VOLKSWAGEN BANK

GMBH

HALF-YEARLY FINANCIAL REPORT
JANUARY – JUNE

2024

Key Figures

€ million	June 30, 2024	Dec. 31, 2023
Total assets	87,727	72,077
Loans to and receivables from customers attributable to		
Retail financing	28,440	28,285
Dealer financing	16,495	15,268
Leasing business	3,621	3,390
Lease assets	53,235	38,178
Equity	11,052	11,043

€ million	H1 2024	H1 2023
Operating result	421	359
Profit before tax	444	376
Profit after tax	261	257

Percent	June 30, 2024	Dec. 31, 2023
Equity ratio[1]	12.6	15.3

Percent	March 31, 2024[2]	Dec. 31, 2023
Common Equity Tier 1 capital ratio[1]	19.7	17.5
Tier 1 capital ratio[1]	19.7	17.5
Total capital ratio[1]	19.7	17.5

Headcount	June 30, 2024	Dec. 31, 2023
Employees	2,237	1,534

1 Regulatory ratios in accordance with Article 92(1) of the CRR.
2 The regulatory capital ratios as of March 31, 2023 are presented here. The capital ratios as of June 30, 2023 will be calculated within the required time frame stipulated by the banking regulator by no later than August 11, 2023.

RATING (AS OF JUNE 30)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Bank GmbH	A–2	BBB+	stable	P– 1	A1	stable

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

Report on Economic Position

RESTRUCTURING OF THE VOLKSWAGEN FINANCIAL SERVICES AG AND VOLKSWAGEN BANK GMBH SUBGROUPS

A comprehensive restructuring program was initiated in 2023 with the aim of consolidating the German and European companies, including the relevant subsidiaries and equity investments, under a financial holding company supervised by the European Central Bank (ECB). This program continued throughout 2024, as a result of which the restructuring measures and the steps for the reorganization under company law will be implemented as scheduled and without delays through notarization and entry in the commercial register. The restructuring program will be completed as planned, by July 1, 2024. As a result, the newly established European financial holding company, which will continue to operate under the name Volkswagen Financial Services Europe AG until June 30, 2024, will be renamed Volkswagen Financial Services AG on July 1, 2024 and will hold the shares of the German and European companies, including their subsidiaries. In addition, as of July 1, 2024, the shares of subsidiary Volkswagen Leasing GmbH will be fully spun off from the former Volkswagen Financial Services AG to Volkswagen Bank GmbH, and Volkswagen Bank GmbH will become part of the new European financial holding company.

The former Volkswagen Financial Services AG will be renamed Volkswagen Financial Services Overseas AG as of July 1, 2024. It will manage the non-European subsidiaries.

All other steps planned for carrying out the restructuring in the first half of 2024 were implemented on schedule, and the central workstreams and subprojects of the company-wide restructuring program were completed.

The potential (material) risks of not meeting administrative, legal and regulatory requirements in the course of the restructuring were mitigated and are largely not relevant at the present time, i.e. shortly before the restructuring processes are finalized. Potential existing tax risks in connection with the restructuring processes were mitigated through appropriate measures (e.g. obtaining advance rulings). In addition, special regulatory approvals and exemptions were granted in time and the ownership control procedures were implemented without delay.

OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

Given the global political and economic situation, the Management Board of Volkswagen Bank GmbH considers business performance in 2024 thus far to have been positive. Profit before tax for the first half of the year amounted to €444 million, which was higher than the figure for the corresponding prior-year period (€376 million). The total number of contracts in the Volkswagen Bank GmbH Group amounted to 3.2 million as of the reporting date. The number of new contracts acquired in the first half of the year was 0.6 million.

The volume of loans and receivables in the credit risk portfolio grew further compared with December 2023. This growth was attributable in particular to the retail portfolio and the strong demand for our products in France, Italy and Spain. The quality of the credit risk portfolio remained stable. Residual value risk in the Volkswagen Bank GmbH Group continued to move in a positive direction in the first half of fiscal year 2024. The used vehicle market benefited from continued high marketing gains, despite recognizable initial declining trends for used vehicle prices. Current developments and events that could impact residual values continue to be closely monitored and taken into account where necessary.

GENERAL ECONOMIC DEVELOPMENT

The world economy remained on a growth path in the first half of 2024 with similar momentum to the previous year. This trend was seen in both the advanced economies and the emerging markets. Declining but in some cases still relatively high inflation rates in many countries, combined with a continuation of the restrictive monetary policies introduced by major central banks, put a damper on economic growth in many places.

Western Europe posted an economic growth rate that was positive yet low in the first six months of 2024, representing a decrease compared to the prior-year level. This trend was seen in many countries in Northern and Southern Europe. In view of declining inflation rates, albeit with continuing above-average dynamics, the European Central Bank decided to lower its key interest rates to a still relatively high level.

German economic growth stagnated between January and June 2024, repeating the trend of the comparative prior-year period. Compared with the same period of the prior year, the seasonally adjusted unemployment figures rose on average. After reaching historically high levels in late 2022, monthly inflation rates have since fallen broadly to the Eurozone level.

The economies in Central and Eastern Europe recorded overall growth in real gross domestic product (GDP) in the first six months of 2024 that was higher than in the prior-year period.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was at a high level in the first half of 2024.

The European passenger car market was driven by positive demand in the reporting period. Sales of financial services products also increased, with the percentage share of vehicle deliveries exceeding the comparative figure for 2023. The positive trend in the financing of used vehicles continued. Unit sales of after-sales products such as servicing, maintenance and spare parts agreements continued to expand.

Deliveries of new vehicles and the volume of contracts in the financial services business in Germany were slightly higher in the first six months of 2024 than in the previous year. New vehicle penetration was also higher than the comparative figure for 2023. New contracts for used vehicles were on the same level as in the previous year. The number of new after-sales contracts increased. In in the reporting period, it was above the level seen in the first six months of 2023.

TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

In the first half of 2024, the volume of the passenger car market worldwide was slightly higher than the equivalent figure for 2023. The performance of the major passenger car markets was largely positive. The supply situation continued to return to normal and the affordability of vehicles improved in some regions of the world amid lower prices and increased sales incentives.

The global volume of new registrations of light commercial vehicles between January and June 2024 was on a level with the previous year.

In Western Europe, the number of new passenger car registrations in the first half of 2024 increased slightly year-on-year. The performance of the large individual passenger car markets in this region was positive across the board.

The volume of new registrations for light commercial vehicles in Western Europe was noticeably higher in the reporting period than for the same period of the previous year.

The number of new passenger car registrations in Germany from January to June 2024 was noticeably up on the previous year's level. The change in electric vehicle subsidies at the end of 2023 weighed on new registrations of all-electric vehicles, but this effect was more than offset by rising demand for vehicles with conventional and hybrid drivetrains. Production in Germany fell to 2.1 million vehicles (–6.1%) in the first six months of 2024, while passenger car exports declined to 1.6 million units (–2.5%).

The number of light commercial vehicles sold in Germany in the first half of 2024 was significantly up on the 2023 figure.

In the Central and Eastern Europe region, there was a significant increase in the volume of the passenger car market in the reporting period. Positive movement was recorded in the number of vehicles sold in the major markets of Central Europe.

From January to June 2024, the market volume of light commercial vehicles in Central and Eastern Europe was significantly up on the prior-year level.

CHANGES IN EQUITY INVESTMENTS

Effective July 1, 2024, Volkswagen Bank GmbH will acquire Volkswagen Leasing GmbH by way of a spin-off from the current Volkswagen Financial Services AG as part of the restructuring program described above. It will be a direct subsidiary of Volkswagen Bank GmbH. Furthermore, Volkswagen Bank GmbH will be moved from Volkswagen AG to Volkswagen Financial Services Europe AG. Although this move will have no significant direct impact on Volkswagen Bank GmbH, the transfer of Volkswagen Leasing GmbH will affect areas such as the capital structure, net assets, operating results and risk management at consolidated level.

In addition, Volkswagen Bank GmbH will divest its joint venture investments in Germany (Volkswagen Financial Services Digital Solutions GmbH) and the Netherlands (DFM N.V.), as well as the associated company in Austria (Credi2 GmbH), on July 1, 2024. The above-mentioned joint venture shares and the associated company will be transferred to Volkswagen Financial Services Europe AG or Group companies. Volkswagen Financial Services Digital Solutions GmbH will be merged with Volkswagen Financial Services Europe AG effective July 1, 2024

Volkswagen Bank GmbH is expecting to divest its investment in Slovakia (Volkswagen Finančné služby Slovensko s.r.o.) in the first quarter of 2025.

There were no material changes to the basis of consolidation for the Volkswagen Bank GmbH Group in the first half of 2024.

FINANCIAL PERFORMANCE

The companies in the Volkswagen Bank GmbH Group performed positively in the first half of 2024. Profit before tax came to €444 million, an increase on the figure achieved in the prior-year period (€376 million).

Due to the general rise in interest rates, interest income was up significantly on the prior-year figure to €1,634 million (previous year: €1,006 million). Interest expense rose by €535 million to €1,002 million (previous year: €467 million). Net income from leasing transactions amounted to €260 million compared with €196 million in the first six months of the previous year. The net addition to provisions for credit risks increased by €64 million to €–101 million (previous year: €–37 million).

General and administrative expenses rose from €397 million to €405 million. Net other operating income decreased by €8 million to €14 million

Including the net gain on measurement at fair value of €11 million, net expense from service contracts of €10 million, the net loss on hedges of €18 million and the other components of profit or loss, the Volkswagen Bank GmbH Group generated profit after tax of €261 million (previous year: €257 million).

NET ASSETS AND FINANCIAL POSITION

The following disclosures on net assets and financial position relate to the changes compared with the balance sheet date of December 31, 2023.

Lending business

The lending business of the Volkswagen Bank GmbH Group mainly consists of vehicle-related loans granted to retail customers, business customers and dealers. These assets amounted to a total of €52.2 billion (previous year: €50.5 billion) and accounted for approximately 59.5% of the Group's total assets.

In the first half of 2024, the volume of retail financing increased from €28.3 billion to €28.4 billion. In the retail financing business, 339 thousand new contracts were entered into during the first six months of 2024; as of the reporting date, the portfolio consisted of 2.1 million current contracts. Germany continued to be responsible for the greatest proportion of the retail financing portfolio in the Volkswagen Bank GmbH Group, accounting for 38.6% of new contracts and 51.8% of current contracts.

The lending volume in dealer financing – which comprises loans to and receivables from dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – rose from €15.3 billion to €16.5 billion.

Receivables from leasing transactions amounted to €3.6 billion (previous year: €3.4 billion) and lease assets rose from €3.4 billion to €3.9 billion.

Some 76 thousand new leases were signed in the reporting period, bringing the total number of current contracts as of the reporting date to 373 thousand.

The total assets of the Volkswagen Bank GmbH Group increased from €72.1 billion to €87.7 billion compared to the position at the end of the previous year. The rise is due especially to the increase in the cash reserve to €25.4 billion (previous year: €12.0 billion).

KEY FIGURES BY SEGMENT AS OF JUNE 30, 2024

in thousands[1]	VW Bank Group	of which: Germany	of which: Italy	of which: France	of which: Spain	of which: other branches/ subsidiaries
Current contracts[2]	3,160	1,113	376	1,069	338	263
Automotive retail financing	2,006	990	376	133	331	177
Consumer retail financing	127	115	–	–	8	4
Leasing business	373	–	–	351	–	22
Service/insurance	654	8	–	586	–	60
New contracts[2]	564	131	77	243	47	65
Automotive retail financing	334	128	77	32	47	51
Consumer retail financing	4	3	–	–	–	1
Leasing business	76	–	–	70	–	6
Service/insurance	149	–	–	141	–	8
€ million						
Loans to and receivables from customers attributable to						
Retail financing	28,440	16,698	5,628	848	4,205	1,061
Direct banking	394	363	–	–	2	29
Dealer financing	16,495	7,569	1,343	2,491	995	4,097
Leasing business	3,621	–	–	3,360	–	261
Lease assets	3,918	1	–	3,917	–	–
Percent						
Penetration rates[3]	16.7	5.6	34.9	55.3	27.2	9.2

1 All figures shown are rounded; minor discrepancies may arise from addition of these amounts.
2 Current contracts and new contracts in each case in relation to the markets shown for the Volkswagen Bank GmbH Group
3 Ratio of new contracts for new Group vehicles to deliveries of Group vehicles in each case in relation to the markets shown for the Volkswagen Bank GmbH Group

Deposit business and borrowings

Significant liability items were liabilities to customers in the amount of €62.9 billion (previous year: €46.2 billion), notes and commercial paper issued in the amount of €3.8 billion (previous year: €5.2 billion), and liabilities to banks in the amount of €7.7 billion (previous year: €7.5 billion).

Customer deposits reported as liabilities to customers amounted to €53.2 billion as of June 30, 2024 (previous year: €38.2 billion), having risen as a result of business policy decisions regarding increase in deposits.

In addition to the security provided by statutory deposit guarantees, Volkswagen Bank GmbH is also covered by its ongoing membership in the Deposit Protection Fund of the Association of German Banks (*Bundesverband deutscher Banken e.V.*).

Equity

Volkswagen Bank GmbH's subscribed capital remained unchanged at €318 million; capital reserves amounted to €8.9 billion (previous year: €8.9 billion).

Equity in accordance with IFRSs as of the reporting date was €11.1 billion (previous year: €11.0 billion). This resulted in an equity ratio of 12.6% based on total assets of €87.7 billion.

The regulatory capital ratios were determined in accordance with the Credit Risk Standardized Approach (CRSA) and the standardized approach for operational risk.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic opportunities

The Management Board of Volkswagen Bank GmbH expects deliveries to Volkswagen Group customers to increase by up to 3% year-on-year in 2024 in the face of challenging market conditions. Volkswagen Bank GmbH supports this positive trend by providing financial services products designed to promote sales.

The macroeconomic environment could also give rise to further opportunities for the Volkswagen Bank GmbH Group if actual trends turn out to be better than forecast.

Strategic opportunities

The Volkswagen Bank GmbH Group is continuing to pursue a strategy that focuses on the digitalization and optimization of its product portfolio. It is leveraging the opportunities for growth more and more in the areas of mobility-related consumer credit and used vehicle financing. Particular attention is being given to the continuous, dynamic streamlining of all processes and systems in order to improve productivity and respond to customer needs. This will also create the conditions for Volkswagen Bank GmbH to impress its customers over the coming years with innovative, country-specific financial products, thereby helping to nurture long-term customer loyalty.

RISK REPORT

In the reporting period, there were no material changes to the details set out in the report on opportunities and risks in the 2023 Annual Report.

Report on Expected Developments

Effects from the restructuring program are considered insofar as forecasts are provided for the whole of the Volkswagen Bank GmbH Group.

Our planning is based on the assumption that global economic output will grow overall in 2024 at a similar pace as in 2023. The persistently high, albeit declining, inflation in major economic regions and the resulting restrictive monetary policy measures taken by central banks are expected to dampen consumer demand. However, we anticipate a gradual reduction in the key interest rates by Western central banks during the current year, which should have a bolstering effect on overall demand. We continue to believe that risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, continuing geopolitical tensions and conflicts are weighing on growth prospects; risks are associated in particular with the Russia-Ukraine conflict and the confrontations in the Middle East. We assume that the advanced economies, on average, will show positive momentum on a level with the previous year, while economic growth in the emerging markets will slow slightly.

The trend in the automotive industry closely follows global economic developments. We assume that competition in the international automotive markets will intensify further. Crisis-related disruption to the global supply chain and the resulting impact on vehicle availability may weigh on the volume of new registrations. Uncertainty may also arise from shortages of intermediates and commodities. These may be further exacerbated by the consequences of the Russia-Ukraine conflict and the confrontations in the Middle East and may, in particular, lead to rising material prices and a declining availability of energy.

We predict that trends in the markets for passenger cars in the individual regions will be mixed but predominantly positive in 2024. Overall, the global volume of new car sales is expected to be slightly higher than in the previous year. For 2024, we anticipate that the volume of new passenger car registrations in Western Europe will be slightly higher than in 2023. In the German passenger car market, we expect the volume of new registrations in 2024 to also be slightly up on the prior-year level. Sales of passenger cars in 2024 are expected to significantly exceed the prior-year figures overall in markets in Central and Eastern Europe – subject to the further development of the Russia-Ukraine conflict.

Trends in the markets for light commercial vehicles in the individual regions will be mixed; on the whole, we expect the sales volume for 2024 to be slightly above the previous year's figure.

We assume that automotive financial services will prove highly important to global vehicle sales in 2024.

Forecasting the interest rate risk at Group level is only possible to a limited extent. We are expecting the cycle of increases to come to a standstill or at least slow down significantly in the course of 2024. Interest rate risk is monitored continuously. Potential changes in interest rates are simulated if necessary to determine their effect on profits.

In 2024, we are expecting penetration to increase very strongly compared with the reporting period on the back of a slight increase in deliveries, in particular because the leasing business will be integrated into the Bank in Germany. The number of new contracts will therefore also increase very sharply year-on-year. As a result of the structural changes implemented, current contracts will also be much higher than in the previous year despite the loss of the current contracts of the joint venture in the Netherlands, which was spun off from the Volkswagen Bank GmbH Group in 2024. Business volume will follow the same pattern and is therefore expected to be much higher than in 2023.

Due to the improved availability of new cars, the market values for used vehicles are expected to fall, especially for battery electric vehicles. This is expected to increase the residual value risk. Corresponding sales countermeasures are already in use.

The volume of deposits is similarly expected to be much higher than in the reporting period due to sales measures initiated to help cover the increased funding requirements associated with the cost-optimized integration of Volkswagen Leasing GmbH. The operating result for fiscal year 2024 is expected to be up significantly year-on-year. In 2024, return on equity will record a significant decrease year-on-year due to the high capital requirements of the expanded bank group. We are also expecting the cost/income ratio to be noticeably higher in 2024 than in the previous year.

This report contains forward-looking statements on the business development of the Volkswagen Bank GmbH Group. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Bank 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 relevant to the Volkswagen Group, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators and risks and opportunities presented in the 2023 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.

Income Statement

of the Volkswagen Bank GmbH Group

€ million	Note	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023	Change in percent
Interest income from lending transactions and marketable securities		1,634	1,006	62.5
Income from leasing transactions		908	713	27.4
Depreciation, impairment losses and other expenses from leasing transactions		–648	–517	25.5
Net income from leasing transactions		260	196	32.3
Interest expense		–1,002	–467	X
Income from service contracts		50	52	–3.6
Expenses from service contracts		–61	–51	19.2
Net income from service contracts	1	–10	1	X
Provision for credit risks		–101	–37	X
Fee and commission income		70	68	2.7
Fee and commission expenses		–32	–28	13.7
Net fee and commission income		38	40	–5.0
Net gain or loss on hedges		–18	2	X
Net gain/loss on financial instruments measured at fair value		11	–7	X
General and administrative expenses	2	–405	–397	1.9
Other operating income		43	45	–4.7
Other operating expenses		–28	–22	26.4
Net other operating income/expenses		14	22	–35.8
Operating result		**421**	**359**	**17.1**
Share of profits and losses of equity-accounted joint ventures		17	17	0,9
Net gain/loss on miscellaneous financial assets		7	0	X
Other financial gains or losses		0	0	X
Profit before tax		**444**	**376**	**18.2**
Income tax expense		–183	–119	53.6
Profit after tax		**261**	**257**	**1.7**
Profit after tax attributable to Volkswagen AG		261	257	1.7
German GAAP profit attributable to Volkswagen AG in the event of profit transfer		283	233	21.5

Statement of Comprehensive Income

of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Profit after tax	**261**	**257**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	12	–1
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–4	0
Pension plan remeasurements recognized in other comprehensive income, net of tax	8	–1
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	0	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–	–
Items that will not be reclassified to profit or loss	**9**	**0**
Exchange differences on translating foreign operations		
Gains/losses on currency translation recognized in other comprehensive income	8	13
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	8	13
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	8	13
Hedging transactions		
Fair value changes recognized in other comprehensive income (OCI I)	–1	–31
Transferred to profit or loss (OCI I)	23	39
Cash flow hedges (OCI I), before tax	22	9
Deferred taxes relating to cash flow hedges (OCI I)	–7	–3
Cash flow hedges (OCI I), net of tax	15	6
Fair value changes recognized in other comprehensive income (OCI II)	–	–
Transferred to profit or loss (OCI II)	–	–
Cash flow hedges (OCI II), before tax	–	–
Deferred taxes relating to cash flow hedges (OCI II)	–	–
Cash flow hedges (OCI II), net of tax	–	–
Fair value valuation of debt instruments that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	–2	36
Transferred to profit or loss	–2	–3
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–4	33
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit or loss	4	–10
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	0	23
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	–	–
Items that may be reclassified to profit or loss	**23**	**42**
Other comprehensive income, before tax	38	54
Deferred taxes relating to other comprehensive income	–6	–12
Other comprehensive income, net of tax	**32**	**42**
Total comprehensive income	**293**	**298**
Total comprehensive income attributable to Volkswagen AG	293	298

Balance Sheet

of the Volkswagen Bank GmbH Group

€ million	Note	June 30, 2024	Dec. 31, 2023	Change in percent
Assets				
Cash reserve		25,412	11,974	X
Loans to and receivables from banks		446	272	64.1
Loans to and receivables from customers attributable to				
Retail financing		28,440	28,285	0.5
Dealer financing		16,495	15,268	8.0
Leasing business		3,621	3,390	6.8
Other loans and receivables		3,629	3,521	3.1
Total loans to and receivables from customers		52,185	50,464	3.4
Value adjustment on portfolio fair value hedges		8	30	–74.2
Derivative financial instruments		24	28	–13.1
Marketable securities		3,650	4,029	–9.4
Equity-accounted joint ventures		–	29	X
Miscellaneous financial assets		0	0	–
Intangible assets	3	3	4	–11.9
Property and equipment	3	18	18	–2.8
Lease assets	3	3,918	3,424	14.4
Investment property		0	0	–25.4
Deferred tax assets		860	897	–4.1
Current tax assets		30	7	X
Other assets		846	627	34.8
Assets held for sale (IFRS 5)		326	273	19.5
Total		**87,727**	**72,077**	**21.7**

€ million	Note	June 30, 2024	Dec. 31, 2023	Change in percent
Equity and Liabilities				
Liabilities to banks		7,738	7,462	3.7
Liabilities to customers		62,883	46,221	36.0
Notes, commercial paper issued		3,807	5,173	–26.4
Derivative financial instruments		83	52	59.3
Provisions		161	182	–11.4
Deferred tax liabilities		1,204	1,171	2.8
Current tax liabilities		328	378	–13.2
Other liabilities		470	386	21.9
Subordinated capital		–	10	X
Equity		11,052	11,043	0.1
Subscribed capital		318	318	–
Capital reserves		8,881	8,881	–
Retained earnings		2,027	2,042	–0.7
Other reserves		–174	–198	–11.9
Total		**87,727**	**72,077**	**21.7**

Statement of Changes in Equity

of the Volkswagen Bank GmbH Group

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES: Currency translation	OTHER RESERVES: Hedging transactions: Cash flow hedges (OCI I)	OTHER RESERVES: Hedging transactions: Deferred hedging costs (OCI II)	OTHER RESERVES: Equity and debt instruments	OTHER RESERVES: Equity-accounted investments	Non-controlling interests	Total equity
Balance as of Jan. 1, 2023	**318**	**8,881**	**2,027**	**–69**	**–7**	**–**	**–241**	**–**	**–**	**10,909**
Profit after tax	–	–	257	–	–	–	–	–	–	257
Other comprehensive income, net of tax	–	–	–1	13	6	–	24	–	–	42
Total comprehensive income	**–**	**–**	**256**	**13**	**6**	**–**	**24**	**–**	**–**	**298**
Capital increases	–	–	–	–	–	–	–	–	–	–
Other changes[1]	–	–	–233	–	–	–	–	–	–	–233
Balance as of June 30, 2023	**318**	**8,881**	**2,050**	**–56**	**–1**	**–**	**–218**	**–**	**–**	**10,974**
Balance as of Jan. 1, 2024	**318**	**8,881**	**2,042**	**–56**	**–1**	**–**	**–141**	**–**	**–**	**11,043**
Profit after tax	–	–	261	–	–	–	–	–	–	261
Other comprehensive income, net of tax	–	–	8	8	15	–	0	–	–	32
Total comprehensive income	**–**	**–**	**269**	**8**	**15**	**–**	**0**	**–**	**–**	**293**
Capital increases	–	–	–	–	–	–	–	–	–	–
Other changes[1]	–	–	–283	–	–	–	–	–	–	–283
Balance as of June 30, 2024	**318**	**8,881**	**2,027**	**–48**	**14**	**–**	**–141**	**–**	**–**	**11,052**

1 The figures show the share of HGB profit attributable to Volkswagen AG.

Cash Flow Statement

of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Profit before tax	**444**	**376**
Depreciation, amortization, impairment losses and reversals of impairment losses	333	245
Change in provisions	–21	9
Change in other noncash items	–31	–20
Loss on disposal of financial assets and items of property and equipment	–	0
Net interest expense and dividend income	–719	–604
Other adjustments	54	1
Change in loans to and receivables from banks	–172	–161
Change in loans to and receivables from customers	–1,725	–1,227
Change in lease assets	–745	–530
Change in other assets related to operating activities	–195	–79
Change in liabilities to banks	276	–1,341
Change in liabilities to customers	16,988	9,219
Change in notes, commercial paper issued	–1,366	1,031
Change in other liabilities related to operating activities	85	–17
Interest received	1,722	1,071
Dividends received	0	0
Interest paid	–1,002	–467
Income taxes paid	–193	24
Cash flows from operating activities	**13,731**	**7,531**
Proceeds from disposal of investment property	–	–
Acquisition of investment property	–	–
Proceeds from disposal of subsidiaries and joint ventures	–	–
Acquisition of subsidiaries and joint ventures	–	–
Proceeds from disposal of other assets	–54	1
Acquisition of other assets	–1	0
Change in investments in marketable securities	395	257
Cash flows from investing activities	**341**	**257**
Proceeds from changes in capital	–	–
Distribution/profit transfer to Volkswagen AG	–621	–182
Loss assumed by Volkswagen AG	–2	–
Change in cash funds attributable to subordinated capital	–10	0
Repayment of liabilities arising from leases	–2	–2
Cash flows from financing activities	**–635**	**–185**
Cash and cash equivalents at end of prior period	**11,974**	**3,543**
Cash flows from operating activities	13,731	7,531
Cash flows from investing activities	341	257
Cash flows from financing activities	–635	–185
Effect of exchange rate changes	1	9
Cash and cash equivalents at end of period	**25,412**	**11,155**

See note (7) for disclosures on the cash flow statement.

Notes to the Interim Consolidated Financial Statements

of the Volkswagen Bank GmbH Group as of June 30, 2024

General Information

Volkswagen Bank GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung, GmbH*) under German law. It has its registered office at Gifhorner Strasse, Braunschweig, and is registered in the Braunschweig commercial register (HRB 1819).

Volkswagen AG, Wolfsburg, is the sole shareholder of Volkswagen Bank GmbH.

Volkswagen AG and Volkswagen Bank GmbH have entered into a control-and-profit-and-loss transfer agreement.

Basis of Presentation

Volkswagen Bank GmbH prepared its consolidated financial statements for the year ended December 31, 2023 in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). These interim consolidated financial statements for the period ended June 30, 2024 have therefore also been prepared in accordance with IAS 34 and represent a condensed version compared with the consolidated financial statements. These interim financial statements have not been reviewed by an auditor.

Unless otherwise stated, amounts are shown in millions of euros (€ million). All amounts shown are rounded, so minor discrepancies may arise when amounts are added together.

Accounting Policies

Volkswagen Bank GmbH has applied all financial reporting standards adopted by the EU and that became obligatory from January 1, 2024.

The discount rate applied to German pension provisions reported in these interim consolidated financial statements was 3.6% (December 31, 2023: 3.3%). The increase in the discount rate led to a decrease of the pension provisions, the associated deferred taxes and the actuarial losses on pension provisions recognized in equity under retained earnings.

The income tax expense for the interim consolidated financial statements is calculated in accordance with IAS 34 (Interim Financial Reporting) using the average tax rate anticipated for the entire fiscal year.

Otherwise, the same consolidation methods and accounting policies as those applied in the 2023 consolidated financial statements have generally been used in the preparation of the interim consolidated financial statements and the calculation of the prior-year comparative figures. A detailed description of these methods and policies was published in the notes to the consolidated financial statements in the 2023 Annual Report.

In addition, the effects of new standards were described in detail under “New and Revised IFRSs Not Applied”. The 2023 Consolidated Financial Statements can also be accessed on the internet at www.vwfs.com/arvwbank23.

Assets and disposal groups held for sale (IFRS 5)

A comprehensive restructuring program was initiated in 2023 with the aim of consolidating the German and European companies, including the relevant subsidiaries and equity investments, under a financial holding company supervised by the European Central Bank (ECB). This program was continued in the course of 2024, so that the restructuring measures and the steps for the reorganization under company law will be implemented as scheduled and without delays through notarization and entry in the commercial register, and the restructuring program will be completed as planned, by July 1, 2024. In the wake of this, the newly established European financial holding company, which currently continues to operate under the name Volkswagen Financial Services Europe AG, will be renamed Volkswagen Financial Services AG on July 1, 2024 and will hold the shares of the German and European companies, including their subsidiaries. In addition, as of July 1, 2024, the shares of subsidiary Volkswagen Leasing GmbH will be fully spun off from Volkswagen Financial Services AG to Volkswagen Bank GmbH, and Volkswagen Bank GmbH will become part of the new European financial holding company.

Implementation of the restructuring program will see the disposal of interests in joint ventures and an associated company by Volkswagen Bank GmbH. The disposals will be completed as planned with legal effect as of July 1, 2024. In accordance with the requirements of IFRS 5, the interests in the equity-accounted joint ventures DFM N.V., Amersfoort, the Netherlands, amounting to €215.0 million, and Volkswagen Financial Services Digital Solutions GmbH, Braunschweig, amounting to €86.3 million, and the interest in the unconsolidated associated Credi2 GmbH, Vienna, amounting to €1.00 as of June 30, 2024, will continue to be classified as held for sale and reported in the separate balance sheet item Assets held for sale (IFRS 5).

An impairment loss reversal of €13.9 million for the interest in Volkswagen Financial Services Digital Solutions GmbH, Braunschweig, and an impairment loss of €3.2 million for the interest in Credi2 GmbH, Vienna, were recognized in the reporting period in accordance with IFRS 5 and reported in the Net gain or loss on miscellaneous financial assets.

In addition to this comprehensive restructuring program, Volkswagen Bank GmbH has plans to sell the shares of VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, within the Volkswagen Group in the first quarter of 2025 in a further project for the strategic reorientation of Volkswagen Bank GmbH.

In accordance with the requirements of IFRS 5, the shares of the equity-accounted joint venture VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, are for the first time reported as held for sale in the amount of €25.0 million as of June 30, 2024, and reported in the separate balance sheet item Assets held for sale (IFRS 5).

Basis of consolidation

In addition to Volkswagen Bank GmbH, the consolidated financial statements cover all significant German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen Bank GmbH. This is the case if Volkswagen Bank GmbH has power over potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and has the ability to use its power to influence those returns.

There were no material changes to the basis of consolidation for the Volkswagen Bank GmbH Group in the first half of 2024.

Interim Consolidated Financial Statements Disclosures

1. Net income from service contracts

Of the total income from service contracts, €50 million was recognized in the first half of the year (comparative prior-year period: €52 million) for service contracts for which revenue must be recognized at a point in time.

There was no income from service contracts for which revenue must be recognized over time in either the reporting period or the prior-year comparative period.

2. General and administrative expenses

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

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Personnel expenses	–120	–93
Non-staff operating expenses	–272	–290
Advertising, public relations and sales promotion expenses	–6	–8
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	–4	–4
Other taxes	–5	–3
Income from the reversal of provisions and accrued liabilities	3	0
Total	**–405**	**–397**

3. Changes in Selected Assets

€ million	Net carrying amount as of January 1, 2024	Basis of consolidation additions/changes	Disposals/ other changes	Depr./amort./ impairment	Net carrying amount as of June 30, 2024
Intangible assets	4	0	0	1	3
Property and equipment	18	2	0	3	18
Lease assets	3,424	1,129	–364	271	3,918

4. Classes of financial instruments

Financial instruments are divided into the following classes in the Volkswagen Bank GmbH Group:

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

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

€ million	Balance sheet item		Classes of financial instruments: Measured at amortized cost		Measured at fair value		Derivative financial instruments designated as hedges		Not allocated to any measurement category		Not allocated to any class of financial instruments	
	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023
Assets												
Cash reserve	25,412	11,974	25,412	11,974	–	–	–	–	–	–	–	–
Loans to and receivables from banks	446	272	444	272	–	–	–	–	–	–	2	–
Loans to and receivables from customers	52,185	50,464	48,564	47,074	–	–	–	–	3,621	3,390	0	0
Value adjustment on portfolio fair value hedges	8	30	8	30	–	–	–	–	–	–	–	–
Derivative financial instruments	24	28	–	–	22	7	2	21	–	–	–	–
Marketable securities	3,650	4,029	–	–	3,650	4,029	–	–	–	–	–	–
Equity accounted joint ventures	–	29	–	–	–	–	–	–	–	–	–	29
Miscellaneous financial assets	0	0	–	–	0	0	–	–	–	–	0	0
Current tax assets	30	7	5	4	–	–	–	–	–	–	25	3
Other assets	846	627	451	340	–	–	–	–	–	–	394	287
Held for sale (IFRS 5)	326	273	–	–	–	–	–	–	–	–	326	273
Total	**82,927**	**67,734**	**74,884**	**59,694**	**3,672**	**4,036**	**2**	**21**	**3,621**	**3,390**	**747**	**593**
Equity and liabilities												
Liabilities to banks	7,738	7,462	7,738	7,462	–	–	–	–	–	–	–	–
Liabilities to customers	62,883	46,221	62,823	46,158	–	–	–	–	13	14	47	49
Notes, commercial paper issued	3,807	5,173	3,807	5,173	–	–	–	–	–	–	–	–
Derivative financial instruments	83	52	–	–	23	3	59	49	–	–	–	–
Current tax liabilities	328	378	274	365	–	–	–	–	–	–	55	13
Other liabilities	470	386	108	120	–	–	–	–	–	–	363	265
Subordinated capital	–	10	–	10	–	–	–	–	–	–	–	–
Total	**75,310**	**59,682**	**74,750**	**59,289**	**23**	**3**	**59**	**49**	**13**	**14**	**464**	**327**

The “Credit commitments and financial guarantees” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €9,770 million (December 31, 2023: €10,215 million).

5. Fair Value Disclosures

The principles and methods of fair value measurement have generally remained unchanged compared with those applied in the previous year. Detailed disclosures on the measurement principles and methods can be found in the 2023 Annual Report.

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. The individual level of classification is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

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

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

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market.

Securities from ABS transactions of unconsolidated structured entities are allocated to Level 3. Equity investments measured at fair value through other comprehensive income and using inputs that are not observable in the market are also reported under Level 3. The main inputs used to measure this equity investment are strategic planning and cost of equity rates.

There was no need to reclassify instruments to different hierarchy levels in the reporting period.

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

	LEVEL 1		LEVEL 2		LEVEL 3	
€ million	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	–	–	22	7	–	–
Marketable securities	3,125	3,516	–	–	525	513
Miscellaneous financial assets	–	–	–	–	0	0
Derivative financial instruments designated as hedges	–	–	2	21	–	–
Total	**3,125**	**3,516**	**24**	**28**	**525**	**513**
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	23	3	–	–
Derivative financial instruments designated as hedges	–	–	59	49	–	–
Total	**–**	**–**	**83**	**52**	**–**	**–**

The following table shows the changes in marketable securities and miscellaneous financial assets measured at fair value and allocated to Level 3.

€ million	2024	2023
Balance as of Jan. 1	**513**	**491**
Foreign exchange differences	14	16
Changes in basis of consolidation	0	–
Portfolio changes	0	0
Measured at fair value through profit or loss	–1	–11
Measured at fair value through other comprehensive income	–	–
Balance as of June 30	**525**	**496**

The remeasurements recognized in profit or loss amounting to €1 million (previous year: €11 million) have been reported under net gain or loss on financial instruments measured at fair value.

The risk variables relevant to the fair value of marketable securities are risk adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk adjusted interest rates on profit or loss after tax. If risk-adjusted interest rates as of June 30, 2024 had been 100 basis points higher, profit after tax would have been €7 million (previous year: €10 million) higher. If risk-adjusted interest rates as of June 30, 2024 had been 100 basis points lower, profit after tax would have been €8 million (previous year: €10 million) lower.

The risk variables relevant to the fair value of the equity investment are the growth rate within strategic planning and the cost of equity rates. If a 10% change were applied to the financial performance (which takes into account the relevant risk variables) of the equity investments measured at fair value through other comprehensive income, there would be no material change to equity.

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

	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
€ million	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023
Assets						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	22	7	22	7	–	–
Marketable securities	3,650	4,029	3,650	4,029	–	–
Miscellaneous financial assets	0	0	0	0	–	–
Measured at amortized cost						
Cash reserve	25,412	11,974	25,412	11,974	–	–
Loans to and receivables from banks	444	272	444	272	–	–
Loans to and receivables from customers	48,584	46,751	48,564	47,074	20	−323
Change in fair value from portfolio fair value hedges	–	–	8	30	−8	−30
Current tax assets	5	4	5	4	–	–
Other assets	451	340	451	340	–	–
Derivative financial instruments designated as hedges	2	21	2	21	–	–
Not allocated to any measurement category						
Lease receivables	3,605	3,399	3,621	3,390	−17	9
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	23	3	23	3	–	–
Measured at amortized cost						
Liabilities to banks	7,764	7,481	7,738	7,462	26	19
Liabilities to customers	62,826	46,093	62,823	46,158	3	−65
Notes, commercial paper issued	3,821	5,175	3,807	5,173	14	2
Current tax liabilities	274	365	274	365	–	–
Other liabilities	108	120	108	120	–	–
Subordinated capital	–	10	–	10	–	–
Derivative financial instruments designated as hedges	59	49	59	49	–	–

The fair value of credit commitments is affected by changes in the credit quality of the borrower and in the market conditions for the relevant credit product between the commitment date and the measurement date. Because of the short period between commitment and drawdown and the variable interest rate tied to the market interest rate, market conditions only have a very minor impact. The fair value of credit commitments was therefore largely influenced by the change in the credit quality of the borrower, which was determined as part of the process for calculating expected credit losses from credit commitments and reported as a liability in the amount of €54 million (previous year: €72 million) under other liabilities. The fair value of financial guarantees also largely reflects the amount of expected credit losses and was reported as a liability in the amount of €4 million (previous year: €2 million) under other liabilities.

Segment Reporting

6. Breakdown by geographic market

The presentation of the reportable segments in accordance with IFRS 8 is based on the internal control and reporting structure of the Volkswagen Bank GmbH Group and is broken down according to the geographic markets in which the Volkswagen Bank GmbH Group operates.

Accordingly, the reportable segments are as follows: Germany, Italy, Spain, France and Other; the branches in the Netherlands, Greece, the United Kingdom, Portugal and Poland are reported on in the "Other" segment.

As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

All business transactions between the segments – where such transactions take place – are conducted on an arm's-length basis.

In accordance with IFRS 8, noncurrent assets are reported exclusive of financial instruments, deferred tax assets, post-employment benefits and rights under insurance contracts.

BREAKDOWN BY GEOGRAPHIC MARKET FOR THE FIRST HALF OF 2024:

	JAN. 1 – JUNE 30, 2024						
€ million	Germany	Italy	Spain	France	Other	Consoli-dation	Group
Interest income from lending transactions and marketable securities in respect of third parties	1,004	203	136	92	199	–	1,634
Intersegment interest income from lending transactions and marketable securities	414	2	–	1	0	–417	–
Income from leasing transactions with third parties	–	–	0	901	8	–	908
of which impairment reversals in accordance with IAS 36	–	–	–	20	–	–	20
Intersegment income from leasing transactions	–	–	–	–	–	–	–
Depreciation, impairment losses and other expenses from leasing transactions	–	–	–	–648	–1	–	–648
of which impairment losses in accordance with IAS 36	–	–	–	–	–	–	–
Net income from leasing transactions	–	–	0	253	7	–	260
Interest expense	–986	–89	–59	–153	–133	417	–1,002
Income from service contracts with third parties	–	–	–	50	–	–	50
of which period-related income	–	–	–	–	–	–	–
of which income related to a point in time	–	–	–	50	–	–	50
Expenses from service contracts	–	–	–	–61	–	–	–61
Net income from service contracts	–	–	–	–10	–	–	–10
Provision for credit risks	–47	3	–12	–45	–2	1	–101
Fee and commission income from third parties	16	2	19	17	15	–	70
Fee and commission expenses	–7	–2	–4	–13	–5	–	–32
Net fee and commission income	9	0	15	4	10	–	38
Net gain or loss on hedges	–18	–	–	–	–	–	–18
Net gain or loss on financial instruments measured at fair value	127	–1	–	–	–1	–113	11
General and administrative expenses	–239	–21	–38	–74	–32	0	–405
Other operating income	16	2	18	5	1	0	43
Other operating expenses	–9	–1	–15	–3	–1	–	–28
Net other operating income/expenses	7	2	3	2	0	0	14
Operating result	**271**	**100**	**44**	**70**	**48**	**–112**	**421**

BREAKDOWN BY GEOGRAPHIC MARKET FOR THE FIRST HALF OF 2023:

€ million	Germany	Italy	Spain	France	Other	Consolidation	Group
	JAN. 1 – JUNE 30, 2023						
Interest income from lending transactions and marketable securities in respect of third parties	537	148	106	65	150	–	1,006
Intersegment interest income from lending transactions and marketable securities	239	2	0	0	0	–241	–
Income from leasing transactions with third parties	–	–	0	708	5	–	713
of which impairment reversals in accordance with IAS 36	–	–	–	–	–	–	–
Intersegment income from leasing transactions	–	–	–	–	–	–	–
Depreciation, impairment losses and other expenses from leasing transactions	–	–	–	–516	–1	–	–517
of which impairment losses in accordance with IAS 36	–	–	–	–4	–	–	–4
Net income from leasing transactions	–	–	0	192	5	–	196
Interest expense	–456	–46	–37	–77	–93	241	–467
Income from service contracts with third parties	–	–	–	52	–	–	52
of which period-related income	–	–	–	–	–	–	–
of which income related to a point in time	–	–	–	52	–	–	52
Expenses from service contracts	–	–	–	–51	–	–	–51
Net income from service contracts	–	–	–	1	–	–	1
Provision for credit risks	–32	0	0	–14	5	3	–37
Fee and commission income from third parties	16	3	19	17	13	–	68
Fee and commission expenses	–4	0	–8	–13	–4	–	–28
Net fee and commission income	13	2	11	5	9	–	40
Net gain or loss on hedges	2	–	–	–	–	0	2
Net gain or loss on financial instruments measured at fair value	43	–	0	–	–11	–39	–7
General and administrative expenses	–248	–23	–32	–66	–29	0	–397
Other operating income	23	4	6	1	1	9	45
Other operating expenses	–13	0	–5	–3	–1	–	–22
Net other operating income/expenses	10	3	1	–2	1	9	22
Operating result	**108**	**86**	**51**	**104**	**36**	**–26**	**359**

The reported impairment losses and reversals of impairment losses in accordance with IAS 36 related to lease assets.

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

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

	JAN. 1 – JUNE 30, 2024						
€ million	Germany	Italy	Spain	France	Other	Consolidation	TOTAL
Noncurrent Assets	90	3	4	3,926	5	–	4,028
Additions to noncurrent lease assets	–	–	–	1,129	–	–	1,129

	JAN. 1 – JUNE 30, 2023						
€ million	Germany	Italy	Spain	France	Other	Consolidation	TOTAL
Noncurrent Assets	267	4	4	2,984	6	–	3,264
Additions to noncurrent lease assets	–	–	–	769	–	–	769

Investments recognized under other assets were of minor significance.

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

Mio. €	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Segment revenue	**3,079**	**2,080**
Consolidation	–417	–241
Group revenue	**2,662**	**1,839**
Segment profit or loss (operating result)	**532**	**385**
Consolidation	–112	–26
Operating result	**421**	**359**
Share of profits and losses of equity-accounted joint ventures	17	17
Net gain or loss on miscellaneous financial assets	7	0
Other financial gains or losses	0	0
Profit before tax	**444**	**376**

Other Disclosures

7. Cash Flow Statement

Volkswagen Bank GmbH Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. The narrow definition of cash and cash equivalents comprises only the cash reserve in the Cash reserve balance sheet item, which consists of cash-in-hand and central bank balances. The changes in the balance sheet items used to determine the changes in the cash flow statement cannot be derived directly from the balance sheet because effects from the changes in the basis of consolidation have no impact on cash and are eliminated.

8. Off-balance-sheet liabilities

CONTINGENT LIABILITIES

The contingent liabilities largely related to tax risks outside Germany with a potential impact of €133 million for which the criteria for the recognition of a provision in accordance with IAS 12 and IAS 37 are not satisfied. The main causes of risks in the context of tax law are external tax audits, changes in tax legislation in individual countries and differing assessments of existing tax matters by the tax authorities. The tax risks reported relate to a nationwide audit by the tax authorities in a country other than Germany.

OTHER FINANCIAL OBLIGATIONS

€ million	DUE by June 30, 2025	DUE July 1 2025 – June 30,2029	DUE From July 1, 2029	TOTAL June 30, 2024
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	9,660	–	–	9,660
Long-term leasing and rental contracts	2	2	–	3
Miscellaneous financial obligations	17	21	–	38

€ million	DUE 2024	DUE 2025–2028	DUE From 2029	TOTAL Dec. 31, 2023
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	10,039	0	0	10,039
Long-term leasing and rental contracts	1	0	–	1
Miscellaneous financial obligations	10	24	–	34

In the case of irrevocable credit commitments, the Bank expects the customers to draw down the funds concerned.

9. Related party disclosures

Related parties as defined by IAS 24 are natural persons and entities that Volkswagen Bank GmbH has control over or over which it has significant influence, or natural persons and entities that have control over or can exercise significant influence over Volkswagen Bank GmbH, or who or which are under the influence of another related party of Volkswagen Bank GmbH.

Volkswagen AG, Wolfsburg, is the sole shareholder of Volkswagen Bank GmbH.

Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The Extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect all of the shareholder representatives to the Supervisory Board of Volkswagen AG via the annual general meeting as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 9, 2023, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft mbH, Hanover, held 20.00% of the voting rights in Volkswagen AG on December 31, 2022. They therefore indirectly have significant influence over the Volkswagen Bank GmbH Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

The sole shareholder, Volkswagen AG, and Volkswagen Bank GmbH have entered into a control and profit-and-loss transfer agreement.

Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities provide the entities in the Volkswagen Bank GmbH Group with funding on an arm's-length basis. Volkswagen AG and its subsidiaries have also furnished collateral in the Bank's favor as part of the operating business.

The production companies and importers in the Volkswagen Group provide the entities in the Volkswagen Bank GmbH Group with financial subsidies to support sales promotion campaigns.

Business transactions with unconsolidated subsidiaries, joint ventures, associates and other related parties in Volkswagen AG's group of consolidated entities are settled at arm's length.

The two tables below show the transactions with related parties. In these tables, the exchange rates used for asset and liability items are the closing rates, and the weighted average rates for the year are used for income statement items.

€ million	INTEREST INCOME H1		INTEREST EXPENSES H1		GOODS AND SERVICES PROVIDED H1		GOODS AND SERVICES RECIEVED H1	
	2024	2023	2024	2023	2024	2023	2024	2023
Supervisory Board	0	0	0	0	–	–	–	–
Management Board/Board of Management	0	0	0	0	–	–	–	–
Volkswagen AG	18	11	–51	–25	13	18	1	0
Porsche SE	–	–	–	–	–	–	–	–
Other related parties in the consolidated entities	58	12	–72	–28	265	122	144	97
Non-consolidated subsidiaries	–	–	–	–	–	–	–	–
Joint ventures	43	30	–2	0	1	0	101	90
Associates	–	–	–	–	–	–	0	0

€ million	LOANS TO AND RECEIVABLES FROM		VALUATION ALLOWANCES ON IMPAIRED LOANS AND RECEIVABLES		OF WHICH ADDITIONS IN CURRENT YEAR		LIABILITIES TO	
	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023	June 30, 2024	Dec. 31, 2023
Supervisory Board	0	0	–	–	–	–	3	3
Management Board/ Board of Management	0	0	–	–	–	–	10	7
Volkswagen AG	13	3	–	–	–	–	3,145	3,584
Porsche SE	–	–	–	–	–	–	–	–
Other related parties in the consolidated entities	2,460	2,186	–	–	–	–	6,812	4,980
Non-consolidated subsidiaries	0	0	–	–	–	–	–	38
Joint ventures	2,190	2,185	–	–	–	–	204	523
Associates	–	–	–	–	–	–	2	1

The “Other related parties in the group of consolidated entities” line includes, in addition to sister entities, joint ventures and associates that are related parties in Volkswagen AG’s group of consolidated entities but do not directly belong to Volkswagen Bank GmbH. The relationships with the Supervisory Board and the Management Board/Board of Management comprise relationships with the relevant groups of people at Volkswagen Bank GmbH and the Group parent company Volkswagen AG. As in the prior year, relationships with pension plans and the State of Lower Saxony were of lesser significance.

“Goods and services received” mainly related to IT and other services in connection with financing transactions. “Goods and services provided” largely arose in connection with income from finance cost subsidies received and from the provision of services. VW Bank GmbH did not receive any capital contributions from Volkswagen AG in the first half of 2024 or in the first half of 2023. In the first half of the year, the Volkswagen Bank GmbH Group also did not make any capital contributions to related parties (previous year: none).

Some members of the Management Board and Supervisory Board/Audit Committee of Volkswagen Bank GmbH are members of supervisory boards of other entities in the Volkswagen Group with which transactions are sometimes conducted in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

10. Governing Bodies of the Volkswagen Bank GmbH Group

The members of the Management Board are as follows:

DR. VOLKER STADLER
Chair of the Management Board
Corporate Management & Operations, Volkswagen Bank GmbH

OLIVER ROES
Finance, Volkswagen Bank GmbH

CHRISTIAN LÖBKE
Risk Management, Volkswagen Bank GmbH

The members of the Supervisory Board are as follows:

FRANK FIEDLER
Chair (as of July 1, 2024)
Member of the Board of Management of Volkswagen Financial Services AG
Risk, Tax and Legal

BJÖRN BÄTGE
Deputy Chair (as of July 1, 2024)
Chair (until June 30, 2024)
Group Treasury – Head of Global Markets of Volkswagen AG

SILVIA STELZNER
Deputy Chair
Executive Director of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

MARKUS BIEBER
Managing Director of the General Works Council of Volkswagen AG

PROF. DR. SUSANNE HOMÖLLE
Chair of Banking and Finance, University of Rostock

DR. ALENA KRETZBERG (AS OF MARCH 1, 2024)
Member of the Board of Management of Volkswagen Financial Services AG
IT and Digitalization

MARKUS KONRADT
Member of the Management Board of the Management Association of Volkswagen Financial Services AG and Volkswagen Bank GmbH

KATRIN ROHMANN
Public auditor

BJÖRN SCHÖNE
Member of the Joint Works Council of Volkswagen Financial Services AG
and Volkswagen Bank GmbH

ALINA ROß (AS OF JULY 1, 2024)
IG Metall Regional Management Lower Saxony and Saxony-Anhalt
Tariff Secretary and In-house counsel

The Supervisory Board had the following additional members:

MARION LEFFLER (UNTIL JUNE 30, 2024)
Member of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

CONNY SCHÖNHARDT (UNTIL JUNE 30, 2024)
Trade union secretary for the IG Metall Board of Management in the unit for vehicle construction coordination

DR. CHRISTIAN DAHLHEIM (UNTIL FEBRUARY 29, 2024)
Chair of the Board of Management of Volkswagen Financial Services AG

The composition of the committees of the Supervisory Board of Volkswagen Bank GmbH is as follows:

MEMBERS OF THE AUDIT COMMITTEE
Katrin Rohmann (Chair)
Prof. Dr. Susanne Homölle (Deputy Chair)
Dr. Alena Kretzberg (as of July 1, 2024)
Silvia Stelzner

The Audit Committee had the following additional member:
Frank Fiedler (until June 30, 2024)

MEMBERS OF THE RISK COMMITTEE
Prof. Dr. Susanne Homölle (Chair)
Björn Bätge (Deputy Chair)
Frank Fiedler
Björn Schöne

MEMBERS OF THE NOMINATION COMMITTEE
Frank Fiedler (Chair) (as of July 1, 2024)
Silvia Stelzner (Deputy Chair)
Katrin Rohmann (as of March 1, 2024)

The Nomination Committee had the following additional members:
Björn Bätge (Chair) (until June 30, 2024)
Dr. Christian Dahlheim (until February 29, 2024)

MEMBERS OF THE REMUNERATION COMMITTEE

Frank Fiedler (Chair) (as of July 1, 2024)
Silvia Stelzner (Deputy Chair)
Björn Bätge (Chair, until June 30, 2024)
Prof. Dr. Susanne Homölle (as of March 1, 2024)

The Remuneration Committee had the following additional members:
Dr. Christian Dahlheim (until February 29, 2024)

11. Events After the Reporting Date

With reference to the section “Assets and disposal groups held for sale (IFRS 5)” in the notes to the interim consolidated financial statements, the restructuring measures described above were implemented in each case by notarization of the various spin-off agreements and their entry in the commercial register as of July 1, 2024.

Specifically, Volkswagen Bank GmbH legally completed the following restructuring transactions as of July 1, 2024:

> Receipt by Volkswagen Bank GmbH of the shares in Volkswagen Leasing GmbH, formerly a subsidiary of Volkswagen Financial Services AG, as a wholly owned subsidiary.

> Transfer of the shares of Volkswagen Bank GmbH to the new European financial holding company, which operated as Volkswagen Financial Services Europe AG up to and including June 30, 2024. As of July 1, 2024, Volkswagen Financial Services Europe AG was renamed Volkswagen Financial Services AG.

> Disposal of the shares of joint venture DFM N.V., Amersfoort, the Netherlands, as well as the shares of associate Credi2 GmbH, Vienna, to Volkswagen Finance Europe B.V. (Group company of Volkswagen Financial Services Europe AG, or after name change to Volkswagen Financial Services AG).

> Disposal of the shares of joint venture Volkswagen Financial Services Digital Solutions GmbH, Braunschweig, to Volkswagen Financial Services Europe AG (or, following the name change, to Volkswagen Financial Services AG).

Up to July 26, 2024, there were no other significant events that would have required a significantly different presentation of the assets, liabilities, financial position and profit or loss.

Braunschweig, July 26, 2024

Volkswagen Bank GmbH
The Management Board

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Braunschweig, July 26, 2024

Volkswagen Bank GmbH
The Management Board

Dr. Volker Stadler

Oliver Roes

Christian Löbke

Human Resources Report

Volkswagen Bank GmbH employed 1,106 people in Germany as of June 30, 2024 (December 31, 2023: 1,102).

A total of 1,131 people (December 31, 2023: 432) were employed at the international branches of Volkswagen Bank GmbH.

As a result of the restructuring measures described above, in particular the transfer of the shares in Volkswagen Leasing GmbH, there will be a further, very sharp increase in the number of employees in the Volkswagen Bank GmbH Group from July 2024.

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