

Volkswagen Financial Services Overseas

Aktiengesellschaft

(Formerly: Volkswagen Financial Services Aktiengesellschaft)

HALF-YEARLY FINANCIAL REPORT
JANUARY – JUNE

2024

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Key Figures

VOLKSWAGEN FINANCIAL SERVICES OVERSEAS AG

€ million	June 30, 2024	Dec. 31, 2023
Total assets	147,878	146,340
Loans to and receivables from customers attributable to		
Retail financing ¹	21,902	23,517
Dealer financing ¹	6,962	7,210
Leasing business ¹	48,851	46,679
Lease assets ¹	40,639	39,352
Equity	23,181	22,891

€ million	H1 2024	H1 2023
Operating result ¹	769	768
Profit before tax ¹	766	796

Percent	June 30, 2024	Dec. 31, 2023
Equity ratio ²	15.7	15.6

1 The total value indicated for the Group is the sum of the items for continuing operation and for discontinued operation presented in the consolidated financial statements.

2 Equity divided by total assets

Headcount	June 30, 2024	Dec. 31, 2023
Employees	11,023	12,009
Germany	5,348	5,577
International	5,675	6,432

RATING (AS OF JUNE 30)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE			FITCH RATINGS		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Financial Services Overseas AG ¹	A-2	BBB+	stable	P-2	A3	stable	F1	A-	stable

1 Formerly Volkswagen Financial Services AG

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

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 over the course of 2024, so that the restructuring measures and the steps for the reorganization under company law will have been implemented as scheduled and without delays through notarization and entry in the commercial register, and the restructuring program will have been completed as planned, by July 1, 2024. Over the course of the restructuring program, 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 during 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.

In connection with the explanations of business development in the first half of 2024 and the figures as of June 30, 2024, the new name of the former Volkswagen Financial Services AG, i.e., Volkswagen Financial Services Overseas AG, is generally used in the following text.

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

In line with the description in the management report in the Annual Report as of December 31, 2023, the restructuring program discussed above and the transfer of the shares of Volkswagen Leasing GmbH, Volkswagen Finance Europe B.V. and the European equity investments of former Volkswagen Financial Services AG planned under this program have led to an adjusted presentation under IFRS 5 in this Half-Yearly Financial Report. As a result, material changes in the key performance indicators and the items in the income statement and balance sheet for continuing operations at Volkswagen Financial Services Overseas AG following the spin-offs are also presented separately in this Half-Yearly Financial Report in addition to the aggregate amounts for the Group. The aggregate amounts for the Group relate to the change in the amounts of key performance indicators and of performance indicators for the continuing and discontinued operations. These amounts for the first half of 2024 are obtained by totaling the items in the income statement or balance sheet and the items on the income statement or balance sheet for the discontinued operation that are explained in the notes to the consolidated financial statements in section "Disclosures concerning disposal groups held for distribution to owners, disposal groups held for sale and the discontinued operation (IFRS 5)".

Global new business grew vigorously year-on-year overall but fell noticeably for continuing operations.

The business volume of Volkswagen Financial Services Overseas AG in the first half of fiscal year 2024 was on a level with year-end 2023.

The global share of financed and leased new vehicles in the Group's worldwide deliveries to customers (penetration) stood at 25.0 (26.6)% at the end of the first half of the year. The corresponding figure for continuing operation following the aforementioned spin-offs as of July 1, 2024 is a mere 13.6%.

Funding costs were very strongly above the prior-year level. This is attributable to increased funding activities in a favorable capital market environment and to higher interest rates, although the volume of business remained the same. Derivatives are entered into for economic interest rate hedging. The positive fair values from prior periods gradually reduce with time to maturity. This effect and changes in market interest rates led to slight measurement losses in the reporting period.

In the first half of fiscal 2024, the volume of loans and receivables in the Group was on a level with the prior fiscal year-end, while the provision for credit risks was largely unchanged. The volume of loans and receivables in continuing operations declined, whereas there was a noticeable increase in the provision for credit risks.

Portfolio growth (units) in the residual value portfolio in the Group also remained on a level with the end of the previous fiscal year. This was accompanied by a significant increase in residual value risks, which is reflected in the provision level and is attributable primarily to the return of marketing revenues to normal levels. The individual trends continue to be closely monitored.

The residual value risk in continuing operations plays a subordinate role, due among other factors to the spin-off of Volkswagen Leasing GmbH and the associated significant reduction of the residual value portfolio.

The overall operating result was on a level with the previous period in the first half of fiscal year 2024. The operating result for continuing operation, was down very sharply on the prior-year period.

The Board of Management of Volkswagen Financial Services Overseas AG considers the course of business so far in 2024 to have been positive, despite the general market environment.

CHANGES IN EQUITY INVESTMENTS

The following material changes in equity investments have occurred:

In February 2024 Volkswagen Finance Overseas B.V., Amsterdam, the Netherlands, a wholly owned subsidiary of Volkswagen Financial Services Overseas AG, transferred the following wholly owned equity investments to Volkswagen Finance Europe B.V., Amsterdam, the Netherlands, until June 30, 2024 also a wholly owned subsidiary of Volkswagen Financial Services Overseas AG, by way of a spin-off:

- > Volkswagen Renting S.A., Alcobendas, Spain
- > Volkswagen Renting, Unipessoal, Lda., Amadora, Portugal
- > Volkswagen Finance Belgium S.A., Brussels, Belgium
- > Volkswagen Financial Services (UK) Ltd., Milton Keynes, United Kingdom
- > Volkswagen Financial Services N.V., Amsterdam, the Netherlands
- > Volkswagen Financial Services Polska Sp. z o.o., Warsaw, Poland
- > Volkswagen Serwis Ubezpieczeniowy Sp. z o.o., Warsaw, Poland
- > Volkswagen Finans Sverige AB, Södertälje, Sweden
- > Volkswagen Insurance Services, Correduria de Seguros, S.L., El Prat de Llobregat, Spain
- > Volkswagen Mobility Services S.p.A., Bolzano, Italy
- > Volkswagen Financial Services Ireland Ltd., Dublin, Ireland
- > MAN Financial Services España S.L., Alcobendas, Spain
- > MAN Financial Services GesmbH, Eugendorf, Austria
- > MAN Financial Services Poland Sp. z o.o., Nadarzyn, Poland and
- > ŠkoFIN s.r.o., Prague, Czech Republic.

These transfers serve to lay the groundwork for the reorganization in 2024 in the context of the restructuring program described above.

In addition, the following material changes in equity investments occurred:

Effective January 18, 2024, Volkswagen Financial Services Overseas AG sold 99.9% and Volkswagen Finance Overseas B.V. sold 0.1% of OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia, to an external investor. The sale serves the exit from the Russian market.

Effective February 29, 2024, Volkswagen Finance Europe B.V., Amsterdam, the Netherlands, until June 30, 2024 a wholly owned subsidiary of Volkswagen Financial Services Overseas AG, acquired 49% of the shares of Bike Mobility Services Group B.V., Amersfoort, the Netherlands, including ten subsidiaries in various countries. The acquisition serves the expansion of the global bicycle leasing business of Volkswagen Financial Services.

Effective April 3, 2024, Volkswagen Pon Financial Services B.V., Amersfoort, the Netherlands, an indirect (60%) subsidiary of Volkswagen Financial Services Overseas AG until June 30, 2024, acquired all shares of Zuidlease B.V., Sittard-Geleen, the Netherlands. The acquisition is designed to expand the leasing business in the Netherlands.

Effective June 24, 2024, Volkswagen Finance Europe BV, Amsterdam, the Netherlands, a wholly owned subsidiary of Volkswagen Financial Services Overseas AG until June 30, 2024, liquidated its 99.99% subsidiary Volkswagen Financial Services France S.A., Villers-Cotterets, France. The liquidation is designed to streamline the structure of the company.

There were no other significant changes in equity investments.

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 in step with the Eurozone average.

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.

In the USA, the pace of growth in gross domestic product in the reporting period exceeded that of the prior-year period. This was despite the US Federal Reserve maintaining its restrictive monetary policy due to relatively high inflation and a tight labor market.

Economic output also grew year-on-year in Brazil, albeit more slowly than in the first half of the previous year.

Economic growth in China was at a high level compared with other parts of the world, but was slightly weaker in the reporting period 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 the reporting period, it was above the level seen in the first six months of 2023.

Türkiye's government's continued implementation of rigorous measures to contain the economic crisis are starting to take effect. In terms of funding, the first local banks are prepared to provide loans with longer terms. In the first half of 2024, the fleet business came under sustained pressure, whereas financing for private customers increased slightly year-on-year. The insurance business stabilized at a high level.

In South Africa, vehicle sales in the period from January to June 2024 declined year-on-year. As a result, the number of financing packages purchased also decreased. The decline was attributable to domestic political uncertainties, the persistently subdued economic environment as well as high energy prices.

The markets for financial services in the North America region developed positively overall in the period from January to June of 2024 compared with the previous year. In the USA, Canada and Mexico, the number of leasing and financing contracts, new vehicle penetration and new contracts for insurance and after-sales products were all up year on year.

The sales volume of new vehicles was positive overall in the South America region. The market for financial services recorded an increase in financing contracts. In Brazil, the number of new contracts rose thanks to the range of attractive financial services offered and to higher delivery figures. The number of car subscriptions entered into also rose. In Argentina, the level of financing contracts was stable in spite of challenging macroeconomic conditions.

The Chinese automotive market witnessed a rise in demand for electrified and used vehicles in the reporting period. In addition, banks with attractive products are gaining a foothold in the market. This in turn also affected demand for automotive financial services. In Japan, vehicle sales and demand for automotive financial services was down year-on-year in the first half of 2024. The market was again dominated by comparatively low interest rates and attractive financial services, despite the recent rise in long-term interest rates.

The financial services business for heavy commercial vehicles was down slightly on the prior-year period in the first six months of 2024 due to lower deliveries to customers. The long delivery times for commercial vehicles continued to return to normal against the backdrop of stable supply chains. The decision on financing is moving closer to the time of vehicle delivery because customers are speculating on falling interest rates.

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.

Sales of passenger cars and light commercial vehicles (up to 6.35 tonnes) in the North America region rose slightly. As a result of an average level of improvement in the availability and affordability of new vehicles, the volume of the US market in the first half of 2024 also saw slight growth, albeit at a lower rate than the region as a whole.

In the South America region, the volume of new vehicle registrations for passenger cars and light commercial vehicles in the first six months of 2024 was slightly above the comparative prior-year period. In Brazil, the number of new registrations increased significantly compared to the previous year.

In the Asia-Pacific region, the volume of the passenger car market in the first half of 2024 was on a level with the previous year. The trend in demand for passenger cars in the region was largely determined by developments in the Chinese passenger car market, where demand was slightly up from the level in the prior-year period amidst falling prices. In Japan, by contrast, the market declined significantly, and had a dampening effect on growth in the region.

The volume of demand for light commercial vehicles in the Asia-Pacific region in the first six months of 2024 was slightly below the level for the prior-year period. Registration volumes in China, the region's dominant market and the largest market worldwide, also tapered off slightly compared with the period a year earlier.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

In the markets that are relevant for the Volkswagen Group, demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was slightly lower in the reporting period than in the same period of 2023. Truck markets globally were noticeably down on the previous year. This was due to a relatively weak start to the year in the North American markets and China, among other regions.

Sales volume in the 27 EU states excluding Malta, but including the United Kingdom, Norway and Switzerland (EU27+3), was on a level with the previous year in the first six months of 2024. New registrations in Germany, the largest market in this region, were up noticeably on the same period of 2023. Demand in the United Kingdom was on a level with the previous year, while it increased noticeably in France. Türkiye recorded a noticeable decrease in new registrations compared with the previous year. There was a slight fall in demand in the South African market. The truck market in North America is divided into weight classes 1 to 8. In the segments relevant for Volkswagen – Class 6 to 8 (8.85 tonnes or heavier) – new registrations were down noticeably on the previous year. In Brazil, the largest market in the South America region, demand for trucks in the first six months of the year was up significantly on the prior-year figure.

In the first six months of 2024, demand in the bus markets that are relevant for the Volkswagen Group was slightly below the level recorded in the same period of the prior year. Demand for buses in the EU27+3 markets in the reporting period was up significantly on the previous year, with the picture varying from country to country. The school bus segment in the US and Canada was significantly below the prior-year level. Demand for buses in Mexico was significantly higher than in the previous year. In Brazil, demand was down sharply on the high prior-year level.

FINANCIAL PERFORMANCE

The disclosures on financial performance relate to the changes compared with the corresponding prior-year period.

In the first half of 2024, Volkswagen Financial Services Overseas AG's entities delivered a stable performance in a difficult economic environment.

At €769 (768) million, the operating result was on a level with the previous year. Continuing operations account for €188 (286) million of this figure. At the level of the Group as a whole, a deterioration in the interest rate margin situation was largely offset by noticeably higher net income from leasing transactions compared to the prior-year period, a very significant reduction in the provision for credit risks and a noticeable reduction in administrative expenses.

Interest income from lending transactions and marketable securities was significantly up on the prior-year figure at €1,726 million (+16.1%). Continuing operations account for €1,305 (1,220) million of this figure.

Net income from leasing transactions rose noticeably by 6.2% year-on-year to €2,832 (2,668) million due to the growth in business volumes. Continuing operations account for €225 (91) million of this figure.

Interest expenses were very sharply up on the prior-year figure at €2,907 (2,135) million due to higher interest rates and funding spreads. Continuing operations account for €875 (704) million of this figure.

Net income from service contracts came to €151 (101) million, a very strong increase on the prior-year figure. Continuing operations account for €7 (0) million of this figure.

Net income from insurance business amounting to €43 million (–46.8%) was down very sharply year-on-year, which was attributable solely to the discontinued operation.

At €97 (187) million, the provision for credit risks was down very sharply on the previous year. Continuing operations account for €36 (–4) million of this figure. For the Volkswagen Financial Services Overseas AG Group, there had been country-specific valuation allowances in the provision for credit risks in the previous year. The balance of valuation allowances in the first half of 2024, amounting to €209 million, was reversed in full on the face of the balance sheet and thus positively impacted the provision for credit risks. The reversal is attributable in full to continuing operations and the Russia disposal group.

Net fee and commission income amounted to €158 (23) million, a very strong increase on the prior-year figure. Continuing operations account for €34 (32) million of this figure.

The net result on financial instruments measured at fair value amounted to €55 (67) million. Continuing operations account for €0 (–4) million of this figure. The positive fair values from prior periods gradually reduce with time to maturity. This effect and changes in market interest rates led to slight measurement losses in the reporting period.

General and administrative expenses declined noticeably year-on-year to €1,194 million (–8.9%). Continuing operations account for €227 (209) million of this figure.

Net other operating income was up slightly on the prior-year period at €123 million (+4.5%), despite the negative impact of the deconsolidation of companies in particular. €–247 (–146) million is attributable to continuing operations and the Russia disposal group.

The share of profits and losses of equity-accounted joint ventures amounted to €0 (58) million. Continuing operations account for €–33 (20) million of this figure.

The other financial result of €8 (–1) million and the other components of profit or loss led to profit after tax for the Volkswagen Financial Services Overseas AG Group of €501 million, which represented a year-on-year decrease (–4.8%). Continuing operations account for €68 (154) million of this figure.

NET ASSETS AND FINANCIAL POSITION

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

Lending business

The total assets of Volkswagen Financial Services Overseas AG rose by €1.5 billion to €147.9 billion.

At €132.9 billion in total, loans to and receivables from customers and lease assets – which make up the core business of the Volkswagen Financial Services Overseas AG Group – accounted for approximately 90% of the Group's total assets. Continuing operations account for €28.6 (30.3) billion of this figure.

The volume of retail financing lending decreased by €1.6 billion to €21.9 billion (–6.9%). Continuing operations account for €20.2 (21.8) billion of this figure.

The number of new contracts was 383 thousand (–17.7% compared with the figure for the first half of 2023). The number of current contracts decreased to 2,312 thousand (–7.2%). For continuing operations, the number of new contracts came to 333 thousand and the number of current contracts stood at 2,080 thousand.

The lending volume in dealer financing – which comprises loans to and receivables from Group dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – decreased to €7.0 billion (–3.4%). Continuing operations account for €4.6 (4.9) billion of this figure.

Receivables from leasing transactions were slightly above the prior-year level at €48.9 billion (+4.7%). Continuing operations account for €1.1 (1.1) billion of this figure. Lease assets recorded growth of €1.3 billion to €40.6 billion (+3.3%). Continuing operations account for €2.4 (2.3) billion of this figure.

A total of 829 thousand new leasing contracts were signed in the reporting period, surpassing the figure for the first half of 2023 by 13.4%. The number of leased vehicles as of June 30, 2024, was 3,969 thousand, a year-on-year increase of 4.2%. As in previous years, the largest contribution came from Volkswagen Leasing GmbH, which had a contract portfolio of 1,761 (1,674) thousand lease vehicles. For continuing operations, the number of new leasing contracts came to 53 thousand and the number of current contracts stood at 180 thousand.

The number of service and insurance contracts as of June 30, 2024 was 12,235 (11,642) thousand. Continuing operations account for 2,242 thousand of this figure. The total of 2,383 thousand new contracts was above the figure for the first half of 2023 (13.3%).

In addition to the previous products, the portfolio of contracts also includes the Credit Protection Insurance (CPI) and Guaranteed Asset Protection (GAP) insurance products. The new calculation method has been in use since January 1, 2024.

The German companies continued to account for the highest business volumes with 30.3% of all current contracts. The Brazilian companies account for the largest share of the business volume in continuing operations (28.7%).

KEY FIGURES BY SEGMENT AS OF JUNE 30, 2024

								VW FS Overseas AG Group
in thousands	Germany	United Kingdom	Sweden	China	Brazil	Mexico	Other companies ¹	
Current contracts	5,601	2,531	597	983	1,291	759	6,754	18,516
Retail financing	–	–	74	978	455	147	657	2,312
of which: consolidated	–	–	74	978	455	147	392	2,047
Leasing business	1,808	985	113	4	80	48	930	3,969
of which: consolidated	1,808	985	113	–	–	48	593	3,548
Service/insurance	3,793	1,546	409	–	756	564	5,166	12,235
of which: consolidated	3,793	1,546	252	–	756	493	3,073	9,913
New contracts	1,062	613	100	99	348	159	1,214	3,595
Retail financing	–	–	15	93	114	33	127	383
of which: consolidated	–	–	15	93	114	33	79	335
Leasing business	388	205	19	6	27	11	172	829
of which: consolidated	388	205	19	–	27	11	117	767
Service/insurance	674	408	65	–	207	115	914	2,383
of which: consolidated	674	408	39	–	207	87	543	1,959
€ million								
Loans to and receivables from customers attributable to								
Retail financing	–	254	915	6,468	6,095	1,593	6,577	21,902
Dealer financing	12	0	50	933	399	851	4,716	6,962
Leasing business	21,760	19,345	1,257	1	84	657	5,747	48,851
Lease assets	26,084	3,977	1,609	2	1,608	156	7,202	40,639
Investment ²	6,153	798	341	2	718	8	1,390	9,408
Operating result	316	22	64	90	110	90	78	769
Percent								
Penetration ³	60.6	40.8	50.0	5.5	39.7	42.3	21.7	25.0
of which: consolidated	60.6	40.8	50.0	5.5	39.7	42.3	14.9	23.0

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

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

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

Segment presentation will change in the consolidated financial statements as of December 31, 2024 as a result of the transformation processes from restructuring program described above.

Deposit business and borrowings

The significant liability items were liabilities to banks in the amount of €19.1 billion (–8.2%), liabilities to customers amounting to €27.5 billion (+1.6%) and notes and commercial paper issued amounting to €67.7 billion (+4.1%)

Equity

The subscribed capital remained unchanged at €441 million in the reporting period. Equity in accordance with IFRSs was €23.2 (22.9) billion. This resulted in an equity ratio of 15.7% based on total assets of €147.9 billion.

Report on Opportunities and Risks

In a challenging market environment, the Board of Management of Volkswagen Financial Services Overseas AG anticipates that deliveries to customers by the Volkswagen Group in 2024 will increase by up to 3% compared to the previous year. Volkswagen Financial Services Overseas AG supports sales of vehicles by supplying financial services products.

The global economic trend is currently being shaped by factors such as geopolitical tensions. Global economic growth will also depend to a large extent on how inflation develops in various currency areas. The interest rate trend is still subject to uncertainty due to the inflation situation. This, in turn, could impact negatively on consumption and the investment climate.

This tense macroeconomic environment could also give rise to opportunities for Volkswagen Financial Services Overseas AG if actual trends turn out to be better than the forecast.

In addition to maintaining its international focus by tapping into new markets, Volkswagen Financial Services Overseas AG believes that developing innovative products that are tailored to customers' changing mobility requirements offers additional opportunities. Growth areas such as mobility products and service offerings are being systematically developed and expanded. Further opportunities may be created by launching established products in new markets.

Volkswagen Financial Services Overseas AG expects to be presented with opportunities arising from the digitalization of its business. The aim is to make all key products also available online around the world and to expand the Company's role as the Volkswagen Group's central mobility platform provider, thereby enabling it to enhance efficiency. By expanding digital sales channels, Volkswagen Financial Services Overseas AG is promoting direct sales to complement its dealership business. Changing customer needs are thus addressed and the competitive position of Volkswagen Financial Services Overseas AG reinforced.

As a result of the risk inventory conducted in the first half of 2024 for the future business of Volkswagen Financial Services Overseas AG, the same risk types, with the exception of risks of insurance companies, were assessed as substantial compared with the former Volkswagen Financial Services AG.

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

Report on Expected Developments

The effects of the restructuring program described above are factored in to the extent that the forecast is being made only for the continuing operations of Volkswagen Financial Services Overseas AG and the business of the future Volkswagen Financial Services Overseas AG.

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 prices for materials 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 that recorded 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. The volume of sales in the markets for passenger cars and light commercial vehicles (up to 6.35 tonnes) in North America in 2024 is forecast to be slightly higher than the level seen the previous year. We also anticipate a slight increase in new registrations in the South American markets in 2024 compared with the previous year. Likewise, the passenger car markets in the Asia-Pacific region are expected to be on a level with the prior-year figure in 2024.

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.

For 2024, we expect to see a slight downward trend in new registrations for mid-sized and heavy trucks with a gross weight of more than six tonnes compared with the previous year in the markets that are relevant for the Volkswagen Group, with variations from region to region. A noticeable year-on-year increase in demand is anticipated for 2024 in the bus markets relevant for the Volkswagen Group, whereby this will vary depending on the region.

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

Following completion of the restructuring program, credit risk is expected to increase and residual value risk to decrease. The region-specific risk profile is reflected in risk-adjusted pricing.

Forecasting 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 earnings.

The other significant types of risk are continuously monitored, particularly in light of current economic and political developments.

Penetration is likely to be significantly lower year-on-year in continuing operations. New contracts and business volume are expected to rise slightly year-on-year in continuing operations. In this context, the portfolio of contracts at year-end will be slightly above the previous year's level. In light of the current business performance, the operating result for continuing operations in fiscal year 2024 is expected to be significantly lower overall year-on-year.

The forecast earnings performance and capital adequacy in 2024 is expected to result in a return on equity that is sharply lower than the prior-year's level. It is likely that there will be a strong year-on-year rise in the cost/income ratio in 2024.

This report contains forward-looking statements on the future business development of Volkswagen Financial Services Overseas AG Group. These statements are based on assumptions relating to changes in the economic, political and legal environment in individual countries, economic regions and markets, in particular, for financial services and the automotive industry; these assumptions have been made on the basis of the information available and Volkswagen Financial Services Overseas AG currently considers them to be realistic. The estimates given entail a degree of risk, and actual developments may differ from those forecast. If material parameters relating to the most important sales markets vary from the assumptions, or material changes arise from the exchange rates, 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 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.

Income Statement

of the Volkswagen Financial Services Overseas AG Group

€ million	Note	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023 restated ¹	Change in percent
Interest income from lending transactions and marketable securities		1,305	1,220	7.0
Income from leasing transactions		664	295	X
Depreciation, impairment losses and other expenses from leasing transactions		–439	–205	X
Net income from leasing transactions		225	91	X
Interest expense		–875	–704	24.3
Income from service contracts		56	5	X
Expenses from service contracts		–48	–5	X
Net income from service contracts	1	7	0	X
Provision for credit risks		–36	4	X
Fee and commission income		75	62	21.0
Fee and commission expenses		–41	–30	36.7
Net fee and commission income		34	32	6.3
Net gain or loss on hedges		2	1	X
Net gain/loss on financial instruments measured at fair value		0	–4	X
Net gain/loss on derecognition of financial assets measured at amortized cost		–	3	–100.0
General and administrative expenses	2	–227	–209	8.6
Other operating income		51	33	54.5
Other operating expenses		–298	–179	66.5
Net other operating income/expenses		–247	–146	69.2
Operating result		188	286	–34.3
Share of profits and losses of equity-accounted joint ventures		–33	20	X
Net gain/loss on miscellaneous financial assets		0	–25	X
Other financial gains or losses		2	1	X
Profit before tax		158	282	–44.0
Income tax expense		–89	–128	–30.5
Profit from continuing operations, net of tax		68	154	–55.8
Profit from discontinued operations, net of tax		432	372	16.1
Profit after tax		501	526	–4.8
Profit after tax attributable to noncontrolling interests		7	0	X
Profit after tax attributable to Volkswagen AG		493	526	–6.3
German GAAP profit/loss attributable to Volkswagen AG in the event of loss absorption/profit transfer.		534	–27	X

1. Prior-year restated as explained under “Changes to Prior-Year Figures”.

Statement of Comprehensive Income

of the Volkswagen Financial Services Overseas AG Group

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Profit after tax	501	526
Pension plan remeasurements recognized in other comprehensive income	–	–
Pension plan remeasurements recognized in other comprehensive income, before tax	43	–4
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–13	1
Pension plan remeasurements recognized in other comprehensive income, net of tax	30	–3
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	–	–
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	30	–3
Exchange differences on translating foreign operations	–	–
Gains/losses on currency translation recognized in other comprehensive income	–45	–53
Transferred to profit or loss	228	–
Exchange differences on translating foreign operations, before tax	183	–53
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	183	–53
Hedging transactions	–	–
Fair value changes recognized in other comprehensive income (OCI I)	85	48
Transferred to profit or loss (OCI I)	–1	–103
Cash flow hedges (OCI I), before tax	84	–55
Deferred taxes relating to cash flow hedges (OCI I)	–32	26
Cash flow hedges (OCI I), net of tax	51	–29
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	–3	1
Transferred to profit or loss	0	–
Fair value valuation of debt instruments that may be reclassified to profit or loss, before tax	–3	1
Deferred taxes relating to fair value valuation of debt instruments that may be reclassified to profit and loss	1	0
Fair value valuation of debt instruments that may be reclassified to profit or loss, net of tax	–2	1
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	53	–55
Items that may be reclassified to profit or loss	286	–136
Other comprehensive income, before tax	360	–165
Deferred taxes relating to other comprehensive income	–44	27
Other comprehensive income, net of tax	316	–139
Total comprehensive income	816	387
Total comprehensive income attributable to noncontrolling interests	–1	0
Total comprehensive income attributable to Volkswagen AG	816	387

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Breakdown of total comprehensive income attributable to Volkswagen AG	816	387
Continuing operation	210	–55
Discontinued operation	606	443

Balance Sheet

of the Volkswagen Financial Services Overseas AG Group

€ million	Note	June 30, 2024	Dec. 31, 2023	Change in percent
Assets				
Cash reserve		3	2	50.0
Loans to and receivables from banks		1,222	953	28.2
Loans to and receivables from customers attributable to				
Retail financing		20,197	21,822	-7.4
Dealer financing		4,619	4,918	-6.1
Leasing business		1,108	1,102	0.5
Other loans and receivables		303	153	98.0
Total loans to and receivables from customers		26,227	27,995	-6.3
Value adjustment on portfolio fair value hedges		-	-	X
Derivative financial instruments		111	58	91.4
Marketable securities		0	0	X
Equity-accounted joint ventures		113	99	14.1
Miscellaneous financial assets		99	99	-
Intangible assets	2	249	273	-8.8
Property and equipment	2	50	57	-12.3
Lease assets	2	2,362	2,347	0.6
Investment property		1	1	-
Deferred tax assets		592	612	-3.3
Current tax assets		232	164	41.5
Other assets		685	659	3.9
Assets held for sale (IFRS 5)		115,932	113,020	2.6
Total		147,878	146,340	1.1

€ million	Note	June 30, 2024	Dec. 31, 2023	Change in percent
Equity and Liabilities				
Liabilities to banks		14,023	16,343	-14.2
Liabilities to customers		4,043	3,450	17.2
Notes, commercial paper issued		8,787	7,901	11.2
Derivative financial instruments		33	104	-68.3
Provisions for pensions and other post-employment benefits		8	8	-
Underwriting provisions and other provisions		130	184	-29.3
Deferred tax liabilities		72	91	-20.9
Current tax liabilities		726	252	X
Other liabilities		300	267	12.4
Subordinated capital		126	146	-13.7
Liabilities associated with assets held for sale (IFRS 5)		96,449	94,703	1.8
Equity		23,181	22,891	1.3
Subscribed capital		441	441	-
Capital reserves		6,589	6,589	-
Retained earnings		16,934	16,934	-
Other reserves		-896	-1,189	-24.6
Equity attributable to noncontrolling interests		113	115	-1.7
Total		147,878	146,340	1.1

Statement of Changes in Equity

of the Volkswagen Financial Services Overseas AG Group

€ million	OTHER RESERVES									Total equity
	Subscribed capital	Capital reserves	Retained earnings	Currency translation	Hedging transactions		Equity and debt instruments	Equity-accounted investments	Non-controlling interests	
					Cash flow hedges (OCI I)	Deferred hedging costs (OCI II)				
Balance as of Jan. 1, 2023	441	2,816	15,462	-1,028	-9	-	-14	-64	3	17,607
Profit after tax	-	-	526	-	-	-	-	-	0	526
Other comprehensive income, net of tax	-	-	-3	-53	-29	-	1	-55	-1	-139
Total comprehensive income	-	-	523	-53	-29	-	1	-55	0	387
Capital increases	-	-	-	-	-	-	-	-	-	-
Other changes ¹	-	-	27	-	-	-	-	0	-	27
As of June 30, 2023	441	2,816	16,012	-1,081	-39	-	-13	-119	2	18,021
As of Jan. 1, 2024	441	6,589	16,934	-1,048	-55	-	-4	-82	115	22,891
Profit after tax	-	-	493	-	-	-	-	-	7	501
Other comprehensive income, net of tax	-	-	30	192	50	-	-2	53	-7	316
Total comprehensive income	-	-	523	192	50	-	-2	53	0	816
Capital increases	-	-	-	-	-	-	-	-	-	-
Other changes ¹	-	-	-524	0	-	-	-	-	-2	-526
As of June 30, 2024	441	6,589	16,934	-856	-5	-	-6	-29	113	23,181

1 Includes German GAAP (HGB) profit/loss attributable to Volkswagen AG in the event of loss absorption/profit transfer.

Cash Flow Statement

of the Volkswagen Financial Services Overseas AG Group

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Profit before tax	766	796
Depreciation, amortization, impairment losses and reversals of impairment losses	3,127	2,798
Change in provisions	–69	–44
Change in other noncash items	200	–174
Loss on disposal of financial assets and items of property and equipment	242	0
Net interest expense and dividend income	–506	–738
Other adjustments	5	0
Change in loans to and receivables from banks	–2,964	–561
Change in loans to and receivables from customers	1,511	–4,368
Change in lease assets	–4,542	–4,105
Change in other assets related to operating activities	389	–605
Change in liabilities to banks	–1,138	941
Change in liabilities to customers	–127	3,815
Change in notes, commercial paper issued	2,785	–335
Change in other liabilities related to operating activities	–49	85
Interest received	3,407	2,860
Dividends received	6	13
Interest paid	–2,907	–2,135
Income taxes paid	–219	–254
Cash flows from operating activities	–82	–2,012
Proceeds from disposal of investment property	6	–
Acquisition of investment property	–	–
Proceeds from disposal of subsidiaries and joint ventures	56	1
Acquisition of subsidiaries and joint ventures	–343	–85
Proceeds from disposal of other assets	15	3
Acquisition of other assets	–28	–30
Change in investments in marketable securities	29	–12
Cash flows from investing activities	–265	–123
Proceeds from changes in capital	–	–
Distribution to Volkswagen AG	–	–
Profit transferred to/loss assumed by Volkswagen AG	323	1,697
Change in cash funds attributable to subordinated capital	–39	36
Repayment of liabilities arising from leases	–10	–18
Cash flows from financing activities	275	1,714
Cash and cash equivalents at end of prior period	69	560
Cash flows from operating activities	–82	–2,012
Cash flows from investing activities	–265	–123
Cash flows from financing activities	275	1,714
Effect of exchange rate changes	6	–87
Cash and cash equivalents at end of period¹	3	52

¹ The cash reserve contains cash and cash equivalents attributable to disposal groups (IFRS 5).

Notes to the Consolidated Financial Statements

of the Volkswagen Financial Services Overseas AG Group as of June 30, 2024

General Information

Volkswagen Financial Services Overseas Aktiengesellschaft (VW FS Overseas AG; formerly Volkswagen Financial Services Aktiengesellschaft)¹ has the legal form of an *Aktiengesellschaft* (German stock corporation). It has its registered office at Gifhorner Strasse, Braunschweig, and is registered in the Braunschweig commercial register (HRB 3790).

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

Basis of Presentation

VW FS Overseas AG prepared its consolidated financial statements for the year ended December 31, 2023 in accordance with the 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) and also 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 full 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

VW FS Overseas AG has applied all financial reporting standards adopted by the EU which are subject to mandatory application starting 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

¹ For further explanations on the restructuring measures and the corporate name change, please refer to "Restructuring Program to establish a European Financial Holding Company".

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/arvwfsag23.

Changes to Prior-Year Figures

The January 1 – June 30, 2023 comparative period in the income statement was adjusted due to the presentation of a discontinued operation (see “Disclosures concerning disposal groups held for distribution to owners, disposal groups held for sale and the discontinued operation (IFRS 5)”).

€ million	Jan 1 – June 30, 2023 before adjustments	Adjustments result- ing from the appli- cation of IFRS 5	Jan 1 – June 30, 2023 after adjustments
Interest income from lending transactions and marketable securities	1,486	–266	1,220
Income from leasing transactions	12,087	–11,791	295
Depreciation, impairment losses and other expenses from leasing transactions	–9,419	9,214	–205
Net income from leasing transactions	2,668	–2,577	91
Interest expense	–2,135	1,432	–704
Income from service contracts	1,289	–1,284	5
Expenses from service contracts	–1,189	1,184	–5
Net income from service contracts	101	–101	0
Income from insurance transactions	144	–144	–
Expenses from insurance transactions	–62	62	–
Net income from insurance business	81	–81	–
Provision for credit risks	–187	191	4
Fee and commission income	308	–246	62
Fee and commission expenses	–284	254	–30
Net fee and commission income	23	9	32
Net gain or loss on hedges	–11	12	1
Net gain/loss on financial instruments measured at fair value	–67	63	–4
Net gain/loss on derecognition of financial assets measured at amortized cost	3	–	3
General and administrative expenses	–1,310	1,101	–209
Other operating income	584	–551	33
Other operating expenses	–467	288	–179
Net other operating income/expenses	117	–263	–146
Operating result	768	–482	286
Share of profits and losses of equity-accounted joint ventures	58	–38	20
Net gain or loss on miscellaneous financial assets	–30	5	–25
Other financial gains or losses	–1	1	1
Profit before tax	796	–514	282
Income tax expense	–270	142	–128
Profit/loss from continuing operation, net of tax	526	–372	154
Profit/loss from discontinued operation, net of tax	–	372	372
Profit after tax	526	–	526

Basis of Consolidation

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

The following changes were made to the basis of consolidation in the reporting period:

The three consolidated subsidiaries OOO Volkswagen Group Finanz, Moscow, Russia, OOO Volkswagen Financial Services RUS, Moscow, Russia, and OOO Volkswagen Bank RUS, Moscow, Russia, which were already classified in the previous year as a disposal group held for sale in accordance with the requirements of IFRS 5, were deconsolidated in the reporting period (see “VW FS Overseas AG companies in Russia” disposal group in the section “Disclosures on disposal groups held for distribution to owners, disposal groups held for sale and the discontinued operation (IFRS 5)”).

The consolidated subsidiary Volkswagen Financial Services France S.A., Villers-Cotterêts, was liquidated in the reporting period and hence deconsolidated. The company was a holding company with no active financing business.

Volkswagen Finance Europe B.V., Amsterdam, a subsidiary in the VW FS Overseas AG Group, acquired 49% of the shares of Bike Mobility Services Group B.V., Amersfoort, from Pon Bicycle Holding B.V., Almere. The aim of the partnership is expansion in the growing bicycle and e-bike leasing business in Europe and the USA. The investment in the associate is not yet accounted for using the equity method as of the reporting date. The 49% investment is part of a disposal group held for distribution to owners, which is why it is reported in the balance sheet under the separate balance sheet item “Assets held for sale (IFRS 5)”.

The subsidiary Carizy S.A.S., Puteaux, which was previously not consolidated, and the joint venture Fleet Company GmbH, Oberhaching, which was also previously not consolidated, were sold in the reporting period without any significant disposal gains or losses.

Disclosures Concerning Disposal Groups Held for Distribution to Owners, Disposal Groups Held for Sale and the Discontinued Operation (IFRS 5)

RESTRUCTURING PROGRAM TO ESTABLISH A EUROPEAN FINANCIAL HOLDING COMPANY

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 over the course of 2024, so that the restructuring measures and the steps for the reorganization under company law will have been implemented as scheduled and without delays through notarization and entry in the commercial register, and the restructuring program will have been completed as planned, by July 1, 2024. In the course of this, 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.

Spin-offs of shares of subsidiaries, equity investments and other assets and liabilities by the former Volkswagen Financial Services AG, now Volkswagen Financial Services Overseas AG, are being made in connection with the implementation of the restructuring program. Specifically, this relates to lateral spin-offs of the following core parts of the former Volkswagen Financial Services AG:

- a) Spin-off of the shares of the subsidiary Volkswagen Leasing GmbH to Volkswagen Bank GmbH
- b) Spin-off of the European operation of the former Volkswagen Financial Services AG, including shares of European subsidiaries and equity investments plus other assets and liabilities, to the new financial holding company, Volkswagen Financial Services Europe AG or the future Volkswagen Financial Services AG

All the aforementioned spin-offs were completed as planned with legal effect from July 1, 2024. As a result, the former Volkswagen Financial Services AG Group, now Volkswagen Financial Services Overseas AG Group, lost control of the subsidiaries, joint control of the joint ventures, or significant influence over the associates, or disposed of equity investments.

Each of the planned lateral spin-offs were carried out without any purchase price being paid to Volkswagen Financial Services Overseas AG by Volkswagen Bank GmbH or the future Volkswagen Financial Services AG. The planned transfers will therefore have to be accounted for on the completion date as distributions of noncash assets to the parent company, Volkswagen AG, in accordance with IFRIC 17.

The subsidiaries and equity investments whose shares are being spun off by the former Volkswagen Financial Services AG or Volkswagen Financial Services Overseas AG and its subsidiaries and equity investments (jointly referred to as “entities”) are recognized in the consolidated financial statements of the former Volkswagen Financial Services AG. Specifically, entities are consolidated either as subsidiaries, with their assets and liabilities, or as joint ventures using the equity-accounting method. Other entities are recognized as unconsolidated subsidiaries, joint ventures, associates, or equity investments under Miscellaneous financial assets. The entities of the former Volkswagen Financial Services AG Group, now Volkswagen Financial Services Overseas AG Group, listed below therefore fall within the scope of planned spin-off activities:

Consolidated subsidiaries and ABS special purpose entities:

- > Autofinance S.A., Luxembourg
- > Driver UK Master S.A., Luxembourg
- > Driver UK Multi-Compartment S.A., Luxembourg
- > Euro-Leasing A/S, Padborg
- > EURO-Leasing GmbH, Sittensen
- > MAN Financial Services España S.L., Alcobendas (Madrid)
- > MAN Financial Services GesmbH, Eugendorf
- > MAN Financial Services Poland Sp. z o.o., Nadarzyn
- > MAN Location & Services S.A.S., Evry
- > ŠkoFIN s.r.o., Prague
- > Trucknology S.A., Luxembourg
- > VCL Master Poland DAC, Dublin
- > VCL Master Residual Value S.A., Luxembourg
- > VCL Master S.A., Luxembourg
- > VCL Master Sweden S.A., Luxembourg
- > VCL Multi-Compartment S.A., Luxembourg
- > Vehicle Trading International (VTI) GmbH, Braunschweig
- > Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Braunschweig

- > Volkswagen Finance Belgium S.A., Brussels
- > Volkswagen Finance Europe B.V., Amsterdam
- > Volkswagen Financial Services Ireland Ltd., Dublin
- > Volkswagen Financial Services N.V., Amsterdam
- > Volkswagen Financial Services Polska Sp. z o.o., Warsaw
- > Volkswagen Financial Services S.p.A., Milan
- > Volkswagen Financial Services (UK) Ltd., Milton Keynes
- > Volkswagen Finans Sverige AB, Södertälje
- > Volkswagen Insurance Brokers GmbH, Braunschweig
- > Volkswagen Insurance Services, Correduria de Seguros, S.L., El Prat de Llobregat
- > Volkswagen Leasing GmbH, Braunschweig
- > Volkswagen Mobility Services S.p.A., Bolzano
- > Volkswagen Renting, S.A., Alcobendas (Madrid)
- > Volkswagen Renting, Unipessoal, Lda., Amadora
- > Volkswagen Versicherung AG, Braunschweig
- > Volkswagen-Versicherungsdienst GmbH, Braunschweig

Equity-accounted joint ventures:

- > Volkswagen Autoversicherung Holding GmbH, Braunschweig
- > Volkswagen D'Ieteren Finance S.A., Brussels
- > Volkswagen Financial Services Digital Solutions GmbH, Braunschweig
- > Volkswagen Møller Bilfinans A/S, Oslo
- > Volkswagen Pon Financial Services B.V., Amersfoort

Unconsolidated subsidiaries:

- > INIS International Insurance Service s.r.o., Mladá Boleslav
- > LOGPAY Charge & Fuel Slovakia s.r.o., Bratislava
- > LOGPAY Consorzio, Bolzano
- > LOGPAY Financial Services GmbH, Eschborn
- > LogPay Fuel Czechia s.r.o., Prague
- > LOGPAY Fuel Italia S.r.l., Bolzano
- > LogPay Fuel Spain S.L., Barcelona
- > LOGPAY Transport Services GmbH, Eschborn
- > Mobility Trader France S.A.S., Neuilly-sur-Seine
- > Mobility Trader GmbH, Berlin
- > Mobility Trader Holding GmbH, Berlin
- > Mobility Trader Spain S.L., Barcelona
- > Mobility Trader UK Ltd., London
- > Softbridge - Projectos Tecnológicos S.A., Porto Salvo
- > The Key to Mobility Services GmbH, Eschborn
- > VOLKSWAGEN COMPANY DAC, Dublin
- > Volkswagen Financial Services Hellas A.E., Athens
- > Volkswagen Financial Services Schweiz AG, Wallisellen
- > Volkswagen Insurance Company DAC, Dublin
- > Volkswagen Insurance Service (Great Britain) Ltd., Milton Keynes
- > Volkswagen Service Sverige AB, Södertälje
- > Volkswagen Serwis Ubezpieczeniowy Sp. z o.o., Warsaw
- > VTXRM - Software Factory Lda., Porto Salvo
- > VTXRM Software Factory US LLC, Wilmington

Unconsolidated joint ventures, associates and equity investments:

- > Allianz für die Region GmbH, Braunschweig
- > Collect Car B.V., Rotterdam
- > Digital Mobility Leasing GmbH, Kassel
- > Euromobil GmbH, Sittensen
- > J.P. Morgan Mobility Payments Solutions S.A., Strassen
- > movon AG, Cham
- > MyDigitalCar GmbH, Hanover
- > Shuttel B.V., Leusden
- > Staymo S.A.S., Boulogne-Billancourt
- > Verimi GmbH, Berlin
- > Volkswagen Losch Financial Services S.A., Howald
- > Volkswagen Semler Finans Danmark A/S, Brøndby
- > Volkswagen-Versicherungsdienst GmbH, Vienna

The spin-off process regarding b) the European operation referred to above includes the spin-off of other assets and liabilities, such as receivables from funding activities and pro rata pension obligations of the former Volkswagen Financial Services AG, in addition to the aforementioned entities.

The two spin-off processes referred to above, covering a) the shares of the subsidiary Volkswagen Leasing GmbH and b) the European operation of the former Volkswagen Financial Services AG, comprising the shares of European subsidiaries and equity investments, and other assets and liabilities, are resulting in the creation of two disposal groups within the Volkswagen Financial Services AG Group or Volkswagen Financial Services Overseas AG Group that are analyzed in the following.

All of the conditions defined in IFRS 5 for classification as disposal groups held for distribution to owners are cumulatively satisfied for the two disposal groups from the planned spin-off processes as of the June 30, 2024 reporting date and the entities to be spun off and the other assets and liabilities are accordingly still classified as disposal groups held for distribution to owners on the reporting date. Preparatory steps paving the way for the spin-off processes, which are to be reported on completion as distributions of noncash assets to owners, have already been initiated as part of the restructuring program described above.

Neither of the two disposal groups identified constitutes in its entirety a reportable segment in the Volkswagen Financial Services Overseas AG Group. The assets and liabilities of the disposal group resulting from the spin-off of the shares of Volkswagen Leasing GmbH are included in the Germany segment. The assets and liabilities of the disposal group resulting from the spin-off of the European operation are allocated to the Germany, UK, Sweden and Other segments. The two disposal groups thus encompass the whole of the Germany, Sweden and UK reportable segments plus parts of Other segments and parts of the reconciliation.

The entities to be spun off as part of the disposal groups and the other assets and liabilities of the former Volkswagen Financial Services AG, now of Volkswagen Financial Services Overseas AG nevertheless constitute an overarching discontinued operation ("Europe"). Presentation in the form of a discontinued "Europe" operation creates an adequate distinction between the continuing operations and the discontinued operations of the Volkswagen Financial Services Overseas AG Group. The discontinued "Europe" operation thus encompasses the two disposal groups in full.

Although the spin-offs will be legally completed on July 1, 2024, the discontinued operation and the associated disposal groups held for sale are reported as of the June 30, 2024 reporting date of these interim consolidated financial statements in accordance with the requirements described in the standard.

The income statement items are divided between continuing operations and the discontinued operation, and assets and liabilities of the disposal groups are reclassified as of the reporting date to the separate items “Assets held for sale” (IFRS 5) and “Liabilities associated with assets held for sale” (IFRS 5) in the balance sheet, and the necessary disclosures are made in this section.

Consolidation between the continuing operations and the discontinued operation is recognized in the income statement under either the items of the continuing operations or the profit after tax of the discontinued operation to ensure that the continuing operations are appropriately presented.

The income statement for the discontinued operation is presented in the following table:

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Interest income from lending transactions and marketable securities	421	266
Income from leasing transactions	12,847	11,791
Depreciation, impairment losses and other expenses from leasing transactions	–10,239	–9,214
Net income from leasing transactions	2,608	2,577
Interest expense	–2,032	–1,432
Income from service contracts	1,363	1,284
Expenses from service contracts	–1,219	–1,184
Net income from service contracts	144	101
Income from insurance transactions	138	144
Expenses from insurance transactions	–95	–62
Net income from insurance business	43	81
Provision for credit risks	–61	–191
Fee and commission income	297	246
Fee and commission expenses	–173	–254
Net fee and commission income	124	–9
Net gain or loss on hedges	–13	–12
Net gain/loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income	–56	–63
General and administrative expenses	–967	–1,101
Other operating income	937	551
Other operating expenses	–568	–288
Net other operating income/expenses	369	263
Operating result	581	482
Share of profits and losses of equity-accounted joint ventures	33	38
Net gain/loss on miscellaneous financial assets	–11	–5
Other financial gains or losses	5	–1
Profit before tax	609	514
Income tax expense	–177	–142
Profit from continuing operations, net of tax	432	372
Profit after tax attributable to Volkswagen AG	432	372

The disposal groups classified as held for distribution to owners that are reported in the separate asset and liability items of the balance sheet together comprise the following balance sheet items:

€ million	June 30, 2024	December 31, 2023
Assets		
Cash reserve	0	0
Loans to and receivables from banks	5,255	2,805
Loans to and receivables from customers attributable to		
Retail financing	1,705	1,694
Dealer financing	2,343	2,293
Leasing business	47,743	45,577
Other loans and receivables	14,272	16,863
Total loans to and receivables from customers	66,063	66,426
Change in fair value from portfolio fair value hedges	59	263
Derivative financial instruments	487	903
Marketable securities	438	467
Equity-accounted joint ventures	678	686
Miscellaneous financial assets	571	240
Intangible assets	65	62
Property and equipment	305	319
Lease assets	38,276	37,005
Investment property	61	69
Deferred tax assets	883	569
Income tax assets	71	66
Other assets	2,718	3,053
Total	115,932	112,935

€ million	June 30, 2024	Dec. 31, 2023
Liabilities		
Liabilities to banks	5,091	4,481
Liabilities to customers	23,500	23,652
Notes, commercial paper issued	58,884	57,078
Derivative financial instruments	1,525	1,873
Provisions for pensions and other post-employment benefits	277	318
Underwriting provisions and other provisions	854	838
Deferred tax liabilities	1,230	959
Current tax liabilities	268	535
Other liabilities	2,075	2,166
Subordinated capital	2,745	2,776
Total	96,449	94,677

The disposal groups classified as held for distribution to owners together include obligations under off-balance-sheet irrevocable credit commitments and financial guarantees amounting to €1,306 (December 31, 2023: €952) million.

Cumulative losses of €141 million (December 31, 2023: €229 million) recognized directly in equity under “Other reserves” that may be reclassified subsequently to profit or loss are allocated, through other comprehensive income, to the disposal groups classified as held for distribution to owners as of the reporting date. The cash flows shown in the Volkswagen Financial Services Overseas AG Group cash flow statement include the discontinued operation.

The condensed cash flow statement below shows the cash flows of the discontinued operations:

€ million	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Cash flows from operating activities	70	–1,869
Cash flows from investing activities	–440	–237
Cash flows from financing activities	565	2,108

The planned spin-off processes at the former Volkswagen Financial Services AG, now Volkswagen Financial Services Overseas AG, as described above are to be regarded as transactions under common control, as the subsidiaries to be transferred will still be controlled by the ultimate parent company, Volkswagen AG, and are therefore not subject to the provisions of IFRS 3. Moreover, the planned spin-off processes are required to be reported as distributions of noncash assets to the parent company, Volkswagen AG, making use of the exemption for transactions under common control in accordance with IFRIC 17.5, meaning that the assets to be transferred will be derecognized from retained earnings. IAS 8.10 specifies that an accounting policy must be applied to ensure such matters that are exempted from the IFRSs and thus not covered by the regulations are presented in a way that is relevant and reliable. It is intended to use the predecessor accounting method for the planned transfer of entities. The same method is similarly to be applied to the transfers of joint ventures and associates so that the planned spin-off of these entities is also appropriately presented.

In principle, the income statement disclosures relate only to continuing operations and the information in the disclosures concerning balance sheet items as of the reporting date relates only to the relevant line items after reclassification of the disposal groups. Any instances in which this principle is not followed are identified clearly.

Disposal group “VW FS Overseas AG Entities in Russia”

In accordance with the requirements of IFRS 5, the consolidated subsidiaries OOO Volkswagen Group Finanz, Moscow, Russia, OOO Volkswagen Group Financial Services RUS, Moscow, Russia, and OOO Volkswagen Bank RUS, Moscow, Russia, have been classified as a disposal group held for sale since fiscal 2022. In this context, impairment losses of €186 million were recognized in fiscal year 2023.

The shares in OOO Volkswagen Group Finanz, Moscow, Russia, and OOO Volkswagen Financial Services RUS, Moscow, Russia, were sold to an external investor on January 18, 2024. In particular due to the reclassification of currency translation differences to the income statement, the deconsolidation of the two companies resulted in a loss of €62 million, which was recognized in “Other operating expenses”.

In addition, impairment losses of €29 million were recognized for OOO Volkswagen Bank RUS, Moscow, Russia, in fiscal year 2024. The company was deconsolidated as of June 30, 2024 and a carrying amount of €1 was recognized as an equity investment. Deconsolidation resulted in a loss of €182 million, which was recognized in the “Other operating expenses”; the amount includes in particular the reclassification of foreign exchange differences to the income statement. Because of the immateriality of the carrying amount recognized for the equity investment, the IFRS 5 classification has been discontinued and the carrying amount of the equity investment is reported as part of continuing operations under “Miscellaneous financial assets”.

Interim Consolidated Financial Statements Disclosures

In connection with the disclosures on the consolidated financial statements for the first half of 2024 and the figures as of June 30, 2024, the new name of the former Volkswagen Financial Services AG, i.e., Volkswagen Financial Services Overseas AG, is generally used in the following.

1. Net income from service contracts

Of the total income recognized for service contracts from continuing operations in the first six months. €56 million (prior-year comparative period restated: €5 million) related to service contracts for which revenue must be recognized at a point in time and €0 million (prior-year comparative period restated: €0 million) related to service contracts for which revenue must be recognized over time.

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 restated ¹
Personnel expenses	–74	–66
Non-staff operating expenses	–127	–120
Advertising, public relations and sales promotion expenses	–4	–5
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	–20	–18
Other taxes	–3	–4
Income from the reversal of provisions and accrued liabilities	1	2
Total	–227	–209

1 Prior-year restated as explained under “Changes to Prior-Year Figures”.

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	273	17	–30	11	249
Property and equipment	57	5	–5	7	50
Lease assets	2,347	910	–776	119	2,362

4. Classes of financial instruments

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

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

Financial instruments that are part of disposal groups are shown in the table below in the Assets held for sale (IFRS 5) and Liabilities associated with assets held for sale (IFRS 5) balance sheet items.

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

CLASS OF FINANCIAL INSTRUMENTS												
€ million	BALANCE SHEET ITEM		MEASURED AT AMORTIZED COST		MEASURED AT FAIR VALUE		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY		NOT ALLOCATED TO ANY CLASS OF FINANCIAL INSTRUMENTS	
	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	3	2	3	2	–	–	–	–	–	–	–	–
Loans to and receivables from banks	1,222	953	1,222	953	–	–	–	–	–	–	–	–
Loans to and receivables from customers	26,227	27,995	25,042	26,785	78	108	–	–	1,108	1,102	0	0
Value adjustment on portfolio fair value hedges	–	–	–	–	–	–	–	–	–	–	–	–
Derivative financial instruments	111	58	–	–	12	17	99	41	–	–	–	–
Marketable securities	0	0	–	–	0	0	–	–	–	–	–	–
Miscellaneous financial assets	99	99	–	–	–	–	–	–	–	–	99	99
Current tax assets	232	164	–	–	–	–	–	–	–	–	232	164
Other assets	685	659	121	113	–	–	–	–	–	–	564	547
Assets held for sale (IFRS 5)	115,932	113,020	24,435	24,647	595	890	352	502	47,802	45,839	42,749	41,141
Total	144,510	142,950	50,821	52,500	684	1,015	450	543	48,910	46,942	43,645	41,950
Equity and liabilities												
Liabilities to banks	14,023	16,343	14,023	16,343	–	–	–	–	–	–	–	–
Liabilities to customers	4,043	3,450	3,962	3,372	–	–	–	–	28	32	53	45
Notes, commercial paper issued	8,787	7,901	8,787	7,901	–	–	–	–	–	–	–	–
Derivative financial instruments	33	104	–	–	5	10	28	95	–	–	–	–
Current tax liabilities	726	252	423	–	–	–	–	–	–	–	304	252
Other liabilities	300	267	62	41	–	–	–	–	–	–	239	226
Subordinated capital	126	146	126	146	–	–	–	–	–	–	–	–
Liabilities associated with assets held for sale (IFRS 5)	96,449	94,703	88,069	86,269	227	466	1,297	1,407	80	87	6,774	6,474
Total	124,487	123,166	115,451	114,072	232	476	1,325	1,502	108	119	7,370	6,997

1 Loans to and receivables from customers, liabilities to customers and notes, commercial paper issued contain underlying transactions of fair value hedges.

The “Credit commitments and financial guarantees” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €1,063 million (December 31, 2023: €1,905 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. Classification to the individual levels is dictated by the extent to which the main inputs used in determining the fair value are or are not observable in the market.

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

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

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

The fair values of loans to and receivables from customers are allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets. An equity investment measured at fair value through other comprehensive income and using inputs that are not observable in the market is also reported under Level 3. The main inputs used to measure this equity investment are strategic planning and cost of equity rates.

Level 3 also includes the fair values of separately recognized derivatives in connection with early termination rights embedded in finance leases. Inputs for determining the fair value of derivatives in connection with the risk of early termination are forecasts and estimates of used vehicle residual values for the models concerned as well as yield curves.

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

€ million	LEVEL 1		LEVEL 2		LEVEL 3	
	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	–	–	–	–	78	108
Derivative financial instruments	–	–	12	17	–	–
Marketable securities	0	0	–	–	–	–
Miscellaneous financial assets	–	–	–	–	–	–
Assets held for sale (IFRS 5)	345	385	228	484	21	21
Derivative financial instruments designated as hedges						
Derivative financial instruments	–	–	99	41	–	–
Assets held for sale (IFRS 5)	–	–	352	502	–	–
Total	346	385	691	1,044	99	129
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	5	10	–	–
Liabilities associated with assets held for sale (IFRS 5)	–	–	141	371	86	94
Derivative financial instruments designated as hedges						
Derivative financial instruments	–	–	28	95	–	–
Liabilities associated with assets held for sale (IFRS 5)	–	–	1,297	1,407	–	–
Total	–	–	1,471	1,883	86	94

The following table shows the changes in the loans to and receivables from customers measured at fair value, which are recognized in the balance sheet under Loans to and receivables from customers and Assets held for sale (IFRS 5), and equity investments allocated to Level 3:

€ million	2024	2023
Balance as of Jan. 1	129	202
Foreign exchange differences	1	–8
Changes in basis of consolidation	–	–
Portfolio changes	–34	–48
Measured at fair value through profit or loss	2	0
Measured at fair value through other comprehensive income	–	–
Balance as of June 30	99	146

The amounts recognized in profit or loss for receivables resulting in a net gain of €2 million (previous year: €0 million) are reported in the income statement under Net gain or loss on financial instruments measured at fair value and Profit/loss from discontinued operation, net of tax.

Of the remeasurements recognized in profit or loss, a net gain of €2 million (previous year: €0 million) was attributable to receivables as of the reporting date.

The risk variables relevant to the fair value of the loans to and receivables from customers are risk-adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk adjusted interest rates on profit or loss after tax.

If risk-adjusted interest rates as of June 30, 2024 had been 100 basis points higher, profit after tax would have been €4 million (previous year: €6 million) lower. If risk-adjusted interest rates as of June 30, 2024 had been 100 basis points lower, profit after tax would have been €3 million (previous year: €4 million) higher.

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

The table below shows the changes in the derivative financial instruments measured at fair value, which are recognized in the balance sheet under Liabilities associated with assets held for sale (IFRS 5), based on Level 3 measurement:

€ million	2024	2023
Balance as of Jan. 1	94	84
Foreign exchange differences	2	3
Changes in basis of consolidation	–	–
Portfolio changes	–	–
Measured at fair value through profit or loss	–10	–6
Measured at fair value through other comprehensive income	–	–
Balance as of June 30	86	81

The amounts recognized in profit or loss resulting in a net loss of €10 million (previous year: net loss of €6 million) are reported in the income statement under Profit/loss from discontinued operation, net of tax. Of the remeasurements recognized in profit or loss, a net gain of €2 million (previous year: net loss of €6 million) was attributable to derivative financial instruments held as of the reporting date.

Early termination rights can arise from country-specific consumer protection legislation, under which customers may have the right to return used vehicles for which a lease has been signed. The impact on earnings arising from market-related fluctuations in residual values and interest rates is borne by the VW FS Overseas AG Group.

The market prices of used vehicles are the main risk variable applied to the fair value of derivatives recognized in connection with the risk of early termination. A sensitivity analysis is used to quantify the impact of changes in used vehicle prices on profit or loss after tax. If the used vehicle prices of the vehicles included in the derivatives in connection with the risk of early termination had been 10% higher as of the reporting date, profit after tax would have been €30 million (previous year: €38 million) higher. If the used vehicle prices of the vehicles included in the derivatives in connection with the risk of early termination had been 10% lower as of the reporting date, profit after tax would have been €66 million (previous year: €70 million) lower.

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

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	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	78	108	78	108	–	–
Derivative financial instruments	12	17	12	17	–	–
Marketable securities	0	0	0	0	–	–
Miscellaneous financial assets	–	–	–	–	–	–
Assets held for sale (IFRS 5)	595	890	595	890	–	–
Measured at amortized cost						
Cash reserve	3	2	3	2	–	–
Loans to and receivables from banks	1,222	953	1,222	953	–	–
Loans to and receivables from customers	25,325	27,094	25,042	26,785	283	309
Current tax assets	–	–	–	–	–	–
Other assets	121	113	121	113	–	–
Assets held for sale (IFRS 5)	24,472	24,692	24,435	24,647	37	45
Derivative financial instruments designated as hedges						
Derivative financial instruments	99	41	99	41	–	–
Assets held for sale (IFRS 5)	352	502	352	502	–	–
Not allocated to any measurement category						
Loans to and receivables from customers	1,237	1,235	1,108	1,102	129	133
Change in fair value from portfolio fair value hedges	–	–	–	–	–	–
Assets held for sale (IFRS 5)	47,539	45,492	47,802	45,839	–263	–347
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	5	10	5	10	–	–
Liabilities associated with assets held for sale (IFRS 5)	227	466	227	466	–	–
Measured at amortized cost						
Liabilities to banks	14,026	16,341	14,023	16,343	3	–3
Liabilities to customers	3,959	3,355	3,962	3,372	–3	–17
Notes, commercial paper issued	8,810	7,920	8,787	7,901	23	20
Current tax liabilities	423	–	423	–	–	–
Other liabilities	62	41	62	41	–	–
Subordinated capital	116	138	126	146	–10	–7
Liabilities associated with assets held for sale (IFRS 5)	87,511	85,678	88,069	86,269	–559	–590
Derivative financial instruments designated as hedges						
Derivative financial instruments	28	95	28	95	–	–
Liabilities associated with assets held for sale (IFRS 5)	1,297	1,407	1,297	1,407	–	–

The fair value of irrevocable credit commitments is affected by changes in the credit quality of the borrower and in the market conditions for the relevant credit product between the commitment date and the measurement date. Because of the short period between commitment and drawdown and the variable interest rate tied to the market interest rate, market conditions only have a very minor impact.

The fair value of irrevocable credit commitments was therefore largely determined by the change in the credit quality of the borrower, which was established as part of the process for calculating expected credit losses from irrevocable credit commitments and reported in the balance sheet as a liability in the amount of €0 million (previous year: €0 million) under Other liabilities and Liabilities associated with assets held for sale (IFRS 5). The fair value of financial guarantees also largely reflects the amount of expected credit losses and was reported in the balance sheet as a liability in the amount of €1 million (previous year: €0 million) under Other liabilities and Liabilities associated with assets held for sale (IFRS 5).

Segment Reporting

6. Segment reporting

The delineation between segments follows that used for internal management and reporting purposes in the VW FS Overseas AG Group. As the primary key performance indicator, the operating result is reported to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting.

Internal management applies a market-based geographical breakdown. Foreign branches of German subsidiaries are allocated to the markets in which they are based. The geographical markets of Germany, the United Kingdom, Sweden, China, Brazil and Mexico are the segments that are subject to reporting requirements under IFRS 8. Subsidiaries in the VW FS Overseas AG Group are aggregated within these segments. In line with internal reporting practice, the German market is composed of companies in Germany, Austria and Denmark. All other companies that can be allocated to geographical markets are brought together under “Other segments”.

Companies that are not allocated to any geographical market are reported in the reconciliation. The reconciliation also includes the VW FS Overseas AG holding company, the holding and financing companies in the Netherlands and Belgium, Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Volkswagen Insurance Brokers GmbH and Volkswagen Versicherung AG. In the internal reporting structure, this presentation ensures that there is a separation between market activities on one side and typical holding company or financing functions, industry business, primary insurance business and reinsurance business on the other side. Effects from consolidation between the segments and from the provision for country risks are additionally included in the reconciliation.

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

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

There were no changes to internal management and reporting – and hence no changes to the delineation between segments in segment reporting – at the VW FS Overseas AG Group in the first half of 2024 as a result of the restructuring program to establish a European financial holding company. The discontinued operation encompass the whole of the Germany, Sweden and UK reporting segments plus parts of the Other segments and the reconciliation.

BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE FIRST HALF OF 2024:

€ million	JAN. 1 – JUNE 30, 2024									Group
	Germany	United Kingdom	Sweden	China	Brazil	Mexico	Other segments	Segments total	Reconciliation	
Interest income from lending transactions and marketable securities in respect of third parties	126	16	35	274	578	185	318	1,532	194	1,726
Income from leasing transactions with third parties	8,371	1,562	1,227	0	363	153	1,834	13,510	1	13,511
of which reversal of impairment losses in accordance with IAS 36	28	0	6	–	–	1	41	75	–	75
Intersegment income from leasing transactions	1	–	–	–	–	–	0	1	–1	–
Depreciation, impairment losses and other expenses from leasing transactions	–7,105	–826	–1,084	0	–238	–76	–1,347	–10,676	–2	–10,678
of which impairment losses in accordance with IAS 36	–381	–50	–9	0	–	–2	–41	–482	–	–482
Net income from leasing transactions	1,267	736	143	0	125	77	487	2,835	–2	2,832
Interest expense	–935	–612	–81	–97	–463	–124	–430	–2,742	–165	–2,907
Income from service contracts with third parties	745	142	–	–	48	8	477	1,420	–1	1,419
of which over-time income	59	–	–	–	–	–	268	327	–	327
of which at a point in time income	686	142	–	–	48	8	210	1,093	–1	1,092
Intersegment income from service contracts	–	–	–	–	–	–	–	–	–	–
Income from insurance business with third parties	–	–	–	–	–	–	–	–	138	138
Intersegment income from insurance business	–	–	–	–	–	–	–	–	–	–
Fee and commission income from third parties	83	2	4	2	39	28	176	334	38	372
Intersegment fee and commission income	–	–	–	–	–	–	–	–	–	–
Other amortization, depreciation and impairment losses	0	–2	0	–8	–6	0	–13	–29	–6	–36
Operating result	316	22	62	91	111	95	4	701	69	769

BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE FIRST HALF OF 2023:

	JAN. 1 – JUNE 30, 2023									
€ million	Germany	United Kingdom	Sweden	China	Brazil	Mexico	Other segments	Segments total	Reconciliation	Group
Interest income from lending transactions and marketable securities in respect of third parties	72	7	32	387	471	134	278	1,382	104	1,486
Income from leasing transactions with third parties	7,262	1,421	1,639	2	0	111	1,651	12,086	1	12,087
of which reversal of impairment losses in accordance with IAS 36	5	–	1	–	–	4	23	33	–	33
Intersegment income from leasing transactions	0	–	–	–	–	–	0	0	0	–
Depreciation, impairment losses and other expenses from leasing transactions	–5,940	–688	–1,521	–2	–	–50	–1,239	–9,440	21	–9,419
of which impairment losses in accordance with IAS 36	–171	–17	–3	0	–	–3	–49	–243	–	–243
Net income from leasing transactions	1,322	733	119	0	0	60	413	2,647	21	2,668
Interest expense	–657	–412	–64	–136	–347	–75	–308	–2,000	–136	–2,135
Income from service contracts with third parties	727	122	–	–	2	2	437	1,290	0	1,289
of which over-time income	69	–	–	–	–	–	233	302	–	302
of which at a point in time income	658	122	–	–	2	2	204	988	0	987
Intersegment income from service contracts	–	–	–	–	–	–	–	–	–	–
Income from insurance business with third parties	–	–	–	–	–	–	–	–	144	144
Intersegment income from insurance business	–	–	–	–	–	–	–	–	–	–
Fee and commission income from third parties	62	2	3	–	31	24	148	270	37	308
Intersegment fee and commission income	–	–	–	–	–	–	–	–	–	–
Other amortization, depreciation and impairment losses	–2	–2	0	–8	–1	0	–15	–28	–7	–35
Operating result	215	245	54	136	37	75	249	1,011	–244	768

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 geographical market is shown in the following tables:

€ million	JAN. 1 – JUNE 30, 2024					
	Germany	United Kingdom	Sweden	China	Brazil	Mexico
Noncurrent Assets	24,508	4,008	1,381	78	2,171	66
Additions to lease assets classified as noncurrent assets	6,153	798	341	2	718	8

€ million	JAN. 1 – JUNE 30, 2023					
	Germany	United Kingdom	Sweden	China	Brazil	Mexico
Noncurrent Assets	22,875	3,641	1,357	90	330	58
Additions to lease assets classified as noncurrent assets	5,281	930	292	1	–	6

Investment recognized under other assets was of minor significance.

The following table shows the reconciliation to consolidated revenue, operating result of continuing operations and profit before tax of continuing operations:

Mio. €	Jan. 1 – June 30, 2024	Jan. 1 – June 30, 2023
Segment revenue	16,796	15,028
Other companies	772	531
Consolidation	–541	–390
Group revenue	17,027	15,169
Segment profit or loss (operating result)	701	1,011
Other companies	–10	–204
Contribution to operating profit by included companies	–14	–34
Consolidation between segments	93	152
Discontinued operation	–581	–640
Operating result from continuing operation	188	286
Share of profits and losses of equity-accounted joint ventures	–33	20
Net gain or loss on miscellaneous financial assets	0	–25
Other financial gains or losses	2	1
Profit before tax from continuing operation	158	282

Other Disclosures

7. Cash flow statement

The VW FS Overseas AG Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities.

The narrow definition of cash and cash equivalents comprises only the cash reserve reported in the balance sheet under Cash reserve and Assets held for sale (IFRS 5), 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 outside IFRS disposal groups of €349 million (December 31, 2023: €374 million) largely related to legal disputes concerning income tax and other tax matters in which the criteria for the recognition of a provision in accordance with IAS 12 and IAS 37 are not satisfied. After an analysis of the individual cases covered by the contingent liabilities, it is expected that the disclosure of further detailed information on individual proceedings, legal disputes and legal risks could seriously prejudice the course of those proceedings.

OTHER FINANCIAL OBLIGATIONS

The following information relates to Other financial obligations that were not allocated to IFRS 5 disposal groups.

€ million	DUE	DUE	DUE	TOTAL
	by June 30, 2025	July 1, 2025 – June 30, 2029	From July 1, 2029	June 30, 2024
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	1	–	–	1
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	280	–	–	280
Long-term leasing and rental contracts	2	0	–	2
Miscellaneous financial obligations	4	35	0	39

€ million	DUE	DUE	DUE	TOTAL
	2024	2025 - 2028	From 2029	Dec. 31, 2023
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	0	–	–	0
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	365	–	–	365
Long-term leasing and rental contracts	2	–	–	2
Miscellaneous financial obligations	0	–	–	0

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

9. Related party disclosures

Related parties within the meaning of IAS 24 are deemed to be individuals or entities who can be influenced by VW FS Overseas AG, who can exercise an influence over VW FS Overseas AG, or who are under the influence of another related party of VW FS Overseas AG.

Volkswagen AG, Wolfsburg, is the sole shareholder of VW FS Overseas AG. Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect all of the shareholder representatives to the Supervisory Board of Volkswagen AG via the annual general meeting for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE has the power to participate in the operating policy decisions of the Volkswagen Group and is therefore deemed to be a related party as defined by IAS 24. According to a notification dated January 8, 2024, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00% of the voting rights of Volkswagen AG on December 31, 2023 and thus exercise an indirect significant influence over the VW FS Overseas AG Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

The sole shareholder, Volkswagen AG, and VW FS Overseas AG have entered into a control and profit-and-loss transfer agreement.

Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities provide the entities in the VW FS Overseas AG Group with funding on an arm's-length basis. As part of funding transactions, Volkswagen AG and other related parties in Volkswagen AG's group of consolidated entities sold vehicles to entities in the VW FS Overseas AG Group on an arm's-length basis. These transactions are presented in the "Goods and services received" column. Volkswagen AG and its subsidiaries have also furnished collateral for the benefit of VW FS Overseas AG within the scope of the operating business.

The "Goods and services provided" column primarily contains income from leasing transactions.

The business transactions with unconsolidated subsidiaries, joint ventures and associates of VW FS Overseas AG mainly relate to the provision of funding and services. These transactions are always conducted on an arm's-length basis, e.g., when using the cost plus method for the provision of services.

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

€ million	INTEREST INCOME		INTEREST EXPENSES		GOODS AND SERVICES PROVIDED		GOODS AND SERVICES RECEIVED	
	H1		H1		H1		H1	
	2024	2023	2024	2023	2024	2023	2024	2023
Supervisory Board	–	–	–	–	–	–	–	–
Board of Management	–	–	–	–	–	–	–	–
Volkswagen AG	65	45	–26	–21	543	563	5,567	6,271
Porsche SE	–	–	–	–	0	0	–	–
Other related parties in the consolidated entities	162	123	–535	–363	2,336	2,357	4,194	4,360
Non-consolidated subsidiaries	2	4	–3	–8	23	30	22	22
Joint ventures	189	108	0	–1	208	212	226	225
Associated companies	–	1	–	–	32	1	19	1

€ 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	–	–	–	–	–	–	–	–
Board of Management	–	–	–	–	–	–	–	–
Volkswagen AG	741	3,712	–	–	–	–	7,442	5,591
Porsche SE	–	–	–	–	–	–	–	–
Other related parties in the consolidated entities	10,688	8,647	–	–	–	–	22,724	23,284
Non-consolidated subsidiaries	120	131	–	–	–	–	86	93
Joint ventures	8,846	8,467	–	–	–	–	96	106
Associated companies	1	–	–	–	–	–	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 VW FS Overseas AG. The relationships with the Supervisory Board and the Board of Management comprise relationships with the relevant groups of people at VW FS Overseas AG and the Group parent company Volkswagen AG. As in the prior year, relationships with pension plans and the State of Lower Saxony were of lesser significance.

VW FS Overseas AG did not receive any capital contributions from Volkswagen AG in the first half of 2024 or in the first half of 2023. However, VW FS Overseas AG and its subsidiaries provided capital contributions of €331 million (previous year: €85 million) to related parties.

Members of the Board of Management and Supervisory Board of VW FS Overseas AG are also members of management and supervisory boards of other entities in the Volkswagen Group with which VW FS Overseas AG sometimes conducts transactions in the normal course of business. All transactions with these related parties are conducted on an arm's-length basis.

In the first half of 2024, standard short-term bank loans amounting to an average total of €168 million (December 31, 2023: €185 million) were granted to related parties as part of dealer financing.

10. Governing bodies of Volkswagen Financial Services Overseas AG

The members of the Board of Management are as follows:

KAI VOGLER (AS OF JULY 1, 2024)

Chair of the Board of Management
Front Office

PATRICK WELTER (AS OF JULY 1, 2024)

Back Office

DR. CHRISTIAN DAHLHEIM (UNTIL JUNE 30, 2024)

Chair of the Board of Management
Corporate Management of Volkswagen Financial Services AG
China region, South America region
International region, Mexico region
Human Resources and Organization (as of April 1, 2024)

ANTHONY BANDMANN (UNTIL JUNE 30, 2024)

Sales and Marketing
Europe region (incl. Germany)

DR. ALEXANDRA BAUM-CEISIG (UNTIL MARCH 31, 2024)

Human Resources and Organization

DR. ALENA KRETZBERG (UNTIL JUNE 30, 2024)

Information Technology and Processes, Operations (until March 31, 2024)
IT and Digitalization (as of April 1, 2024)

FRANK FIEDLER (UNTIL JUNE 30, 2024)

Finance, Purchase and Risk Management

The members of the Supervisory Board are as follows:

DR. CHRISTIAN DAHLHEIM (AS OF JULY 1, 2024)

Chair

Chair of Volkswagen Financial Services AG

TORSTEN BECHSTÄDT (AS OF JULY 1, 2024)

Head of Supervisory Board Matters for the Chair of the Group Works Council of Volkswagen AG

RAINER SEIDL (AS OF JULY 1, 2024)

Head of Group Controlling of Volkswagen AG

DR. WOLF-STEFAN SPECHT (AS OF JULY 1, 2024)

Head of Wholesale Steering & Transition of Volkswagen AG

DR. ARNO ANTLITZ (UNTIL JUNE 30, 2024)

Chair

Member of the Board of Management of Volkswagen AG Finance

DANIELA CAVALLO (UNTIL JUNE 30, 2024)

Deputy Chair

Chair of the General and Group Works Council of Volkswagen AG

DR. HANS PETER SCHÜTZINGER (UNTIL JUNE 30, 2024)

Deputy Chair

Chief Executive Officer of Porsche Holding GmbH Salzburg

GARNET ALPS (UNTIL JUNE 30, 2024)

Principal Representative of IG Metall Braunschweig

SARAH AMELING-ZAFFIRO (UNTIL JUNE 30, 2024)

Deputy Chair of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

DIRK HILGENBERG (UNTIL JUNE 30, 2024)

Head of Group Digital Car & Services of Volkswagen AG

ANDREAS KRAUß (UNTIL JUNE 30, 2024)

Chair of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

PATRIK ANDREAS MAYER (UNTIL JUNE 30, 2024)

Member of the Volkswagen AG Brand Board of Management Finance

LIESBETH RIGTER (UNTIL JUNE 30, 2024)

Strategic business and leadership consultant with One Soul Community Cooperative U.A.

HOLGER SIEDENTOPF (UNTIL JUNE 30, 2024)

Head of Data & Analytics, Group Data Officer of Volkswagen Financial Services AG

MIRCO THIEL (UNTIL JUNE 30, 2024)

Executive Director of the Joint Works Council of Volkswagen Financial Services AG and Volkswagen Bank GmbH

HILDEGARD WORTMANN (UNTIL JUNE 30, 2024)

Member of the Board of Management of AUDI AG Sales and Marketing

The members of the Audit Committee are as follows:

MEMBERS OF THE AUDIT COMMITTEE

Rainer Seidl (Chair) (as of July 1, 2024)

Thorsten Bechstädt (as of July 1, 2024)

Dr. Christian Dahlheim (as of July 1, 2024)

Dr. Hans Peter Schützinger (Chair) (until June 30, 2024)

Andreas Krauß (until June 30, 2024)

Patrik Andreas Mayer (until June 30, 2024)

MEMBERS OF THE CREDIT COMMITTEE

Dr. Arno Antlitz (Chair) (until June 30, 2024)

Liesbeth Rigter (until June 30, 2024)

Holger Siedentopf (until June 30, 2024)

The Supervisory Board of VW FS Overseas AG does not have a Credit Committee.

11. Events after the balance sheet date

With reference to the section “Restructuring program to establish a European financial holding company”, the restructuring measures described above were implemented by notarization of the various spin-off agreements and their entry in the commercial register as of July 1, 2024.

As a result, the following transactions under company law relating to the former Volkswagen Financial Services AG were completed effective July 1, 2024:

- > Spin-off of the shares of the subsidiary Volkswagen Leasing GmbH to Volkswagen Bank GmbH
- > Spin-off of the European operation of the former Volkswagen Financial Services AG, including shares of European subsidiaries and equity investments plus other assets and liabilities, to the new financial holding company, Volkswagen Financial Services AG (formerly Volkswagen Financial Services Europe AG)

In addition, Volkswagen Financial Services AG was renamed Volkswagen Financial Services Overseas AG and the company still known as Volkswagen Financial Services Europe AG as of the reporting date of the interim consolidated financial statements was renamed Volkswagen Financial Services AG by way of a corresponding entry in the commercial register.

The newly appointed members of the Board of Management and the Supervisory Board of Volkswagen Financial Services Overseas AG are presented in Note 10 “Governing bodies of Volkswagen Financial Services Overseas AG”.

Other than these measures, there were no significant events after June 30, 2024.

Braunschweig, July 26, 2024

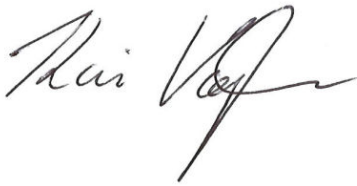
Volkswagen Financial Services AG
The Board of Management

Responsibility Statement

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

Braunschweig, July 26, 2024

Volkswagen Financial Services Overseas AG
The Board of Management

A handwritten signature in black ink, appearing to read 'Kai Vogler', with a stylized, flowing script.

Kai Vogler

A handwritten signature in black ink, appearing to read 'Patrick Welter', with a stylized, flowing script.

Patrick Welter

Human Resources Report

As of June 30, 2024, the former Volkswagen Financial Services AG had 10,683 active employees worldwide. In addition to the active workforce, the former Volkswagen Financial Services AG had 174 vocational trainees and 166 employees who had reached the passive phase of their partial retirement agreements. The total number of employees at the former Volkswagen Financial Services AG was therefore 11,023 as of June 30, 2024. Currently, 5,348 people are employed in Germany.

Owing to economic considerations, 251 employees of Volkswagen Servicios S.A. de C.V., Puebla, Mexico, which is an unconsolidated company, are included in the overall workforce figures.

The former Volkswagen Financial Services AG will be renamed Volkswagen Financial Services Overseas AG as of July 1, 2024.

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This Half-Yearly Financial Report is also available in German at <https://www.vwfs-overseas.com/hjfb24>.