consolidation	-	-
Additions	33	0
Reclassifications	-	-
Disposals	0	-
Balance as of Dec. 31,	241	212
Amortization and impairment losses as of Jan. 1,	125	111
Foreign exchange differences	-2	1
Changes in basis of consolidation	-	-
Additions	7	13
Reclassifications	-	-
Disposals	-	-
Reversal of impairment losses	-	-
Balance as of Dec. 31,	130	125
Net carrying amount as of Dec. 31,	110	87
Net carrying amount as of Jan. 1,	87	99

During the fiscal year, impairment losses of €7 million (previous year: €13 million) were recognized in respect of unconsolidated subsidiaries recognized in the “Miscellaneous financial assets” balance sheet item.

The amount of the impairment losses equated to the amount by which the determined recoverable amount fell below the carrying amount before recognition of the impairment losses. The methodology used to determine the recoverable amount was substantially the same as the methodology described in note (10) to determine impairment losses on goodwill.

36. Intangible assets

€ million	Internally generated software	Brand name, customer base	Goodwill	Other intangible assets	Total
Cost as of Jan. 1, 2025	27	45	143	118	333
Foreign exchange differences	-2	0	0	-7	-9
Changes in basis of consolidation	-	-	-	-	-
Additions	3	-	-	19	22
Reclassifications	-	-	-	0	0
Disposals	0	-	-	18	18
Balance as of Dec. 31, 2025	28	45	143	111	327
Amortization and impairment losses as of Jan. 1, 2025	14	11	-	77	103
Foreign exchange differences	-1	0	-	-6	-7
Changes in basis of consolidation	-	-	-	-	-
Additions to cumulative amortization	7	4	-	10	21
Additions to cumulative impairment losses	-	-	-	16	16
Reclassifications	-	-	-	-	-
Disposals	-	-	-	17	17
Reversal of impairment losses	-	-	-	-	-
Balance as of Dec. 31, 2025	20	15	-	80	115
Net carrying amount as of Dec. 31, 2025	8	30	143	31	212
Net carrying amount as of Jan. 1, 2025	13	34	143	41	230

€ million	Internally generated software	Brand name, customer base	Goodwill	Other intangible assets	Total
Cost as of Jan. 1, 2024	30	54	171	121	376
Foreign exchange differences	0	-9	-28	-6	-42
Changes in basis of consolidation	-	-	-	-	-
Additions	5	-	-	25	30
Reclassifications	-	-	-	-	-
Disposals	8	-	-	23	31
Balance as of Dec. 31, 2024	27	45	143	118	333
Amortization and impairment losses as of Jan. 1, 2024	13	9	-	82	103
Foreign exchange differences	0	-2	-	-3	-4
Changes in basis of consolidation	-	-	-	-	-
Additions to cumulative amortization	7	5	-	12	23
Additions to cumulative impairment losses	-	-	-	-	-
Reclassifications	-	-	-	-	-
Disposals	6	-	-	13	19
Reversal of impairment losses	-	-	-	-	-
Balance as of Dec. 31, 2024	14	11	-	77	103
Net carrying amount as of Dec. 31, 2024	13	34	143	41	230
Net carrying amount as of Jan. 1, 2024	17	46	171	40	273

The goodwill of €143 million (previous year: €143 million) in Brazil included on the balance sheet under Intangible assets has an indefinite useful life. The indefinite useful life arises because the goodwill is linked to the relevant cash-generating unit and will therefore remain in existence for as long as this unit remains in existence.

The impairment test for the reported goodwill is based on the value in use.

The value in use determined in the impairment test for the reported goodwill in Brazil exceeded the corresponding carrying amount, so no impairment loss requirement was identified. The VW FS Overseas AG Group also carried out sensitivity analyses as part of the impairment test. No change in certain material assumptions would lead to the recognition of an impairment loss for goodwill.

An interest rate of 11.2% (previous year: 15.9%) was used for Brazil in the impairment test in the reporting year.

The customer base in Brazil in the amount of €30 million (previous year: €34 million) is being amortized over a useful life of eleven years. The remaining amortization period for the customer base in Brazil is seven years.

37. Property and equipment

€ million	Land and buildings	Operating and office equipment	Total
Cost as of Jan. 1, 2025	81	49	130
Foreign exchange differences	-5	-3	-8
Changes in basis of consolidation	-	-	-
Additions	8	4	12
Reclassifications	-5	0	-5
Disposals	18	6	24
Balance as of Dec. 31, 2025	60	45	105
Depreciation and impairment losses as of Jan. 1, 2025	46	38	84
Foreign exchange differences	-3	-2	-5
Changes in basis of consolidation	-	-	-
Additions to cumulative depreciation	7	4	10
Additions to cumulative impairment losses	-	-	-
Reclassifications	-1	0	-1
Disposals	18	5	24
Reversal of impairment losses	-	-	-
Balance as of Dec. 31, 2025	31	34	65
Net carrying amount as of Dec. 31, 2025	29	11	40
Net carrying amount as of Jan. 1, 2025	34	11	45

€ million	Land and buildings	Operating and office equipment	Total
Cost as of Jan. 1, 2024	88	51	139
Foreign exchange differences	-3	-2	-5
Changes in basis of consolidation	-	-	-
Additions	10	3	14
Reclassifications	1	-1	-
Disposals	17	2	18
Balance as of Dec. 31, 2024	81	49	130
Depreciation and impairment losses as of Jan. 1, 2024	45	37	82
Foreign exchange differences	-1	-1	-2
Changes in basis of consolidation	-	-	-
Additions to cumulative depreciation	9	5	14
Additions to cumulative impairment losses	-	-	-
Reclassifications	1	-1	0
Disposals	8	1	9
Reversal of impairment losses	-	-	-
Balance as of Dec. 31, 2024	46	38	84
Net carrying amount as of Dec. 31, 2024	34	11	45
Net carrying amount as of Jan. 1, 2024	44	13	57

The “Property and equipment” balance sheet item includes land charges of €– million (previous year: €– million) pledged as collateral for financial liabilities related to land and buildings.

Assets under construction with a carrying amount of €0 million (previous year: €0 million) are included in land and buildings.

38. Investment property

The following table shows the changes in investment property assets:

€ million	2025	2024
Cost as of Jan. 1,	1	2
Foreign exchange differences	0	0
Changes in basis of consolidation	–	–
Additions	–	0
Reclassifications	5	–
Disposals	–	0
Balance as of Dec. 31,	6	1
Depreciation and impairment losses as of Jan. 1,	0	1
Foreign exchange differences	0	0
Changes in basis of consolidation	–	–
Additions to cumulative depreciation	0	0
Additions to cumulative impairment losses	–	–
Reclassifications	1	–
Disposals	–	0
Reversal of impairment losses	–	–
Balance as of Dec. 31,	2	0
Net carrying amount as of Dec. 31,	5	1
Net carrying amount as of Jan. 1,	1	1

The fair value of investment property amounts to €5 million (previous year: €1 million). The fair value is determined using an income approach based on internal calculations (Level 3 of the fair value hierarchy). The main input factors in this calculation are future rental income and the cost of capital. Operating expenses in an immaterial amount were incurred for the maintenance of investment property for continuing operations in both the reporting period and the previous year.

Rental income from investment property in the fiscal year amounted to €2 million (previous year: €1 million).

39. Deferred tax assets

The breakdown of the deferred tax assets is as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Deferred tax assets	781	773
Tax loss carryforwards/Interest carryforwards, net of valuation allowances	117	93
Tax credits, net of valuation allowances	0	1
Value before offset	898	867
of which: Noncurrent assets and liabilities	512	431
Offset (with deferred tax liabilities)	-392	-367
Total	507	500

Of the deferred tax assets, €330 million (previous year: €395 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within one year.

Deferred tax assets are recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2025	Dec. 31, 2024
Loans, receivables and other assets	507	553
Marketable securities and cash	-	-
Intangible assets/property and equipment	8	5
Lease assets	184	118
Liabilities and provisions	82	98
Valuation allowances for deferred assets on temporary differences	-	-
Total	781	773

40. Other assets

The details of other assets are as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024 restated ¹
Vehicles returned for disposal	119	51
Restricted cash	74	78
Prepaid expenses and accrued income	208	175
Other tax assets	211	151
Receivables from tax allocations ¹	5	15
Miscellaneous	328	240
Total¹	944	710

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

As of December 31, 2025, deferred contract origination costs of €97 million (previous year: €14 million) were reported under Other assets on the balance sheet. In 2025, amortization charges on capitalized

contract origination costs reported under Other assets on the balance sheet amounted to €9 million (previous year: €1 million). No impairment losses were recognized in respect of capitalized contract origination costs.

Restricted cash primarily consists of cash collateral provided by consolidated ABS special-purpose entities in connection with ABS transactions.

41. Noncurrent assets

€ million	Dec. 31, 2025	of which noncurrent	Dec. 31, 2024 restated ¹	of which noncurrent restated ¹
Cash reserve	84	–	320	–
Loans to and receivables from banks	1,316	11	1,160	26
Loans to and receivables from customers	24,740	12,710	25,327	12,498
Derivative financial instruments	109	43	277	193
Marketable securities	0	–	0	–
Equity-accounted investments	103	103	95	95
Miscellaneous financial assets	110	110	87	87
Intangible assets	212	212	230	230
Property and equipment	40	40	45	45
Lease assets	2,809	2,651	2,455	2,306
Investment property	5	5	1	1
Current tax assets ¹	145	58	171	38
Other assets ¹	944	557	710	409
Total	30,616	16,499	30,878	15,928

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

42. Liabilities to banks and customers

To cover the capital requirements for the leasing and financing activities, the entities in the VW FS Overseas AG Group make use of, among other things, credit and loans provided by the entities in the Volkswagen Group. These items are included in the liabilities to customers. Such transactions are explained in note (72) Related party disclosures.

The following table shows the changes in the contractual liabilities from service contracts and other contracts that are included in the liabilities to customers balance sheet item:

€ million	2025	2024
Contractual liabilities as of Jan. 1	55	43
Additions and disposals	2	18
Changes in consolidated Group	–	0
Foreign exchange differences	1	–7
Contractual liabilities as of Dec. 31	57	55

It is expected that income will be realized under contractual liabilities in the amount of €56 million (previous year: €55 million) in the next fiscal year and in the amount of €1 million (previous year: €– million) in the subsequent fiscal years.

43. Notes, commercial paper issued

This item comprises bonds and commercial papers.

€ million	Dec. 31, 2025	Dec. 31, 2024
Bonds issued	4,738	4,736
Commercial paper issued	3,930	3,863
Total	8,667	8,599

44. Derivative financial instruments

This balance sheet item comprises the negative fair values from hedges and from derivatives not designated as hedging instruments. In the following table, the negative fair values of hedges of cross-currency interest rate swaps are broken down into currency and interest rate components provided that there is an appropriate underlying hedging strategy.

€ million	Dec. 31, 2025	Dec. 31, 2024
Transactions to hedge against		
currency risk on assets using fair value hedges	2	3
currency risk on liabilities using fair value hedges	8	3
interest-rate risk using fair value hedges	18	3
of which hedges against interest-rate risk using portfolio fair value hedges	–	–
interest-rate risk using cash flow hedges	21	0
currency risk on future cash flows using cash flow hedges	12	0
Total hedging transactions	60	9
Liabilities arising from nonhedge derivatives	22	12
Total	82	21

45. Provisions for pensions and other post-employment benefits

The following amounts have been recognized in the balance sheet for benefit commitments:

€ million	Dec. 31, 2025	Dec. 31, 2024
Present value of funded obligations	11	10
Fair value of plan assets	11	9
Funded status (net)	0	1
Present value of unfunded obligations	9	9
Amount not recognized as an asset because of the ceiling in IAS 19	1	1
Net liability recognized in the balance sheet	9	10
of which provisions for pensions	10	11
of which provisions for pensions in assets held for sale (IFRS 5)	0	1

Key pension arrangements in the VW FS Overseas AG Group:

For the period after the active working life of employees, the VW FS Overseas AG Group offers its employees benefits under occupational pension arrangements. Most of the arrangements in the VW FS Overseas AG Group are pension plans for employees in Germany classified as defined benefit plans under IAS 19. The majority of these obligations are funded by provisions recognized in the balance sheet. These plans are now closed for new members. To reduce the risks associated with defined benefit plans, in particular longevity, salary increases and inflation, the VW FS Overseas AG Group has additional defined benefit plans in which the benefits are funded by appropriate external plan assets.

The risks referred to above have been significantly reduced in these pension plans. The main pension commitments are described below.

German pension plans funded solely by recognized provisions

The pension plans funded solely by recognized provisions comprise both defined contribution plans with guarantees and final salary plans. For defined contribution plans, an annual pension expense dependent on income and status is converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlements). The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. For final salary plans, the underlying salary is multiplied at retirement by a percentage that depends on the years of service up to the retirement date. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk. The pension system provides for lifelong pension payments. The companies therefore bear the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

German pension plans funded by external plan assets

The pension plans funded by external plan assets are defined contribution plans with guarantees. In this case, an annual pension expense dependent on income and status is either converted into a lifelong pension entitlement using annuity factors (guaranteed modular pension entitlement) or paid out in a single lump sum or in installments. In some cases, employees also have the opportunity to provide for their own retirement through deferred compensation. The annuity factors include a guaranteed rate of interest. The modular pension entitlements earned annually are added together at retirement. The

pension expense is contributed on an ongoing basis to a separate pool of assets that is administered independently of the Company in trust and invested in the capital markets. If the plan assets exceed the present value of the obligations calculated using the guaranteed rate of interest, surpluses are allocated (modular pension bonuses). As the assets administered in the trust meet the IAS 19 criteria for classification as plan assets, they are offset against the obligations.

The amount of the plan assets is exposed to general market risk. The investment strategy and its implementation are therefore continuously monitored by the trusts' governing bodies, on which the companies are also represented. For example, investment policies are stipulated in investment guidelines with the aim of limiting market risk and its impact on plan assets. In addition, asset-liability management analyses are conducted at regular intervals so as to ensure that investments are in line with the obligations that need to be covered. The pension assets are currently invested primarily in fixed-income or equity funds. Interest rates and equity prices therefore present the main risks. To mitigate market risk, the pension system also provides for funds to be set aside in an equalization reserve before any surplus is allocated.

The present value of the obligation is reported as the maximum of the present value of the guaranteed obligation and of the plan assets. If the value of the plan assets falls below the present value of the guaranteed obligation, a provision must be recognized for the difference. The present value of the guaranteed obligation rises as interest rates fall and is therefore exposed to interest rate risk.

In the case of lifelong pension payments, the VW FS Overseas AG Group bears the longevity risk. This is accounted for by calculating the annuity factors and the present value of the guaranteed obligation using the latest generational mortality tables – the “Heubeck 2018 G” mortality tables – which already reflect future increases in life expectancy. In addition, the independent actuaries carry out annual risk monitoring as part of the review of the assets administered by the trusts.

To reduce the inflation risk from adjusting the regular pension payments by the rate of inflation, a pension adjustment that is not indexed to inflation was introduced for pension plans where this is permitted by law.

The calculation of the present value of the defined benefit obligations was based on the following actuarial assumptions:

Percent	GERMANY		INTERNATIONAL	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
Discount rate	4.20	3.40	6.90	6.31
Pay trend	2.15	2.15	4.26	3.59
Pension trend	2.00	2.00	–	–
Staff turnover rate	1.69	1.21	6.86	6.04

These assumptions are averages that were weighted using the present value of the defined benefit obligation.

With regard to life expectancy, the latest mortality tables in every country are taken into account. For example, in Germany calculations are based on the “2018 G” mortality tables developed by Professor Dr. Klaus Heubeck. The discount rates are generally determined to reflect the yields on prime-rated corporate bonds with matching maturities and currencies. The iBoxx AA 10+ Corporates index was taken as the basis for the obligations of German Group companies. Similar indices were used for foreign pension obligations.

The pay trends cover expected wage and salary trends, which also include increases attributable to career development. The pension trends either reflect the contractually guaranteed pension adjustments or are based on the rules on pension adjustments in force in each country. The employee turnover rates are based on past experience and future expectations.

In connection with the spin-off of the European operation in the previous year, the employment contracts of employees as well as all employee-related obligations, liabilities and provisions arising from employment contracts and earlier employment contracts of VW FS Overseas AG also had been transferred to Volkswagen Financial Services AG. In the following tables, the corresponding transfers of provisions for pensions and other post-employment benefits are included in the changes in the basis of consolidation of the previous year. Additionally, the reversals of provisions, which result from the spin-offs under company law of subsidiaries of the VW FS Overseas AG Group as of July 1, 2024, are included in the changes in the basis of consolidation of the previous year.

The following table shows changes in the net defined benefit liability recognized in the balance sheet:

€ million	2025	2024
Net liability recognized in the balance sheet as of January 1	10	326
Current service cost	2	14
Net interest expense	0	2
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	0	0
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	-2	-1
Actuarial gains (-)/losses (+) arising from experience adjustments	3	13
Income/expenses from plan assets not included in interest income	1	8
Change in amount not recognized as an asset because of the ceiling in IAS 19	0	0
Employer contributions to plan assets	1	12
Employee contributions to plan assets	-	-
Pension payments from company assets	0	4
Past service cost (including plan curtailments)	-	-
Gains (-) or losses (+) arising from plan settlements	-	-
Changes in basis of consolidation	-	-319
Other changes	-1	0
Foreign exchange differences from foreign plans	0	0
Net liability recognized in the balance sheet as of December 31	9	10

The change in the amount not recognized as an asset because of the ceiling in IAS 19 includes an interest component, some of which is recognized in profit or loss under general and administrative expenses and some of which is recognized in other comprehensive income.

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	2025	2024
Present value of obligations as of January 1	19	653
Current service cost	2	14
Interest cost (unwinding of discount on obligations)	1	10
Actuarial gains (-)/losses (+) arising from changes in demographic assumptions	0	0
Actuarial gains (-)/losses (+) arising from changes in financial assumptions	-2	-1
Actuarial gains (-)/losses (+) arising from experience adjustments	3	13
Employee contributions to plan assets	-	-
Pension payments from company assets	0	4
Pension payments from plan assets	0	1
Past service cost (including plan curtailments)	-	-
Gains (-) or losses (+) arising from plan settlements	-	-
Changes in basis of consolidation	-	-673
Other changes	-1	9
Foreign exchange differences from foreign plans	0	0
Present value of obligations as of December 31	19	19

Changes in the relevant actuarial assumptions would have had the following effects on the defined benefit obligation:

		DEC. 31, 2025		DEC. 31, 2024	
		€ million	Change in percent	€ million	Change in percent
Present value of defined benefit obligation if					
Discount rate	is 0.5 percentage points higher	18	-6.86	17	-7.58
	is 0.5 percentage points lower	21	7.73	20	8.61
Pension trend	is 0.5 percentage points higher	20	3.30	19	3.73
	is 0.5 percentage points lower	19	-3.00	18	-3.38
Pay trend	is 0.5 percentage points higher	19	0.35	19	0.31
	is 0.5 percentage points lower	19	-0.33	19	-0.29
Longevity	increases by one year	20	1.86	19	2.01

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation. In other words, any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the estimates of mortality were reduced as part of a comparative calculation by a measure that was roughly equivalent to an increase in life expectancy of one year.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 15 years (previous year: 20 years).

The following table shows a breakdown of the present value of the defined benefit obligation by category of plan member:

€ million	2025	2024
Active members with pension entitlements	16	17
Members with vested entitlements who have left the Company	1	1
Retirees	3	1
Total	19	19

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table, which classifies the present value of the obligation by the maturity of the underlying payments:

€ million	2025	2024
Payments due within the next fiscal year	1	0
Payments due between two and five years	4	3
Payments due in more than five years	15	15
Total	19	19

Changes in plan assets are shown in the following table:

€ million	2025	2024
Fair value of plan assets as of January 1	9	328
Interest income on plan assets determined using the discount rate	1	8
Income/expenses from plan assets not included in interest income	1	8
Employer contributions to plan assets	1	12
Employee contributions to plan assets	–	–
Pension payments from plan assets	0	1
Gains (+) or losses (–) arising from plan settlements	–	–
Changes in basis of consolidation	–	–354
Other changes	0	9
Foreign exchange differences from foreign plans	0	0
Fair value of plan assets as of December 31	11	9

The investment of the plan assets to cover future pension obligations resulted in a net result of €1 million (previous year: net result of €16 million).

Employer contributions to plan assets are expected to amount to €1 million (previous year: €1 million) in the next fiscal year.

Plan assets are invested in the following asset classes:

€ million	DEC. 31, 2025			DEC. 31, 2024		
	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	1	–	1	0	–	0
Equity instruments	–	–	–	–	–	–
Debt instruments	1	–	1	1	–	1
Direct investments in real estate	–	–	–	–	–	–
Derivatives	0	0	0	0	0	0
Equity funds	3	–	3	3	–	3
Bond funds	5	–	5	5	–	5
Real estate funds	0	–	0	0	–	0
Other funds	1	–	1	0	–	0
Asset-backed securities	–	–	–	–	–	–
Structured debt	–	–	–	–	–	–
Other	–	–	–	–	–	–

Of the total plan assets, 34% (previous year: 33%) are invested in German assets, 5% (previous year: 7%) in other European assets and 61% (previous year: 60%) in assets in other regions. Investments of plan assets in debt instruments issued by the Volkswagen Group are of minor significance.

The following amounts have been recognized in the income statement:

€ million	2025	2024
Current service cost	2	14
Net interest on the net defined benefit liability	0	2
Past service cost (including plan curtailments)	–	–
Gains (–) or losses (+) arising from plan settlements	–	–
Net income (–) and expenses (+) recognized in profit or loss	2	17

46. Other provisions

In the reporting period, other provisions were broken down into provisions for employee expenses, provisions for litigation and legal risks, and miscellaneous provisions.

The following table shows the changes in other provisions, including maturities:

€ million	Employee expenses ¹	Litigation and legal risks	Miscellaneous provisions	Total restated ¹
Balance as of Jan. 1, 2024	15	144	25	184
Changes due to the corrected recognition of provisions for Time Assets values ¹	0	–	–	0
Balance as of Jan. 1, 2024 after changes	15	144	25	184
Foreign exchange differences	0	–19	–1	–21
Changes in basis of consolidation	–35	–	0	–35
Utilization	15	28	2	45
Additions/new provisions	56	22	4	83
Unwinding of discount/effect of change in discount rate	0	8	–	8
Reversals	3	24	15	42
Balance as of Dec. 31, 2024	18	103	11	132
of which current	14	3	6	23
of which noncurrent ¹	3	100	5	108
Balance as of Jan. 1, 2025	18	103	11	131
Foreign exchange differences	–1	1	0	0
Utilization	10	27	3	40
Additions/new provisions	15	28	5	49
Unwinding of discount/effect of change in discount rate	0	2	–	2
Reversals	3	24	0	27
Balance as of Dec. 31, 2025	19	84	13	116
of which current	16	4	8	28
of which noncurrent	3	80	5	88

1. Prior-year changes as explained for the corrected recognition of provisions for Time Assets under "Changes to Prior-Year Figures".

Other provisions for employee expenses are recognized primarily for annually recurring bonuses and other employee expenses.

The provisions for litigation and legal risks reflect the risks identified as of the reporting date in relation to utilization and legal expenses arising from the latest decisions by the courts and from ongoing civil proceedings involving dealers and other customers. Based on analysis of the individual matters covered by the provisions, the VW FS Overseas AG Group believes that the disclosure of further detailed information on individual proceedings, legal disputes or legal risks could seriously prejudice the course or initiation of proceedings. The Group is therefore invoking the safeguard clause within the meaning of IAS 37.92 and does not disclose precise details of amounts, descriptions and probability assumptions.

The timing of the cash outflows in connection with other provisions is expected to be as follows: 24% in the next year, 74% in the years 2027 to 2030 and 2% thereafter.

47. Deferred tax liabilities

The breakdown of the deferred tax liabilities is as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024
Deferred tax liabilities	602	540
of which: Noncurrent assets and liabilities	489	455
Offset (with deferred tax assets)	-392	-367
Total	211	173

Of the deferred tax liabilities, €56 million (previous year: €44 million) relates to recognition and measurement differences between IFRSs and the tax base that will reverse within one year.

Deferred tax liabilities have been recognized in connection with the following balance sheet items:

€ million	Dec. 31, 2025	Dec. 31, 2024
Loans, receivables and other assets	398	356
Marketable securities and cash	-	-
Intangible assets/property and equipment	5	115
Lease assets	183	9
Liabilities and provisions	17	61
Total	602	540

48. Other liabilities

The details of other liabilities are as follows:

€ million	Dec. 31, 2025	Dec. 31, 2024 restated ¹
Prepaid expenses and accrued income	112	67
Other tax liabilities	108	92
payables from tax allocations ¹	236	423
Social security and payroll liabilities	29	28
Miscellaneous	216	120
Total¹	701	729

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

49. Subordinated capital

The subordinated capital of €94 million (previous year: €107 million) was issued and raised by Banco Volkswagen S.A.

50. Noncurrent liabilities

€ million	Dec. 31, 2025	of which noncurrent	Dec. 31, 2024 restated ¹	of which noncurrent restated ¹
Liabilities to banks	13,436	6,710	14,075	6,329
Liabilities to customers	3,733	1,593	3,315	1,100
Notes, commercial paper issued	8,667	3,726	8,599	3,232
Derivative financial instruments	82	37	21	16
Current tax liabilities ¹	208	134	227	125
Other liabilities ¹	701	232	729	177
Subordinated capital	94	72	107	83
Total	26,922	12,505	27,073	11,061

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

51. Equity

The subscribed capital of VW FS Overseas AG is divided into 441,280,000 fully paid up no-par-value bearer shares, each with a notional value of €1, which are all held by Volkswagen AG, Wolfsburg. There are no preferential rights or restrictions in connection with the subscribed capital.

The capital contributions made by the sole shareholder, Volkswagen AG, are reported under the capital reserves of VW FS Overseas AG.

The retained earnings comprise the profits from previous fiscal years that have not been distributed. The retained earnings include a legal reserve of €44 million (previous year: €44 million).

In the previous year, material changes in equity had resulted from the distribution of noncash assets of €19,530 million to owner Volkswagen AG due to the spin-off of the shares in Volkswagen Leasing GmbH to Volkswagen Bank GmbH and to the spin-off of the European operation of VW FS Overseas AG to Volkswagen Financial Services AG.

On the basis of the control and profit-and-loss transfer agreement with the sole shareholder, Volkswagen AG, the profit transferred in accordance with German GAAP of €401 million (previous year: €207 million) by VW FS Overseas AG has been reported as a decrease of equity.

EQUITY ATTRIBUTABLE TO NONCONTROLLING INTERESTS

Equity attributable to noncontrolling interests amounted to €113 million (previous year: €103 million) as of December 31, 2025. The equity attributable to noncontrolling interests was accounted for mainly by Brazilian entity LM Transportes Interestaduais Serviços e Comércio S.A., Salvador.

The table below presents summarized financial information for LM Transportes Interestaduais Serviços e Comércio S.A.

€ million	Dec. 31, 2025	Dec. 31, 2024
Noncontrolling interests in %	40.00	40.00
Noncontrolling interests	108	98
Loans to and receivables from banks	169	325
Loans to and receivables from customers	141	91
Intangible assets	182	183
Lease assets	2,174	1,732
Other assets	434	393
Total	3,100	2,724
Liabilities to banks	2,041	1,856
Liabilities to customers	371	271
Other liabilities	282	217
Equity	406	380
Total	3,100	2,724
Profit after tax	8	36
Other comprehensive income, net of tax	-13	-63
Dividend paid to noncontrolling interest shareholders	-	12
Cash flows from operating activities	9	33
Cash flows from investing activities	-8	-4
Cash flows from financing activities	-1	-30

52. Capital management

In this context, capital is generally defined as equity in accordance with the IFRSs. As a consequence of the restructuring due to the spin-offs, equity in accordance with the IFRSs was reported as distributions of noncash assets to the parent company, Volkswagen AG, and had reduced to €19,530 million in the previous year, €6,587 million of which was recognized in the capital reserve and €12,943 million in retained earnings.

The aims of capital management in the VW FS Overseas AG Group are to support the Company's credit rating by ensuring that the Group has adequate capital backing and is able to obtain capital for the planned growth over the next few years. Generally speaking, corporate action implemented by the parent company of VW FS Overseas AG has an impact on VW FS Overseas AG's equity in accordance with the IFRSs.

As of December 31, 2025, the equity ratio was 12.4% (previous year: 12.7%).

Financial Instrument Disclosures

53. Carrying amounts, gains or losses and income or expenses in respect of financial instruments, by measurement category

The carrying amounts of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

€ million	Dec. 31, 2025	Dec. 31, 2024
Financial assets measured at amortized cost	25,007	25,759
Financial assets measured at fair value through profit or loss	22	68
Financial assets measured at fair value through other comprehensive income (debt instruments)	–	–
Financial assets measured at fair value through other comprehensive income (equity instruments)	–	–
Financial liabilities measured at amortized cost	26,301	26,526
Financial liabilities measured at fair value through profit or loss	22	12

Receivables from leasing transactions amounting to €1,235 million (previous year: €1,124 million) and lease liabilities (as a lessee) amounting to €24 million (previous year: €27 million) are not allocated to any IFRS 9 measurement category.

The net gains or losses and income or expenses in respect of financial instruments (excluding derivatives in recognized hedges) broken down by measurement category, as specified in IFRS 9, are shown in the following table:

€ million	2025	2024
Financial assets measured at amortized cost	2,471	2,419
Financial instruments measured at fair value through profit or loss	–8	–3
Financial liabilities measured at amortized cost	–1,879	–1,795
Financial assets measured at fair value through other comprehensive income (debt instruments)	–	–

The net gains/losses and income/expenses are determined as follows:

Measurement category	Measurement method
Financial assets measured at amortized cost	Interest income using the effective interest method and expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and effects from currency translation
Financial instruments measured at fair value through profit or loss	Fair value in accordance with IFRS 9 in conjunction with IFRS 13, including interest and expenses/income from currency translation
Financial liabilities measured at amortized cost	Interest expense using the effective interest method in accordance with IFRS 9 and expenses/income from currency translation
Financial assets measured at fair value through other comprehensive income (debt instruments)	Fair value valuation in accordance with IFRS 9 in conjunction with IFRS 13, interest income using the effective interest method, expenses/income from the recognition of valuation allowances in accordance with IFRS 9 and expenses/income from currency translation

Expenses that arise from the direct write-off of uncollectible financial assets previously measured at amortized cost are reported and explained as a component of the provision for the credit risks line item

in the income statement. Income recovered in respect of financial assets already written off is also reported and explained as a component of the provision for the credit risks line item in the income statement. After recognizing the income and expenses referred to above, the VW FS Overseas AG Group did not for the most part generate or incur any gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost that resulted from the elimination of a contractual right to cash flows or from a transfer subject to the fulfillment of the derecognition conditions.

Furthermore, the Group did not generate or incur any material gains, losses, income or expenses from the derecognition of financial assets measured at amortized cost as a consequence of substantial contractual modifications (see disclosures on the provision for the credit risks line item in the income statement).

54. Classes of financial instruments

Financial instruments are divided into the following classes in the VW FS Overseas AG Group:

- > Measured at fair value
- > Measured at amortized cost
- > Derivative financial instruments designated as hedges
- > Not allocated to any measurement category
- > Credit commitments and financial guarantees (off-balance-sheet)

The table below shows a reconciliation between the balance sheet items in which financial instruments are reported and the classes of financial instruments listed above. This includes financial instruments that are assigned to the IFRS 9 measurement categories and financial instruments that are not assigned to any IFRS 9 measurement category at all (such as finance lease receivables) and are therefore reported under the “Not allocated to any measurement category” class. The assets and liabilities not constituting financial instruments that are contained in the balance sheet items are included in the “Not allocated to any class of financial instruments” column so that the reconciliation is complete.

Loans to and receivables from customers in the “Total loans to and receivables from customers” balance sheet item are reconciled to the “Measured at fair value”, “Measured at amortized cost”, “Not allocated to any measurement category” and “Not allocated to any class of financial instruments” classes. The “Not allocated to any measurement category” class consists of the receivables from customers attributable to the leasing business.

Loans/receivables and liabilities designated as hedges with derivative financial instruments are included in the class “Measured at amortized cost”.

Within Miscellaneous financial assets, subsidiaries, joint ventures and associates that are not consolidated for reasons of materiality are not deemed financial instruments in accordance with IFRS 9 and therefore do not fall within the scope of IFRS 7. For the purposes of reconciling the balance sheet item, they are shown in the “Not allocated to any class of financial instruments” class.

The balance sheet items current tax assets and current tax liabilities report receivables and payables owed to tax authorities. These do not constitute financial instruments, as a result of which they are reported as “Not allocated to any class of financial instruments”.

Liabilities to customers are reported in the “Measured at amortized cost” class, but the amount of lease liabilities (as a lessee) within the overall figure is shown in the “Not allocated to any measurement category” class. The “Not allocated to any class of financial instruments” column consists mainly of advance payments received from service contracts.

The following table shows a reconciliation of the relevant balance sheet items to the classes of financial instruments:

€ million	BALANCE SHEET ITEM		MEASURED AT AMORTIZED COST		MEASURED AT FAIR VALUE		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY		NOT ALLOCATED TO ANY CLASS OF FINANCIAL INSTRUMENTS	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹
Assets												
Cash reserve	84	320	84	320	–	–	–	–	–	–	–	–
Loans to and receivables from banks	1,316	1,160	1,316	1,160	–	–	–	–	–	–	–	–
Loans to and receivables from customers	24,740	25,327	23,491	24,154	14	49	–	–	1,235	1,124	0	0
Derivative financial instruments	109	277	–	–	8	18	100	258	–	–	–	–
Marketable securities	0	0	–	–	0	0	–	–	–	–	–	–
Equity accounted investments	103	95	–	–	–	–	–	–	–	–	103	95
Miscellaneous financial assets	110	87	–	–	–	–	–	–	–	–	110	87
Current tax assets ¹	145	171	–	–	–	–	–	–	–	–	145	171
Other assets ¹	944	710	116	125	–	–	–	–	–	–	829	585
Total	27,552	28,147	25,007	25,759	22	68	100	258	1,235	1,124	1,187	938
Equity and liabilities												
Liabilities to banks	13,436	14,075	13,436	14,075	–	–	–	–	–	–	–	–
Liabilities to customers	3,733	3,315	3,651	3,234	–	–	–	–	24	27	57	55
Notes, commercial paper issued	8,667	8,599	8,667	8,599	–	–	–	–	–	–	–	–
Derivative financial instruments	82	21	–	–	22	12	60	9	–	–	–	–
Current tax liabilities ¹	208	227	–	–	–	–	–	–	–	–	208	227
Other liabilities ¹	701	729	452	512	–	–	–	–	–	–	249	218
Subordinated capital	94	107	94	107	–	–	–	–	–	–	–	–
Total	26,922	27,073	26,301	26,526	22	12	60	9	24	27	514	499

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

The “Credit commitments and financial guarantees (off-balance-sheet)” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €398 million (previous year: €728 million).

55. Fair values of financial assets and liabilities

The following table shows the fair values of financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”, together with the fair values of receivables from customers relating to the leasing business classified as “Not allocated to any measurement category”. The fair value is the amount at which financial assets or liabilities could be sold on fair terms as of the reporting date. Where market prices (e.g. for marketable securities) were available, these were used without modification for measuring fair value. If no market prices were available, the fair values for loans/receivables and liabilities were calculated by discounting using a maturity-matched discount rate appropriate to the risk. The discount rate was determined by adjusting risk-free yield curves, where appropriate, by relevant risk factors. For reasons of materiality, the fair values of loans/receivables and liabilities due within one year were deemed to be the same as the carrying amount.

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹²	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024 restated ²
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	14	49	14	49	–	–
Derivative financial instruments	8	18	8	18	–	–
Marketable securities	0	0	0	0	–	–
Miscellaneous financial assets	–	–	–	–	–	–
Measured at amortized cost						
Cash reserve	84	320	84	320	–	–
Loans to and receivables from banks	1,316	1,160	1,316	1,160	–	–
Loans to and receivables from customers	23,574	24,465	23,491	24,154	83	311
Current tax assets ¹	–	–	–	–	–	–
Other assets ¹	116	125	116	125	–	–
Derivative financial instruments designated as hedges	100	258	100	258	–	–
Not allocated to any measurement category						
Loans to and receivables from customers	1,371	1,260	1,235	1,124	136	136
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	22	12	22	12	–	–
Measured at amortized cost						
Liabilities to banks	13,405	14,023	13,436	14,075	–31	–52
Liabilities to customers ²	3,650	3,233	3,651	3,234	–1	0
Notes, commercial paper issued	8,686	8,597	8,667	8,599	18	–2
Current tax liabilities ¹	–	–	–	–	–	–
Other liabilities ¹	452	512	452	512	–	–
Subordinated capital	90	77	94	107	–4	–30
Derivative financial instruments designated as hedges	60	9	60	9	–	–

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section “Changes to Prior-Year Figures”).

² Due to the correction of an error, the figures for liabilities to customers measured at amortized cost in the previous year have been adjusted. The difference has thus increased from €–1 million to €0 million.

The fair value of irrevocable credit commitments is affected by changes in the credit quality of the borrower and in the market conditions for the relevant credit product between the commitment date and the measurement date. Because of the short period between commitment and drawdown and the

variable interest rate tied to the market interest rate, market conditions only have a very minor impact. The fair value of irrevocable credit commitments was therefore largely determined by the change in the credit quality of the borrower, which was established as part of the process for calculating expected credit losses from irrevocable credit commitments and reported in the balance sheet as a liability in the amount of €0 million (previous year: €0 million) under Other liabilities. The fair value of financial guarantees also largely reflects the amount of expected credit losses and was reported in the balance sheet as a liability in the amount of €0 million (previous year: €0 million) under Other liabilities. Both expected credit losses are disclosed as a consolidated figure in note (59) Default Risk in the “Credit commitments and financial guarantees” class.

The fair values of financial instruments were determined on the basis of the following risk-free yield curves, which are based on, for example, overnight index swaps, zero coupon rates and interest rate swaps in the respective currency area such as overnight index swaps on €STER for euros:

Percent	EUR	JPY	BRL	MXN	AUD	CNY	TWD	KRW
Interest rate for six months	1.934	0.783	14.552	7.516	3.873	1.610	1.689	2.821
Interest rate for one year	1.939	0.904	13.834	7.593	3.972	1.584	1.747	2.806
Interest rate for five years	2.327	1.504	13.576	8.205	4.486	1.720	1.985	3.145
Interest rate for ten years	2.678	1.878	–	8.975	4.775	1.875	2.348	3.260

56. Measurement levels of financial assets and liabilities

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. The following table shows the hierarchy breakdown for financial instruments in the classes “Measured at amortized cost”, “Measured at fair value” and “Derivative financial instruments designated as hedges”. Classification to the individual levels is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

Level 1 is used to report the fair value of financial instruments such as marketable securities or notes and commercial paper issued for which a quoted price is directly observable in an active market.

Level 2 fair values are measured on the basis of inputs observable in the markets, such as exchange rates or yield curves, using market-based valuation techniques. Fair values measured in this way include those for derivatives and liabilities to customers.

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market. The fair values of loans to and receivables from customers measured at amortized cost and at fair value through profit or loss are largely allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets (see note 55).

As in the previous year, there was no need to reclassify instruments to different hierarchy levels in the reporting period.

The following table shows the allocation of financial instruments to the three-level fair value hierarchy by class:

€ million	LEVEL 1		LEVEL 2		LEVEL 3	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	14	49
Derivative financial instruments	–	–	8	18	–	–
Marketable securities	–	–	–	–	0	0
Miscellaneous financial assets	–	–	–	–	–	–
Measured at amortized cost						
Cash reserve	84	320	–	–	–	–
Loans to and receivables from banks	611	505	705	655	–	–
Loans to and receivables from customers	–	–	89	385	23,485	24,080
Current tax assets ¹	–	–	–	–	–	–
Other assets ¹	74	78	39	43	3	4
Derivative financial instruments designated as hedges	–	–	100	258	–	–
Total	769	904	941	1,359	23,502	24,133
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	22	12	–	–
Measured at amortized cost						
Liabilities to banks	–	–	13,405	14,023	–	–
Liabilities to customers	–	–	3,650	3,233	–	–
Notes, commercial paper issued	626	302	8,060	8,296	–	–
Current tax liabilities ¹	–	–	–	–	–	–
Other liabilities ¹	–	–	452	506	–	6
Subordinated capital	–	–	90	77	–	–
Derivative financial instruments designated as hedges	–	–	60	9	–	–
Total	626	302	25,739	26,156	–	6

1 Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

The following table shows the changes in receivables from customers measured at fair value and allocated to Level 3:

€ million	2025	2024
Balance as of Jan. 1	49	129
Foreign exchange differences	–2	–3
Changes in basis of consolidation	–	–21
Portfolio changes	–34	–56
Measured at fair value through profit or loss	2	0
Measured at fair value through other comprehensive income	–	–
Balance as of Dec. 31	14	49

The remeasurements of receivables recognized in profit or loss amounting to €1 million (previous year: €0 million) are reported under “Net gain or loss on financial instruments measured at fair value”. Of the remeasurements recognized in profit or loss, a net gain of €2 million (previous year: €–1 million) was attributable to receivables as of the reporting date.

The risk variables relevant to the fair value of the receivables 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 December 31, 2025 had been 100 basis points higher, profit after tax would have been €1 million (previous year: €2 million) lower. If risk-adjusted interest rates as of December 31, 2025 had been 100 basis points lower, profit after tax would have been €0 million (previous year: €1 million) higher.

The table below shows the changes in the derivative financial instruments measured at fair value in the previous year, which had been recognized in the balance sheet under Liabilities associated with assets held for sale (IFRS 5) until June 30, 2024, based on Level 3 measurement.

€ million	2025	2024
Balance as of Jan. 1	–	94
Foreign exchange differences	–	2
Changes in basis of consolidation	–	–86
Portfolio changes	–	–
Measured at fair value through profit or loss	–	–10
Measured at fair value through other comprehensive income	–	–
Balance as of Dec. 31	–	–

The amounts recognized in profit or loss in the previous year resulting in a net loss of €10 million were reported in the income statement under Profit/loss from discontinued operations, net of tax. Of the remeasurements recognized in profit or loss, none were attributable to the derivative financial instruments held as of the previous year’s reporting date.

57. Offsetting of financial assets and liabilities

The table below contains information about the effects of offsetting in the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting agreement or a similar arrangement.

The “Financial instruments” column shows the amounts that are subject to a master netting agreement but have not been netted because the relevant criteria have not been satisfied. Most of the amounts involved are positive and negative fair values of derivative financial instruments entered into with the same counterparty.

The “Collateral received/pledged” column shows the cash collateral amounts and collateral in the form of financial instruments received or pledged in connection with the total sum of assets and liabilities. It includes such collateral relating to assets and liabilities that have not been offset against each other. These items primarily consist of collateral received from customers in the form of cash deposits, together with collateral pledged in the form of cash collateral from ABS transactions.

€ million	Gross amount of recognized financial assets/liabilities		Gross amount of recognized financial assets/liabilities offset in the balance sheet		Net amount of financial assets/liabilities reported in the balance sheet		Financial Instruments		Collateral received/pledged		Net amount	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024 restated ¹
	Assets											
Cash reserve	84	320	–	–	84	320	–	–	–	–	84	320
Loans to and receivables from banks	1,316	1,160	–	–	1,316	1,160	–	–	–	–	1,316	1,160
Loans to and receivables from customers	24,740	25,327	–	–	24,740	25,327	–	–	–65	–63	24,675	25,265
Derivative financial instruments	109	277	–	–	109	277	–7	–3	–	–	102	273
Marketable securities	0	0	–	–	0	0	–	–	–	–	0	0
Miscellaneous financial assets	–	–	–	–	–	–	–	–	–	–	–	–
Income tax assets ¹	–	–	–	–	–	–	–	–	–	–	–	–
Other assets ¹	116	125	–	–	116	125	–	–	–	–	116	125
Total	26,365	27,209	–	–	26,365	27,209	–7	–3	–65	–63	26,293	27,143
Equity and liabilities												
Liabilities to banks	13,436	14,075	–	–	13,436	14,075	–	–	–	–	13,436	14,075
Liabilities to customers	3,675	3,260	–	–	3,675	3,260	–	–	–	–	3,675	3,260
Notes, commercial paper issued	8,667	8,599	–	–	8,667	8,599	–	–	–72	–65	8,595	8,534
Derivative financial instruments	82	21	–	–	82	21	–7	–3	–	–	75	18
Income tax liabilities ¹	–	–	–	–	–	–	–	–	–	–	–	–
Other liabilities ¹	452	512	–	–	452	512	–	–	–	–	452	512
Subordinated capital	94	107	–	–	94	107	–	–	–	–	94	107
Total	26,408	26,574	–	–	26,408	26,574	–7	–3	–72	–65	26,328	26,506

¹ Adjustment of prior-year figures in accordance with the explanations on the correction of the change in balance sheet presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

58. ABS transactions

The VW FS Overseas AG Group uses ABS transactions for funding purposes. The related liabilities are recognized in the following balance sheet items:

€ million	Dec. 31, 2025	Dec. 31, 2024
Bonds issued	2,666	2,824
Subordinated liabilities	–	–
Total	2,666	2,824

Of the total amount of liabilities arising in connection with ABS transactions, an amount of €2,666 million (previous year: €2,824 million) is accounted for by ABS transactions with financial assets.

The corresponding carrying amount of the securitized loans and receivables from retail financing and leasing business is €3,284 million (previous year: €3,391 million). As of December 31, 2025, the fair value of the liabilities amounted to €2,676 million (previous year: €2,817 million). The fair value of the assigned loans/receivables, which continued to be recognized, amounted to €3,312 million as of December 31, 2025 (previous year: €3,400 million).

Collateral totaling €3,356 million (previous year: €3,455 million) has been pledged in connection with ABS transactions, of which €3,356 million (previous year: €3,455 million) is accounted for by collateral in the form of financial assets. In these arrangements, the expected payments are assigned to special purpose entities or separate pools of assets and the ownership of the collateral in the financed or leased vehicles is transferred, if applicable. These cannot at the same time be used as collateral again. The rights of the bond holders are limited to the transferred loans/receivables and the corresponding collateral, and the payment receipts arising from these loans/receivables are used to repay the corresponding liability.

These asset-backed security transactions did not lead to a derecognition of the loans or receivables from the financial services business because the residual value, credit and timing risk were retained in the Group, depending on the ABS transaction. The difference between the amount of the transferred loans/receivables and the associated liabilities results from the different terms and conditions and from the proportion of the ABSs held by the VW FS Overseas AG Group itself.

The VW FS Overseas AG Group is under a contractual obligation to transfer funds in certain circumstances to certain of the structured entities included in its consolidated financial statements. If the rating of the relevant Group companies falls below a level defined in advance in the contract, collateral must be furnished to the special purpose entities, for example by making customer payments in advance.

The sale of receivables is generally carried out by way of undisclosed assignment. Because of this, it is possible that the loan or receivable has already been reduced in a legally binding manner at the originator, for example if the debtor effectively offsets it against amounts it is owed by the VW FS Overseas AG Group.

The bulk of the ABS transactions in the VW FS Overseas AG Group can be repaid early (with a clean-up call) when less than 10% of the original transaction volume remains outstanding.

59. Default risk

The default risk arising from financial assets is essentially the risk that a counterparty will default. The maximum amount of the risk is therefore the amount of the claims against the counterparty concerned arising from recognized carrying amounts and irrevocable credit commitments.

The maximum default risk is reduced by collateral and other credit enhancements. The collateral held relates to loans to and receivables from banks and customers in the classes "Measured at amortized cost", "Measured at fair value" and "Not allocated to any measurement category". The types of collateral held include vehicles, vehicles pledged as collateral, financial guarantees, marketable securities, cash collateral and charges on real estate.

In the case of financial assets with an objective indication of impairment as of the reporting date, the collateral reduced the risk by €308 million (previous year: €287 million). For financial assets in the "Measured at fair value" class to which the IFRS 9 impairment requirements are not applied, the maximum credit and default risk was reduced by collateral with a value of €0 million (previous year: €0 million).

For financial assets on which impairment losses were recognized during the fiscal year and that are subject to enforcement measures, the contractually outstanding amounts total €89 million (previous year: €83 million).

As a consequence of the international distribution of business activities and the resulting diversification, there are no material concentrations of default risk in individual counterparties or individual markets. Sector concentrations in the dealership business are a natural part of the business for a captive financial services provider in the automotive industry and these concentrations are individually analyzed in the existing risk management processes. The loans and receivables from dealership business subject to the inherent sector concentrations described above are included in the loans to and receivables from customers arising from dealer financing.

As derivatives are only entered into with counterparties demonstrating strong credit ratings, and limits are set for each counterparty as part of the risk management system, the actual default risk arising from derivative transactions is deemed to be low.

For further qualitative information, please refer to the “Risk concentrations” and “Credit risk” sections of the risk report, which forms part of the management report.

PROVISION FOR CREDIT RISKS

Please refer to the provision for credit risks section in note (8) for disclosures on the accounting policies relating to the provision for credit risks.

The following tables show a reconciliation of the provision for credit risks relating to financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2025	326	173	349	6	48	902
Exchange differences on translating foreign operations	-9	-5	-2	0	-1	-17
Changes in basis of consolidation	-	-	-	-	-	-
Newly extended/purchased financial assets (additions)	372	-	-	2	28	402
Other changes within a stage	-115	117	-107	0	23	-82
Transfers to						
Stage 1	4	-24	-5	-	-	-26
Stage 2	-47	88	-8	-	-	32
Stage 3	-12	-30	550	-	-	507
Financial instruments derecognized during the period (derecognitions)	-260	-184	-193	-5	-2	-644
Utilizations	-	-	-141	-	-1	-142
Model or risk parameter changes	6	-3	-19	-	-	-16
Balance as of Dec. 31, 2025	265	132	421	4	95	917

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2024	502	263	327	43	35	1,169
Exchange differences on translating foreign operations	-24	-17	-49	0	-8	-98
Changes in basis of consolidation	-55	-8	-14	-38	0	-114
Newly extended/purchased financial assets (additions)	307	-	-	13	41	361
Other changes within a stage	-112	-71	181	0	-13	-15
Transfers to						
Stage 1	6	-35	-2	-	-	-30
Stage 2	-26	198	-8	-	-	165
Stage 3	-14	-20	191	-	-	157
Financial instruments derecognized during the period (derecognitions)	-261	-126	-143	-12	-7	-548
Utilizations	-	-	-135	0	-1	-136
Model or risk parameter changes	4	-11	0	-	-	-7
Balance as of Dec. 31, 2024	326	173	349	6	48	902

The following tables show a reconciliation of the gross carrying amounts of financial assets measured at amortized cost:

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2025	21,829	2,790	575	1,338	130	26,661
Exchange differences on translating foreign operations	-991	-18	-8	-19	-1	-1,037
Changes in basis of consolidation	-	-	-	-	-	-
Changes	1,321	-423	-171	-481	50	295
Modifications	4	1	0	-	0	4
Transfers to						
Stage 1	356	-345	-11	-	-	0
Stage 2	-1,197	1,212	-15	-	-	0
Stage 3	-237	-133	370	-	-	0
Balance as of Dec. 31, 2025	21,085	3,083	740	838	178	25,924

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4	Total
Balance as of Jan. 1, 2024	45,314	3,680	503	4,267	91	53,855
Exchange differences on translating foreign operations	-1,293	-323	-81	-121	-20	-1,838
Changes in basis of consolidation	-20,837	-491	-22	-3,467	-1	-24,818
Changes	39	-1,114	-177	653	60	-540
Modifications	3	0	-1	0	0	2
Transfers to						
Stage 1	411	-407	-4	-	-	0
Stage 2	-1,562	1,575	-13	-	-	0
Stage 3	-239	-131	370	-	-	0
Balance as of Dec. 31, 2024	21,834	2,790	575	1,333	130	26,661

The “Changes” line relates to changes in gross carrying amounts that are not allocated to the other lines in the reconciliation of the gross carrying amounts from the beginning to the end of the reporting period concerned. These changes include the addition and derecognition of financial assets during the reporting period.

The undiscounted expected credit losses on the initial recognition of purchased or originated credit-impaired financial assets that were recognized for the first time in the reporting period amounted to €19 million (previous year: €22 million).

The gross carrying amount of the assets measured at fair value through other comprehensive income decreased by €441 million in 2024 to €0 million. The decrease in the previous year was attributable to the restructuring of the subgroups. In 2025, there were no assets measured at fair value through other comprehensive income. For this reason, no provision for credit risks was recognized for this measurement category.

The following tables show a reconciliation of the provision for credit risks relating to irrevocable credit commitments and financial guarantees:

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1, 2025	0	0	-	-	0
Exchange differences on translating foreign operations	0	0	-	-	0
Changes in basis of consolidation	-	-	-	-	-
Newly extended/purchased financial assets (additions)	0	-	-	-	0
Other changes within a stage	-	0	-	-	0
Transfers to					
Stage 1	-	-	-	-	-
Stage 2	-	-	-	-	-
Stage 3	-	-	-	-	-
Financial instruments derecognized during the period (derecognitions)	0	-	-	-	0
Utilizations	-	-	-	-	-
Model or risk parameter changes	-	-	-	-	-
Balance as of Dec. 31, 2025	0	0	-	-	0

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1, 2024	1	0	–	–	1
Exchange differences on translating foreign operations	0	0	–	–	0
Changes in basis of consolidation	–1	–	–	–	–1
Newly extended/purchased financial assets (additions)	0	–	–	–	0
Other changes within a stage	0	0	–	–	0
Transfers to					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Financial instruments derecognized during the period (derecognitions)	0	–	–	–	0
Utilizations	–	–	–	–	–
Model or risk parameter changes	–	–	–	–	–
Balance as of Dec. 31, 2024	0	0	–	–	0

The following tables present a reconciliation of default risk exposures arising from irrevocable credit commitments and financial guarantees:

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1, 2025	726	2	–	–	728
Exchange differences on translating foreign operations	–27	0	–	–	–27
Changes in basis of consolidation	–	–	–	–	–
Changes	–304	0	–	–	–303
Modifications	–	–	–	–	–
Transfers to					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Balance as of Dec. 31, 2025	396	2	–	–	398

€ million	Stage 1	Stage 2	Stage 3	Stage 4	Total
Balance as of Jan. 1, 2024	1,904	2	–	–	1,906
Exchange differences on translating foreign operations	–118	0	–	–	–118
Changes in basis of consolidation	–1,212	–	–	–	–1,212
Changes	152	0	–	–	152
Modifications	–	–	–	–	–
Transfers to					
Stage 1	–	–	–	–	–
Stage 2	–	–	–	–	–
Stage 3	–	–	–	–	–
Balance as of Dec. 31, 2024	726	2	–	–	728

The following table shows a reconciliation for the provision for credit risks relating to lease receivables in the class “Not allocated to any measurement category”:

€ million	SIMPLIFIED APPROACH	
	2025	2024
Balance as of Jan. 1	61	871
Exchange differences on translating foreign operations	1	-4
Changes in basis of consolidation	-	-809
Newly extended/purchased financial assets (additions)	31	237
Other changes	0	-12
Financial instruments derecognized during the period (derecognitions)	-23	-183
Utilizations	-10	-21
Model or risk parameter changes	-	-19
Balance as of Dec. 31	60	61

The following table shows a reconciliation of the gross carrying amounts of lease receivables in the class “Not allocated to any measurement category”:

€ million	SIMPLIFIED APPROACH	
	2025	2024
Balance as of Jan. 1	1,185	47,813
Exchange differences on translating foreign operations	-23	358
Changes in basis of consolidation	-	-48,612
Changes	134	1,622
Modifications	-	4
Balance as of Dec. 31	1,295	1,185

MODIFICATIONS

During the reporting period and the prior-year period, there were contractual modifications of financial assets that did not lead to a derecognition of the asset concerned. These modifications were caused by either changes in credit ratings or adjustments agreed retrospectively that did not stem from customer credit quality (market-induced adjustments).

In the case of financial assets for which the provision for credit risks was measured in the amount of the lifetime expected credit losses, the amortized cost before contractual modifications amounted to €21 million (previous year: €14 million). In the reporting period, the contractual modifications of these financial assets gave rise to an overall net gain of €0 million (previous year: €1 million). In the case of trade receivables and lease receivables, which are all included in the simplified approach, the only modifications that are taken into account are those in which the underlying receivables are more than 30 days past due.

At the reporting date, the gross carrying amount of financial assets that had been modified since initial recognition and that, in the reporting period, had also been transferred from Stage 2 or Stage 3 to Stage 1 amounted to €34 million (previous year: €21 million). As a consequence, the measurement of the provision for credit risks for these financial assets was switched from the lifetime expected credit loss to a twelve-month expected credit loss.

MAXIMUM CREDIT RISK

The following table shows the maximum credit risk, broken down by class, to which the VW FS Overseas AG Group was exposed as of the reporting date and to which the impairment model was applied.

€ million	Dec. 31, 2025	Dec. 31, 2024
Financial assets measured at amortized cost	25,007	25,759
Financial assets measured at fair value	–	–
Not allocated to any measurement category	1,235	1,124
Financial guarantees and credit commitments	398	728
Total	26,640	27,610

The maximum credit risk associated with the financial guarantees in accordance with IFRS 7.B10 in the class credit commitments and financial guarantees amounts to €2 million (previous year: €2 million).

The VW FS Overseas AG Group intends to recover the following collateral accepted in the reporting period for financial assets:

€ million	Dec. 31, 2025	Dec. 31, 2024
Vehicles	65	54
Real estate	–	–
Other movable assets	–	–
Total	65	54

The vehicles are remarketed to Volkswagen Group dealers through direct sales and auctions.

DEFAULT RISK RATING CLASSES

The VW FS Overseas AG Group uses internal risk management and control systems to evaluate the credit quality of the borrower before entering into any lending contract or lease. In the retail business, this evaluation is carried out by using scoring systems, whereas rating systems are used for fleet customers and dealer financing transactions. In addition, the gross carrying amounts of the financial assets are broken down into three default risk rating classes so that default risk exposures can be presented on a uniform basis throughout the Group. Loans and receivables for which the credit quality is classified as “good” are allocated to default risk rating class 1. Receivables whose credit quality has not been classified as “good” but who have not yet defaulted are included under default risk rating class 2. Accordingly, all loans and receivables in default are allocated to default risk rating class 3.

The following tables present the gross carrying amounts of financial assets by default risk rating class:

FISCAL YEAR 2025

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
Default risk rating class 1	20,644	2,080	–	1,917	10
Default risk rating class 2	441	1,002	–	185	19
Default risk rating class 3	–	–	740	32	149
Total	21,085	3,083	740	2,133	178

FISCAL YEAR 2024

€ million	Stage 1	Stage 2	Stage 3	Simplified approach	Stage 4
Default risk rating class 1	21,491	1,861	–	2,339	8
Default risk rating class 2	338	929	–	43	16
Default risk rating class 3	–	–	575	140	105
Total	21,829	2,790	575	2,522	130

The following tables show the default risk exposures for irrevocable credit commitments and financial guarantees by default risk rating class:

FISCAL YEAR 2025

€ million	Stage 1	Stage 2	Stage 3	Stage 4
Default risk rating class 1	396	2	–	–
Default risk rating class 2	–	–	–	–
Default risk rating class 3	–	–	–	–
Total	396	2	–	–

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€ million	Stage 1	Stage 2	Stage 3	Stage 4
Default risk rating class 1	726	2	–	–
Default risk rating class 2	–	–	–	–
Default risk rating class 3	–	–	–	–
Total	726	2	–	–

60. Liquidity risk

Liquidity risk is defined primarily as the risk of not being able to meet payment obligations in full or when due. The companies of the VW FS Overseas AG Group are funded primarily through capital market and ABS (asset-backed securities) programs. The VW FS Overseas AG Group remains solvent and has an adequate supply of liquidity on the basis of a rolling liquidity planning system. The supply of liquidity is ensured by a liquidity reserve in the form of cash and confirmed lines of credit that can be accessed at any time at short notice.

Local cash funds in certain countries (e.g. China, Korea) are only available to the Group for cross-border transactions subject to capital and exchange controls. Foreign exchange controls are not relevant to liquidity risk because the cash from credit lines subject to exchange controls is not used in the VW FS Overseas AG Group to safeguard the supply of liquidity other than within the countries concerned. There are otherwise no significant restrictions.

Further details on the funding and hedging strategy can be found in the management report in the sections Liquidity Analysis and Funding and in the risk report within the disclosures on interest-rate risk and liquidity risk.

The maturity profile of assets held to manage liquidity risk is as follows:

€ million	ASSETS		REPAYABLE ON DEMAND		UP TO 3 MONTHS		3 MONTHS TO 1 YEAR		1 TO 5 YEARS		MORE THAN 5 YEARS	
	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024	Dec. 31, 2025	Dec. 31, 2024
	Cash reserve	84	320	84	320	–	–	–	–	–	–	–
Loans to and receivables from banks	1,316	1,160	766	1,040	539	94	0	0	11	26	–	–
Total	1,401	1,480	851	1,360	539	94	0	0	11	26	–	–

The following table shows the maturity profile of undiscounted cash outflows from financial liabilities:

€ million	Cash outflows		REMAINING CONTRACTUAL MATURITIES							
			up to 3 months		3 months to 1 year		1 to 5 years		more than 5 years	
	Dec. 31, 2025	Dec. 31, 2024 restated ¹²	Dec. 31, 2025	Dec. 31, 2024 restated ¹²	Dec. 31, 2025	Dec. 31, 2024 restated ¹²	Dec. 31, 2025	Dec. 31, 2024 restated ¹²	Dec. 31, 2025	Dec. 31, 2024 restated ¹²
Liabilities to banks	14,978	15,778	2,857	3,415	4,371	5,348	7,647	6,901	103	113
Liabilities to customers	3,843	3,794	1,378	1,920	757	605	1,326	398	383	870
Notes, commercial paper issued	9,372	9,626	1,906	2,336	3,436	3,911	4,030	3,378	–	–
Derivative financial instruments ²	2,096	1,279	651	377	940	295	505	608	0	0
Other liabilities ¹	452	512	96	52	190	323	166	137	0	0
Subordinated capital	111	140	4	5	21	52	86	83	–	–
Irrevocable credit commitments	396	726	396	726	–	–	–	–	–	–
Total^{1,2}	31,248	31,855	7,288	8,832	9,715	10,534	13,760	11,505	486	983

1 Adjustment of prior-year figures in accordance with the explanations of the change in presentation due to reclassification of intragroup income tax allocations (see section "Changes to Prior-Year Figures").

2 Due to the correction of an error, the information on cash outflows for derivative financial instruments for the previous year was adjusted from a total of €1,300 million to a total of €1,279 million.

The derivatives include both cash outflows relating to derivatives with negative fair values and cash outflows relating to derivatives with positive fair values in connection with which gross settlement has been agreed.

Financial guarantees with a maximum possible drawdown of €2 million (previous year: €2 million) are always assumed to be payable on demand.

61. Market risk

For qualitative information, please refer to the disclosures on interest-rate risk in the risk report within the management report.

For quantitative risk measurement, interest rate and foreign currency risks are measured using a value-at-risk (VaR) model on the basis of a historical simulation. The value-at-risk calculation indicates the size of the maximum potential loss on the portfolio as a whole within a time horizon of 365 days, measured at a confidence level of 99.9%. To provide the basis for this calculation, all cash flows from non-derivative and derivative financial instruments are aggregated into an interest rate gap analysis. The historical market data used in determining value at risk covers a period of up to ten years. In the previous year, the risk assessment was based on a 99% confidence level and a time horizon of 60 calendar days.

This approach has produced the following values:

€ million	Dec. 31, 2025	Dec. 31, 2024
Interest rate risk	457	82
Currency translation risk	1,756	87
Total market risk	1,730	79

As a result of correlation effects, the total market risk is not identical to the sum of the individual risks.

62. Hedging policy disclosures

HEDGING POLICY AND FINANCIAL DERIVATIVES

Given its international financial activities, the VW FS Overseas AG Group is exposed to fluctuations in interest rates and foreign exchange rates on international money and capital markets. The general rules governing the Group-wide currency and interest rate hedging policy are specified in internal Group guidelines. The partners used by the Group when entering into appropriate financial transactions are national and international banks with strong credit ratings whose credit quality is continuously monitored by leading rating agencies. The Group enters into suitable hedging transactions to limit currency and interest rate risks. Standard derivative financial instruments are used for this purpose.

MARKET RISK

Market risk arises when changes in prices on financial markets (interest rates and exchange rates) have a positive or negative effect on the value of traded products. The fair values listed in the tables in the notes were determined using the market information available on the reporting date and represent the fair values of the financial derivatives. They were determined on the basis of standardized techniques using generally applicable market risk variables, such as yield curves and exchange rates.

Interest rate risk

Changes in the level of interest rates in the money and capital markets represent an interest rate risk if the funding is not maturity-matched. Interest rate risk is managed at the level of the individual company based on an overall interest rate risk limit set for the entire Group and broken down into specific limits for each company. Interest rate risk is quantified using interest rate gap analyses to which various scenarios involving changes in interest rates are applied. The calculations take into account uniform risk ceilings applicable throughout the Group.

The hedging contracts entered into by the Group mainly comprise interest rate swaps and cross-currency interest rate swaps. Interest rate risk is hedged using fair value hedges and cash flow hedges at micro level. Fixed-income assets and liabilities included in micro fair value hedges are recognized with the addition of a hedge adjustment based on the hedged fair value of the hedged item rather than at amortized cost, the method used in their original subsequent measurement. The resulting effects in the income statement are generally offset by the opposite effects from the corresponding gains and losses on the interest rate hedging instruments (swaps).

Currency risk

The VW FS Overseas AG Group avoids currency risk by entering into currency hedging contracts, which may be currency forwards, cross-currency swaps or cross-currency interest rate swaps. Generally speaking, all cash flows in foreign currency are hedged.

DESCRIPTION OF HEDGES AND METHODOLOGIES FOR MONITORING HEDGE EFFECTIVENESS

If possible, the hedge strategy aims to recognize hedges for suitable underlying transactions (hedged items) on an individual or portfolio basis. The vast majority of hedged items are assets or liabilities on the balance sheet. Future transactions are only used as hedged items in exceptional cases.

In the VW FS Overseas AG Group, hedges to which micro-hedge accounting is applied are normally held to maturity. Hedge effectiveness in the VW FS Overseas AG Group is measured prospectively using the critical terms match method. Hedge effectiveness is analyzed retrospectively by testing for ineffectiveness using the dollar offset method. The dollar offset method compares the changes in the value of the hedged item expressed in monetary units with the changes in the value of the hedging instrument expressed in monetary units. The volume represented by the hedging instruments is generally the same as the volume represented by the designated hedged items. Hedge ineffectiveness in micro-hedge accounting largely results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments. Individual yield curves are used when determining forward interest rates and forward exchange rates and also when discounting future cash flows for hedged items and hedging instruments in order to obtain a measurement in line with the market. Other factors (e.g. in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness.

DISCLOSURES ON GAINS AND LOSSES FROM FAIR VALUE HEDGES

In fair value hedges, the transactions hedge the risk of changes in the fair value of financial assets and financial liabilities. Changes in fair value that arise from the recognition of hedging instruments at fair value and those from the recognition of the associated hedged items at the hedged fair value generally have an offsetting effect and are reported under the net gain or loss on hedges and in the previous year also in profit/loss from discontinued operations, net of taxes.

The following table shows the hedge ineffectiveness from fair value hedges broken down by type of risk, equating to the differences between the gains or losses on hedging instruments and those on hedged items:

€ million	2025	2024
Interest rate risk hedging	-4	12
Currency risk hedging	-97	-38
Combined interest rate and currency risk hedging	-	0

DISCLOSURES ON GAINS AND LOSSES FROM CASH FLOW HEDGES

Cash flow hedges are recognized with the aim of hedging risks arising from changes in future cash flows. These cash flows can arise from a recognized asset or a recognized liability.

The following table covering gains and losses from cash flow hedges shows the gains and losses on hedges recognized in other comprehensive income and the gains and losses arising from ineffectiveness and from the reclassification of cash flow hedge reserves, which are recognized under net gain or loss on hedges and profit/loss from discontinued operations, net of tax:

€ million	2025	2024
Hedging interest rate risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	-30	82
Recognized in profit or loss	0	0
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	-	-
Due to realization of the hedged item	0	-4
Hedging currency risk		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	10	-3
Recognized in profit or loss	0	-1
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	-	-
Due to realization of the hedged item	-11	10
Combined interest rate and currency risk hedging		
Gains or losses from changes in fair value of hedging instruments within hedge accounting		
Recognized in equity	-18	28
Recognized in profit or loss	0	-
Reclassification from the cash flow hedge reserve to profit or loss		
Due to early discontinuation of the hedging relationships	-	-
Due to realization of the hedged item	4	-10

In the table, effects recognized directly in equity are presented net of deferred taxes.

The gain or loss from changes in the fair value of hedges within hedge accounting equates to the basis for determining hedge ineffectiveness. Those gains or losses on changes in the fair value of hedging instruments that exceed the changes in the fair value of the hedged items constitute the ineffective portion of cash flow hedges. This ineffectiveness within a hedge arises as a result of differences in the parameters applicable to the hedging instrument and the hedged item. These gains or losses are recognized immediately in the income statement under the net gain or loss on hedges and in the previous year also in the profit/loss from discontinued operations, net of tax.

NOTIONAL AMOUNTS OF DERIVATIVE FINANCIAL INSTRUMENTS

The following tables present a maturity analysis of the notional amounts of hedging instruments reported under the hedge accounting rules and those of derivatives to which hedge accounting is not applied:

FISCAL YEAR 2025

€ million	RESIDUAL MATURITY			TOTAL NOTIONAL AMOUNT
	Up to 1 year	1 – 5 years	More than 5 years	Dec. 31, 2025
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	915	2,573	–	3,488
Currency risk hedging				
Currency forwards/cross-currency swaps TRY	288	–	–	288
Currency forwards/cross-currency swaps AUD	168	–	–	168
Currency forwards/cross-currency swaps JPY	79	–	–	79
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps USD	599	308	–	908
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	1,458	1,292	1,078	3,828
Currency risk hedging				
Currency forwards/cross-currency swaps	246	1	–	246
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	176	–	176

FISCAL YEAR 2024

€ million	RESIDUAL MATURITY			TOTAL NOTIONAL AMOUNT
	Up to 1 year	1 – 5 years	More than 5 years	Dec. 31, 2024
Notional amounts of hedging instruments in hedge accounting				
Interest rate risk hedging				
Interest rate swaps	1,413	3,344	1,554	6,311
Currency risk hedging				
Currency forwards/cross-currency swaps AUD	117	176	–	293
Currency forwards/cross-currency swaps TRY	267	–	–	267
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps NOK	469	368	–	837
Cross-currency interest rate swaps JPY	–	94	–	94
Notional amounts of other derivatives				
Interest rate risk hedging				
Interest rate swaps	31	22	334	387
Currency risk hedging				
Currency forwards/cross-currency swaps	–	–	–	–
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	–	–	–	–

The timings of the future payments for the hedged items in the cash flow hedges match the maturities of the hedging instruments.

As of the reporting date and the prior-year reporting date, none of the cash flow hedges recognized involved a hedged item whose underlying transaction was no longer expected to occur in the future.

In the reporting period, the average exchange rates used in the measurement of hedging instruments were as follows for the following currencies with significant notional amounts: EUR/TRY 51.5355, EUR/AUD 1.6123, EUR/JPY 182.1700 and USD/BRL 5.3795. The average interest rates used for interest rate swaps and cross-currency interest rate swaps in cash flow hedges in the reporting year were as follows for the following currencies: AUD 4.51%, BRL 13.10%, and USD 8.59%. In the previous year, the average exchange rates used in the measurement of hedging instruments were as follows for the following currencies with significant notional amounts: EUR/AUD 1.6109, EUR/TRY 38.0097, USD/BRL 6.1923 and JPY/BRL 0.395. The average interest rates used for interest rate swaps and cross-currency interest rate swaps in cash flow hedges in the previous year were as follows: AUD 4.79%, BRL 12.17%, JPY 4.48% and USD 6.33%.

DISCLOSURES ON HEDGING INSTRUMENTS USED IN HEDGE ACCOUNTING

The VW FS Overseas AG Group regularly uses hedging instruments to hedge changes in the fair value of financial assets and financial liabilities.

The following tables set out the notional amounts, fair values and changes in fair value to determine ineffectiveness in hedging instruments used in fair value hedges to hedge the risk of changes in value.

FISCAL YEAR 2025

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	768	11	12	-2
Currency risk hedging				
Currency forwards/cross-currency swaps	367	1	2	-1
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	210	-	14	1

FISCAL YEAR 2024

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	3,051	3	3	3
Currency risk hedging				
Currency forwards/cross-currency swaps	257	-	3	-3
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	271	35	3	-3

The VW FS Overseas AG Group also uses hedging instruments to hedge the risk arising from changes in future cash flows.

The following tables set out the notional amounts, fair values and changes in fair value to determine ineffectiveness in hedging instruments used in cash flow hedges.

FISCAL YEAR 2025

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	2,719	52	1	19
Currency risk hedging				
Currency forwards/cross-currency swaps	168	20	-	16
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	697	17	31	2

FISCAL YEAR 2024

€ million	Notional amount	Derivative financial instruments – assets	Derivative financial instruments – liabilities	Fair value change to determine ineffectiveness
Interest rate risk hedging				
Interest rate swaps	3,260	88	0	79
Currency risk hedging				
Currency forwards/cross-currency swaps	303	21	0	14
Combined interest rate and currency risk hedging				
Cross-currency interest rate swaps	659	112	–	11

The change in fair value used to determine ineffectiveness equates to the change in the fair value of the designated components of the hedging instruments.

DISCLOSURES ON HEDGED ITEMS TO WHICH HEDGE ACCOUNTING IS APPLIED

Disclosures on hedged items, broken down by risk category and type of designation, are required in addition to the disclosures on hedging instruments.

The tables below show the hedged items hedged in fair value hedges:

FISCAL YEAR 2025

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	–	–	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	764	–4	–2	–
Subordinated capital	–	–	–	–
Currency risk hedging				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	657	8	8	–
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–
Combined interest rate and currency risk hedging:				
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	–	–	–
Liabilities to banks	204	2	–43	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Subordinated capital	–	–	–	–

FISCAL YEAR 2024

€ million	Carrying amount	Cumulative hedge adjustments	Hedge adjustments current period/fiscal year	Cumulative hedge adjustments from terminated hedges
Interest rate risk hedging				
Loans to and receivables from banks	-	-	-	-
Loans to and receivables from customers	-	-	-	-
Liabilities to banks	-	-	-	-
Liabilities to customers	-	-	-	-
Notes, commercial paper issued	1,146	-2	35	-
Subordinated capital	-	-	-	-
Currency risk hedging				
Loans to and receivables from banks	-	-	-	-
Loans to and receivables from customers	257	3	2	-
Liabilities to banks	-	-	-	-
Liabilities to customers	-	-	-	-
Notes, commercial paper issued	-	-	-	-
Subordinated capital	-	-	-	-
Combined interest rate and currency risk hedging:				
Loans to and receivables from banks	-	-	-	-
Loans to and receivables from customers	-	-	-	-
Liabilities to banks	756	44	10	-
Liabilities to customers	-	-	-	-
Notes, commercial paper issued	-	-	-	-
Subordinated capital	-	-	-	-

The following tables present the hedged items hedged in cash flow hedges:

FISCAL YEAR 2025

€ million	Fair value change to determine ineffectiveness	RESERVE FOR	
		Existing cash flow hedges	Terminated cash flow hedges
Interest rate risk hedging			
Designated components	3	3	-
Deferred taxes	-	-1	-
Total interest rate risk	3	3	-
Currency risk hedging			
Designated components	-	1	-
Non-designated components	-	-	-
Deferred taxes	-	0	-
Total currency risk	-	1	-
Combined interest rate and currency risk hedging			
Designated components	-4	0	-
Deferred taxes	-	0	-
Total combined interest rate and currency risk	-4	0	-

FISCAL YEAR 2024

€ million	Fair value change to determine ineffectiveness	RESERVE FOR	
		Existing cash flow hedges	Terminated cash flow hedges
Interest rate risk hedging			
Designated components	59	59	0
Deferred taxes	–	–27	0
Total interest rate risk	59	32	0
Currency risk hedging			
Designated components	14	2	–
Non-designated components	–	–	–
Deferred taxes	–	–1	–
Total currency risk	14	2	–
Combined interest rate and currency risk hedging			
Designated components	22	22	–
Deferred taxes	–	–8	–
Total combined interest rate and currency risk	22	14	–

CHANGES IN THE CASH FLOW HEDGE RESERVE

In the accounting treatment of cash flow hedges, the designated effective portion of a hedge is reported in other comprehensive income (in “OCI I”). All changes in the fair value of hedging instruments in excess of the effective portion are reported in profit or loss as hedge ineffectiveness.

The following tables show a reconciliation for the cash flow hedge reserve (OCI I):

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Total
Balance as of Jan. 1, 2025	33	2	14	48
Gains or losses from effective hedging relationships	–30	10	–18	–38
Reclassifications due to changes in whether the hedged item is expected to occur	–	–	–	–
Reclassifications due to realization of the hedged item	0	–11	4	–7
Balance as of Dec. 31, 2025	3	1	0	4

€ million	Interest rate risk	Currency risk	Interest rate/ currency risk	Total
Balance as of Jan. 1, 2024	–46	–5	–5	–55
Gains or losses from effective hedging relationships	82	–3	28	107
Reclassifications due to changes in whether the hedged item is expected to occur	–	–	–	–
Reclassifications due to realization of the hedged item	–4	10	–10	–4
Balance as of Dec. 31, 2024	33	2	14	48

In the tables above, the effects on equity from the cash flow hedge reserve (OCI I) are reduced by deferred taxes. In the cash flow hedge reserve (OCI I), the deferred taxes on gains or losses from effective hedges amounted to €29 million (previous year: €–80 million) and the deferred taxes on reclassifications resulting from the settlement of the hedged item came to €4 million (previous year: €8 million).

Segment Reporting

63. Breakdown by geographical market

The presentation of reportable segments follows that used for internal management and reporting purposes in the VW FS Overseas AG Group. As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

Internal management applies a market-based geographical breakdown. The geographical markets of Brazil, China, Mexico and Australia are the segments that are subject to reporting requirements under IFRS 8. Subsidiaries in the VW FS Overseas AG Group are aggregated within these segments. 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. This also includes the holding VW FS Overseas AG and the holding companies in the Netherlands. In the internal reporting structure, this presentation ensures that there is a separation between market activities on one side and typical holding company functions on the other side. Effects from consolidation between the segments 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 2025:

€ million	JAN. 1 – DEC. 31, 2025							Recon- ciliation	Group
	Brazil	China	Mexico	Australia	Other segments	Segments total			
Interest income from lending transactions and marketable securities in respect of third parties	1,390	301	389	336	132	2,548	118	2,666	
Intersegment interest income from lending transactions and marketable securities	–	–	–	–	–	–	–	–	
Income from leasing transactions with third parties	811	2	316	48	248	1,424	–	1,424	
of which reversals of impairment losses in accordance with IAS 36	–	–	4	–	0	5	–	5	
Intersegment income from leasing transactions	–	–	–	–	–	–	–	–	
Depreciation, impairment losses and other expenses from leasing transactions	–505	–2	–181	–36	–216	–940	–	–940	
of which impairment losses in accordance with IAS 36	–7	0	–5	–2	–1	–16	–	–16	
Net income from leasing transactions	306	0	135	12	32	485	–	485	
Interest expense	–1,242	–63	–246	–238	–52	–1,841	–48	–1,889	
Income from service contracts with third parties	126	–	23	0	0	149	–	149	
of which over-time income	–	–	–	–	–	–	–	–	
of which at a point in time income	126	–	23	0	0	149	–	149	
Intersegment income from service contracts	–	–	–	–	–	–	–	–	
Expenses from service contracts	–108	–	–23	0	0	–131	–	–131	
Net income from service contracts	18	–	0	0	0	18	–	18	
Provisions for credit risks	–145	–77	–72	1	–6	–299	3	–296	
Fee and commission income from third parties	98	14	57	1	11	181	0	181	
Intersegment fee and commission income	–	–	–	–	–	–	–	–	
Fee and commission expenses	–74	–12	–16	–1	–31	–134	–5	–139	
Net fee and commission income	24	2	41	0	–20	46	–5	42	
General and administrative expenses	–157	–85	–78	–54	–37	–410	–24	–435	
of which other amortization, depreciation and impairment losses	–11	–12	–1	–18	–5	–47	–	–47	
Operating result	234	80	168	55	53	590	–62	528	

BREAKDOWN BY GEOGRAPHICAL MARKET 2024:

€ million	JAN. 1 – DEC. 31, 2024							Recon- ciliation adjusted	Group adjusted
	Brazil	China	Mexico	Australia	Other segments	Segments total			
Interest income from lending transactions and marketable securities in respect of third parties ¹	1,161	488	387	331	143	2,510	75	2,585	
Intersegment interest income from lending transactions and marketable securities	–	–	–	–	–	–	–	–	
Income from leasing transactions with third parties	711	0	298	56	262	1,328	–	1,328	
of which reversal of impairment losses in accordance with IAS 36	–	–	2	–	0	3	–	3	
Intersegment income from leasing transactions	–	–	–	–	–	–	–	–	
Depreciation, impairment losses and other expenses from leasing transactions	–462	–1	–158	–23	–227	–871	–	–871	
of which impairment losses in accordance with IAS 36	–3	0	–3	–3	–1	–11	–	–11	
Net income from leasing transactions	249	0	140	34	35	457	–	457	
Interest expense	–939	–158	–259	–265	–61	–1,682	–47	–1,729	
Income from service contracts with third parties	103	–	15	1	0	118	–	118	
of which over-time income	–	–	–	–	–	–	–	–	
of which at a point in time income	103	–	15	1	0	118	–	118	
Intersegment income from service contracts	–	–	–	–	–	–	–	–	
Expenses from service contracts	–84	–	–15	0	0	–99	–	–99	
Net income from service contracts	19	–	–1	0	0	19	–	19	
Provision for credit risks	–189	–92	–67	–15	–4	–367	134	–233	
Fee and commission income from third parties	83	4	51	3	9	150	–	150	
Intersegment fee and commission income	–	–	–	–	–	–	–	–	
Fee and commission expenses	–51	–4	–12	–1	–24	–93	–2	–95	
Net fee and commission income	32	1	38	2	–15	58	–2	55	
General and administrative expenses	–161	–95	–76	–40	–49	–421	–26	–447	
of which other amortization, depreciation and impairment losses	–11	–16	–1	–3	–5	–37	–1	–38	
Operating result	197	145	160	47	74	624	–164	460	

The reported impairment losses and reversals of impairment losses in accordance with IAS 36 related to lease assets.

The breakdown of “Income from service contracts with third parties” into “of which over-time income” and “of which at a point in time income” in note 20 “Net income from service contracts” has been carried over to and continued in the tables above.

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 – DEC. 31, 2025			
	Brazil	China	Mexico	Australia
Noncurrent Assets	2,846	119	90	89
Additions to lease assets classified as noncurrent assets	1,094	–	21	58

€ million	JAN. 1 – DEC. 31, 2024			
	Brazil	China	Mexico	Australia
Noncurrent Assets	2,309	73	67	85
Additions to lease assets classified as noncurrent assets	1,232	2	14	48

Investment recognized under other assets was of minor significance.

The following table shows the reconciliation to group income, operating result and profit before tax.

€ million	2025	2024
Segment income	4,302	4,106
Other companies	142	4,997
Consolidation	–24	–4,922
Group income	4,420	4,182
Segment profit or loss (operating result)	590	624
Other companies	–56	183
Contribution to operating profit by included companies	–	–
Consolidation between segments	–6	–347
Operating result	528	460
Share of profits and losses of equity-accounted investments	35	–44
Net gain or loss on miscellaneous financial assets	–12	–12
Other financial gains or losses	38	–9
Profit before tax	589	396

The designations “Segment revenue” and “Group revenue” in the reconciliation were changed to “Segment income” and “Consolidated income”, respectively. The change to the designation “income” commonly used by financial services providers for gross income from ordinary activities is intended to enhance clarity and consistency of the terms used in the financial statements. As before, consolidated income comprises all income items from the breakdown by geographical markets and hence includes interest income from lending transactions and marketable securities, income from leasing transactions, income from service contracts and fee and commission income.

Other Disclosures

64. Leases

LESSOR ACCOUNTING FOR FINANCE LEASES

Interest income from the net investment in the lease amounting to €136 million (previous year: €1,509 million) was generated from finance leases. Of the interest income in the previous year, €158 million was attributable to continuing operations and €1,351 million to discontinued operations. There was no income from variable lease payments that was not taken into account in the measurement of the net investment in the lease where finance leases were concerned.

The following table shows a reconciliation of the undiscounted lease payments under finance leases to the net investment in the leases.

€ million	Dec. 31, 2025	Dec. 31, 2024
Non-discounted lease payments	1,387	1,337
Non-guaranteed residual value	–	–
Unearned interest income	–246	–235
Loss allowance on lease receivables	–53	–78
Other	–	–
Net investment	1,088	1,024

In the VW FS Overseas AG Group, net investment equates to the net receivables from finance leases.

As of the reporting year, the following payments are anticipated over the next few years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2026	2027	2028	2029	2030	From 2031	Total
Finance lease payments	490	167	200	279	105	146	1,387

In the previous year, the following payments were anticipated over the subsequent years from expected, outstanding, non-discounted lease payments under finance leases.

€ million	2025	2026	2027	2028	2029	From 2030	Total
Finance lease payments	468	259	260	165	30	154	1,337

LESSOR ACCOUNTING FOR OPERATING LEASES

Income generated from operating leases is included in the income statement in income from leasing transactions, in other operating income and, for the previous year, also in profit/loss from discontinued operations, net of tax. The table below shows a breakdown between income from leases without variable lease payments and income from leases with variable lease payments.

€ million	2025	2024
Lease income	655	4,352
Income from variable lease payments	–	–
Total	655	4,352

In the previous year, continuing operations accounted for €592 million of the total income generated from operating leases, discontinued operations for €3,760 million.

The impairment losses recognized as a result of the impairment test on lease assets amounted to €16 million in the 2025 fiscal year and are included in the depreciation, impairment losses and other expenses from leasing business. In the previous year, impairment losses amounted to €371 million, €11 million of which was accounted for by continuing operations and included in the depreciation, impairment losses and other expenses from leasing business; €359 million was accounted for by discontinued operations. Impairment losses are based on continuously updated internal and external information, which is then fed into the forecasts of residual values for vehicles.

Income from reversals of impairment losses on lease assets applied in prior years amounted to €5 million in the 2025 fiscal year and are included in income from leasing business. In the previous year, income from reversals of impairment losses amounted to €77 million, €3 million of which was accounted for by continuing operations and included in income from leasing business; €74 million was accounted for by discontinued operations.

The following table shows the changes in the reporting year for assets leased out under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1, 2025	2,997
Foreign exchange differences	-86
Changes in basis of consolidation	-
Additions	1,513
Reclassifications	0
Disposals	1,050
Balance as of Dec. 31, 2025	3,374
Depreciation and impairment losses as of Jan. 1, 2025	542
Foreign exchange differences	-32
Changes in basis of consolidation	-
Additions to cumulative depreciation	255
Additions to cumulative impairment losses	16
Reclassifications	0
Disposals	211
Reversal of impairment losses	5
Balance as of Dec. 31, 2025	566
Net carrying amount as of Dec. 31, 2025	2,809
Net carrying amount as of Jan. 1, 2025	2,455

As of the reporting date, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

€ million	2026	2027	2028	2029	2030	From 2031	Total
Lease payments	273	91	42	16	5	-	427

The following table shows the changes in the previous year for assets leased out under operating leases:

€ million	Movable lease assets
Cost as of Jan. 1, 2024	2,833
Foreign exchange differences	-397
Changes in basis of consolidation	-
Additions	1,645
Reclassifications	-
Disposals	1,084
Balance as of Dec. 31, 2024	2,997
Depreciation and impairment losses as of Jan. 1, 2024	486
Foreign exchange differences	-46
Changes in basis of consolidation	-
Additions to cumulative depreciation	232
Additions to cumulative impairment losses	11
Reclassifications	-
Disposals	138
Reversal of impairment losses	3
Balance as of Dec. 31, 2024	542
Net carrying amount as of Dec. 31, 2024	2,455
Net carrying amount as of Jan. 1, 2024	2,347

In the previous year, the outstanding, undiscounted lease payments from operating leases expected for subsequent years were as follows:

€ million	2025	2026	2027	2028	2029	From 2030	Total
Lease payments	262	110	60	20	6	-	457

LESSEE ACCOUNTING

The VW FS Overseas AG Group is a party to leases as a lessee in various aspects of the business. These leases mainly involve the leasing of land and buildings and operating and office equipment.

In the reporting year, interest expenses of €24 million (previous year: €27 million) were recognized under the interest expenses line item in the income statement in respect of lease liabilities of €1 million (previous year: €1 million) reported under liabilities to customers on the balance sheet.

In the reporting year, subleases gave rise to income of €1 million (previous year: €2 million).

No right-of-use assets are recognized for short-term leases or leases in which the underlying asset is of low value. In the reporting year, expenses for leases in which the underlying assets are of low value amounted to €2 million (previous year: €5 million). Expenses for short-term leases in the reporting year were €1 million (previous year: €0 million). There were no variable lease expenses in the reporting year or in the previous year that were not taken into account in the measurement of the lease liabilities.

Right-of-use assets derived from leases are reported on the balance sheet under Property and equipment in the items indicated in the following.

€ million	Land and buildings	Operating and office equipment	Total
Gross carrying amount (or cost) as of Jan. 1, 2025	64	2	66
Foreign exchange differences	-4	0	-4
Changes in basis of consolidation	-	-	-
Additions	8	-	8
Reclassifications	-	-	-
Disposals	18	2	20
Balance as of Dec. 31, 2025	49	0	49
Depreciation and impairment losses as of Jan. 1, 2025	39	2	41
Foreign exchange differences	-3	0	-3
Changes in basis of consolidation	-	-	-
Additions to cumulative depreciation	7	0	7
Additions to cumulative impairment losses	-	-	-
Reclassifications	-	-	-
Disposals	18	2	20
Reversal of impairment losses	-	-	-
Balance as of Dec. 31, 2025	25	0	25
Net carrying amount as of Dec. 31, 2025	24	0	24
Net carrying amount as of Jan. 1, 2025	25	0	25

€ million	Land and buildings	Operating and office equipment	Total
Gross carrying amount (or cost) as of Jan. 1, 2024	68	2	70
Foreign exchange differences	-1	0	-1
Changes in basis of consolidation	-	-	-
Additions	10	0	11
Reclassifications	-	-	-
Disposals	13	0	13
Balance as of Dec. 31, 2024	64	2	66
Depreciation and impairment losses as of Jan. 1, 2024	36	2	38
Foreign exchange differences	0	0	0
Changes in basis of consolidation	-	-	-
Additions to cumulative depreciation	9	0	9
Additions to cumulative impairment losses	-	-	-
Reclassifications	0	0	-
Disposals	6	0	6
Reversal of impairment losses	-	-	-
Balance as of Dec. 31, 2024	39	2	41
Net carrying amount as of Dec. 31, 2024	25	0	25
Net carrying amount as of Jan. 1, 2024	31	0	32

When assessing the lease term underlying lease liabilities, the VW FS Overseas AG Group makes a best estimate as to whether an extension option will be exercised or a termination option will be exercised. In the event of a material change in the general parameters used for this estimate or a modification of the lease, this estimate is updated.

In the balance sheet, lease liabilities are reported under liabilities to customers. The following table shows a breakdown of the undiscounted contractual maturities of lease liabilities:

€ million	REMAINING CONTRACTUAL MATURITIES			TOTAL
	Up to 1 year	1 – 5 years	more than 5 years	
Lease liabilities as of Dec. 31, 2025	4	16	6	26
Lease liabilities as of Dec. 31, 2024	7	21	0	28

Overall, leases in which the VW FS Overseas AG Group is a lessee gave rise to total cash outflows of €12 million (previous year: €14 million) in the reporting year.

The following table shows an overview of the potential future cash outflows that have not been included in the measurement of the lease liabilities.

€ million	2025	2024
Future cash outflows to which the lessee is potentially exposed		
Residual value guarantees	–	–
Extension options	–	–
Termination options	–	–
Obligations under leases not yet commenced (contractual obligations)	0	0
Total	0	0

Leases forming part of buyback transactions

In the previous year, subleases in connection with buyback transactions that were spun off as part of Volkswagen Leasing GmbH and with the European operation of VW FS Overseas AG as of July 1, 2024 gave rise to income of €82 million in profit/loss from discontinued operations, net of tax, derived from both finance leases and operating leases and accounted for entirely by discontinued operations.

In the case of assets leased as part of buyback transactions, the total cash outflows are reported in an amount equal to the value of the right of use recognized in the previous year. Overall, this resulted in total cash outflows of €14 million in the previous year.

65. Insurance contract disclosures

All the following insurance contract disclosures relate to operations discontinued in the previous year. As of July 1, 2024, all these insurance contracts were spun off to Volkswagen Financial Services AG with the European operation of VW FS Overseas AG.

RECONCILIATION OF INSURANCE CONTRACTS

The tables below analyze the changes in the net carrying amount for the insurance contracts issued and for the reinsurance contracts held during the prior-year period. The change in the liability for remaining coverage and the liability for incurred claims is analyzed first before the change in the measurement components.

Analysis by remaining coverage and claims incurred

Insurance contracts issued

€ million	LIABILITY FOR REMAINING COVERAGE (LRC)		Liability for incurred claims (LIC)	Total
	Excluding loss components	Loss components		
Balance as of Jan. 1, 2024				
Assets from insurance contracts	3	–	–1	2
Liabilities for insurance contracts	–287	–25	–68	–379
Net balance of assets from and liabilities for insurance contracts	–284	–25	–68	–377
Insurance income	139			139
Insurance services expenses	–2	–5	–88	–95
Claims expenses and other expenses from insurance contracts		3	–79	–76
Amortization of costs incurred in concluding contracts	–2			–2
Losses and reversals for contracts in deficit		–8		–8
Changes in liability for incurred claims (LIC)			–9	–9
Investment components	6		–6	–
Technical insurance result	0	–1	1	0
Finance income and expenses from insurance contracts	–1	–1	1	–2
Currency translation	1	0	0	2
Net gain or loss from insurance business	143	–5	–93	44
Cashflow	145		–83	61
Premiums received	158			158
Payments for claims and other insurance services			–83	–83
Acquisition costs paid	–13			–13
Other changes	4	–	–	–
Changes in basis of consolidation	289	30	78	398
Balance as of Dec. 31, 2024	–	–	–	–
Assets from insurance contracts	–	–	–	–
Liabilities for insurance contracts	–	–	–	–
Net balance of assets from and liabilities for insurance contracts	–	–	–	–

Reinsurance contracts held

€ million	ASSET FOR REMAINING COVERAGE			Total
	Excluding loss cover components	Loss cover components	Asset for incurred claims	
Balance as of Jan. 1, 2024				
Assets from reinsurance contracts	3	–	21	25
Liabilities for reinsurance contracts	0	–	–	0
Net balance of assets from and liabilities for reinsurance contracts	3	–	21	25
Expenses from reinsurance services	0	–	–	0
Reimbursable amounts from reinsurance companies	–	–	–1	–1
Reimbursable amounts for claims made and other costs in the period	–	–	–	–
Loss recovery for losses and reversals from underlying insurance contracts in deficit	–	–	–	–
Adjustment to reimbursable amounts for claims made and other costs in prior periods	–	–	–1	–1
Investment components	–	–	–	–
Changes in credit risk of reinsurance company	–	–	–	–
Net income/expenses from reinsurance contracts held	0	–	–1	–1
Finance income and expenses from insurance contracts	0	–	–1	–1
Currency translation	–	–	–	–
Net gain or loss from reinsurance services	0	–	–2	–2
Cashflow	–	–	–	–
Paid expenses from outward reinsurance	–	–	–	–
Reimbursements received	–	–	–	–
Other changes	–	–	–	–
Changes in basis of consolidation	–3	–	–20	–23
Balance as of Dec. 31, 2024	–	–	–	–
Assets from reinsurance contracts	–	–	–	–
Liabilities for reinsurance contracts	–	–	–	–
Net balance of assets and liabilities / reinsurance contracts	–	–	–	–

Analysis by measurement components

Insurance contracts issued

€ million	Estimated present value for future cash flows	Risk adjustment for nonfinancial risk	Contractual service margin (CSM)	Total
Balance as of Jan. 1, 2024				
Assets from insurance contracts	9	0	-7	2
Liabilities for insurance contracts	-230	-35	-115	-379
Net balance of assets and liabilities / insurance contracts	-221	-35	-121	-377
Changes relating to current services	7	-1	55	61
Contractual service margin recognized in profit or loss	-	-	55	55
Risk adjustment for expired risks	-	-1	-	-1
Experience adjustments	7	-	-	7
Changes relating to future services	118	-14	-112	-8
Contracts recognized for the first time	82	-17	-70	-5
Changes in accounting estimates that affect CSM	41	1	-42	0
Change in losses and reversals of losses for contracts in deficit	-4	2	-	-2
Changes relating to past services	-18	9	-	-9
Technical insurance result	2	0	-2	0
Finance income and expenses from insurance contracts	1	-	-3	-2
Currency translation	1	0	0	2
Net gain or loss from insurance business	109	-5	-60	44
Cashflow	61	-	-	61
Premiums received	158	-	-	158
Payments for claims and other insurance services	-83	-	-	-83
Acquisition costs paid	-13	-	-	-13
Other changes	4	-	-	-
Changes in basis of consolidation	177	40	181	398
Balance as of Dec. 31, 2024	-	-	-	-
Assets from insurance contracts	-	-	-	-
Liabilities for insurance contracts	-	-	-	-
Net balance of assets and liabilities / insurance contracts	-	-	-	-

Reinsurance contracts held

€ million	Estimated present value for future cash flows	Risk adjustment for nonfinancial risk	Contractual service margin (CSM)	Total
Balance as of Jan. 1, 2024				
Assets from reinsurance contracts	23	1	–	25
Liabilities for reinsurance contracts	0	–	–	0
Net balance of assets and liabilities / insurance contracts	23	1	–	25
Changes relating to current services	0	0	–	0
Contractual service margin recognized in profit or loss	–	–	–	–
Risk adjustment for expired risks	–	0	–	0
Experience adjustments	0	–	–	0
Changes relating to future services	–	0	–	0
Contracts recognized for the first time	–	–	–	–
Changes in accounting estimates that affect CSM	–	–	–	–
Changes in accounting estimates that do not affect CSM	–	0	–	0
Changes in reimbursable amounts relating to past services	–1	0	–	–1
Finance income and expenses from insurance contracts	–1	–	–	–1
Changes in default risk of reinsurance companies	–	–	–	–
Currency translation	–	–	–	–
Net gain or loss from outward reinsurance business	2	0	–	2
Cashflow	–	–	–	–
Paid expenses from outward reinsurance	–	–	–	–
Reimbursements received	–	–	–	–
Other changes	–	–	–	–
Changes in basis of consolidation	22	1	–	23
Balance as of Dec. 31, 2024	–	–	–	–
Assets from reinsurance contracts	–	–	–	–
Liabilities for reinsurance contracts	–	–	–	–
Net balance of assets from and liabilities for reinsurance contracts	–	–	–	–

EFFECTS OF INSURANCE CONTRACTS RECOGNIZED FOR THE FIRST TIME

The effects of insurance contracts recognized for the first time in the prior-year period on the assets and provisions prior to transfer on July 1, 2024 are as follows:

€ million	INSURANCE CONTRACTS ISSUED FOR THE FIRST TIME		INSURANCE CONTRACTS ACQUIRED FOR THE FIRST TIME		Total
	Not in deficit	In deficit	Not in deficit	In deficit	
Expected present value of future cash outflows (excluding costs incurred in concluding contracts)	–136	–16	–	–	–153
Expected present value of costs incurred in concluding contracts	–8	–4	–	–	–12
Expected present value of future cash outflows	228	18	–	–	246
Risk adjustment for nonfinancial risk	–14	–3	–	–	–17
Contractual service margin (CSM)	–70	–	–	–	–70
Total	0	–5	–	–	–6

The insurance contracts recognized for the first time in the prior-year period had no material effect on assets from reinsurance contracts held.

TECHNICAL INSURANCE INCOME

The table below shows the changes of the technical insurance income in the previous year.

€ million	2024
Technical insurance income	
Change in liability for remaining coverage	137
Contractual service margin recognized in profit or loss	55
Risk adjustment for nonfinancial risk (current coverage)	8
Other changes	2
Expected expenses for claims incurred and other costs	72
Amortization of costs incurred in concluding contracts	2
Total	139

66. Cash Flow Statement

The VW FS Overseas AG Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. Cash flows from investing activities comprise purchase payments and disposal proceeds relating to investment property, subsidiaries, joint ventures and other assets. Cash flows from financing activities reflect all cash flows arising from transactions involving equity, subordinated capital and other financing activities. All other cash flows are classified as cash flows from operating activities in accordance with standard international practice for financial services companies.

The cash and cash equivalents include the entire cash reserve, mainly comprising balances held with foreign central banks, as well as the cash and cash equivalents reported under "Loans to and receivables from banks" and "Loans to and receivables from customers attributable to other receivables". Cash equivalents from cash pooling with a non-bank entity in the Volkswagen Group are included in the loans to and receivables from customers attributable to other receivables.

The "Cash reserve", "Loans to and receivables from banks" and "Loans to and receivables from customers within other loans and receivables" balance sheet items are reconciled to cash and cash equivalents by adjusting the balance sheet items for those items which are not cash or cash equivalents.

€ million	Dec. 31, 2025	Dec. 31, 2024
Cash reserve	84	320
Loans to and receivables from banks	1,316	1,160
Loans to and receivables from customers attributable to other receivables	375	658
Sum of cash reserve and loans to and receivables from banks	1,775	2,138
Receivables from loans and commercial paper in loans to and receivables from banks	-11	-26
Trade receivables and other receivables in loans to and receivables from banks	-	-1
Loan receivables in loans to receivables from customers attributable to other receivables	-285	-274
Trade receivables in loans to and receivables from customers attributable to other receivables	-58	-356
Other receivables in loans to and receivables from customers attributable to other receivables	-30	-27
Cash and cash equivalents	1,390	1,455

The changes in the balance sheet items used to determine the changes in the cash flow statement cannot be derived directly from the balance sheet because effects from the changes in the basis of consolidation have no impact on cash and are eliminated.

The following tables show the breakdown of the changes in the subordinated capital reported on the balance sheet under Subordinated capital:

€ million	Balance as of Jan. 1, 2025	Cash changes	NONCASH TRANSACTIONS			Balance as of Dec. 31, 2025
			Exchange rate changes	Changes in basis of consolidation	Measurement changes	
Subordinated capital	107	-12	-1	-	-	94

€ million	Balance as of Jan. 1, 2024	Cash changes	NONCASH TRANSACTIONS			Balance as of Dec. 31, 2024
			Exchange rate changes	Changes in basis of consolidation	Measurement changes	
Subordinated capital	2,922	-47	-23	-2,745	-	107

67. Off-balance-sheet liabilities

CONTINGENT LIABILITIES

Contingent liabilities in the amount of €367 million (previous year: €309 million) related to legal disputes concerning income tax and other tax matters in which the criteria for the recognition of a provision in accordance with IAS 12 and IAS 37 are not satisfied. After an analysis of the individual cases covered by the contingent liabilities, it is expected that the disclosure of further detailed information on individual proceedings, legal disputes and legal risks could seriously prejudice the course of those proceedings.

VW FS Overseas AG, as a legal entity participating in the spin-off of the European operation to Volkswagen Financial Overseas AG (operating at that time under the name Volkswagen Financial Services Europe AG), is liable as a joint and several debtor in accordance with section 133 (1) sentence 1 of the *Umwandlungsgesetz* (German Transformation Act – UmwG) for the liabilities incurred by the transferring legal entity, VW FS Overseas AG, up to the effective date of the spin-off on July 1, 2024. The liabilities incurred by VW FS Overseas AG prior to July 1, 2024 and not transferred to Volkswagen Financial Services AG with the European operation are recognized in the balance sheet of the VW FS Overseas AG Group and are not included for the purposes of determining contingent liabilities. The liabilities incurred by VW FS Overseas AG prior to July 1, 2024 that were transferred with the spin-off of the European operation and remained within Volkswagen Financial Services AG as of the reporting date are included for the purposes of determining contingent liabilities. In accordance with section 133 (3) sentence 2 of the UmwG, the joint and several liability of VW FS Overseas AG is restricted to the fair value of the net assets (Overseas operation) assigned to VW FS Overseas AG following the spin-off of the shares in Volkswagen Leasing GmbH and the spin-off of the European operation as the liability cap. This resulted in contingent liabilities of €3,942 million for the VW FS Overseas AG Group. In the unlikely event of a

claim on the joint and several liability, it is possible that claims for reimbursement in the same amount will be made against Volkswagen Financial Services AG.

OTHER FINANCIAL OBLIGATIONS

€ million	DUE	DUE	DUE	TOTAL
	2026	2027 – 2030	From 2031	Dec. 31, 2025
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	0	–	–	0
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	396	–	–	396
Long-term leasing and rental contracts	4	2	–	6
Miscellaneous financial obligations	0	–	–	0

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

€ million	DUE	DUE	DUE	TOTAL
	2025	2026 – 2029	From 2030	Dec. 31, 2024
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	0	–	–	0
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	726	–	–	726
Long-term leasing and rental contracts	2	2	–	5
Miscellaneous financial obligations	0	–	–	0

68. Share-based payment

PAYMENTS FROM THE SHARE-BASED RETROSPECTIVE LONG-TERM BONUS

The variable compensation for members of the Board of Management, management, and selected participants below management level includes a retrospective long-term bonus (LTB) with a three-year assessment basis. The payout amount for the LTB is determined by multiplying the individual target amount for the LTB with the degree of target achievement for the annual result for each Volkswagen preferred share and the ratio between the closing reference price at the end of the term plus a dividend equivalent and the initial reference price. The payment amount for all beneficiaries under the LTB is limited to 250% of the target amount.

In the reporting year, all beneficiaries were granted a target amount, based on target attainment of 100%, of €2 million (previous year: €2 million). As of December 31, 2025, the total carrying amount of the obligation, which equated to the intrinsic value of the liabilities, amounted to €8 million (previous year: €7 million). A total expense of €4 million (previous year: €8 million) was recognized in the reporting period for this commitment.

BENEFITS BASED ON PERFORMANCE SHARES

In fiscal year 2025, 1,029 performance shares were still granted from the forward-looking performance share plan (PSP). This component of variable compensation has been gradually replaced by the LTB since fiscal year 2024. No further performance shares are expected to be granted starting in fiscal year 2026. Beneficiaries are allocated performance shares purely for calculation purposes at the beginning of the three-year performance period. The number of allocated performance shares is calculated based on the individual target amount for the PSP at the grant date and the initial reference price of Volkswagen preferred shares. Settlement is in cash at the end of the three-year performance period. The payment amount corresponds to the number of determined performance shares, multiplied by the closing reference price at the end of the period plus a dividend equivalent. The maximum payment amount is limited to 250%.

The following table lists the figures for the performance share plan:

€ million	Dec. 31, 2025	Dec. 31, 2024
Total expense for the period (Jan. 1 – Dec. 31)	0	0
Total carrying amount of the obligation	0	1
Intrinsic value of the liabilities	0	0
Fair value at grant date	0	0
Number of performance shares granted	8,097	10,268
of which: number granted in the reporting period	1,029	2,720

69. Total audit fees of the Group auditors

The table below shows the total fees charged in the reporting year by the auditor of the consolidated financial statements, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, in accordance with the requirements specified in section 314(1) no. 9 of the HGB.

€ million	2025	2024
Financial statement audit services	1	2
Other attestation services	0	0
Tax consulting services	–	–
Other services	–	–
Total	1	2

The fees paid to the auditor for audit services in the year under review were mostly attributable to the audit of the consolidated financial statements and annual financial statements of VW FS Overseas AG. The expenses for fiscal year 2025 are included in the income statement under general and administrative expenses. The expenses for the previous year are included in the income statement under general and administrative expenses and profit/loss from discontinued operation, net of tax.

70. Personnel expenses

The personnel expenses of the VW FS Overseas AG Group are reported in the income statement under general and administrative expenses and, for the previous year, also in profit/loss from discontinued operations, net of tax.

€ million	2025	2024
Wages and salaries	110	122
Social security benefits	31	25
Post-employment and other employee benefit costs	9	6
Total	149	153

71. Average number of employees during the reporting period

	2025	2024
Salaried employees	2,898	2,878
Vocational trainees	51	50
Sum	2,949	2,928
Employees with the VDF Servis ve Ticaret A.S., Istanbul, and Volkswagen Financial Services South Africa (Pty) Ltd., Sandton, joint ventures	134	164
Total	3,083	3,092

72. Related party disclosures

Related parties within the meaning of IAS 24 are deemed to be individuals or entities who can be influenced by VW FS Overseas AG, who can exercise an influence over VW FS Overseas AG, or who are under the influence of another related party of VW FS Overseas AG.

Volkswagen AG, Wolfsburg, is the sole shareholder of VW FS Overseas AG. Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect, via the Annual General Meeting, all the shareholder representatives on the Volkswagen AG Supervisory Board as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 8, 2026, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2025 and thus exercise an indirect significant influence over the VW FS Overseas AG Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment). The sole shareholder, Volkswagen AG, and VW FS Overseas AG have entered into a control and profit-and-loss transfer agreement.

Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities provide the entities in the VW FS Overseas 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 Overseas AG Group on an arm's-length basis. These transactions are presented in the "Goods and services received" line item.

The "Goods and services provided" line item primarily contains income from leasing transactions.

The business transactions with unconsolidated subsidiaries, joint ventures and associates of VW FS Overseas 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.

FISCAL YEAR 2025

€ million	Supervisory Board	Board of Management	Volkswagen AG	Porsche SE	Other related parties in the consolidated entities	Non consolidated subsidiaries	Joint ventures	Associates
Loans and Receivables	–	–	6	–	271	2	296	–
Valuation allowances on impaired loans and receivables	–	–	–	–	–	–	–	–
of which additions in current year	–	–	–	–	–	–	–	–
Obligations	–	–	858	–	3,486	9	–	–
Interest income	–	–	17	–	75	0	99	–
Interest expense	–	–	–1	–	–231	–1	–	–
Goods and services provided	–	–	28	–	267	8	0	–
Goods and services received	–	–	2	–	177	30	–	–

FISCAL YEAR 2024

€ million	Supervisory Board	Board of Management	Volkswagen AG	Porsche SE	Other related parties in the consolidated entities	Non consolidated subsidiaries	Joint ventures	Associates
Loans and Receivables	–	–	16	–	917	15	263	–
Valuation allowances on impaired loans and receivables	–	–	–	–	–	–	–	–
of which additions in current year	–	–	–	–	–	–	–	–
Obligations	–	–	733	–	3,412	11	–	–
Interest income	–	–	1	–	101	1	50	–
Interest expense	–	–	–24	–	–639	0	–	–
Goods and services provided	–	–	–	–	62	2	1	–
Goods and services received	–	–	2,936	–	3,859	33	–	–

The "Other related parties in the group of consolidated entities" column includes, in addition to sister entities, joint ventures and associates that are related parties in Volkswagen AG's group of consolidated entities but do not directly belong to VW FS Overseas AG. The relationships with the Supervisory Board and the Board of Management comprise relationships with the relevant groups of people at VW FS

Overseas AG and the Group parent company Volkswagen AG. As in the prior year, relationships with pension plans and the State of Lower Saxony were of lesser significance in the reporting year.

VW FS Overseas AG did not receive capital contributions from Volkswagen AG in either the reporting year or the previous year. VW FS Overseas AG and its subsidiaries provided capital contributions of €26 million (previous year: €– million) to related parties.

In the previous year, noncash assets of €19,530 million had been distributed to the shareholder Volkswagen AG due to the spin-off of the shares in Volkswagen Leasing GmbH to Volkswagen Bank GmbH and to the spin-off of the European operation of VW FS Overseas AG to Volkswagen Financial Services AG.

Members of the Board of Management and Supervisory Board of VW FS Overseas AG are also members of management and supervisory boards of other entities in the Volkswagen Group with which VW FS Overseas AG sometimes conducts transactions in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

During the course of the reporting period, standard short-term bank loans amounting to an average total of €53 million (previous year: €37 million) were granted to related parties as part of dealer financing.

BOARD OF MANAGEMENT REMUNERATION IN ACCORDANCE WITH IAS 24

The following table shows the remuneration of the members of the Board of Management in accordance with IAS 24.17.

€ million	2025	2024
Short-term benefits	2	3
Payments based on share-based payment arrangements (long-term bonus and performance shares)	0	1
Termination benefits	–	–
Post-employment benefits	0	0
Total benefits	2	4

The post-employment benefits relate to additions to pension provisions for current members of the Board of Management. The employer-funded contributions to defined benefit plans for members of the Board of Management in accordance with IAS 19.54 amounted to €0 million (previous year: €0 million).

BOARD OF MANAGEMENT REMUNERATION

In the reporting year, the total remuneration of the Board of Management in accordance with section 314(1) no. 6 of the HGB amounted to €2 million (previous year: €3 million); 0 performance shares were granted in the reporting period (previous year: 2,720), the fair value of which was €– million (previous year: €0 million) on the grant date. In the current fiscal year, the target amount of the long-term bonus is €0 million (previous year: €0 million), based on 100% target achievement.

The total payments made to former members of the Board of Management and their surviving dependants amounted to €– million (previous year: €– million). The provisions recognized for this group of people to cover current pensions and pension entitlements amounted to €– million (previous year: €– million).

SUPERVISORY BOARD REMUNERATION

In accordance with a resolution passed by the Annual General Meeting, the members of the Supervisory Board are entitled to an annual allowance. This allowance is independent of the performance of the Company. Various members of the Supervisory Board are also members of the supervisory boards of other Volkswagen AG subsidiaries. The amounts received for these functions are deducted from the allowance entitlement from VW FS Overseas AG. As a result, a total amount of €– million (previous year: €0 million) was paid out to the members of the Supervisory Board in fiscal year 2025.

The employee representatives on the Supervisory Board of VW FS Overseas AG also receive their regular salaries under the terms of their employment contracts. This salary is based on the provisions in the *Betriebsverfassungsgesetz* (BetrVG – German Works Constitution Act) and corresponds to the remuneration for equivalent employees with career development typical for the organization. Appropriate remuneration for the representative of the senior executives on the Supervisory Board corresponds to the remuneration for a corresponding function or role within the company.

73. Governing bodies of Volkswagen Financial Services Overseas AG

The members of the Board of Management are as follows:

KAI VOGLER

Chair of the Board of Management
Front Office and Corporate Management
Regions China, South America, Mexico, International

PATRICK WELTER

Back Office and Finance
Risk Management

Mr. Kai Vogler resigned from his position on the Board of Management of Volkswagen Financial Services Overseas AG, effective January 31, 2026. Dr. Wolf-Stefan Specht was appointed Chair of the Board of Management, effective March 1, 2026.

The members of the Supervisory Board are as follows:

ANTHONY BANDMANN (SINCE JANUARY 1, 2026)

Chair (since January 6, 2026)

Chair of the Board of Management of Volkswagen Financial Services AG

DR. CHRISTIAN DAHLHEIM (UNTIL DECEMBER 31, 2025)

Chair

Chair of the Board of Management of Volkswagen Financial Services AG

DR. WOLF-STEFAN SPECHT

Head of Wholesale Steering & Transition of Volkswagen AG

TORSTEN BECHSTÄDT

Head of Supervisory Board Matters for the Chair of the Group Works Council of Volkswagen AG

ULRICH FEUEREIS (SINCE SEPTEMBER 01, 2025)

Head of Group Controlling of Volkswagen AG

RAINER SEIDL (UNTIL AUGUST 31, 2025)

Head of Group Controlling of Volkswagen AG

Dr. Specht resigned from his position on the Supervisory Board of Volkswagen Financial Services Overseas AG effective February 28, 2026.

The members of the Supervisory Board committees are as follows:

MEMBERS OF THE AUDIT COMMITTEE

Ulrich Feuereis (Chair) (since September 01, 2025)

Rainer Seidl (Chair) (until August 31, 2025)

Anthony Bandmann (since January 01, 2026)

Torsten Bechstädt

Dr. Christian Dahlheim (until December 31, 2025)

MEMBERS OF THE CREDIT COMMITTEE

Dr. Christian Dahlheim (Chair) (until December 31, 2025)

Ulrich Feuereis (since September 01, 2025)

Rainer Seidl (until August 31, 2025)

Dr. Wolf-Stefan Specht

Torsten Bechstädt (Deputy Member)

Upon resigning from the Supervisory Board, Dr. Specht also left the Credit Committee as of February 28, 2026.

As the successor to Dr. Dahlheim, Mr. Bandmann was elected as a member and Chair of the Credit Committee with effect from March 5, 2026.

74. Letter of Comfort of our affiliated companies

With the exception of political risks, Volkswagen Financial Services Overseas AG hereby declares that, as the shareholder of its affiliated companies, over which it has managerial control and/or in which it holds a direct or indirect majority share of the share capital, it will exert its influence to ensure that the latter meet their liabilities to lenders in the agreed manner. Moreover, Volkswagen Financial Services Overseas AG confirms that, for the term of the loans, it will make no changes to the share structures of these companies which would adversely affect the letter of comfort without informing the lenders. This comfort also applies to holders of unguaranteed bonds issued by the following affiliated companies: Banco Volkswagen S.A., São Paulo, Brazil; LM Transportes Interestaduais Serviços e Comércio S.A., Salvador, Brazil; Volkswagen Finance (China) Co., Ltd., Beijing, China; Volkswagen Doğuş Finansman A.Ş., Istanbul, Türkiye; VDF Filo Kiralama A.Ş., Istanbul, Türkiye; VDF Faktoring A.Ş., Istanbul, Türkiye.

75. Events after the balance sheet date

No events of particular significance occurred up to March 2, 2026 that would have required a significantly different presentation of the net assets, financial position and results of operations.

Shareholdings

Shareholdings of VW FS Overseas AG and the VW FS Overseas AG Group in accordance with sections 285 and 313 of the HGB and presentation of the companies included in the consolidated financial statements of the W FS Overseas AG Group in accordance with IFRS 12 as of December 31, 2025.

Name and registered office of company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY IN THOU-SANDS	PROFIT/LOSS IN THOU-SANDS	Footnote	Year
		(1 EURO =)	Direct	Indirect	Total	local currency	local currency		
I. PARENT COMPANY									
Volkswagen Financial Services Overseas AG									
II. SUBSIDIARIES									
A. Consolidated companies									
1. Germany									
2. International									
Banco Volkswagen S.A., São Paulo	BRL	6.4350	–	100.00	100.00	5,103,176	310,483		2024
Consórcio Nacional Volkswagen - Administradora de Consórcio Ltda., Santana de Parnaíba	BRL	6.4350	–	100.00	100.00	622,457	50,072		2024
Driver Australia eight Trust, Chullora	AUD	1.7572	–	–	–	11,864	15,593	1)	2024
Driver Australia eleven Trust, Chullora	AUD	1.7572	–	–	–	–	–	1), 2), 3)	2025
Driver Australia Master Trust, Chullora	AUD	1.7572	–	–	–	–12,708	–52,224	1)	2024
Driver Australia Master Trust 2, Sydney	AUD	1.7572	–	–	–	–	–	1), 2)	2024
Driver Australia nine Trust, Chullora	AUD	1.7572	–	–	–	–	–	1), 2)	2024
Driver Australia ten Trust, Chullora	AUD	1.7572	–	–	–	2,983	2,983	1), 2)	2024
Driver Brasil Six Banco Volkswagen Fundo de Investimento em Direitos Creditórios Financiamento de Veículos, Osasco	BRL	6.4350	–	–	–	151,049	48,820	1)	2024
Driver China Fifteen Auto Loan Securitisation Trust, Beijing	CNY	8.2249	–	–	–	–3,844,125	8,992	1), 2)	2024
Driver China Sixteen Auto Loan Securitisation Trust, Beijing	CNY	8.2249	–	–	–	–	–	1), 2), 3)	2025
FUNDO DE INVESTIMENTO EM DIREITOS CREDITÓRIOS DRIVER MASTER BRASIL I – Responsabilidade Limitada, Osasco	BRL	6.4350	–	–	–	–	–	2), 3)	2025
LM Transportes Interestaduais Serviços e Comércio S.A., Salvador	BRL	6.4350	–	60.00	60.00	2,445,613	200,184		2024
Private Driver Australia 2023-1 Trust, Chullora	AUD	1.7572	–	–	–	–8,446	–3,915	1)	2024
Simple Way Locações e Serviços S.A., São Paulo	BRL	6.4350	–	100.00	100.00	1,198,763	29,604		2024
Volkswagen Bank S.A., Institución de Banca Múltiple, Puebla	MXN	21.1008	100.00	–	100.00	3,389,000	317,000		2024
Volkswagen Corretora de Seguros Ltda., São Paulo	BRL	6.4350	–	100.00	100.00	30,334	89,479		2024
Volkswagen Finance (China) Co., Ltd., Beijing	CNY	8.2249	100.00	–	100.00	17,884,863	731,862		2024
Volkswagen Finance Overseas B.V., Amsterdam	EUR	–	100.00	–	100.00	1,005,423	123,276	5)	2024
Volkswagen Financial Leasing (Tianjin) Co., Ltd., Tianjin	CNY	8.2249	–	98.22	98.22	1,856,262	27,854		2024
Volkswagen Financial Services Australia Pty. Ltd., Chullora	AUD	1.7572	100.00	–	100.00	493,731	95,179		2024
Volkswagen Financial Services Japan Ltd., Tokyo	JPY	183.9750	–	100.00	100.00	31,361,154	3,154,110		2024
Volkswagen Financial Services Korea Co., Ltd., Seoul	KRW	1,695.3050	100.00	–	100.00	438,106,000	47,273,000		2024
Volkswagen Financial Services Taiwan Ltd., Taipei City	TWD	36.7850	–	100.00	100.00	1,745,083	141,008		2024
Volkswagen Leasing S.A. de C.V., Puebla	MXN	21.1008	100.00	–	100.00	10,566,164	1,028,756		2024
Volkswagen New Mobility Services Investment Co., Ltd., Beijing	CNY	8.2249	100.00	–	100.00	2,561,073	–101,265		2024
Volkswagen Participações Ltda., São Paulo	BRL	6.4350	–	100.00	100.00	5,189,641	490,947		2024
Volkswagen Serviços Ltda., São Paulo	BRL	6.4350	–	100.00	100.00	16,963	6,151		2024

Name and registered office of company	Currency	EXCHANGE RATE	VW FS AG'S INTEREST IN CAPITAL			EQUITY IN THOU-SANDS	PROFIT/LOSS IN THOU-SANDS	Footnote	Year
		(1 EURO =)	Direct	Indirect	Total	local currency	local currency		
		Dec. 31, 2025							
B. Unconsolidated companies									
1. Germany									
2. International									
Kuwy Technology Service Pvt. Ltd., Chennai	INR	105.5645	–	84.02	84.02	354,800	–265,900	6)	2025
LM Comércio de Veículos Seminovos Ltda., Salvador	BRL	6.4350	–	100.00	100.00	–	–	4)	2024
Porsche Movilidad Colombia S.A.S., Bogotá	COP	4,429.3000	–	60.00	60.00	30,221,301	–13,644,243		2024
Porsche Volkswagen Corredores de Seguros Chile S.p.A., Santiago de Chile	CLP	1,057.7150	–	100.00	100.00	1,701,927	621,762		2024
Porsche Volkswagen Servicios Financieros Chile S.p.A., Santiago de Chile	CLP	1,057.7150	–	60.00	60.00	14,464,462	3,064,218		2024
São Bernardo Administração de Créditos Ltda., São Bernardo do Campo	BRL	6.4350	–	100.00	100.00	3,405	777		2024
VAREC Ltd., Tokyo	JPY	183.9750	–	100.00	100.00	1,097,460	113,545		2024
Volkswagen Administradora de Negócios Ltda., São Paulo	BRL	6.4350	–	100.00	100.00	14,713	5,653		2024
Volkswagen Brokers Argentina S.A., Buenos Aires	ARS	1,705.1497	–	96.00	96.00	4,853,348	–309,807		2024
Volkswagen Fiduciary Services Private Limited, Mumbai	INR	105.5645	91.00	9.00	100.00	4,406,037	32,132	6)	2025
Volkswagen Financial Services Holding Argentina S.R.L., Buenos Aires	ARS	1,705.1497	99.99	0.01	100.00	32,833,379	3,583,478		2024
Volkswagen Insurance Brokers Taiwan Co., Ltd., Taipei City	TWD	36.7850	–	100.00	100.00	–	–	2), 3)	2025
Volkswagen International Insurance Agency Co., Ltd., Taipei City	TWD	36.7850	–	100.00	100.00	158,434	72,923		2024
Volkswagen Leasing (Beijing) Co., Ltd., Beijing	CNY	8.2249	–	100.00	100.00	21,086	5,931		2024
Volkswagen Leasing (Guangzhou) Co., Ltd., Guangzhou	CNY	8.2249	–	100.00	100.00	1,746	–551		2024
Volkswagen Leasing (Shanghai) Co., Ltd., Shanghai	CNY	8.2249	–	100.00	100.00	–40,843	–15,821		2024
Volkswagen New Mobility Services Consulting (Beijing) Co., Ltd., Beijing	CNY	8.2249	–	100.00	100.00	32,123	906		2024
Volkswagen Servicios, S.A. de C.V., Puebla	MXN	21.1008	–	100.00	100.00	62,078	13,409		2024
III. Joint ventures									
A. Equity-accounted companies									
1. Germany									
2. International									
VDF Servis ve Ticaret A.S., Istanbul	TRY	50.4574	51.00	–	51.00	11,345,278	–3,097,467	7)	2024
Volkswagen Financial Services South Africa (Pty) Ltd., Sandton	ZAR	19.4404	51.00	–	51.00	2,519,808	426,782		2024
B. Companies accounted for at cost									
1. Germany									
2. International									
Lenrad Invest (Pty) Ltd., Sandton	ZAR	19.4404	51.00	–	51.00	17,893	16,304		2024
Volkswagen Financial Services Compañía Financiera S.A., Buenos Aires	ARS	1,705.1497	–	49.00	49.00	57,661,545	8,343,623		2024
IV. ASSOCIATES									
A. Equity-accounted associates									
1. Germany									
2. International									
B. Associates accounted for at cost									
1. Germany									
2. International									
Beijing Cardif Airstar Property & Casualty Insurance Co., Ltd., Beijing	CNY	8.2249	18.00	–	18.00	–	–	2), 3)	2025
V. EQUITY INVESTMENTS									
1. Germany									
2. International									

1) Structured company in accordance with IFRS 10 and IFRS 12

2) Short fiscal year

3) Newly established company/Spin-off

4) Values are included in the consolidated financial statement of the parent company

5) Matter within the meaning of Section 1 of the UmwG

6) Different fiscal year

7) Consolidated financial statements

Braunschweig, March 2, 2026

Volkswagen Financial Services Overseas AG
The Board of Management



Dr. Wolf-Stefan Specht



Patrick Welter

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Braunschweig, March 2, 2026

Volkswagen Financial Services Overseas AG
The Board of Management



Dr. Wolf-Stefan Specht



Patrick Welter

Independent Auditor's Report¹

To Volkswagen Financial Services Overseas AG, Braunschweig

OPINIONS

We have audited the consolidated financial statements of Volkswagen Financial Services Overseas AG, Braunschweig, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the fiscal year from 1 January 2025 to 31 December 2025, and the consolidated balance sheet as at 31 December 2025, consolidated statement of changes in equity and consolidated cash flow statement for the fiscal year from 1 January 2025 to 31 December 2025, and notes to the consolidated financial statements, including material accounting policy information. In addition, we have audited the group management report of Volkswagen Financial Services Overseas AG, which is combined with the Company's management report, for the fiscal year from 1 January 2025 to 31 December 2025.

In our opinion, on the basis of the knowledge obtained in the audit,

- > the accompanying consolidated financial statements comply, in all material respects, with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2025 and of its financial performance for the fiscal year from 1 January 2025 to 31 December 2025, and
- > the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

¹ Translation of the German independent auditor's report concerning the audit of the consolidated financial statements and group management report prepared in German

BASIS FOR THE OPINIONS

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements and of the group management report” section of our auditor’s report. We are independent of the group entities in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the “Responsibility Statement,” “Human Resources Report” and “Report of the Supervisory Board” sections to be included in the annual report, of which we obtained a copy prior to issuing this auditor’s report, but not the consolidated financial statements, not the group management report disclosures whose content is audited and not our auditor’s report thereon.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

- > is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
- > otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE EXECUTIVE DIRECTORS AND THE SUPERVISORY BOARD FOR THE CONSOLIDATED FINANCIAL STATEMENTS AND THE GROUP MANAGEMENT REPORT

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group’s ability to continue as a going concern. They also have the responsibility for disclosing, as

applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- > Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- > Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control and of such arrangements and measures.

- > Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- > Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- > Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with the IFRS Accounting Standards as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
- > Plan and perform the audit of the consolidated financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and review of the work performed for the group audit. We remain solely responsible for our audit opinions.
- > Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
- > Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Eschborn/Frankfurt am Main, 3 March 2026

EY GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft

Koch
Wirtschaftsprüfer
[German Public Auditor]

Hölscher
Wirtschaftsprüfer
[German Public Auditor]

Human Resources Report

Our people are key.

EMPLOYEES

The Volkswagen Financial Services Overseas AG Group had a total workforce of 2,940 (2,930) employees as of December 31, 2025. Of these, 48 (48) were employed in Germany and 2,892 (2,882) at international sites. Owing to economic considerations, 247 (245) employees of Volkswagen Servicios, S.A. de C.V., Puebla, Mexico, which is an unconsolidated company, are included in the overall workforce figures.

HUMAN RESOURCES STRATEGY

The MOBILITY2030 corporate strategy reinforces the objective of leveraging a mobility platform to establish Volkswagen Financial Services Overseas AG as a provider of a wide range of mobility services and thereby enable it to play a central role in the Volkswagen Group as the “Key to Mobility”. MOBILITY2030 sets out to realize this vision by focusing on the strategic dimensions of customer loyalty, vehicles, profitability, data and technology, and sustainability.

The future success of Volkswagen Financial Services Overseas AG will be founded on the global team comprising every single employee. This pivotal role is expressed in the cornerstone of MOBILITY2030, “Our team, our values”, which emphasizes the importance of employees for all the strategic dimensions. The values this embeds – courage, trust and customer centricity – are intended to guide employees in their everyday activities and help motivate them to do their best.

In the past fiscal year, HR developed or refined ten initiatives as part of the “Hello.PEOPLE” framework to place even greater focus on employees in MOBILITY2030 and provide the Company with the best possible support in implementing MOBILITY2030, thereby contributing to the development of a high-performance organization through targeted measures. These measures are intended to jointly shape the upcoming challenges and transform the Company. Change becomes an opportunity for sustainable success. A strategy that enables everyone to fully realize their potential – where it has the greatest impact. “Our Transformation” is the core initiative. It safeguards the sustainable development of our workforce. Future skills are specifically identified, data-based decisions are enabled, and resources are efficiently allocated. These objectives are being pursued through initiatives in the areas of diversity, health, employee loyalty, leadership, values, collaboration, new learning, change management, and digital HR. Progress towards our targets is determined, among other things, by the results of surveys on external and internal employee and customer satisfaction.

Skilled and committed employees who are open to change are the cornerstones of any company’s success, and Volkswagen Financial Services Overseas AG empowers its employees to continuously develop and gain new qualifications. Knowledge and experience are becoming more critical all the time, especially in the field of digitalization and automation. Accordingly, the focus of professional development in the reporting year again was on teaching digital, data and AI skills, delivered through a variety of learning opportunities, from self-service learning, through the use of an AI-based learning platform, down to customized training and degree programs for selected target groups.

For the reporting year, the topics of strategic workforce planning, diversity, culture and leadership are particularly noteworthy.

For the first time, Volkswagen Financial Services Overseas AG performed strategic workforce planning across all departments at the German location. The result is an important indication of how quantitative personnel requirements and job profiles will develop in the future and what qualifications will be necessary to achieve the Company's long-term goals. Our leaders have a significant influence on the mood and satisfaction of their staff and therefor also on their motivation, willingness to change and commitment.

A Leadership Day was held at the Braunschweig site during the reporting period, providing an opportunity for active discussion of PEOPLE-centric initiatives and the challenges and opportunities of leadership. Supported by input from external presenters, participating leaders were also given valuable insights for their day-to-day leadership roles. The cultural initiatives introduced in the previous year were systematically continued in the reporting period to continuously strengthen the corporate culture. Another employee survey on the VW FS Values Index was conducted to enable differentiated statements on how the FS values are perceived in the teams and to identify potential action areas and strategic value initiatives. The VW FS Values Awards were also presented for the second time. The VW FS Values Awards recognize projects and initiatives that make our values visible and tangible in our daily lives.

WORK-LIFE BALANCE

Volkswagen Financial Services Overseas AG works proactively to provide a family-friendly working environment and is constantly adding new options to help employees improve their work-life balance. Examples include a variety of working time models and the "Frech Daxe" company childcare facility, which is located next to the company's site in Braunschweig and offers both flexible care hours and vacation care.

Report of the Supervisory Board

of Volkswagen Financial Services Overseas AG

In the year under review, the Supervisory Board gave regular and thorough consideration to the position and development of Volkswagen Financial Services Overseas AG and the Volkswagen Financial Services Overseas AG Group.

During the reporting period, the Board of Management informed the Supervisory Board promptly and comprehensively at all times, in writing or verbally, regarding material aspects of the Company's planning and position, including the risk situation and the risk management system, and also regarding business development and any deviations from planning and targets. Based on these reports of the Board of Management, the Supervisory Board constantly monitored the management of the Company's and the Group's business and was thus able to carry out without limitation the functions assigned to it by law and under the articles of association. All decisions of fundamental importance for the Company and other transactions requiring the approval of the Supervisory Board under the rules of procedure were reviewed and discussed with the Board of Management before the relevant resolution was adopted.

The Supervisory Board consisted of four members. Personnel changes in the reporting period are disclosed in the information on governing bodies.

The Supervisory Board held four regular meetings in the reporting year. The average attendance rate was 100%. The Supervisory Board adopted one resolution in writing by circulating written documents.

The focuses of the meetings of the Supervisory Board and its committees are presented below.

COMMITTEE ACTIVITIES

To ensure the efficient execution of its duties, the Supervisory Board of Volkswagen Financial Services Overseas AG has established committees. The duties and responsibilities of the individual committees are governed in their respective rules of procedure.

Audit Committee

The Audit Committee held three regular meetings in the reporting year. The attendance rate was 100%. There were no urgent matters in the reporting year that required decisions to be made by circulation of written resolutions. In this regard, the Audit Committee held detailed discussions in the reporting period, addressing the annual financial statements, the supervision of the internal control, risk management and internal audit systems as well as the monitoring of the financial reporting and auditing process.

Credit Committee

The Credit Committee is responsible for approving issues that the Supervisory Board has to deal with by law and under the Articles of Association and rules of procedure relating to loan commitments, the assumption of sureties, guarantees and similar liabilities, Bank borrowings, the purchasing of receivables (factoring) and for master agreements governing the assumption of receivables. The Credit Committee is composed of three members of the Supervisory Board and makes its decisions by circulation of written resolutions.

The activities of the committees were reported at the plenary meetings of the Supervisory Board.

MATTERS DISCUSSED BY THE SUPERVISORY BOARD

At its meeting on March 7, 2025, following reports submitted by the auditor, the Supervisory Board examined in detail and then approved the annual financial statements and management report of Volkswagen Financial Services Overseas AG for 2024 prepared by the Board of Management. At its meeting on March 31, 2025, following reports submitted by the auditor, the Supervisory Board examined in detail and then approved the consolidated financial statements in accordance with IFRSs as well as the combined management report of Volkswagen Financial Services Overseas AG for 2024 prepared by the Board of Management.

The Supervisory Board also issued a recommendation regarding the appointment of the auditor for 2025.

Moreover, the Board of Management informed the Supervisory Board about the successful completion of the Volkswagen Group Mobility restructuring program. As part of this program, the European financial services activities were separated from the non-European financial services activities. In addition, the Supervisory Board was informed about the key topics for 2025 and the implementation of the corporate strategy. The Board of Management informed the Supervisory Board about the objectives and latest implementation status regarding diversity at the meeting on March 31, 2025.

At the meetings on July 18, 2025, and December 10, 2025, the Board of Management presented the Supervisory Board with comprehensive reports about the economic and financial position of the Company and the Volkswagen Financial Services Overseas AG subgroup and the Company's latest position. At the meeting on July 18, 2025, the Board of Management also presented the sustainability strategy, including target values, to the Supervisory Board. At the meeting on December 10, 2025, the Board of Management informed the Supervisory Board about the funding structure of the Volkswagen Financial Services Overseas AG subgroup.

At the meetings on March 7, 2025, March 31, 2025 and December 10, 2025, the Audit Committee reported to the Supervisory Board on the contents of its committee meetings. At the meeting on December 10, 2025, the Audit Committee informed the Supervisory Board about matters including the quality of the audit of the annual financial statements for 2024 and the preparation of the audit of the annual financial statements for 2025 (key audit matters). Internal Audit, Risk Management, and the Compliance function also presented reports. Focuses included composition and methodology, and regular and ad hoc reporting.

AUDIT OF THE ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS

EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft was appointed to audit both the consolidated financial statements of the Volkswagen Financial Services Overseas AG Group in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services Overseas AG in accordance with the HGB for the year ended December 31, 2025, including the bookkeeping system and management reports.

The consolidated financial statements of the Volkswagen Financial Services Overseas AG Group completed in accordance with the IFRSs and the annual financial statements of Volkswagen Financial Services Overseas AG completed in accordance with HGB for the year ended December 31, 2025 were submitted to the Audit Committee and the Supervisory Board together with the management reports. The auditor, EY GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, audited these financial statements, including the bookkeeping system and the management reports, and issued an unqualified auditor's opinion in each case.

The Audit Committee and Supervisory Board had no reservations after their reviews of the consolidated financial statements and the annual financial statements, including the management

reports. The auditors were present when this agenda item was addressed at the Supervisory Board meeting and they reported on the main findings of their audit and were available for questions.

At its meeting on March 5, 2026, the Audit Committee commented on the consolidated financial statements and annual financial statements of Volkswagen Financial Services Overseas AG prepared by the Board of Management and, following a detailed examination, recommended to Supervisory Board to approve the annual financial statements for 2025 and to approve the consolidated financial statements. At its meeting on March 5, 2026, the Supervisory Board approved both the consolidated financial statements prepared by the Board of Management as well as the annual financial statements of Volkswagen Financial Services Overseas AG. The consolidated financial statements and annual financial statements have thus been adopted.

On the basis of the current control and profit-and-loss transfer agreement, the profit reported by Volkswagen Financial Services Overseas AG in accordance with the HGB for fiscal year 2025 was transferred to Volkswagen AG.

The Supervisory Board would like to take this opportunity to express its gratitude and appreciation for the work of the members of the Board of Management, the Works Council, the managerial staff and all employees of Volkswagen Financial Services Overseas AG and its affiliated companies. The high level of commitment from all of you has helped to sustain the ongoing growth of Volkswagen Financial Services Overseas AG.

Braunschweig, March 5, 2026

A handwritten signature in black ink, appearing to read 'Anthony Bandmann', written in a cursive style.

Anthony Bandmann
Chair of the Supervisory Board

PUBLISHED BY

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This annual report is also available in German at <https://www.vwfs-overseas.com/gbvwfso25>.