VOLKSWAGEN LEASING

GMBH

ANNUAL REPORT
HGB

2022

Key Figures

VOLKSWAGEN LEASING GMBH GROUP

€ million	Dec 31, 2022	Dec. 31, 2021	Jan. 01, 2021
Total assets	54,249	50,659	46,039
Loans to and receivables from customers attributable to			
Dealer financing	12	9	9
Leasing business	18,932	18,215	19,182
Lease assets	25,764	23,298	18,955
Equity	6,506	4,631	3,858

in percent (as of Dec. 31)	2022	2021
Cost/income ratio[1]	43	50
Equity ratio[2]	12.0	9.1
Return on equity[3]	22.8	17.6

in thousand vehicles	Dec 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
New contracts	296	361	304	381	326
Current contracts	1,833	1,792	1,582	1,593	1,449

1 General and administrative expenses, adjusted for expenses passed on to other entities in the Volkswagen Group divided by interest income from bank balances and loans, net income from leasing transactions, interest expenses, net income from service contracts, provision for credit risks and net fee and commission income.
2 Equity divided by total assets.
3 Return on equity before tax, which is calculated by dividing profit before tax by average equity

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

Fundamental Information about the Group

Continuous growth confirms Volkswagen Leasing GmbH Group's business model.

BUSINESS MODEL

The establishment of Volkswagen Leasing GmbH in 1966 marked the beginning of leasing in the automotive sector in Germany. Today, the Company is part of the Financial Services division and is responsible for the operating activities related to the leasing business with retail and business customers as well as the fleet management business within the Volkswagen Group in Germany and Italy.

ORGANIZATION OF THE VOLKSWAGEN LEASING GMBH GROUP

The Volkswagen Leasing GmbH Group focuses on the operating activities for the leasing business with retail and business customers as well as on the fleet management/services business. The organization of the Group is aligned with the requirements of the products demanded by retail and fleet customers.

The responsibilities of the Management Board of Volkswagen Leasing GmbH are subdivided into four areas (Board departments).

Mr. Armin Villinger has been responsible for Corporate Management and has also been the Chair of the Management Board since July 1, 2022. Until June 30, 2022, Mr. Jens Legenbauer was the Chair of the Management Board and responsible for Corporate Management.

Corporate Management brings together the areas of marketing, sales management, product and brand management, and sales strategy.

The internal sales and field sales departments of Volkswagen Leasing GmbH as well as fleet services management and administration are combined in the Front Office department. This Board department is also the responsibility of Mr. Armin Villinger and was under the purview of Mr. Jens Legenbauer until June 30, 2022.

Following the integration of the organizational units from MAN Financial Services GmbH, the Front Office MAN FS Board department was established and was under the responsibility of Mr. Frank Czarnetzki until January 31, 2023. The Front Office MAN FS board department has been under the responsibility of Mr. Armin Villinger since February 1, 2023.

The activities assigned to the Back Office Board department of Mr. Hendrik Eggers consist of risk management, back office and controlling.

The Operations Board department has been under the responsibility of Ms. Manuela Voigt since August 1, 2022.

FIRST-TIME PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

Due to a modification in the refinancing of an existing ABS transaction in the first half of 2022, the parent company, Volkswagen Leasing GmbH, is now exposed to most of the risks and rewards of the special purpose entity affected by the modification, VCL Master Residual Value S.A., Luxembourg, and therefore exercises a controlling influence on the special purpose entity in accordance with section 290(2) no. 4 of the Handelsgesetzbuch (HGB – German Commercial Code). As a result, the parent company, Volkswagen Leasing GmbH, is required to prepare consolidated financial statements in accordance with section 290(1) of the HGB. The annual financial report as of December 31, 2022 have therefore been prepared as consolidated financial statements based on International Financial Reporting Standards in accordance with section 117(1) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

The consolidated financial statements for the year ended December 31, 2022 were prepared 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(1) of the Handelsgesetzbuch (HGB – German Commercial Code).

On the basis of the legal provisions, the Volkswagen Leasing GmbH Group makes use of the option of preparing a combined management report.

MOBILITY2030 STRATEGY

Volkswagen Financial Services AG's new MOBILITY2030 strategy, which replaces the existing ROUTE2025 strategy, was formally adopted in fiscal year 2022. The changes in the nature of commerce and the way people live, especially as a result of digitalization, have changed purchasing behavior and patterns of demand among many customers. The impact of this development on automotive sales is that flexible access to vehicles and mobility solutions in the broader sense are becoming increasingly relevant. Merely using the vehicles is becoming much more the focal point than owning them. With its NEW AUTO strategy, the Volkswagen Group has defined its road map for the transformation to a software-driven mobility company and identified the establishment and expansion of mobility solutions as a key core element thereof. Within this framework, Volkswagen Financial Services AG plays a central role and transfers the Group strategy into its own MOBILITY2030 strategy.

Volkswagen Leasing GmbH and its products and services will contribute to the implementation of the MOBILITY2030 strategy in the Volkswagen Financial Services AG Group.

INTERNAL MANAGEMENT

The Company'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 interest-bearing assets, operating result, return on equity and the cost/income ratio.

KEY PERFORMANCE INDICATORS

	Definition
Nonfinancial performance indicators	
Penetration	Ratio of new contracts for new Group vehicles under leasing business to deliveries of Group vehicles in markets Germany and Italy.
Current contracts	Contracts recognized as of the reporting date
New contracts	Contracts recognized for the first time in the reporting period
Financial performance indicators	
Interest-bearing assets	Loans to and receivables from customers arising from leasing business and lease assets minus vehicles intended for lease .
Operating result	Interest income from cash and loans, net income from leasing transactions, interest expense, net income from service contracts, provision for credit risks, net fee and commission result, net gain or loss on hedges, net gain or loss on financial instruments measured at fair value, 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.
Cost/income ratio	General and administrative expenses, adjusted for expenses passed on to other entities in the Volkswagen Group / interest income from lending transactions and marketable securities, net income from leasing transaction, interest expenses, net income from service contracts, provision for credit risks and net fee and commission result.

Report on Economic Position

The global economy recorded positive growth in fiscal year 2022. In spite of these circumstances, Volkswagen Leasing GmbH managed to grow its current contracts and expand its lease assets. Volkswagen Leasing GmbH's operating result in accordance with IFRS is substantially higher than the level of the previous year.

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

In 2022, the operating result was substantially (+70.0%) up on the prior year. New business contracted due to the shortage of semiconductors and the resulting restricted availability of vehicles. At the same time, the shortage also led to a substantial rise in marketing performance in respect of used vehicles in the Volkswagen Leasing GmbH Group.

In fiscal year 2022, the share of leased vehicles in the Volkswagen Group's deliveries (penetration) for Volkswagen Leasing GmbH in the Germany market was 59.5% and thus moderately under the prior-year level (62.1%).

Funding costs were substantially (+51.5%) above the prior-year level, although the volume of business was higher.

The provision for credit risks was moderately lower than the corresponding prior-year figure, but the provision for residual value risk declined substantially. Margins were moderately below the level of the previous year.

In fiscal year 2022, the volume of receivables at Volkswagen Leasing GmbH continued to grow despite ongoing crises on the markets (residual effects of measures related to the coronavirus pandemic and the associated supply chain problems, the Russia–Ukraine conflict, the energy price crisis, massive inflation, etc.). This growth was mainly attributable to the established sales promotion programs and continuous expansion of the fleet business. In spite of the aforementioned difficult macroeconomic conditions, stable portfolio development could be observed, so the risk costs for Volkswagen Leasing GmbH's credit risk remained at a stable and moderate level. In light of the energy price crisis, more stringent purchasing regulations were concluded for energy-intensive sectors to reduce risk.

Despite a decline in deliveries to customers by the Volkswagen Group, continuous year-on-year growth in contracts was evident in all Volkswagen Leasing GmbH's markets, reflecting the benefits from the growth strategies such as the expansion of the fleet business. The continued insufficient availability of new vehicles because of ongoing supply chain disruptions (e.g. semiconductor shortage) led to stronger demand for used vehicles in 2022 as well and resulted in positive marketing results and positive residual value performance. Changes in residual value risk continue to be closely monitored on an ongoing basis, leading to corresponding measures where required.

At the level of Volkswagen Leasing GmbH, liquidity risk remained stable in the reporting period. Funding risk always remained within the specified limits. The spreads were above the prior-year level in fiscal year 2022.

The funding structure remained well diversified in terms of the instruments used. The Group's main sources of funding, comprising capital markets, ABSs and intragroup refinancing, remained available and were utilized on a needs-oriented basis.

More of the activities associated with the Operational Excellence (OPEX) efficiency program were put into practice and established as a key element of the corporate culture. The actions yet to be implemented were transferred to the individual divisions for tracking and implementation as part of this process. The financial aspects of the actions concerned were finalized in the planning round. The overarching OPEX project of Volkswagen Leasing GmbH's parent company, Volkswagen Financial Services AG, concluded on July 1, 2022.

The Management Board of Volkswagen Leasing GmbH considers the business to have performed well in 2022 despite the consequences of the Russia–Ukraine conflict and the semiconductor shortage.

CHANGES IN KEY PERFORMANCE INDICATORS FOR FISCAL YEAR 2022 COMPARED WITH PRIOR-YEAR FORECASTS

	Actual 2021	Forecast for 2022		Actual 2022
Nonfinancial performance indicators				
Penetration (percent)	62.1	<62,1	Slightly lower than the prior-year level	59.5
Current contracts (thousands)	1,814	>1.814	Significantly higher than the prior-year level	1,897
New contracts (thousands)	646	>646	Significantly higher than the prior-year level	637
Financial performance indicators				
Interest-bearing assets (€ million)	39,689	>39.689	Substanitially higher than the prior-year level	42,189
Operating result (€ million)	746	<746	Substanitially lower than the prior-year level	1,268
Return on equity (percent)	18.0	<18,0	Substanitially lower than the prior-year level	23.0
Cost/income ratio (percent)	50	=50	At prior-year level	43

DEVELOPMENTS IN THE GLOBAL ECONOMY

In the reporting period, the Russia-Ukraine conflict led to a humanitarian crisis and global market upheaval. Prices rose substantially, particularly on the energy and commodity markets. Parts supply shortages also intensified in this context. The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia, ranging from extensive trade embargoes to the partial exclusion of Russia from the global financial system. Russia itself, in its role as an energy exporter, has restricted gas deliveries to Europe. The resulting increase in energy prices and intensified supply shortages had a sustained impact on inflation in Europe particularly.

During 2022, the restrictive measures put in place to protect the population from the SARS-CoV-2 virus were lifted to a large extent in many countries. The progress made in administering vaccines to the public had a positive effect, while the emergence of the new Omicron variant and its subvariants led to a renewed sharp rise in infections on a national scale, mostly causing milder symptoms but increased rates of sick leave. In China particularly, local outbreaks of infection in the course of 2022 led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic constraints and disruption to international supply chains. The departure from this strategy led to a rapid increase in infection rates in China at the end of the year.

Following the slump in global economic output in 2020 and the incipient recovery due to baseline and catch-up effects in 2021, the global economy recorded positive overall growth of +3.0 (+6.0)% in

2022. Both the advanced economies and the emerging markets continued to recover on average, albeit with diminishing momentum and slower growth overall than in the prior year.

At national level, developments depended on the one hand on the scale of the negative impact of the Covid-19 pandemic and the intensity with which measures were taken to contain it, and on the other the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict. In response to the further rise of inflation rates around the world, many countries shifted to a more restrictive monetary policy, which led central banks to increase their key interest rates and reduce bond purchases during the reporting period. The gloomier economic outlook resulted in large losses on major stock markets. On average, prices for energy and other commodities rose significantly in some cases year-on-year and shortages of certain intermediates and commodities remained high. Global trade in goods increased in 2022.

Europe

The economy in Western Europe recorded positive overall growth of +3.5 (+5.6)% in 2022. The reasons for this included increased economic resilience in the face of high infection rates in many countries, and the associated easing of the measures taken to contain the pandemic. However, significantly rising inflation rates, among other things, resulted in a slowdown in economic momentum. This trend was seen in almost all countries in Northern and Southern Europe.

Germany

Germany's economic output recorded a positive growth rate of +1.9 (+2.6)% in the 2022 reporting year, with declining momentum. The situation on the labor market improved compared with the previous year, with the unemployment rate and notices of Kurzarbeit (short-time working) for economic reasons falling on average. At the same time, monthly inflation rates reached the highest level in the history of the Federal Republic of Germany, while at the same time historic lows were registered in consumer confidence.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was at a high level in the first quarters of 2022 due, among other things, to persistently low key interest rates in the main currency areas. In combination with the Covid-19 pandemic and continuing limits on vehicle availability, the rise in interest rates that began in the second half of the year put pressure on demand for financial services in almost all regions.

The European passenger car market was still affected by parts supply shortages in the reporting period; vehicle deliveries were down on the prior-year period. By contrast, the share of financial services products in the new vehicle business grew positively and exceeded the 2021 figure. The main drivers of this trend were positive changes in the sales mix that benefited the private customer business, which lends itself particularly to financing, and an increased share of leasing contracts in the fleet business. The positive trend in the financing of used vehicles continued in 2022; in particular, the sale of after-sales products such as servicing, maintenance and spare parts agreements increased.

In Germany, the continuing challenges presented by the faltering parts supply in vehicle production impacted on vehicle sales and the financial services business. The decrease in deliveries of new vehicles led to fewer new leasing and financing contracts being concluded in the reporting period than a year earlier. New vehicle penetration was down slightly on 2021. Overall, the level of new contracts for used vehicles was in the range of the previous year. The number of new after-sales contracts was up in the second half of the year and ended the reporting period only slightly down on 2021 levels.

In fiscal year 2022, the financial services business in the market for heavy commercial vehicles was slightly up on the comparative prior-year level, also affecting financing and leasing contracts in Europe.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In fiscal year 2022, the volume of the passenger car market worldwide remained on a level with the prior year at 69.6 million vehicles. Gains and losses in individual markets were very uneven, since shortages and disruption in global supply chains, the effects of the Russia-Ukraine conflict and the further consequences of the Covid-19 pandemic varied around the world in terms of the strength of their impact. Shortages of semiconductors and other intermediates, which already occurred in the second half of 2021, and the resulting supply bottlenecks, could also not be fully resolved in 2022.

The market volume was slightly down in Western Europe.

In the reporting period, the global volume of new registrations for light commercial vehicles was slightly (–3.0%) lower than in the previous year.

Sector-Specific Environment

Along with fiscal policy measures, factors substantially affecting the sector-specific environment were shortages and disruption in global supply chains, the Covid-19 pandemic and the impacts of the Russia-Ukraine conflict. This contributed considerably to the mixed trends in unit sales in the markets in 2022. As a result of the Russia-Ukraine conflict, sanctions were imposed that restricted the production and sale of vehicles, particularly in Russia. The fiscal policy measures included tax cuts or increases, incentive programs and sales incentives, as well as import duties. In addition, non-tariff trade barriers to protect the respective domestic automotive industries made the movement of vehicles, parts and components more difficult.

Europe

In Western Europe, the number of new passenger car registrations in the reporting period was slightly down on the previous year’s weak level, declining by 4.3 % to 10.2 million vehicles. While the first half of the reporting year fell significantly short of the comparison period, the number of new registrations in the subsequent months were up again on the – in some cases substantially weaker – prior-year figures. The performance of the large individual passenger car markets was negative in fiscal year 2022: France (–7.7%), the United Kingdom (–2.0%), Italy (–9.8%) and Spain (–7.1%) did not achieve their respective prior-year levels.

The volume of new registrations for light commercial vehicles in Western Europe was sharply lower than in the previous year, falling by –20.7%.

Germany

At 2.6 million, the total number of new passenger car registrations in Germany in the 2022 fiscal year was similar to the weak prior-year level (1.1%). Shortages and disruption in global supply chains continued to restrict vehicle availability. With delays in semiconductor deliveries persisting, and the associated measures such as cutbacks in production and production shutdowns therefore continuing too, domestic production and exports remained at a low level in the reporting period: passenger car production increased by 9.9% to 2.8 million vehicles and passenger car exports grew by 9.0% to 2.1 million units.

The number of sales of light commercial vehicles in Germany in the reporting period was sharply down on the 2021 figure (–21.1%).

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes experienced noticeable growth versus the comparison period in fiscal year 2022 (5.5%). Global truck markets declined sharply. This was due to upheaval on the Chinese market, which slumped dramatically on the back of purchases brought forward to 2021 prior to the introduction of the new emission level and due to the zero-Covid strategy pursued there.

In the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), the number of new truck registrations was noticeably up on the prior-year level, increasing by 5.1% to a total of 337 thousand vehicles. Growth could be observed in many truck markets in the region, albeit to differing degrees. The substantial market recovery seen in 2021 slowed during the reporting period to a noticeable level of growth. New registrations in Germany, the largest market in this region, were on a level with the previous year (–1.7%).

Demand in the bus markets relevant for the Volkswagen Group was on a level with the previous year (+0.3%). Demand for buses in the EU27+3 markets in the reporting period was slightly down overall on the level of the previous year (–3.8%), with the picture varying from country to country.

FINANCIAL PERFORMANCE

The Volkswagen Leasing GmbH Group performed well in fiscal year 2022.

The IFRS operating result improved to €1,268 (746) million, significantly exceeding the corresponding prior-year figure. This improvement was mainly attributable to the rise in net income from leasing transactions and higher gains on financial instruments measured at fair value.

Profit before tax came to €1,267 (746) million, which was substantially higher than in the prior year.

Return on equity amounted to 22.8 (17.6)%.

Interest income from lending transactions and marketable securities was €28 million (+83.3%), which represented a substantial year-on-year increase.

Net income from leasing transactions amounted to €1,677 (1,220) million and was therefore substantially higher than in the previous year. A considerable portion of this increase was accounted for by the net gain from the disposal of used ex-lease vehicles amounting to €622 (263) million. The impairment losses on lease assets of €23 (93) million included in net income from leasing transactions were attributable to current market fluctuations and expectations.

Interest expenses were substantially up year-on-year at €364 million (+51.5%).

Net income from service contracts amounted to €191 (143) million and was substantially above the prior-year figure.

The provision for credit risks of €33 (–88) million was significantly higher year-on-year.

Net fee and commission income amounted to €–76 (9) million, well below the prior-year level.

General and administrative expenses were slightly up on the previous year at €624 (618) million. This figure also includes costs associated with services for other entities in the Volkswagen Group. Accordingly, costs of €30 (32) million were recharged to other entities in the Volkswagen Group and reported under net other operating income/expenses. At 43 (50)%, the cost/income ratio was significantly better than in the previous year.

Net other operating income/expenses fell substantially short of the prior-year level at €36 (102) million (+23.8%). An amount of €64 (31) million was added to the provisions for legal risks and recognized through profit or loss in net other operating income/expenses.

In total, the Volkswagen Leasing GmbH Group generated a profit after tax amounting to €859 (541) million.

Under Volkswagen Leasing GmbH's current control and profit-and-loss transfer agreement, a loss of €1,016 million reported by Volkswagen Leasing GmbH in its single-entity financial statements prepared in accordance with the HGB was absorbed by the sole shareholder Volkswagen Financial Services AG.

NET ASSETS AND FINANCIAL POSITION

Lending Business

At €51.5 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Leasing GmbH Group – accounted for approximately 95% of the Group's total assets.

The number of new retail financing contracts came to 637 thousand, which was slightly below the prior-year level (646 thousand). The number of current contracts stood at 1,897 thousand at the end of the year.

Receivables from leasing transactions were moderately up on the previous year's level at €18.9 billion (+3.9%).

Lease assets recorded significant growth of €2.5 billion to €25.8 billion (+10.6%).

Total assets of the Volkswagen Leasing GmbH Group rose to €54.2 billion year-on-year (+7.1%). This increase was mainly attributable to the growth in lease assets as well as receivables from customers, reflecting the expansion in business in the reporting year.

There were 3,428 thousand service contracts in the portfolio as of the end of the year. The new business volume of 976 thousand contracts was on a level of the prior-year figure (989).

Deposit Business and Borrowings

In terms of capital structure, the main liability items are the liabilities to customers of €19.0 billion (+57.8%) and the notes and commercial paper issued amounting to €25.1 billion (–13.3%). Further details on the funding and hedging strategy can be found in the management report in the sections Liquidity Analysis (page 11) and Funding (pages 11 and 12) and in the risk report within the disclosures on interest-rate risk (pages 32 and 33) and liquidity risk (pages 33 and 34).

Equity

The subscribed capital of Volkswagen Leasing GmbH remained unchanged at €76 million in fiscal year 2022. Equity in accordance with the IFRSs was €6.5 (4.6) billion. This resulted in an equity ratio (equity divided by total assets) of 12.0% based on total assets of €54.3 billion.

KEY FIGURES BY SEGMENT FOR FISCAL YEAR 2022

in thousands	Retail	Wholesale	Segments total	Reconciliation	Group
Current contracts	**2,259**	**3,067**	**5,326**	**–**	**5,326**
Leasing business	915	982	1,897	–	1,897
Services	1,343	2,085	3,428	–	3,428
New contracts	**703**	**911**	**1,613**	**–**	**1,613**
Leasing business	302	336	637	–	637
Services	401	575	976	–	976
€ million					
Loans to and receivables from customers attributable to					
Dealer financing	–	12	12	–	12
Leasing business	9,134	9,798	18,932	–	18,932
Lease assets	12,430	13,334	25,764	–	25,764
Investment[1]	4,777	5,313	10,090	–	10,090
Operating result	296	775	1,070	197	1,268

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

KEY FIGURES BY SEGMENT FOR FISCAL YEAR 2021

in thousands	Retail	Wholesale	Segements total	Reconciliation	Group
Current contracts	**2,224**	**2,965**	**5,189**	**–**	**5,189**
Leasing business	881	933	1,814	–	1,814
Service	1,343	2,032	3,375	–	3,375
New contracts	**706**	**929**	**1,635**	**–**	**1,635**
Leasing business	305	341	646	–	646
Service	401	588	989	–	989
€ million					
Loans to and receivables from customers attributable to					
Dealer financing	–	9	9	–	9
Leasing business	8,847	9,368	18,215	–	18,215
Lease assets	11,316	11,982	23,298	–	23,298
Investment[1]	5,133	5,734	10,867	–	10,867
Operating result	249	638	887	–142	745

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

Liquidity Analysis

The companies of the Volkswagen Leasing GmbH Group are funded primarily through capital market and ABS (asset-backed securities) programs. Credit facilities with companies of the Volkswagen AG Group are also available to protect against unexpected fluctuations in the liquidity position.

To ensure there is appropriate liquidity management, Treasury prepares liquidity maturity balances, carries out cash flow forecasts and takes action as required. In these calculations, the legally determined cash flows are assumed for funding instruments, whereas estimated cash flows are used for other factors that affect liquidity.

The internal control system (ICS) at Volkswagen Leasing GmbH is used to measure liquidity risk individually for significant companies. The liquidity risk is managed using a maturity structure for Treasury liabilities. This approach includes a limit system covering the subsequent 12 months. The limits are reviewed each month in a process that acts as an early warning indicator. Reports are submitted centrally on a quarterly basis.

Volkswagen Leasing GmbH must satisfy the minimum requirements for risk management (MaRisk). Compliance with these requirements is determined and continuously monitored by the liquidity risk management department. Additionally, the cash flows for the coming 12 months are projected and compared against the potential funding available in each maturity bucket.

There is a strict regulatory requirement that any liquidity requirements identified in institution-specific stress scenarios must be covered with an adequate liquidity buffer over a time horizon of seven and thirty days. From a regulatory perspective, there was no immediate need to take action for Volkswagen Leasing GmbH in the reporting year.

REFINANCING

Strategic Principles

In terms of funding, Volkswagen Leasing GmbH generally pursues a strategy of diversification with the aim of achieving the best possible balance of cost and risk. This means accessing the widest possible variety of funding sources in the various regions and countries with the objective of safeguarding funding on a long-term basis at optimum terms.

Implementation

In 2022, Volkswagen Leasing GmbH did not issue any unsecured bonds as an issuer under Volkswagen Financial Services AG's debt issuance program.

In addition, Volkswagen Leasing GmbH was nevertheless active in the German market with its ABS program. German lease receivables were securitized in March, June and November in the form of "Volkswagen Car Lease" (VCL) transactions, which had a total volume of €2.75 billion.

The following tables show the transaction details:

ABSs

Originator	Transaction name	Month	Country	Volume and currency
Volkswagen Leasing GmbH, Braunschweig	VCL 35	March	Germany	EUR 1.0 billion
Volkswagen Leasing GmbH, Braunschweig	VCL 36	June	Germany	EUR 750 million
Volkswagen Leasing GmbH, Braunschweig	VCL 37	November	Germany	EUR 1.0 billion

Volkswagen Leasing GmbH

(Condensed, in accordance with the HGB)

BUSINESS PERFORMANCE 2022

Volkswagen Leasing GmbH reported a result from ordinary activities after tax amounting to a loss of €1,016 million for fiscal year 2022.

Lease income of €23,105 (21,438) million was offset by lease expenses of €11,652 (11,156) million.

Net fee and commission income of €–732 (–686) million is mainly comprised of closing commissions arising from lease business.

Other operating income came to €270 (430) million, with other operating expenses amounting to €266 (32) million. Other operating income included income from service fees from ABS transactions amounting to €162 million.

Other operating expenses included expenses arising from an additional payment from the commission model with VW Bank in the amount of €237 million.

The general and administrative expenses included expenses from cost allocations to Group companies and the expenses related to personnel and administrative costs.

Risk costs totaling €1,593 (596) million primarily included expenses arising from additions to provisions, in particular for the provisions for anticipated losses for derivatives with negative fair values.

The loss after tax of €1,016 million will be absorbed by Volkswagen Financial Services AG pursuant to the existing control and profit-and-loss transfer agreement.

Receivables from customers rose by €3,227 million (52.9%). The increase results primarily from the subordinated loan given to the ABS transaction.

Lease assets increased by 6.5% to €41,227 million. The change results from an increased vehicle inventory.

Liabilities to customers increased by €7,501 million (37.3%) to €27,603 million. This primarily results from increased liabilities to affiliated companies.

Commercial paper issued decreased by €3,785 million compared to the previous year (23.4%) to €12,417 million.

The increase in provisions of €1,103 million (108.6%) arose mainly from higher provisions for expected losses.

The equity ratio was 0.5% (0.6%). Total assets at the end of the reporting period amounted to €53,292 million.

NUMBER OF EMPLOYEES

Volkswagen Leasing GmbH does not use its own personnel for its operating activities in Germany. The employees are provided by Volkswagen Financial Services AG in return for a consideration. In addition, the Company had an annual average of 53 (68) salaried employees at its branches in Milan and Verona.

MANAGEMENT, AND OPPORTUNITIES AND RISKS RELATING TO THE BUSINESS PERFORMANCE OF VOLKSWAGEN LEASING GMBH

Volkswagen Leasing GmbH is integrated into the internal management concept of the Volkswagen Leasing Group. It is thus subject to the same key performance indicators and the same opportunities and risks as the Volkswagen Leasing Group. The legal requirements governing the management of Volkswagen Leasing GmbH as a legal entity are observed using key performance indicators such as penetration, operating result and return on equity. This internal management concept and these opportunities and risks are described in the section on the fundamental information about the Volkswagen Leasing GmbH Group (pages 1 – 3) as well as in the report on opportunities and risks (pages 18 – 37) of this annual report.

INCOME STATEMENT OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, FOR FISCAL YEAR 2022

€ thousand

				Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
1.	Lease income		23.104.557		21.437.751
2.	Leasing expenses		11.652.020		11.156.184
				11.452.537	10.281.567
3.	Interest income				
	b) From other activities				
	aa) Lending and money market transactions		142.249		46.816
4.	Interest expense				
	b) From other activities		713.886		575.120
	thereof: unwinding of discount on provisions		2.965		3.560
				–571.637	–528.304
5.	Fee and commission income				
	a) From payment services and the issuance of e-money		82		159
	b) From other activities		812		47.997
6.	Fee and commission expenses				
	b) From other activities		970.135		734.401
				–969.241	–686.245
7.	Other operating income				
	b) From other activities			270.277	430.418
8.	Income from the reversal of special tax-allowable reserve			59	59
9.	General and administrative expenses				
	a) From payment services and the issuance of e-money				
	bb) Other administrative expenses	123			226
	b) From other activities				
	aa) Personnel expenses				
	aaa) Wages and salaries	4.254			4.679
	bbb) Social security, post-employment and other employee benefit costs of which: for post-employment benefits €15 thousand	1.192			1.471
			5.569		6.376
	bb) Other administrative expenses		625.483		616.543
				631.052	622.919
10.	Depreciation, amortization and write-downs				
	a) Depreciation and write-downs of lease assets				
	ab) From other activities		9.257.708		8.655.690
	b) Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of property and equipment				
	bb) From other activities		60.978		66.290
				9.318.686	8.721.980
11.	Other operating expenses				
	b) From other activities			28.430	31.527

€ thousand

				Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
12.	Write-downs of and valuation allowances on receivables and additions to provisions in the leasing business				
	b) From other activities			1.592.874	596.315
13.	Income from the reversal of write-downs of and valuation allowances on receivables and from the reversal of provisions in the leasing business				
	b) From other activities			349.716	294.716
14.	**Result from ordinary business activities**			**–1.039.331**	**–180.530**
	a) From payment services and the issuance of e-money			–41	–67
	b) From other activities			–1.039.290	–180.463
15.	Income tax expense			–23.386	61.280
	a) From payment services and the issuance of e-money			–1	23
	b) From other activities			–23.385	61.257
16.	Income from the absorption of losses			1.015.945	241.810
	a) From payment services and the issuance of e-money			42	–44
	b) From other activities			1.015.903	241.854
17.	**Net income for the year**			**0**	**0**
18.	Retained profits brought forward			649	649
	a) From payment services and the issuance of e-money			0	0
	b) From other activities			0	0
19.	**Net retained profits**			**649**	**649**

BALANCE SHEET OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, AS OF DECEMBER 31, 2022

€ thousand		Dec. 31, 2022	Dec. 31, 2021
Assets			
1. Loans to and receivables from banks			
b) From other activities			
aa) Repayable on demand	619.918		1.092.617
		619.918	1.092.617
2. Loans to and receivables from customers			
a) From payment services	0		0
aa) From fees and commissions	243		148
b) From other activities	8.311.091		6.100.611
		8.311.334	6.100.759
3. Lease assets			
aa) From other activities		41.227.096	38.700.324
4. Intangible fixed assets			
a) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	80.382		84.232
b) Prepayments	0		0
		80.382	84.232
5. Property and equipment			
a) Land and buildings			
ab) From other activities	25.961		32.771
b) Operating and office equipment			
ab) From other activities	481		767
		26.442	33.538
6. Other assets			
b) From other activities		1.987.780	817.404
7. Prepaid expenses and accrued income			
b) From other activities		1.038.696	818.143
8. Excess of plan assets over pension liability		0	0
Total assets		**53.291.648**	**47.647.017**

€ thousand		Dec. 31, 2022	Dec. 31, 2021
Equity and liabilities			
1. Liabilities to banks			
b) From other activities			
aa) Repayable on demand	162		53
bb) With agreed maturity or notice period	0		0
		162	53
2. Liabilities to customers			
b) From other activities		27.603.478	20.102.328
3. Notes, commercial paper issued			
a) Bonds issued	10.978.686		14.752.276
b) Commercial paper	1.438.526		1.449.788
		12.417.212	16.202.064
4. Other liabilities			
b) From other activities		1.254.251	1.086.879
5. Prepaid expenses and accrued income			
b) From other activities		9.622.317	8.963.940
6. Provisions			
a) Provisions for pensions and other post-employment benefits			
bb) From other activities	1.114		1.355
b) Provisions for taxes			
bb) From other activities	35.619		28.614
c) Other provisions			
bb) From other activities	2.080.759		984.989
		2.117.492	1.014.958
7. Special tax-allowable reserve		824	883
8. Fund for general banking risks		6.000	6.000
9. Equity			
a) Subscribed capital	76.004		76.004
b) Capital reserves	193.259		193.259
c) Net retained profits	649		649
		269.912	269.912
Total equity and liabilities		**53.291.648**	**47.647.017**
1. Contingent liabilities			
Liability arising from the provision of collateral for third-party liabilities		74.953	66.703
2. Other obligations			
Irrevocable leasing commitments		11.267.767	8.429.212

Report on Opportunities and Risks

The proactive management of opportunities and risks is a fundamental element of the successful business model used by the Volkswagen Leasing GmbH Group.

OPPORTUNITIES AND RISKS

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

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

Macroeconomic Opportunities and Risks

Global events such as the Russia–Ukraine conflict bring with them massive restrictions in all areas of society and economic life. In light of inflation trends, there could be a further dynamic increase in the respective interest rates in different currency areas. This can have a negative impact on consumption and investment at the same time. In the event that actual inflation and interest rates remain below expectations, this could result in opportunities for Volkswagen Leasing GmbH.

However, it is not possible to make a reliable assessment of the further development of individual economies and of the economy as a whole. The Management Board of Volkswagen Leasing GmbH predicts that deliveries to customers of the Volkswagen Group in Germany will exceed those of the previous year, although market conditions will remain challenging due, for example, to bottlenecks and delays in the global supply chains.

Volkswagen Leasing GmbH supports this trend by providing financial services products designed to promote sales.

Strategic Opportunities and Risks

The innovation of sustainable products that are aligned with the altered requirements of customers offers opportunities for Volkswagen Leasing GmbH. This involves the development and expansion of new mobility and service products, which play a key role in shaping the future of an outstanding customer experience. Thanks to digital technologies and programs, digitalization of the business is progressing, strengthened by the expansion of digital sales channels.

The product mix – shaped by changes in customer behaviors, heightened regulation and constantly evolving technologies – must be regularly assessed and transformed to ensure competitiveness.

Opportunities from Credit Risk

Opportunities may arise in connection with credit risk if the losses actually incurred on leasing transactions turn out to be lower than the prior calculations of expected losses and the associated provisions recognized on this basis. A situation in which the incurred losses are lower than the expected losses can occur particularly at times when economic uncertainty dictates a conservative risk approach but in which the economic circumstances subsequently stabilize, resulting in an improvement in the credit quality of the lessees concerned.

Opportunities from Residual Value Risk

When vehicles are remarketed, Volkswagen Leasing GmbH may be presented with the opportunity to achieve a price that is higher than the calculated residual value if increasing demand pushes up market values more than expected.

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, is the sum of all principles, procedures and activities aimed at ensuring the effectiveness and propriety of the financial reporting and the 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 key elements of the ICS/IRMS as they relate to the financial reporting processes of Volkswagen Leasing GmbH.

> The Management Board of Volkswagen Leasing GmbH is the governing body with responsibility for the executive management of the business. In this role, the Board has set up Accounting, Treasury, Compliance, Risk Management and Controlling units, each with clearly separate functions and clearly assigned areas of responsibility and authority, to ensure that accounting and financial reporting processes are carried out properly. The tasks of the treasury and compliance unit are performed by Volkswagen Bank GmbH on the basis of an outsourcing agreement. The accounting function is also carried out by Volkswagen Financial Services AG under an outsourcing agreement.

> Group-wide rules and accounting and measurement requirements have been put in place to ensure a standardized, proper and continuous financial reporting process in accordance with the International Financial Reporting Standards as well as the accounting provisions pursuant to the HGB in conjunction with the Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute (RechKredV – German Bank Accounting Regulation).

> The clear definition of areas of responsibility accompanied by various monitoring and review mechanisms ensures that all transactions are accurately recognized in the accounts, processed and evaluated, and then properly reported.

> These monitoring and review mechanisms are designed with both integrated and independent process components. For example, automated IT processing controls account for a significant proportion of the integrated process activities alongside manual process controls, such as double-checking by a second person. These controls are supplemented with specific Group-level functions at Volkswagen AG, for example the Group Tax department.

> Internal Audit in the Volkswagen Financial Services AG subgroup is a key component of Volkswagen Leasing GmbH's monitoring and control system. As an outsourcee, 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 Management Board of Volkswagen Leasing GmbH and the Board of Management of Volkswagen Financial Services AG.

In summary, the existing internal monitoring and control system of the Volkswagen Leasing GmbH Group is intended to ensure that the financial position of the individual entities and of the Volkswagen Leasing GmbH Group as of the reporting date December 31, 2022 has been based on information that is reliable and has been properly recognized. No material changes were made to the internal monitoring and control system of Volkswagen Leasing GmbH after the reporting date.

ORGANIZATIONAL STRUCTURE OF THE RISK MANAGEMENT SYSTEM

At Volkswagen Leasing GmbH, 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 Leasing GmbH is exposed to a large number of risks typical for the financial services sector as part of its primary operating activities. It accepts these risks in a responsible manner so that it can exploit any resulting market opportunities.

Volkswagen Leasing GmbH has implemented a risk management system to identify, assess, manage, monitor and communicate risks. The Risk Management System comprises a framework of risk principles, organizational structures and processes for assessing and monitoring risks. The individual elements are tightly focused on the activities of the individual divisions. This structure is intended 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 be initiated.

Appropriately implemented procedures are in place to ensure the adequacy of the Risk Management System. Firstly, Volkswagen Leasing GmbH's Risk Management unit continuously monitors the system. The individual elements in the system are regularly verified on a risk-oriented basis by Internal Audit and the risk early detection system used by external auditors as part of the audit of the annual financial statements and consolidated financial statements.

In this role, the Management Board member concerned submits regular reports to the other members and to the sole shareholder, Volkswagen Financial Services AG, on the overall risk position of Volkswagen Leasing GmbH.

Risk Management at Volkswagen Leasing GmbH is broken down at the Braunschweig offices into two areas of activity: strategic and operational risk management, both of which are encompassed by the term "risk management" below. In addition, there is a local risk management function at the Milan office, which implements the provisions of Risk Management from Braunschweig. The Risk Management function at the Braunschweig offices sets out the framework for the organization of risk management and also performs the local risk management tasks for the German market, including the Truck & Bus business.

This function includes drawing up risk policy guidelines, developing and maintaining methodologies and processes relevant to risk management, and monitoring international framework standards for the procedures to be used.

In particular, these activities involve providing models for carrying out credit assessments, quantifying the different categories of risk and evaluating collateral. Risk Management is therefore responsible for identifying possible risks, analyzing, quantifying and evaluating risks, and for determining the resulting measures to manage the risks. Risk Management is a neutral, independent unit and reports directly to the Management Board of Volkswagen Leasing GmbH.

Local risk management in the Italian branch ensures that the risk management system is implemented and its requirements complied with; Operational Risk Management does the same for the German market.

The local risk management functions and Risk Management at the Braunschweig offices are each responsible for the detailed design of models and procedures for measuring and managing risks, and carry out local implementation from process and technical perspectives. There is a direct line of reporting from local risk management to Risk Management at the Braunschweig site.

To summarize, continuous monitoring of risks, transparent and direct communication with the Management Board and the integration of all information obtained into the Risk Management System form a foundation for the best possible leveraging of market potential based on conscious, effective management of the overall risk faced by Volkswagen Leasing GmbH.

RISK CULTURE, RISK STRATEGY AND RISK MANAGEMENT

Fundamental decisions relating to strategy and the instruments of risk management are the responsibility of the Management Board of Volkswagen Leasing GmbH. Furthermore, the Management Board is responsible for implementing the overall risk strategy at Volkswagen Leasing GmbH.

As part of this overall responsibility, the Management Board of Volkswagen Leasing GmbH has introduced a business and risk strategy within the meaning of MaRisk. The high-level ROUTE2025 strategy sets out the fundamental views of the Management Board of Volkswagen Leasing GmbH on key matters relating to business policy. It includes the objectives for each major business activity and the strategic areas for action to achieve the relevant objectives.

During 2022, the MOBILITY2030 strategy was resolved as a successor to the ROUTE2025 strategy of Volkswagen Leasing GmbH.

Building on ROUTE2025, the business strategy serves as the starting point for creating a consistent risk strategy. The implementation of the risk strategy is supported by the risk culture at Volkswagen Leasing GmbH, which is being steadily fostered by the Management Board and embedded in the consciousness of employees and managers with a lasting effect. All the measures to promote an appropriate compliance and integrity culture as part of the Together4Integrity program form a key component of the risk culture at Volkswagen Leasing GmbH. The risk culture therefore supports the effectiveness of the entire Risk Management System and thereby promotes control as part of the business and risk strategy.

The risk strategy is reviewed each year and ad hoc on the basis of a risk inventory, risk-bearing capacity and legal requirements. It is adjusted where appropriate and discussed with the supervisory body of Volkswagen Leasing GmbH. The risk strategy describes the risk tolerance, risk appetite and the main derived risk management goals and action plans for each category of risk, taking into account the business policy focus (business strategy). A review is carried out at least annually to establish whether the goals have been attained. The causes of any variances are analyzed and then discussed with the Management Board and the supervisory body of Volkswagen Leasing GmbH.

The risk strategy includes all material quantifiable and non-quantifiable risks. Further details and specifics for the individual risk categories are set out in risk sub-strategies and included in operational requirements as part of the planning round. Under its risk strategy, VWL has defined an approach for integrating sustainability risks into the risk management system. In this context, existing elements of the risk management control cycle are reviewed in stages and adjusted when necessary.

RISK INVENTORY

The objective of the risk inventory, which has to be carried out at least annually, is to identify the main categories of risk. To this end, all known categories of risk are investigated to establish whether they are relevant for Volkswagen Leasing GmbH.

In the risk inventory, the relevant categories of risk are examined in greater detail, quantified or, if they cannot be quantified, evaluated by experts, and then evaluated to determine whether they are material for Volkswagen Leasing GmbH. The main categories of risk are then assessed as part of portfolio analyses regarding their influence on drivers of sustainability risk.

The risk inventory carried out for 2022 came to the conclusion that the following quantifiable categories of risk should be classified as material: counterparty default risk, direct residual value risk, market risk, liquidity risk and operational risk; it also concluded that business risk – which is not quantifiable and consists of earnings risk, reputational risk and strategic risk – should also be considered material. Indirect residual value risk was still classified as immaterial because it accounted for a low proportion of the overall risk. Other existing subcategories of risk are taken into account within the categories specified above.

The results from the risk inventory provide the basis for the level of detail in the design of the risk management process and for inclusion in the risk-bearing capacity.

RISK-BEARING CAPACITY, RISK LIMITS AND STRESS TESTING

A system has been set up to determine the risk-bearing capacity of Volkswagen Leasing GmbH. An institution has the capacity to bear its risk if, as a minimum, all material risks to which the institution is exposed are covered at all times by the institution's risk-taking potential.

Risk-bearing capacity is calculated in accordance with the guidance on risk-bearing capacity published in May 2018 by the German Federal Financial Supervisory Authority (BaFin). Volkswagen Leasing GmbH uses the economic perspective alone based on the exemptions available for financial services institutions. This relates to the internal process for ensuring capital adequacy using internal economic risk assessment models (measured on the basis of the internal risk-bearing capacity ratio). The aim is to ensure that the Company will continue to operate as a going concern indefinitely.

The confidence level for determining risk-bearing capacity has been 99% since January 1, 2022. Moreover, in determining the aggregate risk cover, the net asset value of the contracted portfolio is taken into account and earnings risk is combined with strategic risk and reputational risk to make up business risk. Business risk is measured on the basis of an expert estimate.

To monitor the risk-bearing capacity, Volkswagen Leasing GmbH uses a system of limits derived from the overall risk appetite. These limits are compared against the risk-taking potential in the risk-bearing capacity analysis and specifically used by the Management Board for control purposes.

The establishment of the risk limit system as a core component of capital allocation limits the risk at different levels, thereby safeguarding the economic risk-bearing capacity of Volkswagen Leasing GmbH. Net asset value has been determined from the available equity and earnings components since January 1, 2022. This takes the present value of future income and expenses for contracted leases in the German passenger car portfolio into account. The risk-taking potential is then determined under consideration of various deductions. In line with the risk appetite of Volkswagen Leasing GmbH, only a portion of this risk-taking potential is specified as a risk ceiling in the form of an overall risk limit. The overall risk limit is apportioned to counterparty default risk, residual value risk, market risk, liquidity risk (funding risk) and operational risk for the purposes of operational monitoring and control. In this process, the limit allocated to counterparty default risk, itself an overarching category of risk, is subdivided into individual limits for customer business credit risk, credit risk from intercompany loans and counterparty risk.

In a second step, the limits for the risk categories for customer business credit risk, residual value risk and operational risk are allocated to the German portfolio and Italy.

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

As of December 31, 2022, the economic overall risk of Volkswagen Leasing GmbH stood at €3,700 million; it is attributable to the respective risk categories in the following proportions:

Risk categories (€ million)	Dec. 31, 2022	Dec. 31, 2021
Credit risk	1,727	867
Counterparty risk	58.0	16.0
Residual value risk	1,116.0	947.0
Market risk	379.0	32.0
Operational risk	142.0	95.0
Business risk	278.0	112.0
Total	3,700.0	2,069.0

As of December 31, 2022, the risk-taking potential amounted to €9.853 billion and consisted of the balance sheet equity including the current net income, adjusted for hidden reserves and liabilities. 38% of the risk-taking potential was utilized by the risks described above. In the period January 1, 2022 to December 31, 2022 the maximum utilization of risk-taking potential in accordance with MaRisk was 44%.

Volkswagen Leasing GmbH not only determines its risk-bearing capacity in a normal scenario, but also carries out stress tests throughout the Company, the results of which are reported directly to the Management Board in the risk management report. Stress tests are used to examine the potential impact from exceptional but plausible events on the risk-bearing capacity and earnings performance of Volkswagen Leasing GmbH. The purpose of these scenarios is to facilitate early identification of those risks that would be particularly likely to materialize in the scenarios, so that any necessary corrective action can be initiated in good time. The stress tests include both historical scenarios (such as the financial crisis in the years 2008 to 2010) and hypothetical scenarios (global economic downturn, a sharp drop in sales in the Volkswagen Group and a combination of institution-related and market-wide scenarios). In addition, reverse stress tests are used to identify what events could represent a threat to the ability of Volkswagen Leasing GmbH to continue as a going concern. Moreover, stress tests or scenario analyses are carried out on an ad hoc basis to account for current developments of external factors.

The calculations of risk-bearing capacity and the stress tests confirmed that all material risks that could adversely impact the net assets, results of operations or liquidity position were adequately covered by the available risk-taking potential in the expected scenarios. In the reporting period, Volkswagen Leasing GmbH managed risk such that the utilized risk-taking potential was below the overall risk limit set internally. The stress tests did not indicate any need for action either. Scenario and ongoing portfolio analyses were carried out with regard to the energy price crisis.

RISK CONCENTRATIONS

Volkswagen Leasing GmbH is a captive financial services provider in the automotive sector. The business model, which focuses on promoting vehicle sales for the different Volkswagen Group brands, results in concentrations of risk, which can take various 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 Leasing GmbH's income is generated from just a few sources (income concentrations)

One of the objectives of Volkswagen Leasing GmbH's risk policy is to reduce such concentrations by means of broad diversification.

Counterparty concentrations from customer business are only of minor significance in Volkswagen Leasing GmbH because of the large proportion of business accounted for by retail leases. From a regional perspective, Volkswagen Leasing GmbH is concentrated on the German market, but is focusing on broad diversification across regions. The fact that customers come from different sectors enhances diversification.

The following table presents the collateral structure of the Volkswagen Leasing GmbH Group:

Collateral structure in %	Dec. 31, 2022	Dec. 31, 2021
Off-road vehicles and SUV's	38	33
Compact class	21	21
Medium class	14	16
Commercial/recreational vehicles	10	10
Upper mid-size	9	9
Small cars	4	4
Large-capacity vans	1	2
Other	3	5
Total	**100**	**100**

As the vehicle is the predominant collateral asset by virtue of the business model of a captive provider, concentrations of collateral are consciously accepted. Risks can arise from concentrations of collateral if downward pricing trends in used vehicle markets or segments lead to lower proceeds from the recovery of assets and, as a consequence, there is a fall in the value of the collateral. Nevertheless, in terms of the vehicles used as collateral, Volkswagen Leasing GmbH enjoys a broad diversification across all vehicle segments (see collateral structure diagram) based on a large range of vehicles from the different brands in the Volkswagen Group.

This broad vehicle diversification also means that there is no residual value concentration at Volkswagen Leasing GmbH.

A concentration of income does arise from the nature of the business model because this model is predominantly based on vehicle leasing and associated services. The special constellation in which the Company serves to promote Volkswagen Group sales results in certain dependencies that directly affect income growth. With regard to the portfolio distribution, the high granularity of the Volkswagen Leasing GmbH portfolio (large retail proportion) results in broad diversification of income from its customers.

As for liquidity risk, Volkswagen Leasing GmbH has a high concentration of its funding sources in bonds and ABS via its consolidated subsidiaries. This concentration is not considered to be critical due to the ability to increase the existing potential funding of internal VW Group sources or CP at all times.

RISK REPORTING

A detailed risk management report is submitted to the Management Board of Volkswagen Leasing GmbH and to the supervisory body on a quarterly basis. One core component of the risk management report is risk-bearing capacity because of its importance from a risk perspective for the continuation of the business as a going concern. To this end, the derivation of the available risk-taking potential, the utilization of limits and the current percentage allocation of the overall risk to the individual risk categories are also analyzed and presented. These details form the basis for the stress test across the whole of the institution. This stress test highlights any need for action based on institution-specific, market-wide and combined scenarios. In addition, Risk Management reports in detail on counterparty default risk, direct residual value risk, market risk, liquidity risk and operational risk, both at an aggregate level and at market level. These reports include quantitative information (financial data) and also qualitative elements in the form of an evaluation of the current situation and expected developments, including recommendations for action where appropriate. Additional reports are produced for specific risk categories. Ad hoc reports are generated as needed to supplement the system of regular reporting.

The high quality of the information contained in the risk management reports about structures and trends in the portfolios is maintained by a process of constant refinement and ongoing adjustment in line with current circumstances.

NEW PRODUCT AND NEW MARKET PROCESS

Before launching new products, the new product process must be completed. All the units involved (such as Controlling, Accounting, Legal Affairs, Compliance, Treasury and IT in addition to Risk Management) are integrated into the process. The process for every new activity involves the preparation of a written concept, which includes an analysis of the risks in connection with the new product and a description of the possible implications for management of the risks. Responsibility for approval or rejection lies with the relevant members of the Management Board of Volkswagen Leasing GmbH and, if applicable, the Board of Management of Volkswagen Financial Services AG. If activities are planned in new markets, the new market process has to be completed.

MATERIAL RISK CATEGORIES AND RISK REPORTING

OVERVIEW OF RISK CATEGORIES

Financial risks	Nonfinancial risks
Counterpartys default risk	Operational risk
Residual value risk	Business risk
Market risk	
Liquidity risk	

FINANCIAL RISKS

Counterparty Default Risk

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

At Volkswagen Leasing GmbH, counterparty default risk encompasses the following risk categories: credit risk and counterparty risk.

Credit Risk

Credit risk is defined as the danger of incurring losses as a result of defaults in customer business, specifically the default of the lessee. Loans to and receivables from Volkswagen Group companies are also included in the analysis. Default includes a situation in which the counterparty does not make interest payments or repayments of principal on time or does not pay the full amounts.

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

If a loan default materializes, this represents the loss of a business asset, which has a negative impact on net assets, financial position and results of operations, depending on the amount of the loss. If, for example, an economic downturn leads to a higher number of insolvencies, the recognition of a higher write-down expense is required. This in turn has an adverse effect on the operating result.

Risk identification and assessment

Leasing decisions at Volkswagen Leasing GmbH are made primarily on the basis of the lessee credit check. These credit checks use rating systems for risk-relevant customers (26%) or scoring systems for customers not relevant to risk (74%), which provide the respective departments with an objective basis for reaching a decision on the lease.

A set of procedural instructions outlines the requirements for developing, validating and maintaining the rating systems. The Company also has a rating manual which specifies how the rating systems are to be applied as part of the approval process. Similarly, other written procedures specify the parameters for developing, using and validating the scoring systems.

To quantify credit risk, Volkswagen Leasing GmbH determines an expected loss (EL) at contract or customer level and an unexpected loss (UL) at portfolio level for each market. The UL is determined from the value-at-risk (VaR) less the EL, the amount of which depends on the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). The calculation uses an asymptotic single risk factor model (ASRF model) in accordance with the capital requirements specified by the Basel Committee on Banking Supervision taking into account the credit quality assessments from the individual rating and scoring systems used.

Rating systems in risk-relevant business

Volkswagen Leasing GmbH uses rating systems to assess the credit quality of customers in risk-relevant business. These evaluations take into account both quantitative factors (mainly data from annual financial statements) and qualitative factors (such as the prospects for future business growth, market and industry environment, and the customer’s payments 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 credit worthiness. The rating determined for the customer serves as an important basis for decisions on whether to grant or renew a lease and for decisions on the amount of provisions.

Scoring systems in non-risk-relevant business

For the purposes of determining the credit quality of retail and commercial customers in non-risk-relevant business, scoring systems are incorporated into the processes for lease approval and for evaluating the existing portfolio. These scoring systems provide an objective basis for lease decisions. The systems use information about the lessee available internally and externally and estimate the probability of default for the requested lease, generally with the help of statistical models based on historical data covering a number of years.

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

System supervision and review

The models and risk classification systems supervised by Risk Management are regularly validated and monitored using standardized procedural models. The models and systems are adjusted and refined, as required. When systems are validated, attention is particularly focused on reviewing discriminant power and on ensuring that the calibration is appropriate to the risk. These validation and monitoring procedures are applied to models and systems for assessing credit quality and estimating the probability of default (such as rating and scoring systems) and to models used for estimating loss given default.

Collateral

The general rule is that leasing 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 and the associated measurement methods. Further local regulations (collateral policies) set out specific values and special regional requirements that must be observed.

The values in the collateral policies are based on historical data and experience accumulated by experts over many years. As the operating activities of Volkswagen Leasing GmbH are focused on the leasing of vehicles, the vehicles themselves are very important as collateral assets. For this reason, trends in the market values of vehicles are closely monitored and analyzed. Procedures provide for adjustments to evaluation systems if there are sharp changes in the market values of vehicles.

Risk Management also carries out regular quality assurance tests on local collateral policies. This includes a review of collateral values and implementation of any necessary adjustments.

Risk monitoring and control

Risk Management sets guidelines as part of managing 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 leasing transactions in relation to financial circumstances, collateral, compliance with limits, contractual obligations, and internal and external conditions. Individual approval limits determined by Volkswagen Leasing GmbH are also used to manage credit risk.

Trends

In fiscal year 2022, the volume of receivables at Volkswagen Leasing GmbH continued to grow despite ongoing crises on the markets (residual effects of measures related to the coronavirus pandemic and the associated supply chain problems, the Russia–Ukraine conflict, the energy price crisis, massive inflation, etc.). This growth was mainly attributable to the established sales promotion programs and continuous expansion of the fleet business. In spite of the aforementioned difficult macroeconomic conditions, stable portfolio development could be observed, so the risk costs for Volkswagen Leasing GmbH's credit risk remained at a stable and moderate level. In light of the energy price crisis, more stringent purchasing regulations were concluded for energy-intensive sectors to reduce risk.

Counterparty Risk

Volkswagen Leasing GmbH defines counterparty risk as the risk of financial loss that could arise from entering into monetary investments or derivatives if the counterparty fails to make payments of interest or repayments of principal as contractually required.

The primary objective in the management of counter-party risk is to identify potential defaults in a timely manner so that corrective action can – where possible – be initiated at an early stage. Another important objective is to ensure that the Company only takes on risks within the approved limits.

If a counterparty risk were to materialize, this would represent the potential loss of a business asset, which would have a negative impact on net assets, financial position and results of operations, depending on the amount of the loss.

Risk identification and assessment

Counterparty risk is recorded as part of the overall counter-party default risk category. The risk is determined by using a Monte Carlo simulation to calculate the UL (value at risk and expected shortfall) and the EL from a normal scenario and stress scenarios.

Risk monitoring and control

To establish effective monitoring and control, limits are specified in advance for each counterparty. Under an outsourcing agreement, the Treasury Back Office unit of Volkswagen Bank GmbH is responsible for monitoring compliance with these limits on a day-to-day basis. The limits are set at an appropriate, needs-driven level, based on the credit assessment. The Credit Analysis department is responsible for the initial classification and subsequent regular reviews.

On the basis of an outsourcing agreement, the Risk Management unit of Volkswagen Bank GmbH evaluates counter-party risk on a quarterly basis. If limits are exceeded, the situation is escalated to the Management Board of Volkswagen Leasing GmbH. Counterparty risks are reported to the Management Board and Risk Management of Volkswagen Leasing GmbH in the quarterly risk management report.

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.

Referring to the bearer of residual value risk, a distinction is made between direct and indirect residual value risks. Direct residual value risk refers to residual value risk borne directly by Volkswagen Leasing GmbH. 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 Volkswagen Leasing GmbH.

The objective of residual value risk management is to keep the risks within the agreed limits. If a residual value risk materializes, the Company may have to recognize an exceptional write-down or a loss on disposal of the asset concerned, resulting in a negative impact on results of operations.

Risk identification and assessment

Direct residual value risks are quantified on the basis of expected loss (EL) and unexpected loss (UL). The EL equates to the difference between the latest forecast remarketing proceeds at the end of the lease as of the measurement date and the contractual residual value specified at the inception of the lease for each vehicle. Other parameters such as remarketing costs are also taken into account in the calculation. The EL portfolio is calculated by aggregating the individual ELs for all the vehicles.

To determine the UL, the Company measures the difference between the projected residual value one year before the end of the lease and the actual selling price achieved (adjusted for damage and mileage variances). Based on the history of this difference, a markdown is calculated.

The UL is calculated by multiplying the latest projected residual value by the markdown. This value is calculated at individual lease level for each vehicle in the portfolio. As in the calculation of the EL, the UL portfolio is determined by aggregating the ULs for all the vehicles. This figure is generated quarterly. The results from the calculation of the EL and UL are fed in to the assessment of the risk situation, e.g. they are one of the factors used in assessing the adequacy of the provisions for risks and are included in the calculation of risk-bearing capacity.

In the case of indirect residual value risk, the risk arising in connection with determining residual value is generally quantified using a methodology similar to that applied for direct residual value risk, but the methodology also takes into account further risk parameters (dealer default and other factors specific to this risk category).

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

Risk monitoring and control

The Risk Management unit monitors residual value risk within Volkswagen Leasing GmbH.

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

The analysis based on individual leases does not always fully cover the assumed risks as a result of the distribution of the risks (because of the difference between the residual value curve (degressive) and the incoming repayments curve (progressive) during the term of the lease). For risks already identified, the risk amounts allocated to the residual maturity must still be earned in the future and added to write-downs.

Based on the resulting potential residual value risk, various measures are initiated as part of a proactive risk management approach to limit the residual value risk. Residual value recommendations for new lease origination must take into account prevailing market circumstances and future influences. Various stress tests for direct residual value risks are also in place to create a comprehensive picture of the risk sensitivity of residual values.

As part of risk management activities, Risk Management regularly reviews the potential indirect residual value risk and the adequacy of the associated provision for risks. Based on the potential indirect residual value risk determined in these activities, various measures are initiated in close collaboration with the brands and the dealer organization to limit the risk.

Trends
Despite a decline in deliveries to customers by the Volkswagen Group, continuous year-on-year growth in contracts was evident in all Volkswagen Leasing GmbH's markets, reflecting the benefits from the growth strategies such as the expansion of the fleet business. The continued insufficient availability of new vehicles because of ongoing supply chain disruptions (e.g. semiconductor shortage) led to stronger demand for used vehicles in 2022 as well and resulted in positive marketing results and positive residual value performance.

Market Risk

Market risk refers to the potential loss arising from adverse changes in market prices or parameters that influence prices.

The objective of market risk management is to keep the financial losses arising from this category of risk as low as possible. With this in mind, the Management Board has agreed limits for this category of risk. If limits are exceeded, the Risk Management unit of Volkswagen Bank GmbH escalates the situation ad hoc to the Management Board of Volkswagen Leasing GmbH and the Treasury unit (Asset Liability Management) as part of an outsourcing agreement. Action to reduce risk is discussed and initiated by the Treasury unit.

As part of risk management activities, market risk is included in the monthly risk report with a transparent analysis based on value at risk (VaR), a calculation offsetting the total market risk against the loss ceiling set for Volkswagen Leasing GmbH, and recommendations for targeted measures to manage the risk.

At the moment, market risk at Volkswagen Leasing GmbH arises solely from interest rate risk. With regard to the development of market risk, please refer to the following section on interest rate risk.

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.

Changes in interest rates that cause interest rate risk to materialize can have a negative impact on financial performance.

Risk identification and assessment
The present value of interest rate risk for Volkswagen Leasing GmbH is determined as part of the quarterly risk-bearing capacity process using the VaR method with a holding period of 365 calendar days and a confidence level of 99%. For monthly operational management and monitoring, a holding period of 60 calendar days and a confidence level of 99% are assumed under the VaR method. The model is based on a historical simulation and calculates potential profits and losses taking into account 1,460 historical market fluctuations (volatilities). The VaR calculated for operational management purposes estimates potential losses under historical market conditions, but stress tests are also carried out for forward-looking situations in which interest rate exposures are subject to exceptional changes in interest rates and worst-case scenarios. The results from the simulations are analyzed to assess whether any of the situations could represent a serious potential risk. This process also includes the monthly quantification and monitoring of the changes in present value resulting from the interest rate shock scenarios of +200 basis points and –200 basis points, as specified by the German Federal Financial Supervisory Authority (BaFin).

In addition to the present value perspective, interest rate risk at Volkswagen Leasing GmbH is also measured from a income-oriented or periodic perspective pursuant to the provisions of MaRisk. The income-oriented perspective relates to the periodic gains and losses and therefore represents a direct correlation to the income statement.

The overall focus of interest rate risk management is on the present value perspective. The periodic perspective supplements the present value perspective and is monitored via the threshold value.

The calculation of interest rate risk uses notional maturities to take into account early contract settlements.

Risk monitoring and control

Under an outsourcing agreement, the Treasury unit of Volkswagen Bank GmbH is responsible for the management of this risk on the basis of decisions made by the ALM Committee. Interest rate risk is managed by implementing specific drawdowns of funds and by using interest rate derivatives at both micro and portfolio levels. Risks are monitored by Volkswagen Leasing GmbH's Risk Management using a system of limits. Also under an outsourcing agreement, the communication of the main risk management information and relevant early-warning indicators is carried out within the framework of the reporting on interest rate risks by the Risk Management of Volkswagen Bank GmbH.

A report on the latest position regarding interest rate risk is submitted to the Management Board and Risk Management of Volkswagen Leasing GmbH once a month. In addition, Risk Management submits reports to the Management Board of Volkswagen Leasing GmbH in the quarterly risk management report.

Trends

Due to the sharp rise in interest rates since the beginning of the year, market risk increased significantly in the form of interest rate risk. The increased risk was actively countered through the use of corrective measures such as payer swaps.

Liquidity Risk

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

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

If liquidity risk were to materialize, funding risk would result in higher costs and market liquidity risk would result in lower selling prices for assets, both of which would have a negative impact on results of operations. The most serious consequence associated with the risk of insolvency is insolvency caused by illiquidity. Liquidity risk management ensures that this situation does not arise.

Risk identification and assessment

The expected cash flows at Volkswagen Leasing GmbH are brought together and evaluated by the Treasury unit at Volkswagen Bank GmbH on the basis of an outsourcing agreement.

The Risk Management of Volkswagen Bank GmbH is responsible for identifying and recording liquidity risk, also on the basis of an outsourcing agreement. Stress tests are applied to funding matrices using a scenario approach with scenario triggers from the Company itself or the market, or a combination of the two. To determine the parameters for these stress scenarios, the first approach uses observed historical events and specifies different degrees of impact from hypothetical, but conceivable events. To quantify the funding risk, this approach takes into account the relevant aspects of illiquidity risk and changes in spreads driven by credit ratings or the market.

Risk monitoring and control

To manage liquidity, the Operational Liquidity Committee (OLC) holds meetings at least every other week at which it monitors the current liquidity situation. It decides on funding measures and prepares any necessary decisions for the decision-makers.

Under an outsourcing agreement, the Risk Management unit at Volkswagen Bank GmbH communicates key management information and relevant early warning indicators relating to risk of insolvency and funding risk to the Management Board and the Risk Management unit at Volkswagen Leasing GmbH. As far as risk of insolvency is concerned, these indicators involve appropriate threshold values for determined degrees of utilization over various time horizons, taking into account access to relevant sources of funding. The indicators relating to funding risk are based on potential funding costs, which are monitored using a system of limits.

A further strict requirement imposed under banking regulations is the need to provide a highly liquid cash buffer and appropriate liquidity reserves to cover any liquidity requirements over seven-day and 30-day time horizons. For this reason, a contingency plan with an appropriate list of measures for obtaining liquidity has already been drawn up so that it can be implemented in the event of a liquidity squeeze. The Management Board and Risk Management unit of Volkswagen Leasing GmbH are given an up-to-date report on the liquidity position on a monthly basis.

Trends
At the level of Volkswagen Leasing GmbH, liquidity risk remained stable in the reporting period. Funding risk always remained within the specified limits.

NONFINANCIAL RISKS

Operational Risk

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

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

The objective of operational risk management is to present operational risks transparently and initiate precautionary or corrective measures with a view to preventing or mitigating the risks or losses. If an operational risk materializes, this can lead to an operational loss with the potential resulting loss of a business asset, which would have a negative impact on net assets, financial position and results of operations.

The operational risk strategy specifies the focus for the management of operational risk; the operational risk manual sets out the implementation process and allocates responsibilities.

Risk identification and assessment

Operational risks or losses are identified and assessed by experts with the help of two operational risk tools: risk self-assessments and a loss database. Risk self-assessments and losses are subject to approval by a second expert.

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

The central loss database is used to ensure that information about operational losses is collected internally 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. This form can be used, for example, to determine the amount and cause of the loss.

Based on the figures from the risk self-assessment and the historical losses, Risk Management carries out quarterly calculations to determine the expected loss, unexpected loss and then the overall value-at-risk (VaR).

Regular training and communications campaigns aim to create greater awareness of operational risk at Volkswagen Leasing GmbH. These activities have led to better recording of loss events. Experience and information gained about past loss events means that potential future risks can be assessed more comprehensively and more accurately.

Risk monitoring and control

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

On the basis of random samples, Risk Management checks the plausibility of the information provided by the branches/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, in particular, the full integration of all operational risk units and a review of the methods and procedures used for risk measurement.

Risks are also managed on the basis of the specified limit and quarterly monitoring of the limit utilization in the risk-bearing capacity assessment. Operational risks and losses are communicated on a quarterly basis as part of the risk management reports. The quarterly details are supplemented by an annual operational risk report in which the main events of the year are presented and assessed again in a coherent manner. Ad hoc reports are issued in addition to the regular reports, provided that the relevant specified criteria are satisfied.

Trends

Actual operational losses and the resulting operational risks rose sharply in fiscal year 2022. The increase in the reporting year results from a provision for lease transactions from operating activities.

Risk from Outsourcing Activities

Outsourcing describes a situation in which another entity (the outsourcee) is engaged to carry out activities and processes in connection with the provision of services that would otherwise be carried out by the outsourcing entity itself.

A distinction needs to be made between outsourcing and one-time or occasional procurement from third parties of goods or services or services that are typically obtained from a supervised entity and, because of the actual circumstances or legal requirements, cannot usually be supplied by the buying entity itself, either at the time of the purchase from the third party or in the future.

The aim of outsourcing management, which is closely associated with operational risk management, is to identify the risks from outsourcing and manage them in accordance with specific strategic objectives.

Risk identification and assessment

Risks are identified and assessed by examining the circumstances and performing a risk analysis. In the first step, an examination of the circumstances is used to establish whether the planned activity constitutes procurement from a third-party supplier or an outsourcing arrangement. The risk analysis uses various criteria to determine the risk content. The outcome is the classification of the outsourcing arrangement as material or immaterial. “Material” outsourcing arrangements are subject to greater monitoring and control requirements as well as special and stricter contractual clauses.

Risk monitoring and control

For monitoring and control purposes, Volkswagen Leasing GmbH has issued a framework policy specifying the guidelines for outsourcing management.

Before each contract is signed, the service to be provided must be discussed with and examined by outsourcing management. This ensures that the contracting party is informed about all outsourced activities.

The Management Board of the Company is informed on a quarterly basis about the existing risks and the countermeasures that have been put in place. The quarterly details are supplemented by an annual report in which the main events of the year are presented and assessed again.

Compliance and Conduct Risk

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

This is not to be confused with conduct risk, which is defined as the risk arising from inadequate conduct by the institution toward the customer, unreasonable treatment of the customer or provision of advice using products that are not suitable for the customer.

In addition, integrity risk encompasses all risks that arise from a failure of employees to behave in an ethically acceptable manner or act in accordance with the Group Essentials, thereby presenting an obstacle to the long-term success of the business.

Volkswagen Leasing GmbH has taken account of these risks by setting up a local compliance and integrity unit which works toward specifying and implementing risk-mitigating measures. The tasks of the compliance unit are managed by Volkswagen Bank GmbH on the basis of an outsourcing arrangement.

To counter risks relating to compliance and conduct, it is the responsibility of the compliance unit to ensure that laws, other legal requirements, internal rules and self-proclaimed values are adhered to, and to create and foster an appropriate compliance culture. Furthermore, it is the responsibility of the integrity unit, on the basis of an integrity management system, to raise awareness of the ethical principles, code of conduct and the need for compliance, and to help employees to be responsible and steadfast in choosing the right course of action, driven by their own personal conviction.

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

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

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

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

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

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

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

- Prevention of money laundering and terrorist financing
- Prevention of corruption and other criminal acts
- Data protection
- Consumer protection
- Securities trading law/capital markets law
- Supervisory law
- Antitrust law, and

> IT security

The compliance requirements for Volkswagen Leasing GmbH are specified centrally and must be implemented autonomously in Germany and Italy. Deviations from the minimum requirements or guidelines are only possible if accompanied by a description of the reasons (such as local statutory requirements) and only in consultation with, and with the consent of, the institution's compliance officer.

As in the case of the compliance unit, the central integrity unit only specifies the basic framework for Volkswagen Leasing GmbH. Responsibility for raising employee awareness of the ethical principles remains with the local entities and their respective integrity officers.

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

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

The Management Board also receives an annual compliance report, and additional compliance reports as required. The annual compliance report contains a presentation of the appropriateness and effectiveness of the compliance requirements implemented to ensure compliance with central and core legal rules and regulations.

The Management Board has entered into a voluntary undertaking regarding compliance and integrity. This ensures that aspects of compliance and integrity are also always discussed and taken into consideration for all decisions of the Management Board.

Business Risk

Due to the introduction of net asset value analysis, strategic risk has been combined since January 1, 2022 with earnings risk and reputational risk to form business risk and subtracted from the risk-taking potential. Business risk is measured on the basis of an expert estimate. The risk subcategories of earnings risk, strategic risk and reputational risk have been defined as follows:

Earnings Risk

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

The objective is to regularly analyze and monitor the potential risk associated with earnings risk to ensure that variances compared with budgeted values are identified at an early stage and any necessary corrective action is initiated. If the risk were to materialize, this would adversely impact the operating result.

Strategic Risk

Strategic risk 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 Leasing GmbH is the controlled acceptance of strategic risk enabling it to systematically leverage earnings potential in its core business. 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, etc.) and/or direct financial losses such as penalties, litigation costs, etc.

If this is unsuccessful, the unit 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.

Model Risk

Model risk arises from inaccuracies in the risk figures and must be taken into account, particularly in the case of underestimated risk and complex models.

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

Potential model risks in the risk models are assessed by the model coordinator on a qualitative basis in an annual model review. The objective is to verify that the risks are covered by the Company's own funds.

The assessment is carried out using the criteria "simple", "transparent", "conservative". If there is evidence of model risk, a validation must be carried out. The validation must include decisions on the measures to reduce the risk. The monitoring process includes a regular inventory check of all models, validations and model risk classifications using a model risk inventory list.

SUMMARY

Volkswagen Leasing GmbH accounts for the risks arising as part of its operating activities. This approach is based on a comprehensive system for identifying, measuring, analyzing, monitoring and controlling risks, which is part of a comprehensive risk- and return-oriented management system.

In light of the energy price crisis, risk sectors have been identified and corresponding risk minimization measures (adjustment of purchase criteria) have been resolved.

The continued insufficient availability of new vehicles because of ongoing supply chain disruptions (e.g. semiconductor shortage) had a positive effect on the used vehicle market and therefore on the marketing results.

While the situation still has a positive effect on residual value risk, stable development could be seen in credit risk.

The interest rate hikes in 2022 led to a sharp rise in market risk (interest rate risk), which Volkswagen Leasing GmbH actively counteracts via interest rate derivatives.

The risk-bearing capacity was assured at all times in 2022. Volkswagen Leasing GmbH does not believe that there are any risks to the continuation of the business as a going concern.

Human Resources Report

Mission HR: business driven – people focused.

EMPLOYEES

The operating activities of Volkswagen Leasing GmbH in Germany are carried out by employees of Volkswagen Financial Services AG. These employees are assigned to Volkswagen Leasing GmbH under staff leasing arrangements. As of December 31, 2022, Volkswagen Leasing GmbH had 739 staff members (previous year: 966) in Germany. The reduction in staff at Volkswagen Leasing GmbH results from continuing restructuring measures within the VW FS Group.

There were 57 employees (previous year: 69) in Italy on December 31, 2022.

HUMAN RESOURCES STRATEGY AND STAFF DEVELOPMENT

The Human Resources unit of Volkswagen Financial Services AG has overarching responsibility for human resources in all the German subsidiaries of Volkswagen Financial Services AG, and therefore also for Volkswagen Leasing GmbH. Skilled, committed employees are the cornerstones of the success of the Company With its instruments and measures for staff development, high employee satisfaction and its long-term HR strategy as part of MOBILITY 2030, Volkswagen Financial Services AG constantly provides the human resources necessary, both in terms of quantity as well as quality, for the achievement of Volkswagen Leasing GmbH's strategic objectives.

Report on Expected Developments

The global economy is expected to grow in 2023, albeit at a slower pace. Global demand for passenger cars will probably vary from region to region and increase significantly year-on-year. With our brand diversity, broad product range and services, we believe we are well prepared for the future challenges in the mobility business.

The expected development of the Volkswagen Leasing GmbH Group and the framework conditions of its business activities are described in the following. Risks and opportunities that could cause a deviation from the forecast development are presented in the report on risks and opportunities.

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

DEVELOPMENTS IN THE GLOBAL ECONOMY

Our planning is based on the assumption that global economic output will grow overall in 2023 albeit at a slower pace. The persistently high inflation in many regions and the resulting restrictive monetary policy measures taken by central banks are expected to increasingly dampen consumer spending. We continue to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will be impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict. It cannot be ruled out that risks may also arise if new variants of the SARS-CoV-2 virus occur, particularly regional outbreaks and the associated measures. We assume that both the advanced economies and the emerging markets will show positive momentum on average, even with below-average growth in gross domestic product (GDP).

We also expect the global economy to recover in 2024 and continue a path of stable growth until 2027.

Europe

In Western Europe, we expect a comparatively low rate of economic growth in 2023. The relatively high overall level of inflation, which is projected to taper off as the year goes on, poses a major challenge for consumers and companies alike.

Germany

We expect GDP in Germany to grow only slightly in 2023 and inflation to remain high averaged over the year. The labor market situation is likely to see some deterioration in 2023.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

We anticipate that automotive financial services will prove highly important to global vehicle sales in 2023. The continuing shortages of intermediates and commodities may generate uncertainty, exacerbated by the fallout from the Russia-Ukraine conflict. We expect demand to rise in emerging 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 enabling mobility at the lowest possible total cost. We estimate that this trend will also persist in the years 2024 to 2027.

In the developed markets, we expect to see increased demand for telematics services and services aimed at reducing total cost of ownership in 2023. This trend is also expected to persist in the period 2024 to 2027.

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 intensify further. The continuing shortages of intermediates and commodities may generate uncertainty, exacerbated by the fallout from the Russia-Ukraine conflict, in particular, rising prices and declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2023. Overall, the global volume of new car sales is expected to be noticeably higher than in the previous year.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed; on the whole, we expect a noticeable increase in the sales volume for 2023. For the years 2024 to 2027, we expect demand for light commercial vehicles to increase globally.

We believe we are well prepared overall for the future challenges pertaining to automotive business activities and for the mixed development of the regional automotive markets.

Europe

For 2023, we anticipate that the volume of new passenger car registrations in Western Europe will be significantly above that recorded in the reporting period. Limited vehicle availability as a result of the shortages of intermediates and commodities may continue to weigh on the volume of new registrations. We also predict significant growth in 2023 for the major individual markets of France, the United Kingdom, Italy and Spain.

For light commercial vehicles, we expect the volume of new registrations in Western Europe in 2023 to be strongly up on the previous year’s level. Limited vehicle availability as a result of the shortages of intermediates and commodities may continue to weigh on the volume of new registrations.

Germany

In the German passenger car market, we expect the volume of new registrations in 2023 to noticeably exceed the prior-year figure.

We anticipate that the number of registrations of light commercial vehicles will be very strongly up on the previous year.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

For 2023, we expect a noticeable upwards trend in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year, with variations from region to region, in the markets that are relevant for the Volkswagen Group.

Noticeable market growth is expected for the 27 EU countries excluding Malta, but plus the United Kingdom, Norway and Switzerland (EU27+3) because it has so far not been possible to fully satisfy the high demand for trucks due to continuing supply bottlenecks.

On average, we anticipate a slight decrease in the relevant truck markets for the years 2024 to 2027.

A significant increase in overall demand, with regional variations, is expected for 2023 in the bus markets relevant for the Volkswagen Group. We anticipate noticeable year-on-year market growth in the EU27+3 countries. Here, we are assuming that the coach segment will recover and that we will receive orders in the context of government-funded programs.

Overall, we expect a slight increase in the demand for buses in the relevant markets for the period from 2024 to 2027.

INTEREST RATE TRENDS

Europe saw a continuation of the period of low interest rates in the beginning of fiscal year 2022. However, in the US and numerous other economies, expansionary monetary policy came to an end, giving way to interest rate hikes.

The course of fiscal year 2022 was characterized by sometimes very strong interest rate hikes by almost all of the world's central banks.

Interest rate trends are generally factored into pricing.

We expect the interest rate hikes to come to an end or at least weaken significantly in the course of 2023.

MOBILITY CONCEPTS

Social and political factors have an increasing impact on many people's individual mobility patterns. The importance of environmental and climate protection has grown strongly among the general public 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 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. Volkswagen Leasing GmbH plays a key role in this regard.

From traditional financing and traditional leasing, long-term rentals, car and truck hire to car sharing and car subscription, Volkswagen Leasing GmbH and other subsidiaries of Volkswagen Financial Services AG already cover a large proportion of the mobility needs of their customers.

As in the case of vehicles with conventional combustion engines, Volkswagen Leasing GmbH is a close partner with the Volkswagen Group brands in the marketing of electric vehicles. Such marketing includes an attractive range of leasing services complemented by packages covering maintenance and wear-and-tear repairs. Those services plays a key role in the marketing of electric vehicles produced by the Volkswagen Group.

In this context, Volkswagen Financial Services AG continues serving as a one-stop shop for its customers, remaining true to the essence of its company slogan "The Key to Mobility" also in the future.

Volkswagen Leasing GmbH makes a significant contribution to fulfilling the brand promise with its products and services.

SUMMARY OF EXPECTED DEVELOPMENTS

Volkswagen Leasing GmbH expects its business growth in fiscal year 2023 to be linked to the growth in unit sales of Volkswagen Group vehicles.

Sales activities related to the Volkswagen Group brands will be further intensified, particularly through joint strategic projects. Furthermore, Volkswagen Leasing GmbH intends to maintain the measures it has introduced to leverage greater potential along the automotive value chain.

Together with the Group brands, Volkswagen Leasing GmbH aims to provide optimum solutions to satisfy the wishes and needs of its customers. Its end customers are looking in particular for sustainable individual mobility with predictable fixed costs. The Company is also looking to digitalization to drive further expansion of the business.

The product packages and mobility solutions successfully launched in the last few years will be refined in line with customer needs.

Forecast for Credit Risk

As far as credit risk is concerned, it is anticipated that the risk situation will increase slightly in 2023 due to high inflation, in particular in the energy sector. In this context, the effects are strongly dependent on the further course of the Russia–Ukraine conflict with its consequences for the energy markets and the overall economic impact. The Company continues to monitor the risk situation closely so that it can respond proactively to any potential developments by initiating targeted corrective measures.

Forecast for Residual Value Risk

On account of the projected growth in business, we are anticipating an increase in overall risk. The residual value portfolio in 2023 could be additionally impacted by the e-mobility sales drive in connection with the German federal government's Climate Action Program 2030, as well as the ongoing supply chain disruptions (e.g. semiconductor shortage).

Forecast for Liquidity Risk

The risk trend is categorized as stable. In spite of the geopolitical uncertainties (Russia–Ukraine conflict, energy price crisis, among others), the established sources of funding are available. Funding diversification continues to be extended and existing sources of funding are being expanded.

Forecast for Operational Risk

Any change in operational risk going forward will generally be shaped by the growth in the Company's business. Due to the anticipated expansion of the business volume, operational risk is expected to rise in 2023.

OUTLOOK FOR 2023

Volkswagen Leasing GmbH's Management Board expects the global economy to grow at a slower pace in 2023.

Risks will arise first and foremost from the increased uncertainty caused by the Russia–Ukraine conflict, the continuation of limited vehicle ability as a result of the semiconductor shortage and high inflation. In addition, growth prospects will be hurt by further geopolitical tensions and conflicts.

When the above factors and the market trends are considered, the following overall picture emerges: earnings expectations assume an increase in funding costs, greater levels of cooperation with the individual Group brands, increased investment in digitalization for the future and continued uncertainty about macroeconomic conditions in the real economy as well as potential effects arising from geopolitical upheaval. In addition, risk costs and market developments of derivatives used for hedging purposes have a significant impact. These depend on the further course of the economy and interest rates.

Based on the effects described above and assuming that the margin in the coming year remains stable, the operating result for fiscal year 2023 is projected to be substantially below the prior-year level. Significant increases compared with prior-year figures are expected for both new and existing contracts. Given the forecast of a rise in vehicle deliveries, Volkswagen Leasing GmbH's penetration rates are expected to fall slightly in the German market.

For the coming fiscal year, the Italian market is predicted to see a significant recovery in unit sales (deliveries to customers) and a significant rise in new leasing business. There will be significant growth in the number of existing contracts and moderate expansion in the service and insurance business. Due to increased refinancing costs accompanied by delayed deliveries and falling marketing results, a significant decline in the operating result is expected for 2023.

A significant rise in new leasing business is forecast for MAN Financial Services in the coming fiscal year due to the planned increase in deliveries to customers combined with an increased penetration rate.

Current contracts in financing products will increase and remain largely stable with regard to services. Due to increased refinancing costs, a significant decline in the operating result is expected for 2023.

FORECAST CHANGES IN KEY PERFORMANCE INDICATORS FOR FISCAL YEAR 2023 COMPARED WITH PRIOR-YEAR FIGURES

	Actual 2022	Forecast for 2023	
Nonfinancial performance indicators			
Penetration (percent)	59.5	< 59,5	Slightly lower than in previous year
Current contracts (thousands)	1,897	> 1.897	Significantly up on previous year
New contracts (thousands)	637	> 637	Significantly up on previous year
Financial performance indicators			
Volume of business (€ million)	42,189	> 42.189	Significantly up on previous year
Operating result (€ million)	1,268	< 1.268	Substantially lower than in the previous year
Return on equity (percent)	23.0	< 23	Substantially lower than in the previous year
Cost/income ratio (percent)	43	> 43	Substantially up on previous year

Braunschweig, February 14, 2023
The Management Board

Armin Villinger

Hendrik Eggers

Manuela Voigt

This Annual Report contains forward-looking statements on the future business development of Volkswagen Leasing GmbH. 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 Leasing GmbH 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 key sales markets vary from the assumptions, or material changes arise from the exchange rates, commodities or supply of parts (in particular, semiconductors) relevant to the Volkswagen Group, or the actual impact of the Covid-19 pandemic deviates from the scenario assumed in this report, 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.

Balance Sheet

of Volkswagen Leasing GmbH, Braunschweig, as of December 31, 2022

€ thousand		Dec. 31, 2022	Dec. 31, 2021
Assets			
1. Loans to and receivables from banks			
b) From other activities			
aa) Repayable on demand	619.918		1.092.617
		619.918	1.092.617
2. Loans to and receivables from customers			
a) From payment services	0		0
aa) From fees and commissions	243		148
b) From other activities	8.311.091		6.100.611
		8.311.334	6.100.759
3. Lease assets			
aa) From other activities		41.227.096	38.700.324
4. Intangible fixed assets			
a) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	80.382		84.232
b) Prepayments	0		0
		80.382	84.232
5. Property and equipment			
a) Land and buildings			
ab) From other activities	25.961		32.771
b) Operating and office equipment			
ab) From other activities	481		767
		26.442	33.538
6. Other assets			
b) From other activities		1.987.780	817.404
7. Prepaid expenses and accrued income			
b) From other activities		1.038.696	818.143
8. Excess of plan assets over pension liability		0	0
Total assets		**53.291.648**	**47.647.017**

€ thousand		Dec. 31, 2022	Dec. 31, 2021
Equity and liabilities			
1. Liabilities to banks			
b) From other activities			
aa) Repayable on demand	162		53
bb) With agreed maturity or notice period	0		0
		162	53
2. Liabilities to customers			
b) From other activities		27.603.478	20.102.328
3. Notes, commercial paper issued			
a) Bonds issued	10.978.686		14.752.276
b) Commercial paper	1.438.526		1.449.788
		12.417.212	16.202.064
4. Other liabilities			
b) From other activities		1.254.251	1.086.879
5. Prepaid expenses and accrued income			
b) From other activities		9.622.317	8.963.940
6. Provisions			
a) Provisions for pensions and other post-employment benefits			
bb) From other activities	1.114		1.355
b) Provisions for taxes			
bb) From other activities	35.619		28.614
c) Other provisions			
bb) From other activities	2.080.759		984.989
		2.117.492	1.014.958
7. Special tax-allowable reserve		824	883
8. Fund for general banking risks		6.000	6.000
9. Equity			
a) Subscribed capital	76.004		76.004
b) Capital reserves	193.259		193.259
c) Net retained profits	649		649
		269.912	269.912
Total equity and liabilities		**53.291.648**	**47.647.017**
1. Contingent liabilities			
Liability arising from the provision of collateral for third-party liabilities		74.953	66.703
2. Other obligations			
Irrevocable leasing commitments		11.267.767	8.429.212

Income Statement

of Volkswagen Leasing GmbH, Braunschweig, for the period from January 1 to December 31, 2022

€ thousand

				Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
1.	Lease income		23.104.557		21.437.751
2.	Leasing expenses		11.652.020		11.156.184
				11.452.537	10.281.567
3.	Interest income				
	b) From other activities				
	aa) Lending and money market transactions		142.249		46.816
4.	Interest expense				
	b) From other activities		713.886		575.120
	thereof: unwinding of discount on provisions		2.965		3.560
				−571.637	−528.304
5.	Fee and commission income				
	a) From payment services and the issuance of e-money		82		159
	b) From other activities		812		47.997
6.	Fee and commission expenses				
	b) From other activities		970.135		734.401
				−969.241	−686.245
7.	Other operating income				
	b) From other activities			270.277	430.418
8.	Income from the reversal of special tax-allowable reserve			59	59
9.	General and administrative expenses				
	a) From payment services and the issuance of e-money				
	bb) Other administrative expenses	123			226
	b) From other activities				
	aa) Personnel expenses				
	aaa) Wages and salaries	4.254			4.679
	bbb) Social security, post-employment and other employee benefit costs of which: for post-employment benefits €15 thousand	1.192			1.471
			5.569		6.376
	bb) Other administrative expenses		625.483		616.543
				631.052	622.919
10.	Depreciation, amortization and write-downs				
	a) Depreciation and write-downs of lease assets				
	ab) From other activities		9.257.708		8.655.690
	b) Amortization and write-downs of intangible fixed assets, and depreciation and write-downs of property and equipment				
	bb) From other activities		60.978		66.290
				9.318.686	8.721.980
11.	Other operating expenses				
	b) From other activities			28.430	31.527

€ thousand

				Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
12.	Write-downs of and valuation allowances on receivables and additions to provisions in the leasing business				
	b) From other activities			1.592.874	596.315
13.	Income from the reversal of write-downs of and valuation allowances on receivables and from the reversal of provisions in the leasing business				
	b) From other activities			349.716	294.716
14.	**Result from ordinary business activities**			**–1.039.331**	**–180.530**
	a) From payment services and the issuance of e-money			–41	–67
	b) From other activities			–1.039.290	–180.463
15.	Income tax expense			–23.386	61.280
	a) From payment services and the issuance of e-money			–1	23
	b) From other activities			–23.385	61.257
16.	Income from the absorption of losses			1.015.945	241.810
	a) From payment services and the issuance of e-money			42	–44
	b) From other activities			1.015.903	241.854
17.	**Net income for the year**			**0**	**0**
18.	Retained profits brought forward			649	649
	a) From payment services and the issuance of e-money			0	0
	b) From other activities			0	0
19.	**Net retained profits**			**649**	**649**

Notes

to the Annual Financial Statements of Volkswagen Leasing GmbH, Braunschweig, as of December 31, 2022

1. General Information

The annual financial statements of Volkswagen Leasing GmbH have been prepared in accordance with the provisions of the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Verordnung über die Rechnungslegung der Kreditinstitute* (RechKredV – German Bank Accounting Regulation) as well as the additional disclosures required under the *Verordnung über die Rechnungslegung der Zahlungsinstitute und E-Geld-Institute* (RechZahlV – German Regulation on the Accounting of Payment Institutions and E-Money Institutions).

Volkswagen Leasing GmbH provides IT and other internal services for companies in the Volkswagen Financial Services AG Group. An internal cost allocation system is used to charge these services to the German group companies according to the costs-by-cause principle. The income derived from the allocation of these costs is reported under other operating income/expenses.

2. Accounting Policies

The accounting policies applied in the previous year have been retained without change.

Intangible fixed assets, property and equipment, and lease assets are carried at cost less depreciation and less impairment losses, if the impairment is expected to be permanent, taking existing collateral into account. In this process, the non-amortizable intangible fixed assets are measured at fair value. Since a hedge relationship exists between the residual value under the lease and the put option, the option to apply hedge accounting allowed by section 254 of the HGB has been applied.

The office buildings are depreciated on a straight-line basis (useful life of 50 years for old buildings and 25 years for new buildings). Operating and office equipment is depreciated on a straight-line basis over its typical useful life of three to seven years. Lease assets are depreciated on a straight-line basis over their typical useful life. The useful life of a passenger car is six years, of trucks and buses between five and nine years, and of other leased items, which mainly comprise movable lease assets at dealerships (workshop equipment), three to 13 years. Amortizable intangible fixed assets are amortized on a straight-line basis over three years. Non-amortizable intangible assets are written down for any impairment expected to be permanent.

Receivables and other assets are recognized at their principal amounts. Appropriate valuation allowances are recognized to take into account any default risk. Lease purchase agreements that specify the transfer of ownership of the vehicle from Volkswagen Leasing GmbH (MAN Financial Services branch) to the customer on payment of the last installment are recognized under receivables from customers at the present value of receivables outstanding less any valuation allowances.

Prepaid expenses are expenses incurred before the reporting date but attributable to a period or periods after this date; the item is reversed and taken to the income statement on a straight-line basis over the relevant period of time.

Liabilities are recognized at the settlement amount.

Deferred income comprises income before the reporting date, representing income or other operating income from the leasing business that is attributable to future periods.

Pension provisions are recognized at present values at the branch in Italy. The pension obligations are determined annually by an independent actuary using the projected unit credit method.

Discernible risks and uncertain liabilities are accounted for by recognizing adequate provisions in the amount required to settle the liability determined in accordance with prudent business judgment. Provisions with a maturity of more than one year are discounted using the average market discount rate for the previous seven fiscal years. This discount rate is published monthly by Deutsche Bundesbank.

On the basis of an existing profit and loss transfer agreement, deferred taxes are generally recognized by Volkswagen AG, Wolfsburg, the controlling entity in the tax group. Deferred taxes are recognized for all temporary differences between the carrying amounts in accordance with the HGB and those in the tax base using the specific company tax rate of 29.99%. No deferred tax liabilities were recognized separately in fiscal year 2022, as the Company exercised the option to offset deferred tax assets and deferred tax liabilities. The Italy branch, which is taxed separately, mainly recognizes deferred tax assets relating to lease assets and to provisions and liabilities. Beyond this, the Company does not exercise the option to recognize deferred tax assets provided for in section 274 of the HGB.

Differences between the carrying amounts required by the HGB and those permitted in the tax base continue to be reported under the special tax-allowable reserve in exercise of the grandfather rights provided for in article 67(3) sentence 1 of the *Einführungsgesetz zum Handelsgesetzbuch* (EGHGB – Introductory Act to the German Commercial Code).

The fund for general banking risks was first established by MAN Financial Services GmbH in accordance with section 340g of the HGB in fiscal year 2012 and has been continued since then.

Equity is recognized at the nominal amount. Irrevocable lease commitments are reported at their present value. Interest rate derivatives entered into by Volkswagen Leasing GmbH are used as part of general economic hedges. The Company does not make use of the option to apply specific hedge accounting arrangements. The interest rate derivatives of Volkswagen Leasing GmbH were reviewed to assess whether there was any need to recognize a provision for expected losses. In addition to positive fair values, there were also negative fair values, and this led to the recognition of a provision for expected losses.

Leasing income is recognized insofar as the goods or services due have been provided and an entitlement to the due consideration has been created. Income from goods supplied, principally from the sale of used vehicles (sales revenue), is reported as soon as beneficial ownership has passed to the customer (transfer of possession, of the right to use and sell, of charges and of the risk of loss and accidental loss). The transfer of beneficial ownership is determined in accordance with the agreed terms of delivery and/or general terms and conditions. Income from services is recognized as soon as the service has been rendered. The amount of income reported corresponds to the agreed consideration minus the applicable sales tax and income deductions such as bonuses, discounts and rebates.

3. Balance Sheet Disclosures

The breakdown of receivables from banks is as follows:

€ thousand	Dec. 31, 2022	Dec. 31, 2021
1. Loans to and receivables from banks	619.918	1.092.617
(of which to affiliated companies €619.591 thousand; previous year: €1.092.526 thousand)		
Total	**619.918**	**1.092.617**

The breakdown of receivables from customers is as follows:

€ thousand	Dec. 31, 2022	Dec. 31, 2021
1. Trade receivables	4.214.100	1.348.633
2. Receivables from affiliated companies	4.086.167	4.743.187
(of which from the sole shareholder €1.250.641 thousand; previous year: €2.143.131 thousand)		
(of which trade receivables €335.524 thousand; previous year: €100.056 thousand)		
3. Other receivables	11.067	8.939
Total	**8.311.334**	**6.100.759**

The following table shows the maturity analysis for the receivables:

€ thousand	Dec. 31, 2022	Dec. 31, 2021
1. Loans to and receivables from banks	619.918	1.092.617
of which due in 0 – 3 months	636.919	1.092.617
2. Trade receivables	4.214.100	1.348.633
of which due in 0 – 3 months	508.014	286.341
of which due in 3 – 12 months	462.240	290.030
of which due in 12 – 60 months	3.243.846	772.262
3. Receivables from affiliated companies	4.086.167	4.743.187
of which due in 0 – 3 months	2.887.464	2.829.817
of which due in 3 – 12 months	400.291	715.284
of which due in 12 – 60 months	498.412	898.086
of which due in > 60 months	300.000	300.000
4. Other receivables	11.067	8.939
of which due in 0 – 3 months	11.067	8.939
Total	**8.931.252**	**7.193.376**

The breakdown of the fixed assets aggregated in the balance sheet and the changes in these assets in the reporting period are shown in the statement of changes in fixed assets. Capitalized put options are recognized under intangible assets. Additions in the current fiscal year amounted to €55,478 thousand. Assets under construction amounting to €9 thousand (previous year: €3 thousand) are included in the land and buildings shown under fixed assets.

Other assets relate primarily to the receivable of €1,015,945 thousand under the profit and loss transfer agreement, available-for-sale lease returns amounting to €394,822 thousand (previous year: €245,339 thousand), receivables from the processing of ABS transactions amounting to €172,537 thousand (previous year: €207,763 thousand), accrued swap interest of €119,885 thousand (previous year: €110,878 thousand) and value added tax receivables of the Italy branch in an amount of €125,649 thousand (previous year: €118,658 thousand).

Prepaid expenses include discounts on purchased bonds and ABS transactions amounting to €930,514 thousand (previous year: €724,027 thousand); these discounts are amortized over the relevant maturity. Prepaid vehicle taxes of €12,109 thousand (previous year: €13,110 thousand), insurance payments in connection with service leases in the amount of €30,997 thousand (previous year: €29,055 thousand) and other prepaid expenses are also recognized under this item.

The breakdown of liabilities is as follows:

€ thousand	Dec. 31, 2022	Dec. 31, 2021
1. Liabilities to banks	162	53
(of which to affiliated companies €162 thousand; previous year: €0 thousand)		
2. Liabilities to customers	27.603.478	20.102.328
(of which to affiliated companies €16.391.597 thousand; previous year: €9.989.199 thousand)		
(of which to the sole shareholder €7.530.726 thousand; previous year: €5.173.360 thousand)		
(of which trade receivables €398.604 thousand; previous year: €298.703 thousand)		
3. Notes, commercial paper issued	12.417.212	16.202.064
4. Other liabilities	1.254.251	1.086.879
Total	**41.275.103**	**37.391.324**

The following table shows the maturity analysis for the liabilities:

€ thousand	Dec. 31, 2022	Dec. 31, 2021
1. Liabilities to banks	162	53
of which due in 0 – 3 months	162	53
of which due in 3 – 12 months	0	0
of which due in 12 – 60 months	0	0
2. Liabilities to customers	27.603.478	20.102.328
of which due in 0 – 3 months	1.838.102	579.122
of which due in 3 – 12 months	8.973.803	5.606.648
of which due in 12 – 60 months	15.497.207	13.516.558
of which due in > 60 months	1.294.366	400.000
3. Notes, commercial paper issued	12.417.212	16.202.064
of which due in 0 – 3 months	1.708.825	1.261.024
of which due in 3 – 12 months	1.558.387	4.041.040
of which due in 12 – 60 months	7.650.000	9.400.000
of which due in > 60 months	1.500.000	1.500.000
4. Other liabilities	1.254.251	1.086.879
of which due in 0 – 3 months	280.275	190.111
of which due in 3 – 12 months	575.536	530.797
of which due in 12 – 60 months	398.440	365.971
Gesamt	**41.275.103**	**37.391.324**

Volkswagen Leasing GmbH has not furnished any collateral in connection with the liabilities.

A total nominal amount of €3.3 billion (previous year: €5.3 billion) of the notes and commercial paper issued is due in the next fiscal year.

Other liabilities include liabilities for outstanding repair invoices under servicing and wear-and-tear agreements amounting to €769,782 thousand (previous year: €797,207 thousand) and swap interest liabilities amounting to €56,506 thousand (previous year: €13,928 thousand).

The provisions comprise pension provisions for the Italy branch amounting to €1,114 thousand (previous year: €1,355 thousand), tax provisions of €35,619 thousand (previous year: €28,614 thousand) and other provisions of €2,080,759 thousand (previous year: €902,938 thousand).

The other provisions include provisions for the risks arising in connection with existing leases. The provisions for residual value risks amount to €800 thousand (previous year: €5,594 thousand). Further notable recognized items include expenses from service leases and expenses for outstanding invoices in an amount of €232,544 thousand (previous year: €182,303 thousand). Provisions totaling €475,431 thousand (previous year: €524,763 thousand) have also been recognized for dealer bonuses and other bonus payments. The provision for expected losses from interest rate derivatives amounted to €975,654 thousand (previous year: €82,052 thousand). Expected losses from interest rate derivatives are set against positive fair values, which are not reported due to the prudence principle.

The provision recognized for risks arising from the terms and conditions of leases amounts to €46,000 thousand before discounting (previous year: €49,600 thousand). The discount amount is €283 thousand (previous year: €188 thousand).

The tax write-downs for the office building in accordance with section 3 of the *Zonenrandförderungsgesetz* (ZRFG – German Border Zone Development Act) are recognized in the special tax-allowable reserve. The reported net income is not materially increased by the reversal of the special tax-allowable reserve and the resulting change in the tax expense. This measurement for tax purposes will not have a significant impact on future net income either.

Subscribed capital did not change in the year under review.

Changes in fixed assets:

€ THOUSAND	GROSS CARRYING AMOUNTS					DEPRECIATION, AMORTIZATION AND WRITE-DOWNS				NET CARRYING AMOUNTS	
	Brought forward January 1, 2022	Additions	Disposals	Reclassifications	Balance as of December 31, 2022	Brought forward January 1, 2022	Additions	Disposals	Balance as of December 31, 2022	Balance as of December 31, 2022	Balance as of December 31, 2021
I. Intangible assets											
Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	287.938	55.478	117.563	0	225.853	203.706	59.328	117.563	145.471	80.382	84.232
Prepayments	0	0	0	0	0	0	0	0	0	0	0
	287.938	55.478	117.563	0	225.853	203.706	59.328	117.563	145.471	80.382	84.232
II. Property and equipment											
Land and buildings	52.597	68	9.757	0	42.908	19.829	1.563	4.436	16.956	25.952	32.768
Operating and office equipment	1.497	5	334	0	1.168	730	87	130	687	481	767
Assets under construction	3	6	0	0	9	0	0	0	0	9	3
	54.097	79	10.091	0	44.085	20.559	1.650	4.566	17.643	26.442	33.538
III. Lease assets											
Vehicles, technical equipment and machinery	53.643.376	20.630.337	16.287.462	143.273	58.129.524	15.086.326	9.257.707	7.274.803	17.069.230	41.060.294	38.557.050
Prepayments	143.274	166.801	0	–143.273	166.802	0	0	0	0	166.802	143.274
	53.786.650	20.797.138	16.287.462	0	58.296.326	15.086.326	9.257.707	7.274.803	17.069.230	41.227.096	38.700.324
Total fixed assets	**54.128.685**	**20.852.695**	**16.415.116**	**0**	**58.566.264**	**15.310.591**	**9.318.685**	**7.396.932**	**17.232.344**	**41.333.920**	**38.818.094**

4. Income Statement Disclosures

Leasing income amounts to €23,104,557 thousand. The leasing expense amounts to €11,652,020 thousand and includes the expenses necessary to generate the income. These expenses largely comprise the net carrying amounts of lease assets for which the leases have expired, and expenses from the services business. Net leasing income is €11,452,537 thousand.

The breakdown of net interest income/expenses is as follows:

€ thousand	Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
1. Interest income from lending and money market transactions (of which from affiliated companies €15.502 thousand; previous year: €11.816 thousand)	142.249	46.816
2. Interest expense (of which to affiliated companies €162.451 thousand; previous year: €86.376 thousand)	713.886	575.120
Total	**–571.637**	**–528.304**

Fee and commission income was down significantly because there were expenses rather than income from the commission model with Volkswagen Bank GmbH in the reporting period.

Fee and commission expenses rose to €970,135 thousand (previous year: €734,401 thousand). In this context, it has to be taken into account that fee and commission expenses were reduced by €55,478 thousand (previous year: €49,902 thousand), corresponding to the capitalized amount of put options under contracts dating from 2022. In addition, the item includes expenses of €237,312 thousand from additional payments under the commission model with Volkswagen Bank GmbH (previous year: €0 thousand).

Net other operating income is €270,277 thousand, of which €230,124 thousand is attributable to the leasing business and €40,153 thousand to the allocation of overheads to other entities. Other operating income includes income from administration and brokerage services provided for third parties amounting to €161,828 thousand (previous year: €152,386 thousand) and other income of €9,041 thousand (previous year: €71,987 thousand). Income related to prior periods is also included in the amount of €11,402 thousand (previous year: €82,185 thousand).

Income from the reversal of special tax-allowable reserve amounts to €59 thousand.

The personnel expenses for employees at the branches in Milan and Verona total €5,446 thousand, of which €4,254 thousand relates to wages and salaries and €1,192 thousand to social security costs.

Other administrative expenses amount to €625,607 thousand. These relate, in particular, to internal charges from other group companies in connection with workplace costs, staff leasing and IT services, and to charges for services provided by third parties.

Depreciation and write-downs on lease assets are reported separately, the recognized amount for this item being €9,257,708 thousand. This figure includes write-downs to fair value amounting to €100,460 thousand (previous year: €165,173 thousand). Lease assets have been written down by an additional amount of €8,104 thousand (previous year: €0 thousand) to account for risks arising from the early remarketing of vehicles following the default of a lessee (latent credit risk). Amortization and write-downs of intangible fixed assets and depreciation and write-downs of property and equipment amounted to€60,978 thousand (previous year: €66,290 thousand), of which €58,741 thousand was attributable to write-downs of put options.

Other operating expenses amounted to €28,430 thousand in the reporting period. This figure includes issuance and rating expenses of €3,187 thousand (previous year: €14,267 thousand) and expenses related to prior periods of €2,055 thousand (previous year: €3,660 thousand).

Expenses for write-downs of, and valuation allowances on, receivables and additions to provisions in the leasing business amounting to €1,592,874 thousand are offset by corresponding income of €349,716 thousand. The expenses are mainly attributable to additions to the provision for expected losses from interest rate derivatives (€893,602 thousand).

The above figures resulted in a loss before tax for the reporting period of €1039.3 million (previous year: loss before tax of €180.5 million).

Income tax expense includes tax allocations amounting to €–61,436 thousand (previous year: €28,973 thousand).
Under the existing profit-and-loss transfer agreement, the loss after tax of €1,015,945 thousand is absorbed by Volkswagen Financial Services AG.

Breakdown of income by region:

€ thousand

				Jan. 1 – Dec. 31, 2022	Jan. 1 – Dec. 31, 2021
		Germany	Italy	Total	Total
1.	Lease income				
	Lease payments	7.568.730	433.390	8.002.120	7.618.946
	Maintenance and service income	1.065.585	288.644	1.354.229	1.141.426
	Used vehicle sales	11.408.469	325.913	11.734.382	10.817.054
	Miscellaneous	1.977.923	35.903	2.013.826	1.860.325
		22.020.707	1.083.850	23.104.557	21.437.751
3.	Interest income from lending and money market transactions	142.211	38	142.249	46.816
5.	Fee and commission income	82	0	82	48.156
7.	Other operating income	266.428	3.849	270.277	430.418
8.	Income from the reversal of special tax-allowable reserve	59	0	59	59
13.	Income from the reversal of write-downs of and valuation allowances on receivables and from the reversal of provisions in the leasing business	258.471	91.245	349.716	294.716
Total		**22.687.958**	**1.178.982**	**23.866.940**	**22.257.916**

5. Other Disclosures

Interest rate risk has been hedged by interest rate swaps with a total notional value of €23.9 billion. As of the reporting date, the positive fair values were €606.2 million and the negative fair values €965.3 million. The fair values are determined using the discounted cash flow method with the help of market information as of the reporting date and suitable IT-based valuation methods. In connection with these derivatives, accrued interest of €119.9 million is included in other assets and €56.5 million in other liabilities.

The put options limit the residual value risk of the vehicles for Volkswagen Leasing GmbH. They give Volkswagen Leasing GmbH the right at the end of the contract term to sell the vehicles to the intermediary dealers at an agreed option price. This option price is therefore the minimum value threshold for Volkswagen Leasing GmbH. In accordance with section 254 of the HGB, the resulting hedge relationship meant that, by applying the net hedge presentation method (*Einfrierungsmethode*), a write-down of the lease assets in the amount of €0.3 billion, equivalent to the hedged risk, was avoided.

The annual financial statements of the Company are included in the consolidated financial statements of Volkswagen AG, Wolfsburg (largest basis of consolidation), which are prepared in accordance with the International Financial Reporting Standards and published in the German Federal Gazette.

The annual financial statements of the Company are also included in the consolidated financial statements of Volkswagen Leasing GmbH, Braunschweig (smallest basis of consolidation), which are prepared in accordance with the International Financial Reporting Standards and published in the German Federal Gazette.

To fund the lease assets, Volkswagen Leasing GmbH has placed asset-backed securities transactions (ABS transactions) in the market. Three such transactions were carried out in fiscal year 2022. In 2022, Volkswagen Leasing GmbH generated cash in- flows totaling €8,057.6 million from the sale of future lease receivables and residual values under these leases. Five further transactions are in place, dating back to prior years. Other than the one-time inflows from each of these transactions, there is no other material impact on the present or future liquidity and financial position of Volkswagen Leasing GmbH.

The land and buildings belonging to Volkswagen Leasing GmbH are largely used by the other companies in the FS subgroup based in Braunschweig.

The irrevocable leasing commitments relate to confirmed leases for which the vehicle had not yet been delivered on the reporting date and for which the credit limit to which the Company had committed itself had thus not yet been utilized. It is expected that the credit will be drawn down, as the commitments relate to leasing agreements that have been entered into. Other financial obligations relate to purchase commitments in an amount that is not material for assessing the company's financial position.

These contingent liabilities and obligations arise from ABS transactions VCL 31, VCL 32, VCL 33, VCL 34, VCL 35, VCL 36, VCL 37 and VCL Master RV C2. A market risk reserve serving as collateral for certain risks was paid to investors in connection with these transactions. It is expected that this collateral will not be called upon, as it is assumed that the risk will not materialize.

In the year under review, Volkswagen Leasing GmbH executed 120,822 payment transactions with a volume of €2.9 million.

Volkswagen Leasing GmbH does not enter into transactions with related parties that are not on an arm's length basis.

The fees paid to the auditor are disclosed in the notes to the IFRS consolidated financial statements of Volkswagen Leasing GmbH. In 2022, the fees attributable to Volkswagen Leasing GmbH for audit-related services concerned the audit of the annual financial statements and reviews of interim financial statements prepared during the year.

The other services performed by the auditor in the reporting period focused mainly on other assurance services.

Volkswagen Leasing GmbH does not use its own personnel for its operating activities in Germany. The employees are provided by Volkswagen Financial Services AG in return for a consideration. In addition, the Company had an annual average of 53 salaried employees, including one senior executive, at its branches in Milan and Verona (previous year: 68, including one senior executive).

The managing directors do not receive any remuneration from the Company. The expenses borne by the Company for the Management Board amounted to €1,254 thousand.

The Management Board is represented on the following supervisory bodies whose establishment is required by law:

Armin Villinger: Member of the Supervisory Board of EURO-Leasing GmbH, Member of the Supervisory Board of LogPay Financial Services GmbH

Hendrik Eggers: Member of the Supervisory Board of EURO-Leasing GmbH

Frank Czarnetzki: Member of the Supervisory Board of EURO-Leasing GmbH, Member of the Supervisory Board of LogPay Financial Services GmbH

The Management Board of Volkswagen Leasing GmbH proposes that the net retained profits of € 648,680.82 be carried forward to the new fiscal year.

6. Report on Post-Balance Sheet Date Events

In February 2023, the Board of Management of Volkswagen AG, following a previous decision by the Board of Management of Volkswagen Financial Services AG in July 2022, approved the sale of the new financing business of MAN Financial Services in selected markets (mainly those without joint venture investments) to TRATON Financial Services AB against the payment of a selling price. In determining the selling price, the different dates of transferring the new financing business in the respective markets were taken into account. The completion of the transaction is subject to outstanding governing body approvals.

7. Company Information

Company: Volkswagen Leasing Gesellschaft mit beschränkter Haftung
Registered office: Braunschweig
Registry court: Amtsgericht Braunschweig, Commercial Register B
Commercial register number: HRB 1858

8. Governing Bodies of Volkswagen Leasing GmbH

Members of the Management Board as of December 31, 2022

JENS LEGENBAUER (UNTIL JUNE 30, 2022)
Chair of the Management Board
Corporate Management of Volkswagen Leasing GmbH
Front Office, Volkswagen Leasing GmbH

ARMIN VILLINGER (AS OF JULY 1, 2022)
Chair of the Management Board
Corporate Management & Front Office, Volkswagen Leasing GmbH
Front Office, MAN FS (as of February 1, 2023)

FRANK CZARNETZKI (UNTIL JANUARY 31, 2023)
Front Office, MAN FS (until January 1, 2023)

HENDRIK EGGERS
Back Office, Volkswagen Leasing GmbH

MANUELA VOIGT (AS OF AUGUST 1, 2022)
Operations, Volkswagen Leasing GmbH

Audit Committee of Volkswagen Leasing GmbH

The members of the Audit Committee of Volkswagen Leasing GmbH are as follows:

WERNER FLÜGGE
Chair
Auditor, tax consultant, Managing Shareholder of Gehrke Econ GmbH WPG

HELMUT STREIFF
Deputy Chair
Managing Director of Streiff Holding GmbH & Co. KG

FRANK FIEDLER
Member of the Board of Management of Volkswagen Financial Services AG
Finance and Purchasing division

Braunschweig, February 14, 2023

Volkswagen Leasing GmbH
The Management Board

Armin Villinger

Hendrik Eggers

Manuela Voigt

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Leasing GmbH, and the management report includes a fair review of the development and performance of the business and the position of Volkswagen Leasing GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Leasing GmbH.

Braunschweig, February 14, 2023

Volkswagen Leasing GmbH
The Management Board

Armin Villinger

Hendrik Eggers

Manuela Voigt

Independent auditor`s report

(Translation of the German independent auditor's report concerning the audit of the annual financial statements and management report prepared in German)

To Volkswagen Leasing GmbH, Braunschweig

REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Opinions

We have audited the annual financial statements of Volkswagen Leasing GmbH, Braunschweig, which comprise the balance sheet as at 31 December 2022, and the income statement for the fiscal year from 1 January 2022 to 31 December 2022, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Volkswagen Leasing GmbH, Braunschweig, which is combined with the group management report, for the fiscal year from 1 January to 31 December 2022.

In our opinion, on the basis of the knowledge obtained in the audit,

- he accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to institutions and give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2022 and of its financial performance for the fiscal year from 1 January 2022 to 31 December 2022 in compliance with German legally required accounting principles, and
- the accompanying combined management report as a whole provides an appropriate view of the Company's position. In all material respects, this combined management report is consistent with the annual 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 ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the combined management report.

Basis for the opinions

We conducted our audit of the annual financial statements and of the combined management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

Key audit matters in the audit of the annual financial statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from 1 January 2022 to 31 December 2022. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matter:

Determination of the expected residual values of lease assets during impairment testing

Reasons why the matter was determined to be a key audit matter
The lease assets balance sheet item comprises vehicles under leases. The recoverability of the lease assets depends in particular on the expected residual value of the leased vehicles after expiration of the contractual term. The expected residual values are reviewed by the Company on a quarterly basis. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used cars. This requires management to make, in particular, assumptions about vehicle supply and demand in the future, as well as about vehicle price trends.

As a result of the effects of the persistent shortages of intermediates and commodities on vehicle supply, which were additionally amplified by the effects of the Russia Ukraine conflict, as well as the effects of inflation on vehicle demand, the estimation uncertainty in relation to the determination of the expected residual values remained heightened in the fiscal year. In this light, the determination of the expected residual values of the lease assets during impairment testing was a key audit matter.

Auditor’s response

During our audit, we analyzed the process implemented by the Company for determining and monitoring the residual values to identify any risks of material misstatement and obtained an understanding of the process steps and controls. On this basis, we tested the operating effectiveness of the implemented controls over the determination and monitoring of the expected residual values. To assess the forecasting models used to determine the residual values, we assessed the validation plans on the basis of the respective model designs to determine whether the validation procedures described in the plans allow an assessment of the models’ forecast quality. We investigated whether the validation procedures performed according to the validation plans and the backtesting performed led to any indications of model weaknesses or any need to adjust the models. Furthermore, we assessed whether the assumptions underlying the forecasting model and the inputs used for determining the expected residual values were clearly documented. To this end, we obtained evidence for the main inputs and assumptions used for mileage, age and lifecycle phase of the vehicles to determine the residual values and examined them for currentness and transparency. We assessed whether the marketing assumptions used reflect industry specific and general market expectations as well as, in particular, current marketing results.

Our audit procedures did not lead to any reservations relating to the determination of the expected residual values of the lease assets during impairment testing.

Reference to related disclosures

The Company's disclosures on the recognition and measurement policies applied for lease assets are contained in section 2 "Accounting Policies" and in section 3 "Balance Sheet Disclosures" and section 4 "Income Statement Disclosures" of the notes to the financial statements.

Other information

The Audit Committee is responsible for the Report of the Audit Committee. In all other respects, the executive directors are responsible for the other information. The other information comprises the Responsibility Statement section to be included in the annual report, of which we obtained a copy prior to issuing this auditor's report, but not the annual financial statements, not the combined management report disclosures whose content is audited and not our auditor's report thereon. In addition, the other information comprises the Report of the Audit Committee, which we expect to be provided with after issuing our auditor's report.

Our opinions on the annual financial statements and on the 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 annual financial statements, with the combined 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 Audit Committee for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to institutions, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual 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 annual financial statements, the executive directors are responsible for assessing the Company'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, provided no actual or legal circumstances conflict therewith.

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual 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 combined 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 combined management report.

The Audit Committee is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the combined management report.

Auditor’s responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the combined management report as a whole provides an appropriate view of the Company’s position and, in all material respects, is consistent with the annual 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 annual financial statements and on the combined management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud 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 annual financial statements and this combined 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 annual financial statements and of the combined 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 annual financial statements and of arrangements and measures (systems) relevant to the audit of the combined 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 these systems of the Company.

> 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 Company’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 annual financial statements and in the combined 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 Company to cease to be able to continue as a going concern.

> Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

> Evaluate the consistency of the combined management report with the annual financial statements, its conformity with [German] law, and the view of the Company’s position it provides.

> Perform audit procedures on the prospective information presented by the executive directors in the combined management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the assurance on the electronic rendering of the annual financial statements and the management report prepared for publication purposes in accordance with Sec. 317 (3a) HGB

Opinion

We have performed assurance work in accordance with Sec. 317 (3a) HGB to obtain reasonable assurance about whether the rendering of the annual financial statements and the management report (hereinafter the "ESEF documents") contained in the file "Volkswagen Leasing_GmbH_JA+LB_ESEF-2022-12-31.zip" and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the annual financial statements and the management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the file identified above.

In our opinion, the rendering of the annual financial statements and the combined management report contained in the file identified above and prepared for publication purposes complies in all material respects with the requirements of Sec. 328 (1) HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinions on the accompanying annual financial statements and the accompanying management report, which is combined with the group management report, for the fiscal year from 1 January 2022 to 31 December 2022 contained in the "Report on the audit of the annual financial statements and of the combined management report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the file identified above.

Basis for the opinion

We conducted our assurance work on the rendering of the annual financial statements and the management report contained in the file identified above in accordance with Sec. 317 (3a) HGB and the IDW Assurance Standard: Assurance on the Electronic Rendering of Financial Statements and Management Reports Prepared for Publication Purposes in Accordance with Sec. 317 (3a) HGB (IDW AsS 410) (06.2022). Our responsibility in accordance therewith is further described in the "Auditor's responsibilities for the assurance work on the ESEF documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the executive directors and the Audit Committee for the ESEF documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic rendering of the annual financial statements and the combined management report in accordance with Sec. 328 (1) Sentence 4 No. 1 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have determined necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB for the electronic reporting format.

The Audit Committee is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Auditor's responsibilities for the assurance work on the ESEF documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Sec. 328 (1)

HGB. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Sec. 328 (1) HGB, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the file containing the ESEF documents meets the requirements of Commission Delegated Regulation (EU) 2019/815, in the version in force at the date of the financial statements, on the technical specification for this file.
- Evaluate whether the ESEF documents enable an XHTML rendering with content equivalent to the audited annual financial statements and to the audited combined management report.

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as auditor by the Annual General Meeting on 25 February 2022 and were engaged by the Management Board on 30 September 2022. We have been the auditor of Volkswagen Leasing GmbH without interruption since fiscal year 2020.
In addition to the financial statement audit, we have provided the following services that are not disclosed in the annual financial statements or in the management report:

- Review of the reporting packages for the reporting dates 31 March, 30 June and 30 September 2022 in accordance with the instructions of the group auditor
- Audit of section 1 “Calculation of own funds” of the “Reporting form for the calculation of own funds requirements in accordance with Sec. 15 ZAG [“Zahlungsdiensteaufsichtsgesetz”: German Payment Services Oversight Act]” (annex to Sec. 12 (1) of the ZIEV [“ZAG-Instituts-Eigenmittelverordnung”: German Ordinance Governing the Capital Adequacy and Required Security in the Event of Institutions Being Held Liable Under the ZAG] as of the reporting date 31 December 2021
- Agreed-upon procedures relating to the investor reports of VCL Master S.A., VCL Master Residual Value S.A., VCL Multi-Compartment S.A. and Trucknology S.A. as of 31 December 2021.

We declare that the opinions expressed in this auditor’s report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

Other matter – Use of the auditor’s report

Our auditor’s report must always be read together with the audited annual financial statements and the audited management report as well as the assured ESEF documents. The combined annual financial statements and management report converted to the ESEF format – including the versions to be published in the Unternehmensregister [German Company Register] – are merely electronic renderings of the audited annual financial statements and the audited combined management report and do not take their place. In particular, the ESEF report and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Matthias Koch.

Eschborn/Frankfurt am Main, 17 February 2023

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Koch	Hölscher
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Report of the Audit Committee

of Volkswagen Leasing GmbH

Volkswagen Leasing GmbH is a publicly traded corporation within the meaning of section 264d of the HGB.

In accordance with the provisions of section 324 of the HGB, the Company has established an Audit Committee, which concerns itself in particular with the tasks described in section 107(3) sentence 2 of the *Aktiengesetz* (AktG – German Stock Corporation Act). The Audit Committee has three members. There were no changes to the committee membership compared with the prior year. The members of the Audit Committee are listed in the disclosures on governing bodies. The Audit Committee held two regular meetings in the reporting period. There were no extraordinary meetings. During the reporting period, there were no urgent transactions that would have required a decision by circulation of written resolution for approval.

At the meeting held on February 23, 2022, the Audit Committee reviewed the annual financial statements and the management report of Volkswagen Leasing GmbH for the fiscal year 2021. As part of this review, the Audit Committee discussed with the auditor the reports on the audit of the annual financial statements and the management report of Volkswagen Leasing GmbH, as well as material transactions and issues related to financial reporting. The Audit Committee reported on its review to the sole shareholder.

The Committee also assured itself of the extent to which relationships of a professional, financial or other nature existed between Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft and the Company and/or its governing bodies, the aim being to assess the independence of the future auditor. In this regard, the Audit Committee obtained information on the services that the auditor had provided for the Company in addition to their auditing activities and on whether there were any grounds for disqualification or partiality. Following a detailed evaluation of the independence of the auditor, the Audit Committee submitted a recommendation to the sole shareholder regarding the election of the auditor (Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft) and drew up the resolution on the audit engagement in preparation for the Annual General Meeting.

At its meeting held on November 17, 2022, the Audit Committee mainly discussed audit planning, key areas of emphasis for the audit and the obligations of the auditor to provide certain information. In this context, the Audit Committee also reviewed the quality of the audit. In addition, the Committee discussed the Company's risk management system, focusing particularly on the treatment of residual value risk. At the same meeting, the Company's Compliance Officer reported on the risk and security measures in the Company. In this context, progress in the Volkswagen Group-wide Together4Integrity program was among the items presented. The Head of Internal Audit also reported on the department's auditing program and the emphasis of their audits in the reporting year. Key audit activities and findings were discussed in detail.

Braunschweig, February 14, 2023

Werner Flügge
Chair

Helmut Streiff
Deputy Chair

Frank Fiedler
Member

PUBLISHED BY
Volkswagen Leasing GmbH
Gifhorner Straße 57
38112 Braunschweig, Germany
Telephone +49 (0) 531 21203
info@volkswagenleasing.com
www.vwfs.com
www.facebook.com/vwfsde

INVESTOR RELATIONS
ir@vwfs.com

TYPESETTING
Produced in-house with firesys

This annual report is also available in German at https://www.vwfs.com/gbvwleasing22.