

# VOLKSWAGEN BANK

G M B H

HALF-YEARLY FINANCIAL REPORT

JANUARY – JUNE

*2022*

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# Key Figures

€ million	June 30, 2022	Dec. 31, 2021
Total assets	64,059	67,253
Loans to and receivables from customers attributable to		
Retail financing	29,485	31,073
Dealer financing	10,545	9,026
Leasing business	2,995	2,928
Lease assets	26,932	26,489
Equity	10,908	10,861

€ million	H1 2022	H1 2021
Operating result	334	430
Profit before tax	312	407
Profit after tax	236	191

Percent	June 30, 2022	Dec. 31, 2021
Equity ratio <sup>1</sup>	17.0	16.1

Percent	March 31, 2022 <sup>2</sup>	Dec. 31, 2021
Common Equity Tier 1 capital ratio <sup>1</sup>	17.8	19.0
Tier 1 capital ratio <sup>1</sup>	17.8	19.0
Total capital ratio <sup>1</sup>	17.9	19.0

Headcount	June 30, 2022	Dec. 31, 2021
Employees	1,876	1,906

1 Regulatory ratios in accordance with Article 92(1) of the CRR.

2 The regulatory capital ratios as of March 31, 2022 are presented here. The capital ratios as of June 30, 2022 will be calculated within the required time frame stipulated by the banking regulator by no later than August 11, 2022.

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

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

# Report on Economic Position

## COVID-19 PANDEMIC

The global spread of the Omicron variant of coronavirus (SARS-CoV-2) continued to have a substantial impact on social and economic life in the reporting period in some regions. In China in particular, local infection outbreaks during the first half of 2022 led to tight restrictions under the zero-Covid strategy being pursued there, resulting in economic damage and disruption to supply chains.

## RUSSIA-UKRAINE CONFLICT

In the first six months of 2022, the Russia-Ukraine conflict led to a humanitarian crisis and global market upheaval. Prices rose substantially, particularly on energy and commodity markets. Parts supply shortages, especially for wire harnesses, also intensified in this context. The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from extensive trade embargoes to the exclusion of Russia from the global financial system.

## OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

Given the global political and economic situation, the Management Board of Volkswagen Bank GmbH considers business performance in 2022 to date to have been satisfactory. Profit before tax for the first half of the year amounted to €312 million, which was lower than the figure for the corresponding prior-year period (€407 million). The total number of contracts in the Volkswagen Bank GmbH Group amounted to 3.3 million as of the reporting date. The number of new contracts acquired in the first six months of 2021 was 0.5 million.

Performance in the first half of fiscal year 2022 continued to be impacted by the shortage of bought-in parts and the associated supply problems on the part of the Volkswagen Group brands. The Russia-Ukraine conflict was an additional factor adversely affecting the shortage of supplier components. Nevertheless, the volume of loans and receivables in the Volkswagen Bank GmbH Group's credit risk portfolio increased slightly compared with December 2021. The quality of the credit risk portfolio remained at a stable level and the Russia-Ukraine conflict and the related high levels of inflation were not determined to have impacted negatively on the quality of the credit risk portfolio thus far. The change in the Volkswagen Bank GmbH Group's residual value risk was positive overall in the first half of fiscal year 2022. The ongoing shortage of new vehicles once again led to a positive trend in the used vehicle market, enabling further marketing gains to be generated.

## GENERAL ECONOMIC DEVELOPMENT

The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from extensive trade embargoes to the exclusion of Russia from the global financial system. The resulting higher commodity prices and supply shortages are reinforcing the threat of persistently high inflation.

In the first half of 2022, the restrictive measures put in place to protect the population from the SARS-CoV-2 virus were lifted to a large extent in many countries. The progress made by many countries in administering vaccines to their populations had a positive effect, while the emergence of the new Omicron variant and its subvariants led to renewed sharp rises in infections on a national scale, mostly causing milder symptoms but increased rates of sick leave.

Following the slump in global economic output in 2020 and the incipient recovery due to base and catch-up effects in 2021, economic growth in both the advanced economies and the emerging markets remained on course for recovery on average, albeit with diminishing momentum. At national level, developments in the reporting period depended on the one hand on the scale of the negative impact of the Covid-19 pandemic and the intensity with which measures were taken to contain it, and on the other on the extent to which national economies were affected by the consequences of the Russia-Ukraine conflict. In response to the further rise of inflation rates around the world, many countries shifted to a more restrictive monetary policy, which led central banks to increase their key interest rates and reduce bond purchases during the reporting period. The resulting recession fears caused major losses on key stock markets in the first half of the year. On average, prices for energy and many other commodities rose significantly year-on-year and shortages of intermediates and commodities remained high. Global trade in goods increased in the reporting period.

The economy in Western Europe recorded positive year-on-year growth in the reporting period, albeit with slowing momentum. This trend was seen in almost all countries in Northern and Southern Europe. The reasons for this included increased economic resilience in the face of high infection rates in many countries, and the associated easing of the measures taken to contain the pandemic.

At the same time, national inflation rates rose significantly during the first half of the year and adversely affected consumer sentiment.

Germany registered positive economic growth during the reporting period. Compared with the same period of the prior year, unemployment fell on average, and the number of employees affected by *Kurzarbeit* (short-time working) decreased

further from the high levels seen in the previous years. Meanwhile, monthly inflation rates reached their highest levels since reunification.

Altogether, the economies in Central and Eastern Europe still showed an increase in real absolute gross domestic product (GDP) in the first three months of this year versus the same period in 2021. While Central Europe's economic output expanded at a positive, albeit less vigorous pace in the second quarter, GDP declined in the region as a whole as a result of the Russia-Ukraine conflict. The sanctions imposed against Russia had a substantial impact in this region beginning in March, so Russian economic output already decreased significantly in the second quarter. In both regions, inflation rates rose significantly.

#### TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Demand for automotive financial services was buoyant in the first half of 2022 due, among other things, to the persistently low key interest rates in the main currency areas. Nevertheless, the Covid-19 pandemic and the vehicle availability, which continued to be limited due to parts supply shortages, put pressure on the demand for financial services in almost all regions.

The European passenger car market was still affected in the reporting period by parts supply shortages; vehicle deliveries were down on the prior-year period. By contrast, the share of financial services products in the new vehicle business developed positively and exceeded the 2021 figure. The main drivers of this development were mix effects in the private customer business, which lends itself particularly to financing, and an increased share of leasing contracts in the fleet business. The positive trend in the financing of used vehicles continued in the first half of 2022; particularly sales of after-sales products such as servicing, maintenance and spare parts agreements were increased. Financial services activities in Russia were negatively affected by the Russia-Ukraine conflict and the impact of the international sanctions.

In Germany, faltering parts supply in production continued to have a significantly negative effect on the delivery situation and the financial services business. As a result, the number of new contracts for new vehicle leases and new vehicle financing were below the prior-year figures. However, the penetration rate remained at a high level. New contracts for used

vehicles were in a similar range as in the previous year. The number of new maintenance and tire service agreements declined in the reporting period compared with the prior-year period. In the insurance business, the number of new contracts was slightly lower than a year earlier.

#### TRENDS IN THE MARKETS FOR PASSENGER CARS AND LIGHT COMMERCIAL VEHICLES

Between January and June 2022, the volume of the passenger car market worldwide significantly declined overall year-on-year (-10.1%), impacted primarily by bottlenecks and disruption in the global supply chains as a consequence of the semiconductor shortage, the coronavirus pandemic and the repercussions of the Russia-Ukraine conflict. Only the overall market of the Africa region posted an increase; all other sales regions were affected by losses. The Western Europe region recorded a considerably weaker sales volume. Sales volume fell very sharply in Central and Eastern Europe.

The global volume of new registrations of light commercial vehicles between January and June 2022 was distinctly lower than the prior-year level.

In Western Europe, the number of new registrations of passenger cars in the reporting period fell significantly short of the prior-year level. Parts supply shortages, especially for semiconductors, and the resulting limited vehicle availability led to a decline in new registrations in the first half of 2022 with uneven rates of change in all major individual markets; the passenger car market in Italy lost more than 20% of its volume, thus recording the highest loss ahead of France, Spain and the UK.

In the first six months of 2022, the volume of new registrations of light commercial vehicles in Western Europe was significantly lower than the prior-year figure.

New passenger car registrations in Germany between January and June 2022 were also significantly down on the figure for the first six months of the previous year. The prior-year figure was already comparatively low at the beginning of 2021 owing to the expiry of the – temporary – reduction in value-added tax at the end of 2020. In particular, the deterioration in the supply situation as a result of the lack of intermediates continued to have a dampening effect.

The volume of new registrations of light commercial vehicles in Germany in the reporting period was significantly lower than in the same period of 2021.

In the Central and Eastern Europe region, the passenger car market volume in the reporting period showed a very sharp drop on the prior-year level. Here, sales differed from market to market.

Registration volumes for light commercial vehicles in Central and Eastern Europe declined sharply year-on-year.

#### CHANGES IN EQUITY INVESTMENTS

There were no material changes to the basis of consolidation for the Volkswagen Bank GmbH Group in the first half of 2022.

#### FINANCIAL PERFORMANCE

The companies in the Volkswagen Bank GmbH Group performed satisfactorily in the first half of 2022. At €312 million (previous year: €407 million), profit before tax was lower than the figure achieved in the corresponding period of the previous year.

Interest income was down on the prior-year figure to €655 million (previous year: €736 million) due to comparatively lower vehicle deliveries. Interest expense rose by €7 million to €74 million (previous year: €67 million). Net income from leasing transactions amounted to €151 million compared with €130 million in the first six months of the previous year. The provision for credit risks amounted to a net addition of €39 million (previous year: net reversal of €47 million) due mainly to the absence of the positive non-recurring items that had been included in the prior-year figure.

General and administrative expenses rose slightly, from €410 million to €422 million.

Net other operating income increased by €8 million to €9 million.

Including the net gain on measurement at fair value of €2 million, net expense from service contracts of €3 million, the net gain on hedges of €3 million and the other components of profit or loss, the Volkswagen Bank GmbH Group generated profit after tax of €236 million (previous year: €191 million).

#### NET ASSETS AND FINANCIAL POSITION

The following disclosures on net assets and financial position relate to the changes compared with the balance sheet date of December 31, 2021.

##### Lending Business

The lending business of the Volkswagen Bank GmbH Group mainly consists of vehicle-related loans granted to retail customers, business customers and dealerships. These assets amounted to a total of €46.6 billion (previous year: €46.1 billion) and accounted for approximately 72.7% of the Group's total assets. The stagnating volume of loans and receivables is attributable to the semiconductor shortage and associated supply problems on the part of the Volkswagen Group brands.

In the first half of 2022, the volume of retail financing declined from €31.1 billion to €29.5 billion. In the retail financing business, 330 thousand new contracts were entered into during the first six months of 2021; as of the reporting date, the portfolio consisted of 3.3 million current contracts. Germany continued to be responsible for the greatest proportion of the retail financing portfolio in the Volkswagen Bank GmbH Group, accounting for 46.1% of new contracts and 40.8% of current contracts.

The lending volume in dealer financing – which comprises loans to and receivables from dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – rose from €9.0 billion to €10.5 billion.

Receivables from leasing transactions amounted to €3.0 billion (previous year: €2.9 billion) and lease assets rose from €2.2 billion to €2.4 billion.

Some 50 thousand new leases were signed in the reporting period, bringing the total number of current contracts as of the reporting date to 289 thousand.

Compared to the position at the end of the previous year, the total assets of the Volkswagen Bank GmbH Group had decreased from €67.3 billion to €64.1 billion as of the reporting date.

## KEY FIGURES BY SEGMENT AS OF JUNE 30, 2022

in thousands <sup>1</sup>	VW Bank Group	of which: Germany	of which: Italy	of which: France	of which: Spain	of which: other branches/ subsidiaries
Current contracts <sup>2</sup>	3,306	1,350	408	881	418	248
Automotive retail financing	2,313	1,223	400	119	410	162
Consumer retail financing	125	114	–	–	8	4
Leasing business	289	–	–	275	–	14
Service/insurance	578	13	9	487	–	69
New contracts <sup>2</sup>	510	169	72	179	42	48
Automotive retail financing	330	152	72	26	42	38
Consumer retail financing	17	17	–	–	–	1
Leasing business	50	–	–	48	–	2
Service/insurance	113	–	–	105	–	7
€ million						
Loans to and receivables from customers attributable to						
Retail financing	29,485	18,631	5,118	747	4,161	828
Direct banking	335	315	–	–	1	20
Dealer financing	10,545	5,452	665	1,436	694	2,299
Leasing business	2,995	–	–	2,861	–	134
Lease assets	2,355	1	–	2,354	–	–
Percent						
Penetration rates <sup>3</sup>	17.6	6.5	39.8	51.2	30.6	9.4

1 All figures shown are rounded; minor discrepancies may arise from addition of these amounts.

2 Current contracts and new contracts in each case in relation to the markets shown for the Volkswagen Bank GmbH Group

3 Ratio of new contracts for new Group vehicles to deliveries of Group vehicles in each case in relation to the markets shown for the Volkswagen Bank GmbH Group

### Deposit Business and Borrowings

Significant liability items were liabilities to customers of €33.6 billion (previous year: €34.3 billion), notes and commercial paper issued of €5.3 billion (previous year: €5.7 billion) and liabilities to banks of €11.2 billion (previous year: €13.2 billion). The latter declined in the first half of the year as a result of the partial repayment of amounts borrowed under the targeted longer-term refinancing operations (TLTRO III).

The customer deposits reported within liabilities to customers amounted to €26.9 billion as of June 30, 2022 (previous year: €26.5 billion).

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

### Equity

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

Equity in accordance with IFRSs as of the reporting date was €10.9 billion (previous year: €10.9 billion). This resulted in an equity ratio of 17.0% based on total assets of €64.1 billion.

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

# Report on Opportunities and Risks

## REPORT ON OPPORTUNITIES

### Macroeconomic Opportunities

The Management Board of Volkswagen Bank GmbH anticipates that deliveries to Volkswagen Group customers will be noticeably up on the previous year in 2022 despite ongoing challenging market conditions, assuming that the Covid-19 pandemic does not worsen again and the supply problems affecting intermediate products and commodities improve. Fiscal year 2022 will continue to be adversely impacted by supply chain difficulties because of the structural shortage of semiconductor chips. It is anticipated that the supply of semiconductors will improve in the second half of the year, compared with the first half. Volkswagen Bank GmbH supports this generally positive trend by providing financial services products designed to promote sales.

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

### Strategic Opportunities

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

## RISK REPORT

There were no material changes in the reporting period to the details set out in the report on opportunities and risks in the 2021 Annual Report.



# Human Resources Report

Volkswagen Bank GmbH employed 1,101 people in Germany as of June 30, 2022 (December 31, 2021: 1,114).

A total of 775 people (December 31, 2021: 792) were employed at the international branches of Volkswagen Bank GmbH.

# Report on Expected Developments

Our planning is based on the assumption that global economic output will continue to grow in 2022, albeit at a lower level overall, after the recovery observed in the past fiscal year – provided that the Covid-19 pandemic does not flare up and that shortages of intermediates and commodities become less intense. We believe that risks will arise from protectionist tendencies, turbulence in the financial markets, structural deficits in individual countries and the effects of high inflation and rising interest rates worldwide on the economy. In addition, growth prospects will be negatively impacted by ongoing geopolitical tensions and conflicts, with risks arising especially from the Russia-Ukraine conflict, including in relation to the security of supply of energy resources in Europe. We anticipate that both the advanced economies and the emerging markets will experience declining yet positive momentum.

We predict that trends in the markets for passenger cars in the individual regions will be mixed in 2022. Overall, the global volume of new vehicle sales is expected to be on a par with the previous year without reaching the pre-pandemic level. This prediction assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense. For 2022, we anticipate that the volume of new passenger car registrations in Western Europe will be in the same range as the previous year's figure. In the German passenger car market, we expect the volume of new registrations in 2022 to also match the prior-year figure. We expect a very sharp drop in the sales of passenger cars in Central and Eastern Europe in 2022 compared to the prior year, due in particular to the slump in the Russian market as a consequence of the sanctions imposed.

Trends in the markets for light commercial vehicles in the individual regions will also be mixed; on the whole, we anticipate a sales volume for 2022 in the range of the previous year. This assumes that the Covid-19 pandemic does not flare up and that shortages of intermediates, especially semiconductors, and commodities become less intense.

We anticipate that automotive financial services will continue to prove highly important to global vehicle sales in 2022, particularly in light of the continuing challenges resulting from the Covid-19 pandemic, semiconductor supply shortages and the ongoing Russia-Ukraine conflict.

For 2022, we therefore predict that the penetration rate will be moderately below the level of the previous year, although it is anticipated that there will be a return to growth in deliveries. New contracts are projected to significantly exceed the prior-year level, although current contracts will remain stable. Business volume is expected to stabilize at the 2021 level. The volume of deposits will probably fall moderately below the previous year's level as a result of business policy decisions. Due to positive non-recurring items in 2021, among other factors, we expect the operating result and return on equity for fiscal year 2022 to fall substantially below the prior-year level. We predict that the cost/income ratio will be considerably higher than the prior-year figure.

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

exchange rates, energy and other commodities or supply of parts relevant to the Volkswagen Group, or the actual impact of the Covid-19 pandemic deviates from the scenario assumed in this report, the performance of the business will be affected accordingly. In addition, expected business performance may vary if the key performance indicators and risks and opportunities presented in the 2021 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.

# Interim Consolidated Financial Statements (Condensed)

## Income Statement of the Volkswagen Bank GmbH Group

€ million	Note	Jan. 1 – June 30, 2022	Jan. 1 – June 30, 2021	Change in percent
Interest income from lending transactions and marketable securities		655	736	-10.9
Income from leasing transactions		600	590	1.6
Depreciation, impairment losses and other expenses from leasing transactions		-449	-460	-2.3
Net income from leasing transactions		151	130	15.6
Interest expense		-74	-67	10.1
Income from service contracts		30	30	-2.0
Expenses from service contracts		-33	-28	17.8
Net income from service contracts		-3	2	X
Provision for credit risks		-39	47	X
Fee and commission income		79	85	-6.8
Fee and commission expenses		-27	-69	-60.9
Net fee and commission income		53	17	X
Net gain or loss on hedges		3	-12	X
Net gain/loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income		1	-13	X
General and administrative expenses	1	-422	-410	2.8
Other operating income		25	27	-6.8
Other operating expenses		-16	-26	-37.1
Net other operating income/expenses		9	1	X
<b>Operating result</b>		<b>334</b>	<b>430</b>	<b>-22.4</b>
Share of profits and losses of equity-accounted joint ventures		4	8	-52.5
Net gain/loss on miscellaneous financial assets		-25	0	X
Other financial gains or losses		0	-31	-99.8
<b>Profit before tax</b>		<b>312</b>	<b>407</b>	<b>-23.2</b>
Income tax expense		-76	-216	-64.6
<b>Profit after tax</b>		<b>236</b>	<b>191</b>	<b>23.6</b>
Profit after tax attributable to the sole shareholder		236	191	23.6
German GAAP profit attributable to the sole shareholder in the event of profit transfer.		78	190	-58.6

## Statement of Comprehensive Income of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2022	Jan. 1 – June 30, 2021
<b>Profit after tax</b>	<b>236</b>	<b>191</b>
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	80	22
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	-24	-7
Pension plan remeasurements recognized in other comprehensive income, net of tax	56	16
Fair value valuation of equity instruments that will not be reclassified to profit or loss, net of tax	0	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-	-
<b>Items that will not be reclassified to profit or loss</b>	<b>56</b>	<b>16</b>
Exchange differences on translating foreign operations		
Gains/losses on currency translation recognized in other comprehensive income	-5	11
Transferred to profit or loss	-	-
Exchange differences on translating foreign operations, before tax	-5	11
Deferred taxes relating to exchange differences on translating foreign operations	-	-
Exchange differences on translating foreign operations, net of tax	-5	11
Hedging transactions		
Fair value changes recognized in other comprehensive income (OCI I)	10	3
Transferred to profit or loss (OCI I)	-12	-3
Cash flow hedges (OCI I), before tax	-2	-1
Deferred taxes relating to cash flow hedges (OCI I)	1	0
Cash flow hedges (OCI I), net of tax	-1	-1
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 securities and receivables (debt instruments) recognized in other comprehensive income that may be reclassified to profit or loss		
Fair value changes recognized in other comprehensive income	-228	-24
Transferred to profit or loss	-	-
Fair value valuation of securities and receivables (debt instruments) recognized in other comprehensive income that may be reclassified to profit or loss, before tax	-228	-24
Deferred taxes relating to fair value valuation of securities and receivables (debt instruments) recognized in other comprehensive income that may be reclassified to profit or loss	68	7
Fair value valuation of securities and receivables (debt instruments) recognized in other comprehensive income that may be reclassified to profit or loss, net of tax	-160	-17
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	-	-
<b>Items that may be reclassified to profit or loss</b>	<b>-166</b>	<b>-7</b>
Other comprehensive income, before tax	-155	9
Deferred taxes relating to other comprehensive income	45	1
<b>Other comprehensive income, net of tax</b>	<b>-110</b>	<b>10</b>
<b>Total comprehensive income</b>	<b>126</b>	<b>201</b>
Total comprehensive income attributable to Volkswagen AG	126	201

## Balance Sheet of the Volkswagen Bank GmbH Group

€ million	Note	June 30, 2022	Dec. 31, 2021	Change in percent
<b>Assets</b>				
Cash reserve		7,354	11,022	-33.3
Loans to and receivables from banks		192	340	-43.5
Loans to and receivables from customers attributable to				
Retail financing		29,485	31,073	-5.1
Dealer financing		10,545	9,026	16.8
Leasing business		2,995	2,928	2.3
Other loans and receivables		3,576	3,047	17.4
Total loans to and receivables from customers		46,601	46,074	1.1
Derivative financial instruments		53	10	X
Marketable securities		4,446	4,704	-5.5
Equity-accounted joint ventures		263	284	-7.5
Miscellaneous financial assets		5	5	-
Intangible assets	2	5	6	-24.9
Property and equipment	2	22	24	-7.8
Lease assets	2	2,355	2,236	5.3
Investment property		0	0	-17.5
Deferred tax assets		2,009	1,999	0.5
Current tax assets		44	4	X
Other assets		709	543	30.5
<b>Total</b>		<b>64,059</b>	<b>67,253</b>	<b>-4.8</b>

€ million	Note	June 30, 2022	Dec. 31, 2021	Change in percent
<b>Equity and Liabilities</b>				
Liabilities to banks		11,173	13,177	-15.2
Liabilities to customers		33,624	34,342	-2.1
Notes, commercial paper issued		5,268	5,708	-7.7
Derivative financial instruments		5	52	-91.1
Provisions		270	348	-22.5
Deferred tax liabilities		2,216	2,155	2.9
Current tax liabilities		288	312	-7.7
Other liabilities		275	262	5.1
Subordinated capital		31	35	-12.1
Equity		10,908	10,861	0.4
Subscribed capital		318	318	-
Capital reserves		8,881	8,881	-
Retained earnings		1,915	1,701	12.6
Other reserves		-206	-39	X
<b>Total</b>		<b>64,059</b>	<b>67,253</b>	<b>-4.8</b>

## Statement of Changes in Equity of the Volkswagen Bank GmbH Group

€ million	OTHER RESERVES									Total equity
	Subscribed capital	Capital reserves	Retained earnings <sup>2</sup>	Currency translation	Hedging transactions		Equity and debt instruments	Equity-accounted investments	Non-controlling interests	
					Cash flow hedges (OCI I)	Deferred hedging costs (OCI II)				
<b>Balance as of Jan. 1, 2021</b>	<b>318</b>	<b>8,498</b>	<b>1,466</b>	<b>-70</b>	<b>1</b>	<b>-</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>10,268</b>
Profit after tax	-	-	191	-	-	-	-	-	-	191
Other comprehensive income, net of tax	-	-	16	11	-1	-	-16	-	-	10
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>207</b>	<b>11</b>	<b>-1</b>	<b>-</b>	<b>-16</b>	<b>-</b>	<b>-</b>	<b>201</b>
Capital increases	-	383	-	-	-	-	-	-	-	383
Other changes <sup>1</sup>	-	-	-190	-	-	-	0	-	-	-190
<b>Balance as of June 30, 2021</b>	<b>318</b>	<b>8,881</b>	<b>1,483</b>	<b>-59</b>	<b>0</b>	<b>-</b>	<b>40</b>	<b>-</b>	<b>-</b>	<b>10,662</b>
<b>Balance as of Jan. 1, 2022</b>	<b>318</b>	<b>8,881</b>	<b>1,701</b>	<b>-57</b>	<b>0</b>	<b>-</b>	<b>18</b>	<b>-</b>	<b>-</b>	<b>10,861</b>
Profit after tax	-	-	236	-	-	-	-	-	-	236
Other comprehensive income, net of tax	-	-	56	-5	-1	-	-160	-	-	-110
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>292</b>	<b>-5</b>	<b>-1</b>	<b>-</b>	<b>-160</b>	<b>-</b>	<b>-</b>	<b>126</b>
Capital increases	-	-	-	-	-	-	-	-	-	-
Other changes <sup>1</sup>	-	-	-78	-	-	-	-	-	-	-78
<b>Balance as of June 30, 2022</b>	<b>318</b>	<b>8,881</b>	<b>1,915</b>	<b>-62</b>	<b>-1</b>	<b>-</b>	<b>-142</b>	<b>-</b>	<b>-</b>	<b>10,908</b>

<sup>1</sup> The figures show the share of HGB profit attributable to the sole shareholder.

<sup>2</sup> For information on the restatement of the prior-year figures, please refer to the Changes to Prior-Year Figures section in the disclosures on the corrected recognition of the provision for credit risks in respect of credit commitments in the 2021 Annual Report.

## Cash Flow Statement of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2022	Jan. 1 – June 30, 2021
<b>Profit before tax</b>	<b>312</b>	<b>407</b>
Depreciation, amortization, impairment losses and reversals of impairment losses	264	116
Change in provisions	-78	-17
Change in other noncash items	39	-58
Loss on disposal of financial assets and items of property and equipment	0	0
Net interest expense and dividend income	-639	-737
Other adjustments	-1	0
Change in loans to and receivables from banks	148	-106
Change in loans to and receivables from customers	-567	2,802
Change in lease assets	-368	-480
Change in other assets related to operating activities	-166	23
Change in liabilities to banks	-2,002	425
Change in liabilities to customers	-222	-1,134
Change in notes, commercial paper issued	-440	-1,399
Change in other liabilities related to operating activities	13	26
Interest received	713	804
Dividends received	0	0
Interest paid	-74	-67
Income taxes paid	-44	-49
<b>Cash flows from operating activities</b>	<b>-3,111</b>	<b>557</b>
Proceeds from disposal of investment property	-	-
Acquisition of investment property	-	-
Proceeds from disposal of subsidiaries and joint ventures	-	-
Acquisition of subsidiaries and joint ventures	-	-
Proceeds from disposal of other assets	0	0
Acquisition of other assets	0	-1
Change in investments in marketable securities	12	-593
<b>Cash flows from investing activities</b>	<b>11</b>	<b>-594</b>
Proceeds from changes in capital	-	383
Dividend payment/profit transfer to Volkswagen AG	-563	-383
Loss assumed by Volkswagen AG	-	-
Change in cash funds attributable to subordinated capital	-4	-8
Repayment of liabilities arising from leases	-1	-1
<b>Cash flows from financing activities</b>	<b>-569</b>	<b>-9</b>
<b>Cash and cash equivalents at end of prior period</b>	<b>11,022</b>	<b>7,056</b>
Cash flows from operating activities	-3,111	557
Cash flows from investing activities	11	-594
Cash flows from financing activities	-569	-9
Effect of exchange rate changes	1	0
<b>Cash and cash equivalents at end of period</b>	<b>7,354</b>	<b>7,011</b>

See note (6) for disclosures on the cash flow statement.

# Notes to the Interim Consolidated Financial Statements

of the Volkswagen Bank GmbH Group as of June 30, 2022

## General Information

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

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

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

## Basis of Presentation

Volkswagen Bank GmbH prepared its consolidated financial statements for fiscal year 2021 in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315a(1) of the *Handelsgesetzbuch* (HGB – German Commercial Code). These interim consolidated financial statements for the period ended June 30, 2022 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

Volkswagen Bank GmbH has applied all financial reporting standards adopted by the EU and subject to mandatory application as of January 1, 2022.

The discount rate applied to German pension provisions reported in these interim consolidated financial statements was 3.3% (December 31, 2021: 1.2%). Due to the sustained increase in inflation expectations, the pension trend was changed to 2.0% as of June 30, 2022 (December 31, 2021: 1.7%). The increase in the discount rate led to a reduction 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 has been 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 2021 Consolidated Financial Statements have generally been used in the preparation of the interim consolidated financial statements and the calculation of the prior-year comparative figures. A detailed description of these methods and policies was published in the notes to the consolidated financial statements in the 2021 Annual Report.



In addition, the effects of new standards were described in detail under “New and Revised IFRSs Not Applied”. The 2021 Consolidated Financial Statements can also be accessed on the internet at [www.vwfs.com/arvwbank21](http://www.vwfs.com/arvwbank21).

## Russia-Ukraine Conflict / Covid-19 Pandemic / Semiconductor Shortage

In the first six months of 2022, the Russia-Ukraine conflict led to a humanitarian crisis and global market upheaval. Prices rose substantially, particularly on energy and commodity markets. In addition, parts supply shortages, especially for wire harnesses intensified (temporarily) in this context. The Russia-Ukraine conflict led to increased uncertainty in respect of developments in the global economy and prompted large sections of the community of Western states to impose sanctions on Russia ranging from extensive trade embargoes to the exclusion of Russia from the global financial system.

The direct exposure of the Volkswagen Bank GmbH Group in Russia is very limited. Two financial guarantees have been issued for OOO Volkswagen Bank RUS, Moscow, which are fully covered by cash collateral provided by Volkswagen Financial Services AG and Volkswagen AG. Moreover, the Volkswagen Bank GmbH Group holds an equity investment of 1.0% in OOO Volkswagen Bank RUS, Moscow.

Regionally, the global spread of the Omicron variant of the SARS-CoV-2 virus once again had a substantial detrimental impact on society and the economy in the first half of 2022, particularly in the first three months. In China especially, local outbreaks of infections led to strict restrictions under the zero-Covid strategy being pursued there, resulting in adverse economic impacts and disruption to supply chains.

In the first half of 2022, the trend in new business continued to be shaped by the semiconductor shortage and the associated supply bottlenecks on the part of the Volkswagen Group brands. Due to limited vehicle deliveries the new business in the Volkswagen Bank GmbH Group stagnated in the first half of 2022. At the same time, the shortage of used vehicles led to a positive trend in the used vehicle market so that higher marketing gains were generated from returned lease vehicles than in the prior-year period, especially in the French market.

For further information in this regard please also refer to the details in the Report on Economic Position in the Interim Management Report.

## Provision for Credit Risks

Both historical information, such as average historical default probabilities for each portfolio, and forward-looking information, such as macroeconomic factors and trends (e.g. the rate of change for gross domestic product), linked to expected credit losses, is used to determine the measurement parameters for calculating the provision for credit risks.

The Volkswagen Bank GmbH Group normally analyzes three scenarios: a baseline scenario, a positive scenario and a negative scenario. To take account of the production chain disruption, the Volkswagen Bank GmbH Group had included a fourth scenario in the calculations in the Consolidated Financial Statements for the year ended December 31, 2021.

## Basis of Consolidation

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

There were no material changes to the basis of consolidation for the Volkswagen Bank GmbH Group in the first half of 2022.

## Interim Consolidated Financial Statements Disclosures

### 1. General and Administrative Expenses

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

€ million	Jan. 1 – June 30, 2022	Jan. 1 – June 30, 2021
Personnel expenses	-102	-101
Non-staff operating expenses	-309	-295
Advertising, public relations and sales promotion expenses	-6	-4
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	-4	-11
Other taxes	0	-1
Income from the reversal of provisions and accrued liabilities	0	1
<b>Total</b>	<b>-422</b>	<b>-410</b>

### 2. Changes in Selected Assets

€ million	Net carrying amount as of January 1, 2022	Basis of consolidation additions/changes	Disposals/ other changes	Depr./amort./ impairment	Net carrying amount as of June 30, 2022
Intangible assets	6	0	0	2	5
Property and equipment	24	0	0	2	22
Lease assets	2,236	497	129	250	2,355

### 3. Classes of Financial Instruments

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

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

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

€ million	BALANCE SHEET ITEM		MEASURED AT FAIR VALUE		MEASURED AT AMORTIZED COST		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT ALLOCATED TO ANY MEASUREMENT CATEGORY	
	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021
<b>Assets</b>										
Cash reserve	7,354	11,022	–	–	7,354	11,022	–	–	–	–
Loans to and receivables from banks	192	340	–	–	192	340	–	–	–	–
Loans to and receivables from customers	46,601	46,074	–	–	43,606	43,146	–	–	2,995	2,928
Derivative financial instruments	53	10	11	8	–	–	43	2	–	–
Marketable securities	4,446	4,704	4,446	4,704	–	–	–	–	–	–
Equity-accounted joint ventures	263	284	–	–	–	–	–	–	263	284
Miscellaneous financial assets	5	5	0	0	–	–	–	–	5	5
Current tax assets	44	4	–	–	8	–	–	–	36	4
Other assets	709	543	–	–	496	358	–	–	213	186
<b>Total</b>	<b>59,668</b>	<b>62,988</b>	<b>4,457</b>	<b>4,713</b>	<b>51,657</b>	<b>54,866</b>	<b>43</b>	<b>2</b>	<b>3,512</b>	<b>3,407</b>
<b>Equity and liabilities</b>										
Liabilities to banks	11,173	13,177	–	–	11,173	13,177	–	–	–	–
Liabilities to customers	33,624	34,342	–	–	33,523	34,248	–	–	101	94
Notes, commercial paper issued	5,268	5,708	–	–	5,268	5,708	–	–	–	–
Derivative financial instruments	5	52	4	1	–	–	1	51	–	–
Current tax liabilities	288	312	–	–	161	283	–	–	128	29
Other liabilities	275	262	–	–	120	100	–	–	156	162
Subordinated capital	31	35	–	–	31	35	–	–	–	–
<b>Total</b>	<b>50,665</b>	<b>53,890</b>	<b>4</b>	<b>1</b>	<b>50,275</b>	<b>53,552</b>	<b>1</b>	<b>51</b>	<b>385</b>	<b>286</b>

The “Credit commitments and financial guarantees” class contains obligations under irrevocable credit commitments and financial guarantees amounting to €11,859 million (December 31, 2021: €14,517 million).

## 4. 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 2021 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.

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

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

The following table shows the 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, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021
<b>Assets</b>						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	–	–	11	8	–	–
Marketable securities	3,911	4,156	–	–	535	548
Miscellaneous financial assets	–	–	–	–	0	0
Derivative financial instruments designated as hedges	–	–	43	2	–	–
<b>Total</b>	<b>3,911</b>	<b>4,156</b>	<b>53</b>	<b>10</b>	<b>535</b>	<b>548</b>
<b>Equity and liabilities</b>						
Measured at fair value						
Derivative financial instruments	–	–	4	1	–	–
Derivative financial instruments designated as hedges	–	–	1	51	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>5</b>	<b>52</b>	<b>–</b>	<b>–</b>

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

€ million	2022	2021
<b>Balance as of Jan. 1</b>	<b>548</b>	<b>517</b>
Foreign exchange differences	-12	25
Changes in basis of consolidation	0	0
Portfolio changes	-	-
Measured at fair value through profit or loss	-1	-3
Measured at fair value through other comprehensive income	-	-
<b>Balance as of June 30</b>	<b>535</b>	<b>539</b>

In the reporting period, €1 million of gains and losses measured at fair value through profit or loss were reported under net gain or loss on financial instruments measured at fair value (previous year: €3 million).

The risk variables relevant to the fair value of the loans to and receivables from customers and marketable securities are risk-adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk-adjusted interest rates on profit or loss after tax. If risk-adjusted interest rates as of June 30, 2022 had been 100 basis points higher, profit after tax would have been €0 million higher (previous year: €0 million). If risk-adjusted interest rates as of June 30, 2022 had been 100 basis points lower, profit after tax would have been €0 million lower (previous year: €0 million).

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

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

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021
<b>Assets</b>						
Measured at fair value						
Loans to and receivables from banks	–	–	–	–	–	–
Loans to and receivables from customers	–	–	–	–	–	–
Derivative financial instruments	11	8	11	8	–	–
Marketable securities	4,446	4,704	4,446	4,704	–	–
Miscellaneous financial assets	0	0	0	0	–	–
Measured at amortized cost						
Cash reserve	7,354	11,022	7,354	11,022	–	–
Loans to and receivables from banks	192	340	192	340	–	–
Loans to and receivables from customers	43,438	44,068	43,606	43,146	–168	922
Current tax assets	8	–	8	–	–	–
Other assets	496	358	496	358	–	–
Derivative financial instruments designated as hedges	43	2	43	2	–	–
Not allocated to any measurement category						
Lease receivables	2,926	2,863	2,995	2,928	–69	–64
<b>Equity and liabilities</b>						
Measured at fair value						
Derivative financial instruments	4	1	4	1	–	–
Measured at amortized cost						
Liabilities to banks	10,208	13,098	11,173	13,177	–965	–79
Liabilities to customers	33,293	34,386	33,523	34,248	–229	137
Notes, commercial paper issued	5,268	5,708	5,268	5,708	–	–
Current tax liabilities	161	283	161	283	–	–
Other liabilities	120	100	120	100	0	0
Subordinated capital	31	37	31	35	0	2
Derivative financial instruments designated as hedges	1	51	1	51	–	–

The difference between the fair value and carrying amount of irrevocable credit commitments is not material because of the short maturity and the variable interest rate linked to the market interest rate. Nor is the difference between carrying amount and fair value of financial guarantees material.

## Segment Reporting

### 5. Breakdown by Geographical Market

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

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

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

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

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



## BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE FIRST HALF OF 2022:

€ million	JAN. 1 – JUNE 30, 2022					Consolidation	Group
	Germany	Italy	Spain	France	Other		
Interest income from lending transactions and marketable securities in respect of third parties	366	110	89	17	74	–	655
Intersegment interest income from lending transactions and marketable securities	55	–	–	–	–	–55	–
Income from leasing transactions with third parties	–	–	0	598	2	–	600
of which impairment reversals in accordance with IAS 36 in accordance with IAS 36	–	–	–	0	–	–	0
Depreciation, impairment losses and other expenses from leasing transactions	–	–	–	–448	0	–	–449
of which impairment losses in accordance with IAS 36	–	–	–	–6	–	–	–6
Net income from leasing transactions	–	–	0	149	1	–	151
Interest expense	–72	–15	–9	–12	–22	55	–74
Income from service contracts with third parties	–	–	–	30	–	–	30
Expenses from service contracts	0	–	–	–33	–	–	–33
Net income from service contracts	0	–	–	–3	–	–	–3
Provision for credit risks	–24	–8	–1	–6	3	–2	–39
Fee and commission income from third parties	15	7	21	19	18	–	79
Fee and commission expenses	3	–7	–13	–7	–4	–	–27
Net fee and commission income	18	0	7	12	15	–	53
Net gain or loss on hedges	3	–	–	–	–	0	3
Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income	–134	–	0	–	–1	137	1
General and administrative expenses	–285	–21	–28	–63	–25	0	–422
Other operating income	9	3	6	3	1	3	25
Other operating expenses	–2	–2	–5	–1	–1	–5	–16
Net other operating income/expenses	7	1	1	2	0	–2	9
<b>Operating result</b>	<b>–66</b>	<b>67</b>	<b>60</b>	<b>96</b>	<b>45</b>	<b>132</b>	<b>334</b>

## BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE FIRST HALF OF 2021:

€ million	JAN. 1 – JUNE 30, 2021						Consolidation	Group
	Germany	Italy	Spain	France	Other			
Interest income from lending transactions and marketable securities in respect of third parties	428	116	103	19	71	–	736	
Intersegment interest income from lending transactions and marketable securities	50	–	–	–	–	–50	–	
Income from leasing transactions with third parties	–	–	0	587	3	–	590	
of which impairment reversals in accordance with IAS 36 in accordance with IAS 36	–	–	–	0	–	–	0	
Depreciation, impairment losses and other expenses from leasing transactions	–	–	–	–458	–1	–	–460	
of which impairment losses in accordance with IAS 36	–	–	–	–6	–	–	–6	
Net income from leasing transactions	–	–	0	129	1	–	130	
Interest expense	–61	–17	–14	–14	–10	50	–67	
Income from service contracts with third parties	1	–	–	29	–	–	30	
Expenses from service contracts	–1	–	–	–27	–	–	–28	
Net income from service contracts	0	–	–	2	–	–	2	
Provision for credit risks	45	–3	–7	–11	24	0	47	
Fee and commission income from third parties	17	14	22	20	12	–	85	
Fee and commission expenses	–10	–23	–14	–11	–10	–	–69	
Net fee and commission income	7	–10	9	8	2	–	17	
Net gain or loss on hedges	–12	–	1	–	–	–	–12	
Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income	–57	0	–1	–	–3	47	–13	
General and administrative expenses	–262	–26	–30	–62	–30	0	–410	
Other operating income	7	3	10	6	1	0	27	
Other operating expenses	–4	–1	–10	–2	–8	–	–26	
Net other operating income/expenses	4	1	0	4	–7	0	1	
<b>Operating result</b>	<b>141</b>	<b>61</b>	<b>59</b>	<b>75</b>	<b>47</b>	<b>47</b>	<b>430</b>	

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, 2022					Consolidation	Total
	Germany	Italy	Spain	France	Other		
Noncurrent Assets	266	5	4	2,366	7	–	2,649
Additions to noncurrent lease assets	–	–	–	497	–	–	497

€ million	JAN. 1 – JUNE 30, 2021					Consolidation	Total
	Germany	Italy	Spain	France	Other		
Noncurrent Assets	95	7	5	2,061	25	198	2,389
Additions to noncurrent lease assets	–	–	–	655	3	–	658

Investments recognized under other assets were of minor significance.

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

Mio. €	Jan. 1 – June 30, 2022	Jan. 1 – June 30, 2021
<b>Segment revenue</b>	<b>1,430</b>	<b>1,506</b>
Consolidation	–55	–50
<b>Group revenue</b>	<b>1,375</b>	<b>1,456</b>
<b>Segment profit or loss (operating result)</b>	<b>202</b>	<b>383</b>
Consolidation	132	47
<b>Operating result</b>	<b>334</b>	<b>430</b>
Share of profits and losses of equity-accounted joint ventures	4	8
Net gain or loss on miscellaneous financial assets	–25	0
Other financial gains or losses	0	–31
<b>Profit before tax</b>	<b>312</b>	<b>407</b>

## Other Disclosures

### 6. Cash Flow Statement

The Volkswagen Bank GmbH Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. The narrow definition of cash and cash equivalents comprises only the cash reserve, which consists of cash-in-hand and central bank balances.

### 7. Off-Balance-Sheet Liabilities

#### CONTINGENT LIABILITIES

The only other contingent liabilities as of June 30, 2022 were not material. The only other contingent liabilities as of December 31, 2021 were likewise not material. No disclosures have therefore been provided on their financial impact, uncertainty or potential reimbursement.

#### OTHER FINANCIAL OBLIGATIONS

€ million	DUE	DUE	DUE	TOTAL
	by June 30, 2023	July 1 2023 – June 30, 2027	From July 1, 2027	June 30, 2022
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	11,509	–	–	11,509
Leasing and rental contracts	2	1	–	3
Miscellaneous financial obligations				
	7	–	–	7

€ million	DUE	DUE	DUE	TOTAL
	2022	2023–2026	From 2027	Dec. 31, 2021
Purchase commitments in respect of				
Property and equipment	–	–	–	–
Intangible assets	–	–	–	–
Investment property	–	–	–	–
Obligations from				
Irrevocable credit commitments to customers	14,199	0	50	14,249
Leasing and rental contracts	4	0	–	4
Miscellaneous financial obligations				
	10	–	–	10

Drawdowns on irrevocable credit commitments are possible at any time.

## 8. Related Party Disclosures

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

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

Porsche Automobil Holding SE, Stuttgart, held the majority of the voting rights in Volkswagen AG as of the reporting date. The Extraordinary General Meeting of Volkswagen AG held on December 3, 2009 approved the creation of rights of appointment for the State of Lower Saxony. As a result, Porsche SE cannot elect, via the Annual General Meeting, all the shareholder representatives on Volkswagen AG's Supervisory Board 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 4, 2022, the State of Lower Saxony and Hannoversche Beteiligungsgesellschaft Niedersachsen mbH, Hanover, held 20.00% of the voting rights in Volkswagen AG on December 31, 2021 and therefore indirectly had significant influence over the Volkswagen Bank GmbH Group. As mentioned above, the General Meeting of Volkswagen AG on December 3, 2009 also resolved that the State of Lower Saxony may appoint two members of the Supervisory Board (right of appointment).

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

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

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

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

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	
	2022	2021	2022	2021	2022	2021	2022	2021
Supervisory Board	0	0	0	0	–	–	–	–
Management Board/ Board of Management	0	0	0	0	–	–	–	–
Volkswagen AG	9	4	–	–	10	6	2	1
Porsche SE	–	–	–	–	–	–	–	–
Other related parties in the consolidated entities	–94	–62	0	0	109	103	105	113
Non-consolidated subsidiaries	–	–	–	–	–	–	–	–
Joint ventures	2	1	–	–	0	0	98	101
Associates	–	–	–	–	–	–	0	0

€ million	VALUATION							
	LOANS TO AND RECEIVABLES FROM		IMPAIRED LOANS AND RECEIVABLES		OF WHICH ADDITIONS IN CURRENT YEAR		LIABILITIES TO	
	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021
Supervisory Board	0	0	–	–	–	–	4	5
Management Board/ Board of Management	0	0	–	–	–	–	15	12
Volkswagen AG	4	1	–	–	–	–	2,780	3,395
Porsche SE	0	–	–	–	–	–	–	0
Other related parties in the consolidated entities	1,905	1,952	–	–	–	–	4,982	5,791
Non-consolidated subsidiaries	0	0	–	–	–	–	216	139
Joint ventures	2,552	2,180	–	–	–	–	291	196
Associates	–	0	–	–	–	–	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 Volkswagen Bank GmbH. The relationships with the Supervisory Board and the Board of Management comprise relationships with the relevant groups of people at Volkswagen Bank GmbH and the Group parent company Volkswagen AG. As in the prior year, relationships with pension plans and the State of Lower Saxony were of lesser significance.

“Goods and services received” mainly related to IT and other services in connection with financing transactions. “Goods and services provided” largely arose in connection with income from finance cost subsidies received and from the provision of services. The Volkswagen Bank GmbH Group did not receive any capital contributions (previous year: €383 million) from Volkswagen AG in the first half of 2022. Furthermore, the Volkswagen Bank GmbH Group made capital contributions to related parties amounting to €0.5 million (previous year: none).

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

## 9. Governing Bodies of the Volkswagen Bank GmbH Group

The members of the Management Board are as follows:

**DR. MICHAEL REINHART**

Chair of the Management Board  
Corporate Management of Volkswagen Bank GmbH

**OLIVER ROES**

Responsible for Finance at Volkswagen Bank GmbH

**CHRISTIAN LÖBKE**

Responsible for Risk Management at Volkswagen Bank GmbH

**DR. VOLKER STADLER**

Responsible for Operations at Volkswagen Bank GmbH

The members of the Supervisory Board as of the reporting date June 30, 2022 were as follows:

**DR. INGRUN-ULLA BARTÖLKE**

Chair  
Head of Group Accounting and External Reporting of Volkswagen AG

**BJÖRN BÄTGE**

Deputy Chair (as of March 10, 2022)  
Group Treasury – Head of Global Markets of Volkswagen AG

**SILVIA STELZNER**

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

**SARAH AMELING-ZAFFIRO (AS OF FEBRUARY 1, 2022)**

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

**MARKUS BIEBER**

Managing Director of the General Works Council of Volkswagen AG

**DR. CHRISTIAN DAHLHEIM (AS OF FEBRUARY 1, 2022)**

Chair of the Board of Management of Volkswagen Financial Services AG

**FRANK FIEDLER**

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

**PROF. DR. SUSANNE HOMÖLLE**

Chair of Banking and Finance, University of Rostock

**THOMAS KÄHMS**

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

**MARKUS KONRADT (AS OF MAY 1, 2022)**

Head of Marktfolge Bank of Volkswagen Bank GmbH

**KATRIN ROHMANN (AS OF MARCH 9, 2022)**

Public auditor

**CONNY SCHÖNHARDT**

Trade union secretary for the IG Metall Board of Management in the unit for vehicle construction coordination

The following were also members of the Supervisory Board in 2022:

**REINHARD MATHIEU (UNTIL APRIL 30, 2022)**

Head of Basic Regulatory Issues & Reporting at Volkswagen Bank GmbH

**LUTZ MESCHKE (UNTIL MARCH 9, 2022)**

Deputy Chair

Deputy Chair of the Board of Management and member of the Board of Management of Dr. Ing. h.c. F. Porsche AG

Finance and IT

**JÜRGEN ROSEMANN (UNTIL JANUARY 31, 2022)**

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

**LARS HENNER SANTELMANN (UNTIL JANUARY 31, 2022)**

Chair of the Board of Management of Volkswagen Financial Services AG

The composition of the committees of the Supervisory Board of Volkswagen Bank GmbH was as follows as of the reporting date, June 30, 2022:

**MEMBERS OF THE AUDIT COMMITTEE**

Katrin Rohmann (Chair) (as of March 10, 2022)

Prof. Dr. Susanne Homölle (Deputy Chair)

Frank Fiedler

Silvia Stelzner

The following were also members of the Audit Committee in 2022:

Lutz Meschke (Chair) (until March 9, 2022)

**MEMBERS OF THE RISK COMMITTEE**

Prof. Dr. Susanne Homölle (Chair)

Björn Bätge (Deputy Chair)

Frank Fiedler

Silvia Stelzner

**MEMBERS OF THE NOMINATION COMMITTEE**

Dr. Ingrun-Ulla Bartölke (Chair)

Thomas Kähms (Deputy Chair)

Dr. Christian Dahlheim (as of February 1, 2022)

The following were also members of the Nomination Committee in 2022:

Lars Henner Santelmann (until January 31, 2022)



**MEMBERS OF THE REMUNERATION COMMITTEE**

Dr. Ingrun-Ulla Bartölke (Chair)

Björn Bätge (Deputy Chair)

Thomas Kähms

Dr. Christian Dahlheim (as of February 1, 2022)

The following were also members of the Remuneration Committee in 2022:

Lars Henner Santelmann (until January 31, 2022)

## 10. Events After the Balance Sheet Date

There were no significant events in the period between the reporting date for the interim consolidated financial statements and July 22, 2022.

Braunschweig, July 22, 2022

Volkswagen Bank GmbH  
The Management Board

# Responsibility Statement

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

Braunschweig, July 22, 2022

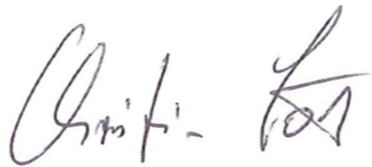
Volkswagen Bank GmbH  
The Management Board



Dr. Michael Reinhart



Oliver Roes



Christian Løbke



Dr. Volker Stadler

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Produced in-house with SmartNotes

This half-yearly financial report is also available in German at [www.vwfs.com/hjfbbank22](http://www.vwfs.com/hjfbbank22).