

VOLKSWAGEN FINANCIAL SERVICES N.V.

Interim financial statements (condensed)

as at 30 June 2023

PDF/printed version

This document is the PDF/ printed version of the 2023 interim financial statements of Volkswagen Financial Services N.V. and has been prepared for the ease of use.

The 2023 interim financial statements were made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with the Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package).

The ESEF package is available on the company's website at: <https://www.vwfs.nl> and includes a human readable XHTML version of the 2023 interim report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

VOLKSWAGEN FINANCIAL SERVICES N.V.
INTERIM FINANCIAL STATEMENTS (CONDENSED)

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Report of the Management Board

Business Strategy and Objectives

Volkswagen Financial Services N.V. ('FSNV'), founded in 1983, is one of the funding vehicles of Volkswagen Financial Services AG ('FSAG') and its subsidiaries. FSNV raises funds by issuing bonds and commercial papers in the international capital markets and lends the proceeds to Volkswagen Financial Services companies and joint ventures. FSNV provides the capital market funding as a service within FSAG Group, thereby achieving an adequate return commensurate with the efforts and associated risks.

FSNV is performing its tasks using 14 employees under service agreements with its sister companies Volkswagen International Finance N.V. and Volkswagen Finance Overseas B.V.

Funding

Basis for the issuing activities are the EUR 50 billion Debt Issuance Programme ('DIP') that adheres to the European Prospectus Directive and is regularly updated, as well as the EUR 7,5 billion Commercial Paper ('CP') Programme. Bonds are listed with the Luxembourg Stock Exchange and are traded on regulated markets. All issuances are fully guaranteed towards the investors by FSAG.

Therefore, the FSNV rating by Moody's and Standard & Poor's is derived from the FSAG rating. Moody's assessed the risk with Prime-2 / A3 (short/long term) with a stable outlook while Standard & Poor's assessed the rating with A-2 / BBB+ (short/long term) with a stable outlook in 2023.

In the first half of 2023, FSNV raised a EUR equivalent of 349 million under the DIP with multi-tranche bonds and a total EUR equivalent of 893,7 million under the mentioned CP programme. The proceeds were granted to FSAG Group companies.

FSNV also redeemed bonds with a EUR equivalent of 237,8 million and commercial papers with a EUR equivalent of 634,8 million. Borrowings from VW Group companies amounted to EUR 463,7 million with repayments of EUR 634,8 million.

Financial results

FSNV increased its lending assets from EUR 10,2 billion in 2022 to EUR 10,8 billion in 2023, assisting companies in the Financial Services Division to maintain their market position. All outstanding loans have been fully performing.

FSNV realized a gain of EUR 13,9 million after tax in the first half of 2023. The Company generates income from the FSAG Group financing business. The net interest income amounts to EUR 19,9 million. For the second half of 2023 we expect business volume and net interest income to be on a similar level as in the first half.

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Risks

FSNV is exposed to business and financial risks. Business risks comprise inter alia legal, operational, personnel, reputational and compliance risks. FSNV is adhering to the Governance, Risk and Compliance Guidelines of FSAG managing the aforementioned risks within the FSAG Group policies.

The main financial risks of FSNV are liquidity risk, credit risk, currency risk and interest rate risk.

Liquidity risk is defined as the risk of not being able to meet own payment obligations in full or when due.

Credit risk is defined as the risk of incurring losses as a result of a default of a borrower or bank.

Currency risk refers to the potential loss in open currency positions arising from adverse changes in exchange rates.

Interest rate risk occurs because of fixed and floating interest rate mismatches between asset and liability items on the balance sheet.

The Supervisory Board has established narrow risk limits to restrict these risks and achieve a low risk exposure.

Risk policies

The Board of Management is responsible for the internal control, the management of risks within the company and for the assessment of the effectiveness of the control systems.

Liquidity risk is contained by extending loan amounts sourced from bond or CP-issuances to FSAG Group companies at identical tenors as the funded amounts. Borrowers agreed to repay their loans on the same due date when FSNV's own payment obligations to the capital markets become due. In addition, FSNV may issue loans to VWAG-Group companies funded in whole or in part by its equity position.

Credit risk is addressed by monitoring the financial stability of the FSAG Group borrowers and external banks. A fair value and impairment trigger assessment is performed for Group companies at least once a year or in case of need. Banks are monitored centrally at FSAG based on rating and financial analyses. Financial transactions are only conducted with approved banks.

Currency risk is limited by matching funding and lending currency amounts. In case funding and lending currency do not match, derivatives are used to achieve closed positions.

Interest rate risk is contained by matching the fixed and floating interest rate terms of the funding and lending amounts. Mismatches are closed using interest rate derivatives.

For remaining mismatches, the Supervisory Board has defined narrow limits. FSNV uses adequate tools to assess and to monitor risks. On a monthly basis, a detailed mismatch report, containing all relevant risks, is presented to the management. In the first half of 2023, limits were not exceeded.

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Balance sheet as at 30 June 2023

(before profit appropriation)

	Ref.	30 June 2023		31 December 2022	
		EUR'000	EUR'000	EUR'000	EUR'000
Assets					
Fixed assets					
Financial fixed assets:					
Loans to Volkswagen Group companies	4	5.086.896		6.267.059	
Loans to affiliates of the Volkswagen Group	4	642.824		695.167	
Total fixed assets			5.729.720		6.962.226
Current assets					
Receivables due from Volkswagen Group companies	5	4.175.219		2.981.832	
Receivables due from affiliates of the Volkswagen Group	5	897.009		286.752	
Loans to external parties		-		503	
Other assets		73.561		53.117	
Prepaid and deferred charges		616		1.130	
Total current assets			5.146.405		3.323.334
Cash at banks and in hand			37.531		18.210
Total assets			10.913.656		10.303.770

The accompanying notes are integral parts of these financial statements.

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<i>Liabilities</i>		30 June 2023		31 December 2022	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
<i>Shareholder's equity and liabilities</i>					
Shareholder's equity	6				
Issued and paid-up share capital		454		454	
Share premium reserve		1.115.000		1.115.000	
Retained earnings		36.674		22.675	
Total shareholder's equity			1.152.128		1.138.129
Long-term liabilities					
Bonds	7	4.805.501		5.999.847	
Liabilities to Volkswagen Group companies	7	719.392		719.392	
Total long-term liabilities			5.524.893		6.719.239
Current liabilities					
Bonds	8	2.924.294		1.474.469	
Liabilities to Volkswagen Group companies	8	398.364		352.332	
Commercial papers	8	750.396		486.748	
Other liabilities		147.228		114.690	
Deferred income		16.353		18.163	
Total current liabilities			4.236.635		2.446.402
Total shareholder's equity and liabilities			10.913.656		10.303.770

The accompanying notes are integral parts of these financial statements.

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Income statement for the period ended 30 June 2023

	30 June 2023		30 June 2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Net financial income				
Interest income and similar income	207.852		107.870	
Interest expenses and similar expenses	(187.906)		(100.160)	
Total net financial income		19.946		7.710
Expenses				
Other operating expenses	(8)		(43)	
General and administrative expenses	(1.084)		(1.191)	
Total expenses		(1.092)		(1.234)
Profit and (loss) before income taxes		18.854		6.476
Taxation on result on ordinary activities		(4.855)		(1.587)
Net profit and (loss) after taxation		13.999		4.889

The accompanying notes are integral parts of these financial statements.

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Cash flow statement for the period ended 30 June 2023

	30 June 2023		31 December 2022	
	EUR'000	EUR'000	EUR'000	EUR'000
Cash (used in) generated from operations				
Interest received	223.785		225.133	
Interest paid	(178.248)		(173.643)	
Other operating income	-		-	
Guaranty fees paid	-		(4.526)	
General and other Expenses paid	(397)		(3.066)	
Tax paid	(4.675)		(3.266)	
Net cash from/ used in operating activities		40.465		40.632
Cash flow from investment activities				
Loans issued to VW Group companies & affiliates of the Volkswagen Group	(14.008.298)		(23.356.059)	
Collection of loans to VW Group companies & affiliates of the Volkswagen Group	13.611.028		22.869.830	
Net cash from/ used in investment activities		(397.270)		(486.229)
Cash flow from financing activities				
Proceeds from borrowings	812.767		3.169.632	
Repayment of borrowings	(658.507)		(3.224.701)	
Proceeds from commercial papers	893.660		485.957	
Repayment of commercial papers	(634.804)		-	
Derivatives	(37.099)		21.052	
Dividends paid	-		-	
Net cash from/ used in financing activities		376.017		451.940
Effect of exchange rates on cash		109		(171)
Net change in cash		19.321		6.172
Cash at beginning of period		18.210		12.038
Cash at end of period		37.531		18.210

The accompanying notes are integral parts of these financial statements.

Notes to the interim financial statements for the period ended 30 June 2023

1. General

1.1 Activities

Volkswagen Financial Services N.V. ('FSNV' or 'the Company'), founded in 1983, is a 100% subsidiary of Volkswagen Finance Overseas BV ('Overseas'), who in turn is a 100% subsidiary of Financial Services AG ('FSAG'). The ultimate parent company is Volkswagen AG (VWAG).

FSNV's registered office is located at Paleisstraat 1, 1012 RB Amsterdam, The Netherlands. The Company is registered with the Dutch Register of Commerce under No. 33172400. FSNV maintains a website at www.vwfs.nl.

The primary purpose of the Company is the financing of Group companies. FSNV has access to several funding sources such as bonds, and commercial paper as well as intercompany loans.

All external issuances of financial instruments are guaranteed by FSAG. FSNV has lent the proceeds of these borrowings to related parties of the Volkswagen Group ('VW Group')

Due to its issuing activity in the capital markets, FSNV is subject to the regulatory supervision by the Dutch Financial Market Authority (Autoriteit Financiële Markten, 'AFM') and has to submit its yearly and half-yearly annual reports to the AFM.

Bonds issued by FSNV can be listed or unlisted. Most of the bonds outstanding as per 30 June 2023 and 31 December 2022 are listed at the Luxembourg Stock Exchange. The bond prospectuses of the listed bonds have been approved by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg ('CSSF').

1.2 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced by FSNV are considered to be related parties. Also entities (and their subsidiaries and affiliated companies) which can control or significantly influence the Company are considered to be related parties. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

1.3 Note to the cash-flow statement

Consolidated cash flows for the whole Volkswagen Financial Services Group are included in the Volkswagen AG consolidated financial statements; therefore a separate cash flow statement for the Company is not required by Dutch law. To be in line with practice in the capital market, FSNV prepares a cash flow statement, using the direct method.

The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average exchange rates. Exchange differences affecting cash items are included in the respective amounts.

Cash from loans granted is included in cash from / used in investment activities. Cash from borrowings and the related derivatives, including capital increases/ dividends paid/ received are included in cash from / used in financing activities.

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All other movements are included in cash used/ generated from operations.

2. Basis of preparation

The financial statements and accompanying notes for the year ended 31 December 2022 were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The interim financial statements for the period ended 30 June 2023 have therefore also been prepared in accordance with Standard 394 (Interim Financial Reporting) of the Dutch Accounting Standards and represent a condensed version compared with the full financial statements. These interim financial statements have neither been audited nor reviewed.

The interim financial statements are presented in EUR, which is also the Company's functional currency, and have been prepared on a going concern basis.

Unless otherwise stated, amounts are shown in thousands of euros (EUR'000). All amounts shown are rounded, so minor discrepancies may arise from addition of these amounts. Negligible discrepancies could also arise in the comparison with the prior year owing to adjustments in the rounding methodology.

3. Significant accounting policies

The income tax expense for the interim financial statements was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year.

In other respects, the same accounting policies that were used for the financial statements for the year ended 31 December 2022, are generally applied to the preparation of the interim financial statements and the measurement of the prior-year comparatives. A detailed description of the policies applied is published in the "Principles of valuation of assets and liabilities" and "Principles determination of result" section of the accompanying notes to the financial statements for the year ended 31 December 2022.

The financial statements for the year ended 31 December 2022 can be also accessed on the internet at <https://www.vwfs.nl>

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4. Financial fixed assets

Loans to Volkswagen Group companies and affiliates of the Volkswagen Group included in financial fixed assets

The breakdown of the loans to Volkswagen Group companies and affiliates of the Volkswagen Group is as follows:

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen Group companies	GBP	2,71	4.703.623	4.889.911
	PLN	5,94	190.781	189.180
	EUR	3,35	192.492	190.972
			5.086.896	5.270.063
Fixed asset loans to affiliates of the Volkswagen Group	NOK	4,62	42.824	42.828
	EUR	3,53	600.000	590.809
			642.824	633.637
Total fixed asset loans to Volkswagen Group companies and affiliates of the Volkswagen Group			5.729.720	5.903.700

The fair values are determined using the discounted cash flow model.

Because all loans are granted to companies and affiliates of the Volkswagen Group, the fair value calculation takes into account the credit default swap rate of the Volkswagen Group traded in the financial markets retrieved from Reuters. The country risk premium is based on the country in which the counterparty is located.

By issuing a letter of comfort to the lenders, Volkswagen Financial Services AG declares that, as the shareholder of its affiliated companies, over which it has managerial control and/or in which it holds a direct or indirect majority share of the share capital, it will exert its influence to ensure that the latter meet their liabilities to lenders in the agreed manner. This is why the Company believes that the book value equals the expected value, hence no impairment has been recorded.

The weighted average effective interest rate is calculated for the outstanding loans as per year end, taking into account the duration in the current year.

The terms of all outstanding loans to Volkswagen Group companies and affiliates are to a large extent matched with the corresponding external borrowings or hedged by using derivatives to match the terms of the bonds and loans from Volkswagen Group companies.

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Implying that even though the Company has exposure to interest rate risk and currency risk, exposure is limited through these effective risk management strategies.

For comparison, the fixed asset loans overview of 2022:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen Group companies	GBP	2,50	5.076.894	5.226.294
	CZK	2,00	41.292	38.450
	SEK	2,65	225.921	225.462
	PLN	5,78	225.781	205.700
	EUR	1,76	697.171	693.007
			6.267.059	6.388.913
Fixed asset loans to affiliates of the Volkswagen Group	NOK	4,20	95.167	95.196
	EUR	2,39	600.000	589.042
			695.167	684.238
Total fixed asset loans to Volkswagen Group companies and affiliates of the Volkswagen Group			6.962.226	7.073.151

The movement of the loans for the financial fixed assets and current receivables (note 5) due from Volkswagen Group companies and affiliates of the Volkswagen Group consists of the following:

	30 Jun 2023	31 Dec 2022
	EUR'000	EUR'000
Beginning of the period	10.230.810	10.066.465
Loans advanced	14.008.298	23.356.059
Loan repayments received	(13.611.028)	(22.869.830)
Interest accrued	75.964	70.524
Interest received	(70.524)	(37.643)
FX difference on loans	168.428	(354.765)
End of the period	10.801.948	10.230.810
Long-term	5.729.720	6.962.226
Short-term	5.072.228	3.268.584

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5. Receivables due from Volkswagen Group companies and affiliates of the Volkswagen Group

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
Current receivables due from Volkswagen Group companies	EUR	2,81	982.613	980.702
	GBP	1,64	2.224.556	2.224.752
	PLN	6,61	328.027	327.717
	SEK	4,29	211.892	212.378
	CZK	3,03	67.167	65.216
	AUD	4,71	285.000	279.041
Accrued interest and other receivables			75.964	75.964
			<u>4.175.219</u>	<u>3.896.628</u>
Current receivables due from affiliates of the Volkswagen Group	EUR	3,78	744.812	743.964
	NOK	4,69	42.798	42.906
	TRY	32,65	99.500	91.970
Accrued interest and other receivables			9.899	9.899
			<u>897.009</u>	<u>888.739</u>
Total current receivables due from Volkswagen Group companies and affiliates			<u>5.072.228</u>	<u>4.785.367</u>

For the determination of the market values, see note 4.

The terms of all outstanding loans to Volkswagen Group companies and affiliates are to a large extent matched with the corresponding external borrowings or hedged by using derivatives to match the terms of the bonds and loans from Volkswagen Group companies. Implying that even though the Company has exposure to interest rate risk and currency risk, exposure is limited through these effective risk management strategies.

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For comparison, the overview of 2022:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
Current receivables due from Volkswagen Group companies	EUR	1,63	575.638	571.091
	GBP	2,70	1.654.325	1.636.184
	PLN	8,61	480.323	472.425
	SEK	2,67	180.657	180.597
	CZK	4,74	24.832	24.437
Accrued interest and other receivables			66.057	66.057
			2.981.832	2.950.791
Current receivables due from affiliates of the Volkswagen Group	EUR	2,07	149.682	149.662
	NOK	6,52	76.103	76.754
	TRY	32,54	56.500	55.922
Accrued interest and other receivables			4.467	4.467
			286.752	286.805
Total current receivables due from Volkswagen Group companies and affiliates			3.268.584	3.237.596

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6. Shareholder's equity

	<i>Issued and paid-up share capital</i>	<i>Share premium reserve</i>	<i>Retained earnings</i>	<i>Total equity</i>
	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>	<i>EUR'000</i>
Balance as at 1 January 2022	454	1.115.000	10.680	1.126.134
Result for the period	-	-	11.995	11.995
Balance as at 31 December 2022 / 1 January 2023	454	1.115.000	22.675	1.138.129
Result for the period	-	-	13.999	13.999
Balance as at 30 June 2023	454	1.115.000	36.674	1.152.128

The shareholder's equity consists of the following:

Share capital

On 30 June 2023, the authorized capital of the Company amounted to EUR 2,3 million, of which an amount of EUR 454.000 was issued and paid-up, representing 454 registered and issued shares of EUR 1.000 each. The Company has no mandatory statutory reserve.

Share premium reserve

There have been no changes to the share premium reserve for the period from 01 January to 30 June 2023.

Retained earnings

As of 30 June 2023 the total retained earnings amounts to EUR 36,67 million and the total equity amounted to EUR 1,15 billion.

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7. Long-term liabilities

	30 Jun 2023	31 Dec 2022
	EUR'000	EUR'000
Bonds listed	4.770.014	5.964.363
Bonds unlisted	35.487	35.575
	<u>4.805.501</u>	<u>5.999.847</u>

The breakdown of the long-term bonds is as follows:

		Weighted average effective interest rate (%)	30 June 2023	
	Original currency		Book value	Fair value
			EUR'000	EUR'000
Maturity longer than 5 years				
Bonds listed	GBP	3,46	753.511	633.153
Maturity less than 5 years				
Bonds listed	EUR	3,75	299.734	297.975
Bonds listed	GBP	2,60	3.310.259	2.921.660
Bonds listed	NOK	1,88	42.795	40.654
Bonds listed	JPY	0,28	363.715	319.729
Bonds unlisted	HKD	3,52	35.487	35.575
			<u>4.805.501</u>	<u>4.248.746</u>
Total long-term bonds				

The market values for the bonds are based on the prices of the Stuttgart stock exchange. In case of non-availability, the market values are determined on the basis of discounted cash flows. Credit spreads were not included in the model used to determine the market value.

The weighted average effective interest rate is calculated for the outstanding loans as per year end, taking into account the duration in the current year.

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For comparison purposes, the overview of long-term bonds as at 31 December 2022 is as follows:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
Maturity longer than 5 years				
Bonds listed	GBP	1,82	951.840	717.084
Maturity less than 5 years				
Bonds listed	EUR	2,70	802.089	796.404
Bonds listed	GBP	2,50	3.484.694	3.256.173
Bonds listed	NOK	2,96	95.145	92.990
Bonds listed	SEK	2,52	225.830	224.459
Bonds listed	CZK	1,71	41.359	38.408
Bonds listed	JPY	0,28	363.406	353.903
Bonds unlisted	HKD	3,52	35.484	34.824
Total long-term bonds			5.999.847	5.514.245

The market values for the bonds are based on the prices of the Stuttgart stock exchange. In case of non-availability, the market values are determined on the basis of discounted cash flows. Credit spreads were not included in the model used to determine the market value.

The weighted average effective interest rate is calculated for the outstanding loans as per year end, taking into account the duration in the current year.

Liabilities to Volkswagen Group companies excluding interest

A breakdown of the long-term liabilities to Volkswagen Group companies is as follows:

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
Maturity less than 5 years				
VWGoAF	USD	1,48	419.392	412.364
Volkswagen International Estonia	EUR	2,12	300.000	286.221
			719.392	698.585

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For comparison purposes, the overview of 2022 is as follows:

			31 December 2022	
	Original currency	Weighted average effective interest rate (%)	Book value	Fair value
			EUR'000	EUR'000
Maturity less than 5 years				
VWGoAF	USD	1,48	419.392	412.275
Volkswagen International Estonia	EUR	2,12	300.000	285.710
			719.392	697.985

The movement of the borrowings and bonds (long and short-term) consists of the following:

	30 Jun 2023	31 Dec 2022
	EUR'000	EUR'000
Beginning of the period	9.032.788	8.906.280
Borrowings	1.706.427	3.655.589
Maturities	(1.293.311)	(3.224.701)
Interest accrued to VW Group companies	4.908	452
Interest paid to VW Group companies	(452)	(1.700)
FX difference on borrowings and bonds	147.587	(303.132)
End of the period	9.597.947	9.032.788
Long-term	5.524.893	6.719.239
Short-term	4.073.054	2.313.549

8. Current liabilities

	30 Jun 2023	31 Dec 2022
	EUR'000	EUR'000
Bonds listed	2.924.294	1.474.469
	2.924.294	1.474.469

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The breakdown of the current bonds is as follows:

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
Maturity less than 1 year				
Bonds listed	GBP	1,78	1.950.887	1.913.177
Bonds listed	NOK	4,48	42.818	42.880
Bonds listed	SEK	4,16	211.739	211.544
Bonds listed	EUR	3,93	651.576	651.048
Bonds listed	CZK	2,75	67.274	65.245
Total current bonds			2.924.294	2.883.894

For comparison purposes, the overview of current bonds as at 31 December 2022 is as follows:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
Maturity less than 1 year				
Bonds listed	GBP	1,72	1.042.305	1.020.161
Bonds listed	NOK	6,31	76.152	76.762
Bonds listed	SEK	2,53	180.533	180.428
Bonds listed	EUR	2,61	150.636	149.715
Bonds listed	CZK	4,50	24.843	24.424
Total current bonds			1.474.469	1.451.490

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Liabilities to Volkswagen Group companies

The breakdown of the current liabilities, including accrued interest to Volkswagen Group companies is as follows:

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
FSAG	EUR	3,66	99.500	99.479
VWGoAF	USD	1,12	293.956	315.386
Accrued interest			4.908	4.908
			398.364	419.773

For comparison purposes, the overview of current liabilities, including accrued interest to Volkswagen Group companies as at 31 December 2022 is as follows:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
FSAG	EUR	2,09	56.500	56.488
VWGoAF	USD	1,12	293.956	312.901
Accrued interest			1.876	1.876
			352.332	371.265

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INTERIM FINANCIAL STATEMENTS (CONDENSED)

Commercial papers

A breakdown of the current liabilities from issued commercial paper is as follows:

	Original currency	Weighted average effective interest rate (%)	30 June 2023	
			Book value	Fair value
			EUR'000	EUR'000
Average term 5 months				
Commercial Papers	EUR	3,60	750.396	743.494
Total commercial papers			750.396	743.494

For comparison, the overview of 2022:

	Original currency	Weighted average effective interest rate (%)	31 December 2022	
			Book value	Fair value
			EUR'000	EUR'000
Average term 5 months				
Commercial Papers	EUR	2,02	486.748	485.833
Total commercial papers			486.748	485.833

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INTERIM FINANCIAL STATEMENTS (CONDENSED)

9. Financial instruments

The company uses derivatives to manage interest and FX exposures that arise as result of mismatches between the loans issued in the capital markets and loans issued to VWAG Group companies and affiliates. On this basis the fair value changes in derivatives are primarily driven by changes in the applicable currencies and related interest curves. The main currencies and interest zones applicable are GBP and USD as well as NOK, SEK, PLN, KRW, TRY and JPY.

The company applies hedge accounting for all derivatives except for short-term FX forwards relating to interest positions. The current hedges are all 100% effective during the year.

The financial instruments of the Company had the following notional amounts:

	Up to 1 year	1 to 5 years	More than 5 years	Total
	EUR'000	EUR'000	EUR'000	EUR'000
30 June 2023				
Interest rate swaps	557.878	3.755.847	757.487	5.071.212
Cross currency Interest rate swaps	388.227	1.033.068	-	1.421.295
Foreign exchange contracts	654.004	870	-	654.874
Total notional amounts	1.600.109	4.789.785	757.487	7.147.381
31 December 2022				
Interest rate swaps	544.677	3.091.193	958.502	4.594.372
Cross currency Interest rate swaps	458.954	1.036.308	-	1.495.262
Foreign exchange contracts	707.844	2.987	-	710.831
Total notional amounts	1.711.475	4.130.488	958.502	6.800.465

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The financial instruments of the Company had the following positive or negative fair values. The values are shown as Dirty Prices, i.e. including accrued interest.

	Interest rate swaps	Cross currency Interest rate swaps	Foreign exchange contracts	Total
	EUR'000	EUR'000	EUR'000	EUR'000
30 June 2023				
Positive fair value	8.581	8.011	14.016	30.608
Negative fair value	(421.425)	(95.767)	(625)	(517.817)
Total market value	(412.844)	(87.756)	13.391	(487.209)
31 December 2022				
Positive fair value	5.677	23.636	11.722	41.035
Negative fair value	(331.202)	(18.382)	(1.548)	(351.132)
Total market value	(325.525)	5.254	10.174	(310.097)

10. Post balance sheet events

No post balance sheet events that require disclosure nor adjustment have occurred.

11. Members of Management Board and Supervisory Board

Management Board:

- Christopher R. Norrod, Amsterdam

In line with the exemption provided in article 2:383 of the Dutch civil code, no information is disclosed with respect to the remuneration of the management.

Supervisory Board:

- Frank Fiedler, Braunschweig (Chairman)
- Roman Rosenberg, Magdeburg

The members of the Supervisory Board receive a fixed fee for all their supervisory board mandates within the Volkswagen Group from FSAG.

Amsterdam, 07 August 2023

Volkswagen Financial Services N.V.
The Management Board

Other information

Profit appropriation according to the Articles of Association

The Company's Articles of Association provide that appropriation of accrued profit is subject to the decision of the shareholders at the general meeting of shareholders. The Company can only make distributions to the shareholders and other persons entitled up to an amount, which does not exceed the amount of the distributable reserves. The general meeting may resolve to pay dividends from legally distributable reserves.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial statements prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code, give a true and fair view of the assets, liabilities, financial positions and profit or loss of the company, and the interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company for the remaining months of the fiscal year.

Amsterdam, 07 August 2023

Original has been signed by
Christopher R. Norrod, Managing Director