# VOLKSWAGEN INTERNATIONAL FINANCE 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 International Finance 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.vif.nl/en/InvestorRelations.html 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 INTERNATIONAL FINANCE N.V.
# INTERIM FINANCIAL STATEMENTS (CONDENSED)

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# Report of the Management Board

Volkswagen International Finance N.V. ('VIF' or 'the Company'), founded in 1977, is one of the funding vehicles of the Company's ultimate parent, Volkswagen AG ('VWAG'). VIF raises funds by issuing bonds and commercial paper in the international capital markets and lends the proceeds to Volkswagen Group companies and joint ventures. VIF provides the capital market funding as a service within Volkswagen Group thereby achieving an adequate return commensurate with the efforts and associated risks. VIF has 14 employees and under service agreements also performing tasks for two sister companies (Volkswagen Financial Service N.V., Volkswagen Finance Overseas B.V.).

Basis for the issuing activities of the Company are the regularly updated Debt Issuance Programme (DIP) of € 30 billion that adheres to the European Prospectus Directive, as well as the € 15 billion Multicurrency Commercial Paper Programme (CP Programme). VIF is issuing also under stand-alone documentation. All issues are fully guaranteed by VWAG.

Therefore, the VIF credit rating by Moody's and Standard & Poor's is derived from the VWAG credit rating. According to Moody's, VWAG's rating is set to P-2 (short-term) and A3 (long-term) with a stable outlook. Standard & Poor's assessed VWAG's creditworthiness as A-2 (short-term) and BBB+ (long-term) with a stable outlook.

In the first half of 2023 VIF continued with funding from the Capital Markets issuing bonds amounting to the equivalent of € 1,8 billion and redeemed bond issues with the equivalent of € 1 billion.

VIF increased its lending assets to related parties from € 33,8 billion in 2022 to € 34,7 billion in 2023, assisting companies in the Automotive Division to maintain their market position. All outstanding loans have been fully performing.

VIF realized a gain of € 36,2 million after tax in the first half of 2023. The Company generates income mainly from the Group financing business. The net interest income amounts to € 29,1 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.

**Risks**

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.

VIF is exposed to business and financial risks. Business risks comprise inter alia legal, operational, personnel, reputational and compliance risks. VIF is adhering to the Governance, Risk and Compliance Guidelines of Volkswagen AG in managing the aforementioned risks.

The main financial risks of VIF 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 the risk that a counterparty will not meet its payment obligations under a financial instrument or customer contract, leading to a financial loss. 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**
Liquidity risk is contained by extending loan amounts sourced from bond or CP-issuances to VW-Group companies at identical tenors as the funded amounts. VW Group borrowers repay their loans on the same due date when VIF's own payment obligations to the capital markets become due.

The Company is exposed to credit risk from loans extended to related parties and through entering into derivative contracts with external banks. Credit risk is addressed by monitoring the financial stability of the Group borrowers and by only executing derivatives with counterparties that are highly rated and have entered into an ISDA Master Agreement in which a set-off is agreed to in the event of default by either counterparty. 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 Volkswagen AG 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. VIF 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 and the Supervisory Board. In the first half of 2023, limits were not exceeded.

# Statement of financial position as at 30 June 2023

*(in thousands of EUR)*

| | Notes | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, equipment and right-of-use assets | | 346 | 511 |
| Loans to related parties | 5 | 30.102.891 | 29.941.220 |
| Derivative financial instruments | 6 | 48.055 | 80.080 |
| Deferred tax assets | | 169.192 | 169.192 |
| **Total non-current assets** | | **30.320.484** | **30.191.003** |
| **Current assets** | | | |
| Loans to related parties | 5 | 4.609.712 | 3.908.768 |
| Derivative financial instruments | 6 | 20.194 | 26.660 |
| Trade and other receivables | | 135 | - |
| Other current assets | | 940 | 101 |
| Current tax receivables | | 1.785 | 68 |
| Cash-pool receivables | 7 | 639.184 | 619.637 |
| **Total current assets** | | **5.271.950** | **4.555.234** |
| **TOTAL ASSETS** | | **35.592.434** | **34.746.237** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Issued capital | 8 | 103.035 | 103.035 |
| Share premium | 8 | 12.120 | 12.120 |
| Retained earnings | | 398.387 | 362.202 |
| **Equity attributable to owners of the company** | | **513.542** | **477.357** |
| **Total equity** | | **513.542** | **477.357** |
| **Non-current liabilities** | | | |
| Debts issued and other borrowed funds | 9 | 30.340.296 | 30.248.958 |
| Derivative financial instruments | 6 | 53.195 | 23.650 |
| Other liabilities | | 58 | 173 |
| Deferred tax liabilities | | 127.488 | 122.100 |
| **Total non-current liabilities** | | **30.521.037** | **30.394.881** |
| **Current liabilities** | | | |
| Trade and other payables | | 448 | 393 |
| Debts issued and other borrowed funds | 9 | 4.554.606 | 3.871.923 |
| Derivative financial instruments | 6 | 809 | 595 |
| Contract liabilities (deferred income) | | 15 | 15 |
| Other current liabilities | | 1.502 | 665 |
| Provisions | | 475 | 408 |
| **Total current liabilities** | | **4.557.855** | **3.873.999** |
| **TOTAL EQUITY AND LIABILITIES** | | **35.592.434** | **34.746.237** |

# Statement of income and comprehensive income for the period from 1 January to 30 June 2023

*(in thousands of EUR)*

| | 30 June 2023 | 30 June 2022 |
|---|---|---|
| Interest revenue calculated using the effective interest method | 576.277 | 475.696 |
| Other interest and similar income | 78.281 | 30.046 |
| Interest expense calculated using the effective interest method | (564.404) | (457.343) |
| Other interest and similar expense | (61.014) | (32.068) |
| **Net interest income** | **29.140** | **16.331** |
| | | |
| Fees and commission income | 683 | 680 |
| **Net fee and commission income** | **683** | **680** |
| | | |
| Change in allowance for expected credit losses on financial assets and loan commitments | 73.692 | (173.491) |
| Net gains/(losses) on investments in equity instruments | - | 162.387 |
| Net gains/(losses) on derivatives | (77.642) | 79.263 |
| Net gains/(losses) on financial assets measured at amortized cost | 38.355 | (18.274) |
| Net gains/(losses) on financial liabilities measured at amortized cost | (13.937) | 14.079 |
| Other operating income | 56 | 66 |
| **Net operating income/(loss)** | **50.347** | **81.041** |
| | | |
| Personnel expenses | (967) | (985) |
| Depreciation of property, plant and equipment and right-of-use assets | (168) | (153) |
| Other operating expenses | (549) | (894) |
| **Total operating expenses** | **(1.684)** | **(2.032)** |
| | | |
| **Operating profit/(loss)** | **48.663** | **79.009** |
| Share of profit of associates and joint ventures | - | - |
| **Profit/(loss) before tax from continuing operations** | **48.663** | **79.009** |
| Income tax expense | (12.478) | 28.135 |
| **Profit/(loss) after taxation from continuing operations** | **36.185** | **107.144** |
| Profit from discontinued operations net of tax | - | - |
| **Profit/(loss) for the year** | **36.185** | **107.144** |
| | | |
| **Other comprehensive income for the year, net of tax** | **-** | **-** |
| | | |
| **Total comprehensive income/(loss) for the year** | **36.185** | **107.144** |

| | | |
|---|---|---|
| **Profit attributable to:** | | |
| Equity holders of the parent | 36.185 | 107.144 |
| Non-controlling interest | - | - |
| **Profit for the year** | **36.185** | **107.144** |
| | | |
| **Total comprehensive income attributable to:** | | |
| Equity holders of the parent | 36.185 | 107.144 |
| Non-controlling interest | - | - |
| **Total comprehensive income for the year** | **36.185** | **107.144** |

# Statement of changes in equity for the period from 1 January to 30 June 2023

*(in thousands of EUR)*

| | Issued and paid-in share capital | Share premium reserve | Retained Earnings | Revaluation reserve | Total Equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2022** | **103.035** | **12.120** | **55.481** | **195.403** | **366.039** |
| Profit (loss) and comprehensive income for the period | - | - | 136.799 | - | 136.799 |
| Dividend distributed | - | - | (25.481) | - | (25.481) |
| Unrealized fair value movements | - | - | 195.403 | (195.403) | - |
| **Balances at 31 December 2022** | **103.035** | **12.120** | **362.202** | **-** | **477.357** |
| | | | | | |
| **Balance at 1 January 2023** | **103.035** | **12.120** | **362.202** | **-** | **477.357** |
| Profit (loss) and comprehensive income for the period | - | - | 36.185 | - | 36.185 |
| Dividend distributed | - | - | - | - | - |
| Unrealized fair value movements | - | - | - | - | - |
| **Balances at 30 June 2023** | **103.035** | **12.120** | **398.387** | **-** | **513.542** |
| Notes | 8 | 8 | | | |

# Statement of cash flows as at 30 June 2023

*(in thousands of EUR)*

| | Notes | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| **Cash flow generated from operations** | | | |
| Interest received | | 718.286 | 965.536 |
| Interest paid | | (674.941) | (908.577) |
| Fees and commission income received | | - | 1.367 |
| Other operating income received | | 44 | 166 |
| Guaranty fees paid | | - | (1.108) |
| Paid bank charges, general expenses & salaries | | (2.258) | (4.215) |
| Tax paid | | (8.479) | (7.928) |
| Net movement in cash-pool receivables | | (19.547) | (453.560) |
| **Net cash from operating activities** | | **13.106** | **(408.319)** |
| **Cash flow from investment activities** | | | |
| Cash (outflows) inflows in respect of investments in equity instruments | | - | 514.758 |
| Proceeds from dividend income | | - | 11.270 |
| Loans issued to related parties | | (2.188.198) | (7.260.711) |
| Collection of loans to related parties | | 1.303.930 | 3.807.589 |
| **Net cash from investment activities** | | **(884.267)** | **(2.927.094)** |
| **Cash flow from financing activities** | | | |
| Proceeds from borrowings | | 1.875.762 | 7.063.226 |
| Repayment of borrowings | | (1.000.085) | (3.686.489) |
| Proceeds from commercial papers | | - | - |
| Repayment of commercial papers | | - | - |
| Proceeds from derivatives | | 760.798 | 1.475.979 |
| Cash outflows in respect of derivatives | | (765.151) | (1.491.513) |
| Cash outflows in respect of lease liabilities | | (162) | (308) |
| Dividends paid | | - | (25.481) |
| **Net cash from (used in) financing activities** | | **871.162** | **3.335.413** |
| **Net change in cash and cash equivalents** | | **-** | **-** |
| Cash and cash equivalents at beginning of period | | - | - |
| **Cash and cash equivalents at end of period** | | **-** | **-** |

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

## 1. General

### (a) Reporting entity

Volkswagen International Finance N.V. ('VIF' or 'the Company'), founded in 1977, is a 100% subsidiary of Volkswagen Finance Luxemburg S.A. ('VFL'), who in turn is a 100% subsidiary of Volkswagen AG ('VWAG').

VIF is a public limited liability company and domiciled and incorporated in The Netherlands. VIF's registered office is located at Paleisstraat 1, 1012 RB Amsterdam, The Netherlands. VIF is registered with the Dutch Register of Commerce under No. 33148825. VIF maintains a website at www.vif.nl.

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

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

Due to its issuing activity in the capital markets, VIF 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 VIF can be listed or unlisted. Most of the bonds outstanding as per 30 June 2023 and 31 December 2022 are listed at the Luxemburg 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').

### (b) Group information

In 2014, VIF became a 100% subsidiary of Volkswagen Finance Luxemburg S.A. (VFL), which itself is 100% owned by Volkswagen AG (VWAG), the ultimate parent company. A consolidation is performed at VWAG level and these consolidated financial statements can be obtained from the Company and is also filed with the Dutch Chamber of Commerce on an annual basis.

## 2. Basis of preparation

### (a) Statement of compliance

The financial statements and accompanying notes for the year ended 31 December 2022 were prepared in accordance with the International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU-IFRS) and in accordance with section 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 IAS 34 (Interim Financial Reporting) and represent a condensed version compared with the full financial statements. These interim financial statements have neither been audited nor reviewed.

### (b) Functional and presentation currency

The interim financial statements are presented in Euros, which is the functional and presentational currency of the Company. All financial information presented in Euros has been rounded to the nearest thousand (€'000), unless otherwise stated. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

## 3. Accounting policies

VIF has applied all financial reporting standards adopted by the EU and subject to mandatory application for periods beginning on or after 1 January 2023.

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 accordance with IAS 34.

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 "significant accounting policies" section of the accompanying notes to the financial statements for the year ended 31 December 2022 .

In addition, details of the effects of new standards can be found in the "standards issued but not yet effective" section. The financial statements for the year ended 31 December 2022 can be also accessed on the internet at https://www.vif.nl/en/InvestorRelations.html.

# 4. Classification of financial instruments

The Company holds the following financial instruments classified by IFRS 9 measurement categories:

*Financial assets*

*(in thousands of EUR)*

| Financial assets | Notes | 30 June 2023 Measured at fair value through P/L | Measured at amortized cost | Total carrying amount |
|---|---|---|---|---|
| *Non-current assets* | | | | |
| Loans to related parties | 5 | - | 30.102.891 | 30.102.891 |
| Derivative financial instruments | 6 | 48.055 | - | 48.055 |
| | | **48.055** | **30.102.891** | **30.150.945** |
| *Current assets* | | | | |
| Loans to related parties | 5 | - | 4.609.712 | 4.609.712 |
| Derivative financial instruments | 6 | 20.194 | - | 20.194 |
| Trade and other receivables | | - | 135 | 135 |
| Cash-pool receivables | 7 | - | 639.184 | 639.184 |
| | | **20.194** | **5.249.031** | **5.269.225** |
| **Total** | | **68.249** | **35.351.922** | **35.420.170** |

*(in thousands of EUR)*

| Financial assets | Notes | 31 December 2022 Measured at fair value through P/L | Measured at amortized cost | Total carrying amount |
|---|---|---|---|---|
| *Non-current assets* | | | | |
| Loans to related parties | 5 | - | 29.941.220 | 29.941.220 |
| Derivative financial instruments | 6 | 80.080 | - | 80.080 |
| | | **80.080** | **29.941.220** | **30.021.300** |
| *Current assets* | | | | |
| Loans to related parties | 5 | - | 3.908.768 | 3.908.768 |
| Derivative financial instruments | 6 | 26.660 | - | 26.660 |
| Trade and other receivables | | - | | |
| Cash-pool receivables | 7 | - | 619.637 | 619.637 |
| | | **26.660** | **4.528.405** | **4.555.065** |
| **Total** | | **106.740** | **34.469.625** | **34.576.365** |

## *Financial liabilities*

*(in thousands of EUR)*

| Financial liabilities | Notes | 30 June 2023 Measured at fair value through P/L | Measured at amortized cost | Total carrying amount |
|---|---|---|---|---|
| *Non-current liabilities* | | | | |
| Debts issued and other borrowed funds | 9 | - | (30.340.296) | (30.340.296) |
| Derivative financial instruments | 6 | (53.195) | - | (53.195) |
| | | **(53.195)** | **(30.340.296)** | **(30.393.492)** |
| *Current liabilities* | | | | |
| Debts issued and other borrowed funds | 9 | - | (4.554.606) | (4.554.606) |
| Derivative financial instruments | 6 | (809) | - | (809) |
| Trade and other payables | | - | (448) | (448) |
| | | **(809)** | **(4.555.053)** | **(4.555.863)** |
| **Total** | | **(54.005)** | **(34.895.350)** | **(34.949.354)** |

*(in thousands of EUR)*

| Financial liabilities | Notes | 31 December 2022 Measured at fair value through P/L | Measured at amortized cost | Total carrying amount |
|---|---|---|---|---|
| *Non-current liabilities* | | | | |
| Debts issued and other borrowed funds | 9 | - | (30.248.958) | (30.248.958) |
| Derivative financial instruments | 6 | (23.650) | - | (23.650) |
| | | **(23.650)** | **(30.248.958)** | **(30.272.607)** |
| *Current liabilities* | | | | |
| Debts issued and other borrowed funds | 9 | - | (3.871.923) | (3.871.923) |
| Derivative financial instruments | 6 | (595) | - | (595) |
| Trade and other payables | | - | (393) | (393) |
| | | **(595)** | **(3.872.316)** | **(3.872.911)** |
| **Total** | | **(24.245)** | **(34.121.274)** | **(34.145.519)** |

## 5. Loans to related parties

Amounts due from related parties are measured at amortized cost and included in non-current and current assets:

*(in thousands of EUR)*

| Loans to related parties | Measured at amortized cost 30 June 2023 | | | |
|---|---|---|---|---|
| | Carrying amount in statement of financial position | | | Fair value |
| | Non-current | Current | Total | |
| Loan outstanding | 30.102.891 | 4.609.712 | 34.712.603 | 33.509.452 |
| **Total** | **30.102.891** | **4.609.712** | **34.712.603** | **33.509.452** |

*(in thousands of EUR)*

| Loans to related parties | Measured at amortized cost 31 December 2022 | | | |
|---|---|---|---|---|
| | Carrying amount in statement of financial position | | | Fair value |
| | Non-current | Current | Total | |
| Loan outstanding | 29.941.220 | 3.908.768 | 33.849.988 | 32.081.554 |
| **Total** | **29.941.220** | **3.908.768** | **33.849.988** | **32.081.554** |

## 6. Derivative financial instruments

VIF uses derivatives only for economic hedging purposes and not as speculative investments, as explained in the *Summary of significant accounting policies* above. VIF does not apply hedge accounting.

The Company's policy is to fully hedge its interest rate and foreign exchange rate exposures. It uses derivatives to manage interest and foreign exchange exposures that arise as result of mismatches between debt issued in the capital markets and loans issued to related parties. On this basis the fair value changes in derivatives are primarily driven by changes in the applicable currencies and related interest curves.

The Company's derivative assets and liabilities are not offset in the statement of financial position. Derivatives are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

*(in thousands of EUR)*

| Derivatives in economic hedge relationships | Measured at fair value | | | |
|---|---|---|---|---|
| | 30 June 2023 | | 31 December 2022 | |
| | Assets | Liabilities | Assets | Liabilities |
| Non-current | 48.055 | 53.195 | 80.080 | 23.650 |
| Current | 20.194 | 809 | 26.660 | 595 |
| **Total** | **68.249** | **54.004** | **106.740** | **24.245** |

The tables below show the fair values of derivative instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument, being cross-currency interest rate swaps (CCIRS), interest rate swaps (IRS) or forward exchange contracts (FX Contracts). The notional amounts indicate the volume of transactions outstanding at the year-end and are not indicative of either the market or credit risk.

*(in thousands of EUR)*

| Derivatives in economic hedge relationships | 30 June 2023 | | |
|---|---|---|---|
| | Notional contract amount | Fair Value | |
| | | Assets | Liabilities |
| CCIRS | (25.646) | 19.767 | 53.977 |
| IRS | 1.250.000 | 48.052 | - |
| FX Contracts | 86.710 | 430 | 27 |
| **Total** | **1.311.064** | **68.249** | **54.004** |

*(in thousands of EUR)*

| Derivatives in economic hedge relationships | 31 December 2022 | | |
|---|---|---|---|
| | Notional contract amount | Fair Value | |
| | | Assets | Liabilities |
| CCIRS | (150.590) | 42.396 | 23.650 |
| IRS | 1.250.000 | 64.326 | - |
| FX Contracts | 85.278 | 18 | 595 |
| **Total** | **1.184.688** | **106.740** | **24.245** |

The Company's exposure to derivative contracts is monitored on regular basis as part of its overall risk management framework (as described in the *Financial Risk Management* note below).

### *Swaps*

Swaps are contractual agreements between two parties to exchange streams of payments over time based on specified notional amounts, in relation to movements in a specified underlying index such as an interest rate, foreign currency rate or equity index.

Interest rate swaps relate to contracts taken out by the Company with other counterparties (financial institutions) in which the Company either receives or pays a floating rate of interest, respectively, in return for paying or receiving a fixed rate of interest. The payment flows are usually netted against each other, with the difference being paid by one party to the other.

In a cross-currency interest rate swap, the Company pays a specified amount in one currency and receives a specified amount in another currency. The swaps are mostly gross settled, settlement dates being directly linked to the relevant payment dates of the interest and/or principal amounts of the related loans and/or bonds.

*Forward exchange contracts*

Forward exchange contracts are contractual agreements to buy or sell a specified financial instrument at a specific price and date in the future. FX Contracts are customised contracts transacted in the over–the–counter market. FX Contracts are usually settled gross, settlement dates being directly linked to the relevant payment dates of the interest and/or principal amounts of the related loans and/or bonds.

*Fair values*

Further disclosures concerning the fair value and credit/market risk of derivatives are provided in the Financial Risk Management note below.

## 7. Cash-pool receivables

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Cash-pool receivables | 639.184 | 619.637 |
| **Total** | **639.184** | **619.637** |

Cash-pool receivables constitutes a cash-pool arrangement with Volkswagen International Belgium N.V.

All balances are at the free disposal of the Company and bear market interest rates. The cash-pool receivable is carried at amortized cost and an allowance for ECL is not recognized, because it is receivable on demand. VIF’s maximum exposure to credit risk in relation to cash-pool receivables are represented by the carrying amounts for each respective year, as illustrated above.

## 8. Capital and reserves

### Share capital

*Ordinary shares*

Holders of these shares are entitled to dividends as declared from time to time, and are entitled to one vote per share at general meetings of the Company.

The subscribed and paid-up share capital of the Company amounts to TEUR 103.035 (2022: TEUR 103.035) and consists of 103.035 shares (2022: 103.035 shares) of €1.000 each which have been authorised, registered and issued.

### Share premium

The share premium of TEUR 12.120 relates to capital contributions of the shareholder Volkswagen Finance Luxembourg S.A., to strengthen the financial position of the Company. There are no restrictions on distribution of this reserve.

# 9. Debt issued and other borrowed funds

## Balances

*(in thousands of EUR)*

| | Measured at amortized cost | | | |
|---|---|---|---|---|
| | 30 June 2023 | | | |
| | Carrying amount in statement of financial position | | | Fair value |
| | Non-current | Current | Total | |
| **Debts issued and other borrowed funds** | | | | |
| Bonds | 30.340.296 | 4.554.606 | 34.894.902 | 31.933.476 |
| Loans to related parties | - | - | - | - |
| **Total** | **30.340.296** | **4.554.606** | **34.894.902** | **31.933.476** |

*(in thousands of EUR)*

| | Measured at amortized cost | | | |
|---|---|---|---|---|
| | 31 December 2022 | | | |
| | Carrying amount in statement of financial position | | | Fair value |
| | Non-current | Current | Total | |
| **Debts issued and other borrowed funds** | | | | |
| Bonds | 30.248.958 | 3.871.835 | 34.120.793 | 30.754.309 |
| Loans to related parties | - | 88 | 88 | 86 |
| **Total** | **30.248.958** | **3.871.923** | **34.120.881** | **30.754.395** |

The note below entitled *Fair values* contain details on how the Company determines the fair value of financial instruments.

The maturity analysis of the above debts issued and other borrowed funds are disclosed under *Liquidity* in the *Financial risk management* note below.

There are no pledges on the Company's assets in connection with the above debts.

## Movement schedule

*(in thousands of EUR)*

| | 30 June 2023 | | |
|---|---|---|---|
| | Cash movements | Non-cash movements | Total |
| **As at 1 January 2023** | **-** | **-** | **34.120.881** |
| Issuance | 1.875.762 | - | 1.875.762 |
| Repayment | (1.000.085) | - | (1.000.085) |
| Interest and amortization | - | 365.258 | 365.258 |
| Interest paid | (679.676) | - | (679.676) |
| Foreign exchange adjustments | - | 212.762 | 212.762 |
| **As at 30 June 2023** | **196.001** | **578.020** | **34.894.902** |

*(in thousands of EUR)*

| | 31 December 2022 | | |
|---|---|---|---|
| | Cash movements | Non-cash movements | Total |
| **As at 1 January 2022** | **-** | **-** | **30.729.514** |
| Issuance | 7.063.226 | - | 7.063.226 |
| Repayment | (3.686.489) | - | (3.686.489) |
| Interest and amortization | - | 489.104 | 489.104 |
| Interest paid | (912.077) | - | (912.077) |
| Foreign exchange adjustments | - | 437.603 | 437.603 |
| **As at 31 December 2022** | **2.464.660** | **926.707** | **34.120.881** |

The issuance in the first half of 2023 relates mainly to bonds:

In March 2023, VIF placed two fixed rate EUR Green Bonds with an aggregate principal amount of €1,75 billion. The first bond is due in March 2026 and has a principal amount of €1,0 billion with a coupon of 3,875%. The second bond is due in March 2029 and has a principal amount of €0,75 billion with a coupon of 4,250%.

Furthermore, in May and June 2023 VIF placed three fixed rates bonds, two bonds in HKD and one in JPY. The first bond is due in May 2026 and has a principal amount of HKD 320 million with a coupon of 4,58%. The second bond is due in June 2025 and has a principal amount of HKD 430 million with a coupon of 4,86%. Lastly, the third bond is due in June 2028 and has a principal amount of JPY 6,0 billion with a coupon of 1%.

The issuance in 2022 relates mainly to bonds:

In March 2022, VIF placed two unsecured subordinated hybrid notes with an aggregate principal amount of €2,25 billion. The hybrid notes are perpetual, but may be called unilaterally by VIF. The first possible call date for the first note (€1 billion and a coupon of 3,748%) is after five years, and the first possible call date for the second note (€1,25 billion and a coupon of 4,375%) is after nine years. This resulted in an inflow of cash funds amounting to € 2,25 billion.

Furthermore, in June 2022 VIF placed two fixed rate bonds with an aggregate principal amount of €1,5 billion. The first bond is due in March 2025 and has a principal amount of €0,75 billion with a coupon of 3,125%. The second bond is due in September 2027 and has a principal amount of €0,75 billion with a coupon of 3,750%.

Lastly, in November 2022 VIF issued a triple-tranche fixed rate Green Bond, its first under the Green Finance Framework of Volkswagen AG. The first tranche is due in November 2025 and has a principal amount of €1,0 billion with a coupon of 4,125%. The second tranche is due in February 2028 and has a principal amount of €0,75 billion with a coupon of 4,250%. The third tranche is due in May 2030 and has a principal amount of €0,75 billion with a coupon of 4,375%.

## Analysis of bonds

The following table reconciles the notional amount outstanding in respect of the bonds to the total carrying amount of the bonds:

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Notional amount outstanding | 34.648.864 | 33.755.757 |
| Issuance fees & Bond discount | (271.064) | (262.254) |
| Interest accrued | 365.258 | 489.100 |
| Cumulative amortization of Issuance fees & Bond discount | 127.237 | 127.295 |
| Foreign exchange adjustments | 24.607 | 10.895 |
| **Carrying amount** | **34.894.902** | **34.120.793** |

The carrying amount and fair values of the bonds classified according to their residual maturity and original currencies are as follows:

*(in thousands of EUR)*

| | 30 June 2023 | | | |
|---|---|---|---|---|
| | Original currency | Average interest rate (%) | Carrying amount | Fair value |
| *Residual maturity of longer than 5 years* | | | | |
| Listed fixed rate bonds | EUR | 2,80% | 8.792.189 | 7.946.444 |
| Listed fixed rate bonds | GBP | 4,13% | 534.910 | 447.221 |
| *Residual maturity of less than 5 years* | | | | |
| Listed fixed rate bonds | EUR | 2,60% | 9.579.762 | 9.148.575 |
| Listed fixed rate bonds | GBP | 3,38% | 414.930 | 364.643 |
| Listed fixed rate bonds | CNY | 3,23% | 193.342 | 191.036 |
| Listed fixed rate bonds | JPY | 1,00% | 38.231 | 39.632 |
| Listed variable rate bonds | EUR | 4,90% | 1.257.100 | 1.269.475 |
| Unlisted fixed rate bonds | HKD | 4,74% | 88.539 | 90.215 |
| *Perpetual bonds* | | | | |
| Listed fixed rate bonds | EUR | 4,03% | 13.995.899 | 12.436.235 |
| **Total** | | | **34.894.902** | **31.933.476** |

*(in thousands of EUR)*

| | 31 December 2022 | | | |
|---|---|---|---|---|
| | Original currency | Average interest rate (%) | Carrying amount | Fair value |
| *Residual maturity of longer than 5 years* | | | | |
| Listed fixed rate bonds | EUR | 2,80% | 8.763.333 | 7.807.837 |
| Listed fixed rate bonds | GBP | 4,13% | 507.053 | 442.997 |
| *Residual maturity of less than 5 years* | | | | |
| Listed fixed rate bonds | EUR | 2,12% | 8.794.997 | 8.350.342 |
| Listed fixed rate bonds | GBP | 3,38% | 394.683 | 360.222 |
| Listed fixed rate bonds | CNY | 3,23% | 205.701 | 222.901 |
| Listed variable rate bonds | EUR | 3,34% | 1.254.355 | 1.266.025 |
| *Perpetual bonds* | | | | |
| Listed fixed rate bonds | EUR | 4,03% | 14.200.671 | 12.303.985 |
| **Total** | | | **34.120.793** | **30.754.309** |

The above stated weighted average effective interest rates are calculated for the outstanding amounts as per year end. All bonds issued by VIF are guaranteed by VWAG, mitigating the risk to external investors. The bonds issued do not contain any financial covenants.

### Commercial paper

The basis for the issuing activities of the Company are the regularly updated Debt Issuance Programme (DIP) of EUR 30 billion, that adheres to the European Prospectus Directive standards, as well as the EUR 15 billion Multicurrency Commercial Paper Programme (CP Programme). VIF is also issuing under stand-alone documentation. All issues are fully guaranteed by VWAG.

The commercial papers issued do not contain any financial covenants. As of 30 June 2023 and 31 December 2022 the Company did not have any commercial papers outstanding.

### Loans due to related parties

Refer to the disclosure in *Related parties* note below for further analysis of loans due to related parties.

## 10. Financial risk management

The Company's activities expose it to a variety of financial risks. These include currency, interest rate, credit, and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by the Company under the treasury risk guidelines provided by VWAG Group Treasury. VWAG provides direction for overall risk management, covering specific areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Government authorities in a number of jurisdictions worldwide have conducted and are continuing to conduct investigations of Volkswagen Group regarding findings of irregularities in relation to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The results of these and any future investigations, and criminal litigations, may have a material adverse effect on Volkswagen Group's business, financial position, results of operations and reputation, as well as the prices of its securities and its ability to make payments under its securities.

VIF's commercial success largely depends on the financial health and the reputation of the ultimate shareholder VWAG and due to the events, VIF may not succeed in obtaining funds for financing requests in due time and to the extent necessary. In addition, because of the investigation, VIF as an issuer may face risks arising from legal disputes from investors claiming damages for alleged breaches of capital market laws.

### *Market risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company uses derivatives to manage market risks.

Market risk comprises three types of risks: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

#### *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to its financial instruments (loans to related parties and its related borrowings).

To avoid this risk, the loans to related parties are generally matched in currency terms to the related funding (bonds or commercial papers). Any mismatch would typically be corrected via swaps and/or forwards to achieve the matched basis.

In cases where the matching cannot be achieved completely, the Supervisory Board has set small currency limits for individual currencies; policies are closely monitored and enforced. Consequently, currency risk is relatively remote.

The main currencies and interest zones applicable are GBP and CNY as well as SEK and USD.

### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk arises from loans to related parties and borrowings.

Based on funding requests by related parties, VIF issues notes to investors matching the fixed or variable interest requirement of the related parties. Bonds were issued with both fixed and variable interest rates.

The following table indicates the composition of fixed versus variable rate bonds:

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Fixed rate bonds | 33.637.802 | 32.866.438 |
| Variable rate bonds | 1.257.100 | 1.254.355 |
| **Total** | **34.894.902** | **34.120.793** |

The variable rate bond is hedged with interest rate swaps to mitigate interest rate risk. There is a floor of 0% applicable to the variable rate bond, however this bond has a positive spread above the linked index rate (3M-EURIBOR) and based on prior year curves, the Company considers it highly unlikely that the bond will be floored at 0%.

In cases where the investor looks for a different interest structure, VIF uses interest rate swaps or cross-currency interest rate swaps to convert the interest into the structure required by the related parties. The Supervisory Board authorised VIF to run a certain interest rate risk. A limit system and tools to monitor and manage the risk have been set up. Interest mismatches are permitted within a twelve-month period only. Therefore, the risk is relatively low.

The table below demonstrates the sensitivity of profit and loss, and equity to reasonably possible changes in interest rates on that portion of bonds and related party loans affected, including the impact of related derivatives. With all other variables held constant, the profit and loss, and equity of the Company is affected through the impact on variable rate bonds, variable rate related party loans and related derivative contracts, as follows:

### *Credit risk*

Credit risk is the risk that a counterparty will not meet its payment obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from loans extended to related parties and through entering into derivative contracts with external banks.

*Intercompany-related credit risk*

VIF extends loans to related parties, which are granted according to the guidelines and instructions from VWAG, the guarantor of commercial paper and capital market issuances by VIF. The default risk of VIF-borrowers has been analysed based on financial reports, planning forecasts and discussions with VWAG headquarters. Based on the analysis, the credit risk of VIF-borrowers is considered to be remote.

Although the Company determined that there is a low risk of default on loans receivable, the Company has recognized loss allowances in accordance with IFRS 9. Refer to notes 8 and 16 for disclosure of the gross carrying amount of loans and undrawn loan commitments exposed to credit risk and the related allowance for ECL recognized.

The Company establishes a three stage impairment model, based on whether there has been a significant increase in the credit risk of a financial asset since its initial recognition. These three stages then determine the amount of impairment to be recognized as expected credit losses (ECL), as well as the amount of interest income to be recorded at each reporting date. Refer to Note 3

*Significant accounting policies* for a detailed description of how the Company applies staging in measuring impairment.

The loss allowance is calculated as the product of PD, LGD and EAD. There are no external or internal ratings available for the group-internal counterparties and therefore:

- for loans receivables: the product of PD and LGD is determined by the CDS of VWAG; and
- for loan commitments: the product of PD and LGD is determined by the CDS of VWAG. The EAD is the nominal amount of the commitment multiplied by a Credit Conversion Factor (CCF).

*Cash and cash equivalents and cash-pool receivables*

For VIF's external bank counterparties risk is limited by a limit system centrally managed by VWAG Group Treasury Risk Management taking into account also the credit assessments by the international rating agencies. Credit risk with external counterparties materializes from account balances, deposits and derivative transactions. Given the business purpose of VIF, account balances and deposits are zero or kept to a minimum.

*Derivative-related credit risk*

Exposure is kept within the risk limits defined by VWAG Group Risk Management. In order to mitigate credit risk associated with derivative contracts, the Company only executes derivatives with counterparties that are highly rated and have entered into an ISDA Master Agreement in which a set-off is agreed to in the event of default by either counterparty. Therefore, derivative-related credit risk is represented only by the positive fair value of the instrument and is normally a small fraction of the contract's nominal amount. Settlement dates of derivatives are also directly linked to the relevant payment dates of the interest and/or principal amounts of the related loans and/or bonds. Credit risk and counterparty limit allocations are frequently monitored by Group Treasury Risk Management.

### *Liquidity risk*

Liquidity risk is the risk of having insufficient cash resources to meet current financial obligations without raising funds at unfavourable rates or selling assets on a forced basis. The critical terms of the Company's assets and liabilities match. Management believes that the expected inflows and outflows are aligned such that there is no liquidity risk.

Based on funding requests by VWAG related parties, VIF issues commercial paper and bonds to investors. Funds taken from investors are extended with the same maturity to VW Group borrowers.

In cases where this matching cannot be achieved the Supervisory Board has set narrow liquidity risk limits. The Company monitors the limits on a permanent basis. Against the background of the relatively narrow limits and the strong financial solidity of the Volkswagen Group, the liquidity risk is remote. Notes issued by VIF have the benefit of a Guarantee and Negative Pledge given by VWAG.

The Debt Issuance Program under which VIF is issuing is regularly updated to incorporate current developments. VIF is able to continue the issuance of commercial paper based on the existing EUR 15.0 billion CP Program to finance the requirements of Volkswagen group companies and joint ventures of the Volkswagen group.

To ensure flexible refinancing possibilities, VWAG has arranged for committed and un-committed facilities with related parties for general corporate purposes. The undrawn amounts of these borrowing facilities which are available to VIF from related parties are presented in the following table:

*(in thousands of EUR)*

| | | **30 June 2023** | **31 December 2022** |
|---|---|---|---|
| | Original currency | Nominal amount | Nominal amount |
| Undrawn borrowing facilities | CZK | 84 | 83 |
| | | **84** | **83** |

### *Capital management*

The Company manages its total equity (share capital and reserves) as capital. The Company's objectives when managing capital are:

- To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, while maintaining an optimal capital structure to reduce the cost of capital.
- To maintain sufficient financial resources to repay the nominal amounts of its debts and other borrowed funds.
- To ensure compliance with financial covenants and capital market requirements.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the following criteria:

- VIF is further contractually required to maintain a minimum level of equity as a reserve to fulfil its obligations under its back-to-back financing activities in accordance with its Advanced Pricing Agreement (APA). Besides the group financing activities with limited risks, VIF takes certain positions regarding the interest rates it applies for which it is required to hold a separate amount of equity. This equity reserve amount is used to compensate any losses on the positions taken.
- Bond issuance fees are deducted upfront and sufficient cash reserves therefore needs to be build up to bridge the difference between the proceeds received on bonds and the nominal amounts that are payable upon maturity of the bonds. VIF incorporates the deducted amounts in the interest charged on related party loans, separated on each interest payment day and accumulated over the lifetime of the loan as a cash reserve.

There have been no breaches of financial covenants or capital market requirements during the periods reported on. No changes were made in the objectives, policies and processes for managing capital during the periods reported on.

## 11. Fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial instruments. The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The Company has an established control framework with respect to the measurement of fair values for its financial instruments. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

— *Level 1*: fair value of financial instruments for which a price is directly available in an active market. Quoted prices (unadjusted) are used.

— *Level 2*: fair values determined based on observable inputs (either directly or indirectly) other than quoted prices included in Level 1. For example, fair values determined using foreign exchange rates or yield curves using market-based valuation techniques.

— *Level 3:* inputs for the asset or liability that are not based on observable market data (unobservable inputs). Fair values are calculated using valuation techniques that incorporate inputs that are not observable in active markets.

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The following table shows the fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

*(in thousands of EUR)*

| | Fair Value as of 30 June 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** | | | | |
| Derivative financial instruments | - | 68.249 | - | 68.249 |
| **Total** | **-** | **68.249** | **-** | **68.249** |
| | | | | |
| **Financial assets not measured at fair value** | | | | |
| Loans to related parties | - | 34.712.603 | - | 34.712.603 |
| **Total** | **-** | **34.712.603** | **-** | **34.712.603** |
| | | | | |
| **Financial liabilities measured at fair value** | | | | |
| Derivative financial instruments | - | 54.005 | - | 54.005 |
| **Total** | **-** | **54.005** | **-** | **54.005** |
| | | | | |
| **Financial liabilities not measured at fair value** | | | | |
| Debts issued and other borrowed funds | - | 34.894.902 | - | 34.894.902 |
| **Total** | **-** | **34.894.902** | **-** | **34.894.902** |

*(in thousands of EUR)*

| | Fair Value as of 31 December 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** | | | | |
| Derivative financial instruments | - | 106.740 | - | 106.740 |
| **Total** | **-** | **106.740** | **-** | **106.740** |
| | | | | |
| **Financial assets not measured at fair value** | | | | |
| Loans to related parties | - | 33.849.989 | - | 33.849.989 |
| **Total** | **-** | **33.849.989** | **-** | **33.849.989** |
| | | | | |
| **Financial liabilities measured at fair value** | | | | |
| Derivative financial instruments | - | 24.245 | - | 24.245 |
| **Total** | **-** | **24.245** | **-** | **24.245** |
| | | | | |
| **Financial liabilities not measured at fair value** | | | | |
| Debts issued and other borrowed funds | - | 34.120.881 | - | 34.120.881 |
| **Total** | **-** | **34.120.881** | **-** | **34.120.881** |

*Valuation techniques*

Loans to/(from) related parties:

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 VWAG traded in the financial markets retrieved from Reuters. The country risk premium is based on the country in which the counterparty is located.

Derivative financial instruments:

Interest rate derivatives include interest rate swaps and cross-currency interest rate swaps. These are valued using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves incorporating funding costs relevant for the position. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over the-counter foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. With the exception of contracts where a directly observable rate is available which are disclosed as Level 1, the Company classifies foreign exchange contracts as Level 2 financial instruments when no unobservable inputs are used for their valuation or the unobservable inputs used are not significant to the measurement (as a whole).

Debts issued and other borrowed funds:

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 Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

# 12. Related parties

## Identification of related parties

Related parties and enterprises, as defined by IAS 24, are parties and enterprises which can be influenced by the reporting company or which can influence the reporting company. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

Transactions between related parties have taken place at an arm’s length basis and include rendering or receiving of services.

## Loans with related parties

The Company, a wholly owned subsidiary of VFL, provides related parties with unsecured intercompany loans. Loans are issued with both variable and fixed interest rates. The full principal of the loan is due at maturity. There are no guarantees given by the parent or ultimate parent for these loans. All loan to related parties are with affiliated entities of Volkswagen Group.

*Loans receivable*

Loan receivable balances outstanding with related parties are shown in the following table:

*(in thousands of EUR)*

| | Original currency | 30 June 2023 | 31 December 2022 |
|---|---|---|---|
| **Loans receivable** | | | |
| Volkswagen AG | EUR | 27.173.529 | 28.279.025 |
| Volkswagen Financial Services AG | EUR | 1.753.140 | - |
| Volkswagen Financial Services (UK) Ltd. | GBP | 1.401.870 | 1.225.537 |
| Volkswagen Finans Sverige AB | SEK | 109.890 | 116.529 |
| Volkswagen Group Charging CZ | CZK | 218 | 169 |
| Volkswagen Group Real Estate Czech Republic s.r.o. | CZK | 54.896 | 47.875 |
| Volkswagen Leasing GmbH | EUR | 4.123.491 | 4.081.504 |
| SKO-ENERGO s.r.o. | CZK | 29.416 | 35.364 |
| Volkswagen International Luxemburg S.A. | GBP | 66.153 | 63.985 |
| **Total** | | **34.712.603** | **33.849.988** |

The following table provides the movement schedule of the loans granted:

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **Loans receivable** | | |
| Beginning of the period | 33.849.988 | 30.562.022 |
| Loans advanced | 2.188.198 | 7.260.711 |
| Loan repayments received | (1.303.930) | (3.807.589) |
| Interest accrued | 381.799 | 515.444 |
| Interest received | (515.444) | (462.885) |
| Foreign exchange movements | 38.135 | (41.228) |
| Movements in ECL | 73.858 | (176.487) |
| **End of the period** | **34.712.603** | **33.849.988** |

### *Loans payable*

There are no loans payable balances outstanding with related parties as of 30 June 2023. For comparison, below table presents the outstanding balance at previous year:

| *(in thousands of EUR)* | Original currency | Average interest rate (%) | 31 December 2022 |
|---|---|---|---|
| **Loans payable** | | | |
| Volkswagen International Belgium S.A | CZK | 5,91% | 87 |
| **Total** | | | **87** |

The following table provides the movement schedule of the loans taken:

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| **Loans payable** | | |
| Beginning of the period | 87 | 62.851 |
| Proceeds from loans | - | 83 |
| Loan repayments | (83) | (62.768) |
| Interest accrued | - | 4 |
| Interest paid | (4) | (71) |
| Foreign exchange movements | - | (12) |
| **End of the period** | **-** | **87** |

### Cash-pool receivable

As of 30 June 2023, the Company had a cash pool balance with Volkswagen International Belgium N.V.

*(in thousands of EUR)*

| | 30 June 2023 | 31 December 2022 |
|---|---|---|
| Cash-pool receivables | 639.184 | 619.637 |
| **Total** | **639.184** | **619.637** |

Further details are disclosed in note 7.

### Key management personnel compensation

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.
The members of the Supervisory Board did not receive any remuneration in the relevant reporting periods.

## 13. Subsequent events

*Calling of hybrid notes*

In July 2023, the Company announced that it will call and redeem hybrid notes with a total principal amount of € 750 million, which were issued by the Company in 2013. The notes bear an interest of 5,125% per annum and will be redeemed in September 2023, being the prescribed first call date. The redemption price for the notes will be the total of the aggregate principal amount plus any accrued and unpaid interest. The redemption price is classified as a current liability in the interim statement of financial position as at 30 June 2023.

## 14. Directors and Supervisory Directors

Management Board:

– Christopher R. Norrod, Amsterdam

Supervisory Board:

– Björn Bätge (Chairman), Wolfsburg
– Dr. Marcus Hellmann, Braunschweig
– Bjoern Reinecke, Braunschweig

Amsterdam, 31 July 2023

Volkswagen International Finance N.V.

The Management Board

# Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim financial statements prepared in accordance with the International Financial Reporting Standards (‘IFRS’) as adopted by the European Union (‘EU-IFRS) and in accordance with section 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, 31 July 2023

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