

VOLKSWAGEN FINANCIAL SERVICES N.V.

Annual report

for the year ended 31 December 2024

PDF/printed version

This document is the PDF/printed version of the 2024 Annual Report of Volkswagen Financial Services N.V. and has been prepared for ease of use.

The 2024 Annual Report was made publicly available pursuant to section 5:25c of the Dutch Financial Supervision Act (Wet op het financieel toezicht), and was filed with the Netherlands Authority for the Financial Markets in European single electronic reporting format (the ESEF package).

The ESEF package is available on the company's website at <https://www.vwfs.nl> and includes a human readable XHTML version of the 2024 Annual Report. In any case of discrepancies between this PDF version and the ESEF package, the latter prevails.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Contents

| | |
|--|----|
| Supervisory Board Report | 3 |
| Management Board Report | 4 |
| Balance sheet as at 31 December 2024 | 10 |
| Income statement for the year ended 31 December 2024 | 12 |
| Cashflow statement for the year ended 31 December 2024 | 13 |
| Notes to the financial statements | 14 |
| Other information | 46 |
| Responsibility Statements | 47 |
| Signing of the annual report | 48 |
| Independent auditor's report | 49 |

Supervisory Board Report

The balance sheet total and the result for the financial year 2024 of Volkswagen Financial Services N.V. ('FSNV' or 'the Company') are in line with the expected development of the Company. The solvency and liquidity of the Company remained good. The issuance activities of FSNV in the capital markets were coordinated with Volkswagen Financial Services AG. In 2024, the credit rating agencies maintained their rating assessments for Volkswagen Financial Services AG. Standard & Poor's maintained the rating at A-2 / BBB+ (short term / long term) and maintained a stable outlook. Moody's maintained the rating at P-2 / A3 (short term / long term) but updated the outlook assessment from stable to negative. Fitch's rating was confirmed on a solicited basis for the first time in January 2024, being at F1 for the short term assessment and at A- for the long term assessment, with a stable outlook affirmed.

Monitoring and advisory activities of the Supervisory Board

In our capacity as the Supervisory Board, we provided the Management Board with in-depth advice on matters relating to management and further development of the Company and monitored the Management Board running of the business, both continuously and thoroughly. In 2024 the Supervisory Board convened for one annual meeting. All board members attended the supervisory board meeting. During the meeting, the financial results of the prior year were discussed, as well as a forecast of the financial results for the current year was presented. Risk management topics were addressed and material projects for the year were discussed. Moreover, members of the Supervisory Board interacted with the member of the Management Board outside the formal Supervisory Board meetings throughout the year to align on the status of key business activities within the company.

Description of the Audit Committee

The Supervisory Board does not divide the responsibilities into sub-committees, but takes charge of all tasks that such committees traditionally would fulfil.

Composition of the Supervisory Board

The Supervisory Board consists of two members: Frank Fiedler (Braunschweig, Germany) was appointed member and chairman on 01 September 2017. Roman B. Rosenberg (Magdeburg, Germany) was appointed member on 28 June 2021. The members of the Supervisory Board receive a fixed fee for all their supervisory board mandates within the Volkswagen Group from Volkswagen Financial Services ('FSAG').

Examination of financial statements

During the annual General Meeting of FSNV on 24 April 2024 EY Accountants B.V., Rotterdam was elected as independent auditor for the financial year 2024. The independent auditors audited the annual financial statements of FSNV and issued an unqualified audit opinion. Following a thorough examination and discussion of the proposed financial statements based on the audit report, the Supervisory Board authorized the issuance of the 2024 Financial Statements by the management board on 25 March 2025.

Amsterdam, 25 March 2025

Frank Fiedler
Chairman of the Supervisory Board

Management Board Report

Business Strategy and Objectives

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

FSNV has 6 employees and under service agreements also performing tasks for three sister companies (Volkswagen International Finance N.V., Volkswagen Finance Europe B.V. and Volkswagen Finance Overseas B.V.). Volkswagen International Finance N.V. with its 8 employees performs similarly tasks for FSNV.

The companies mission is to provide comprehensive financial solutions and services that drive the strategic growth and operations of the FSAG group. It aims to support the financing needs of FSAG group companies, ensuring their ongoing success in the financial services sector. By leveraging financial expertise, the company contributes to the overall value chain through to the customer

Composition of the Management Board

The Management Board consists of one member: Jozephine Anna Margaretha Adriana Maria de Rijk-van Leeuwen (Amsterdam, The Netherlands) and was appointed member on 01 November 2024. From 01 August 2021 until 31 October 2024, the Management Board consisted of one member: Christopher Ryan Norrod (Amsterdam, The Netherlands).

Funding

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

Therefore, the FSNV rating by Standard & Poor's, Moody's and Fitch is derived from the FSAG rating. Standard & Poor's assessed the rating with A-2 / BBB+ (short/long term) with a stable outlook and Moody's assessed the risk with Prime-2 / A3 (short/long term) with a negative outlook. Fitch's rating was confirmed on a solicited basis for the first time in January 2024, being at F1 for the short term assessment and at A- for the long term assessment, with a stable outlook affirmed. The solvency and liquidity of the Company remained good.

Throughout 2024, FSNV raised a EUR equivalent of 0,7 billion under the DIP (2023: EUR 1,2 billion) with multi-tranche bonds and non commercial papers under the mentioned CP programme (2023: 1,7 billion). The proceeds were granted to FSAG Group companies.

In 2024, FSNV also redeemed bonds with a EUR equivalent of 2,4 billion (2023: EUR 1,5 billion) and repaid matured CPs in the order of EUR 1 billion (2023: EUR 1,2 billion). No additional loans from VW Group companies were taken on (2023: EUR 1,0 billion), repayments amounted to EUR 0,3 billion (2023: EUR 1,3 billion).

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Financial results

FSNV decreased its lending assets from EUR 11,8 billion to EUR 9 billion, assisting companies in the Financial Services Division to maintain their market position. All outstanding loans have been fully performing.

FSNV generated a profit after tax of EUR 78,1 million in 2024 against EUR 33,5 million in 2023. The Company generates income from the FSAG Group financing business. Interest surplus amounted to EUR 107,8 million (2023: EUR 47,5 million).

Net-cash from operating activities amounted to EUR 118,9 million (2023: EUR 75,4 million). No dividend was paid to its shareholder in 2024.

Research and Development Activities

The company did not engage in any research and development (R&D) activities during the reporting period. This is because the business model does not require significant investment in R&D for product development or technological advancements.

As a result, there are no associated costs or assets related to R&D to report in the financial statements.

Risks

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

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

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

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

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

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

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

Risk policies

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

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

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

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

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

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

For remaining mismatches, the Supervisory Board has defined narrow limits. FSNV uses adequate tools to assess and to monitor risks. On a monthly basis, a detailed mismatch report, containing all relevant risks, is presented to the management. In 2024, limits were not exceeded.

Diesel issue

In September 2015, the California Air Resources Board (CARB) and the US Environmental Protection Agency (EPA) publicly announced that irregularities in relation to nitrogen oxide emissions had been discovered in emission tests on certain vehicles with diesel engines, resulting in violations of US environmental laws.

Depending on the different emissions regulations in the various countries, Volkswagen has rectified and is rectifying the diesel engine software, applied technical measures, compensated owners for reduced residual values or took back affected cars. The financial impact of this incident to the Volkswagen AG Group is discussed in the quarterly and annual reports of Volkswagen AG.

The majority of FSNV's borrowers have either financed cars with affected diesel engines or have them in their lease car inventory. However, investors and the financial markets assess the risks FSNV is exposed to on the background of the guarantee by FSAG, since investors have full recourse to FSAG. FSNV management has also assessed the impact of the "diesel emission issue" on the borrowers of FSNV by analysing in detail the financial situation of the borrowers as well as budget forecasts and concluded that FSNV is not exposed to higher credit risk.

Adherence to tax and regulatory requirements

The Company had its tax returns up to and including 2021 reviewed by the Dutch Tax Authorities. For the tax return 2022, a final assessment has not yet been received.

Due to its issuing activities in the capital markets and the listing at the Luxemburg Stock Exchange, the Company is complying with the regulatory requirements regarding the yearly submission of its annual financial statements to the Dutch Financial Market Authority (the "AFM") and the approval requirements for its prospectuses by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg (the "CSSF").

In December 2021, the OECD issued model rules for a new global minimum tax framework. Several jurisdictions announced the intention to bring these into effect. In December 2022 EU member states agreed to a correspondent EU directive. The Minimum (top-up) tax legislation has been approved on 19 December 2023 in the Netherlands.

For more information regarding Pillar Two, please see the accounting policy note 2.6 and taxation note 23 in the financial statements section of this report, which specify the (expected) impact of Pillar Two.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Compliance & Integrity

Acting with integrity, compliance and honesty is an essential prerequisite for the success of the Volkswagen Group. For this reason, compliance with national and international laws and regulations, internal rules and guidelines and voluntary commitments is among FSNV's most important principles. The focus of FSNV's compliance organization is on preventing corruption, breaches of trust and money laundering and thereby reducing the risk of unlawful actions. The Volkswagen Group's Code of Conduct is established throughout the Group, and thus also within FSNV. It is the main tool for reinforcing awareness of good conduct, ethical principles and an integrity culture among the employees and providing them assistance, as well as suitable contacts in case of uncertainty. Next to the Volkswagen Group Code of Conduct, other Group policies and guidelines on specific compliance issues have been implemented within FSNV. Where laws and regulations have been violated, the Volkswagen Group Whistleblower System is a suitable tool for taking appropriate actions where misconduct is proven.

Corporate Governance

As per the corporate governance framework and in accordance with Explanatory Note BPP 5.1.5, the company acknowledges that it does not currently have non-executive directors. In the absence of non-executive directors, the supervisory and oversight functions typically carried out by nonexecutive directors are instead performed by the supervisory board.

The company ensures that robust governance and supervision are maintained through independent members of the board. The board continues to oversee the company's strategic direction, risk management, and compliance with applicable laws and regulations.

The company recognizes the importance of independent oversight and will review its governance structure as part of its ongoing commitment to maintaining best practices in corporate governance.

Non-financial matters

FSNV is not obliged to disclose a non-financial statement and refers to the combined, separate non-financial report of Volkswagen AG for the fiscal year 2024, which is available on the website www.volkswagenag.com.

Expectations 2025

FSNV will continue in 2025 its issuing activities in the capital markets. In line with the long-term business strategy, the FSAG Group plans to develop new markets and to improve its position in existing markets.

We expect that FSAG will keep FSNV's capital reserve on an adequate level. As several Volkswagen Financial Services companies worldwide are going to use the attractive European funding opportunities, FSNV foresees additional requests for refinancing which will be taken care of with reinstated and increased capital market issuances under the DIP and CP-programmes.

Based on this assumption, we expect a moderate increase in total business volume for FSNV in 2025. Taking into account the expected growth in business volume and the interest environment, interest income should increase proportionately. The financial statements have been prepared under the going concern assumption.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

In principle, one third of the Management Board and Supervisory Board should be female; however, currently there is only one Managing Director on the Management Board of the Company. The Company will deal with this recommendation in the future.

For the upcoming period, the company does not anticipate any significant changes in staffing levels or the organizational structure. The current workforce is expected to remain stable, with no major additions, reductions, or reorganization of staff. Our focus will remain on maintaining operational efficiency and supporting the ongoing development of our existing employees. We will continue to invest in employee development, well-being, and retention strategies to ensure that our team is equipped to meet the company's business objectives. Regular performance reviews and training initiatives will remain in place to support the professional growth of our staff

Responsibility

The responsibility statement, confirming that the financial statements have been prepared in accordance with applicable reporting standards and provide a true and fair view of the company's financial position, is included as a separate section in the annual report.

Amsterdam, 25 March 2025

Volkswagen Financial Services N.V.
The Management Board

Financial statements

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Balance sheet as at 31 December 2024

(after proposed appropriation of profit)

| | Ref. | 31 December 2024 | | 31 December 2023 | |
|---|------|------------------|-----------|------------------|------------|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| <i>Assets</i> | | | | | |
| Fixed assets | | | | | |
| Financial fixed assets: | | | | | |
| Loans to Volkswagen Group companies | 6 | 4.429.961 | | 5.440.541 | |
| Loans to affiliates of the Volkswagen Group | 6 | 67.853 | | 100.000 | |
| | | | | | |
| Total fixed assets | | | 4.497.814 | | 5.540.541 |
| Current assets | | | | | |
| Receivables due from Volkswagen Group companies | 7 | 4.504.664 | | 4.387.764 | |
| Receivables due from affiliates of the Volkswagen Group | 7 | 100.658 | | 1.878.199 | |
| Other assets | 8 | 89.872 | | 59.634 | |
| Prepaid and deferred charges | 9 | - | | 163 | |
| Cash at banks and in hand | 10 | 34.944 | | 51.093 | |
| | | | | | |
| Total current assets | | | 4.730.138 | | 6.376.853 |
| | | | | | |
| Total assets | | | 9.227.952 | | 11.917.394 |

The accompanying notes are integral parts of these financial statements.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

| | Ref. | 31 December 2024 | | 31 December 2023 | |
|---|------|------------------|-----------|------------------|------------|
| | | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| <i>Shareholder's equity and liabilities</i> | | | | | |
| Shareholder's equity | 11 | | | | |
| Issued and paid-up share capital | | 454 | | 454 | |
| Share premium reserve | | 2.587.500 | | 2.587.500 | |
| Retained earnings | | 134.357 | | 56.226 | |
| Total shareholder's equity | | | 2.722.311 | | 2.644.180 |
| Long-term liabilities | | | | | |
| Bonds | 12 | 4.125.320 | | 4.858.015 | |
| Liabilities to Volkswagen Group companies | 12 | 0 | | 519.392 | |
| Total long-term liabilities | | | 4.125.320 | | 5.377.407 |
| Current liabilities | | | | | |
| Bonds | 13 | 1.661.383 | | 2.419.688 | |
| Liabilities to Volkswagen Group companies | 13 | 520.234 | | 261.921 | |
| Commercial papers | 13 | - | | 1.048.313 | |
| Other liabilities | 14 | 188.738 | | 151.965 | |
| Deferred income | 15 | 9.966 | | 13.920 | |
| Total current liabilities | | | 2.380.321 | | 3.895.807 |
| Total shareholder's equity and liabilities | | | 9.227.952 | | 11.917.394 |

The accompanying notes are integral parts of these financial statements.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Income statement for the year ended 31 December 2024

| | | 2024 | | 2023 | |
|--|---------|-----------|----------|-----------|----------|
| Ref. | EUR'000 | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Net financial income | | | | | |
| Interest income and similar income | 16 | 541.083 | | 474.270 | |
| Interest expenses and similar expenses | 16 | (433.365) | | (426.700) | |
| | | | | | |
| Total net financial income | | | 107.718 | | 47.570 |
| Other operating income | 17 | 129 | | - | |
| | | | | | |
| Total other operating income | | | 129 | | - |
| Expenses | | | | | |
| Personnel expenses | 18 | (223) | | - | |
| General and administrative expenses | 19 | (2.417) | | (2.560) | |
| | | | | | |
| Total expenses | | | (2.640) | | (2.560) |
| Profit and (loss) before income taxes | | | 105.207 | | 45.010 |
| Taxation on result on ordinary activities | 22 | | (27.076) | | (11.459) |
| | | | | | |
| Net profit and (loss) after taxation | | | 78.131 | | 33.551 |
| | | | | | |

The accompanying notes are integral parts of these financial statements.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Cash flow statement for the year ended 31 December 2024

| | 2024 | | 2023 | |
|--|--------------|-------------|--------------|-------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| Cash (used in)/generated from operations | | | | |
| Interest received | 612.118 | | 489.241 | |
| Interest paid | (476.241) | | (400.889) | |
| Salaries | (74) | | - | |
| Guaranty fees paid | (4.311) | | (4.845) | |
| General and other expenses paid | (1.065) | | (2.431) | |
| Tax paid | (11.509) | | (5.634) | |
| | | | | |
| Net cash from/ used in operating activities | | 118.918 | | 75.442 |
| Cash flow (used in)/generated from investment activities | | | | |
| Loans issued to VW Group companies & affiliates of the Volkswagen Group | (50.676.075) | | (29.467.743) | |
| Collection of loans to VW Group companies & affiliates of the Volkswagen Group | 53.564.792 | | 28.046.560 | |
| | | | | |
| Net cash from/ used in investment activities | | 2.888.717 | | (1.421.183) |
| Cash flow (used in)/generated from financing activities | | | | |
| Proceeds from borrowings | 729.142 | | 2.151.717 | |
| Repayment of borrowings | (2.704.016) | | (2.771.474) | |
| Proceeds from commercial papers | - | | 1.734.268 | |
| Repayment of commercial papers | (1.032.034) | | (1.188.191) | |
| Derivatives | (17.005) | | (20.239) | |
| Injection to share premium by shareholder | - | | 1.472.500 | |
| | | | | |
| Net cash from/ used in financing activities | | (3.023.913) | | 1.378.581 |
| Effect of exchange rates on cash | | 129 | | 43 |
| | | | | |
| Net cash flows | | (16.149) | | 32.883 |
| Balance as at 1 January | | 51.093 | | 18.210 |
| Movement | | (16.149) | | 32.883 |
| | | | | |
| Balance as at 31 December | | 34.944 | | 51.093 |

The accompanying notes are integral parts of these financial statements.

Notes to the financial statements

1. General

1.1 Activities

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

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

The main purpose of the Company is the financing of and participation in Volkswagen AG Group companies. FSNV has access to several funding sources such as bonds, and commercial paper as well as inter-company loans.

All external issuances of financial instruments are guaranteed by FSAG in case FSNV does not meet its obligations towards the holders of these instruments. FSNV has lent 100% of the proceeds of these borrowings to Group companies or affiliates.

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

Bonds issued by FSNV are listed at the Luxemburg Stock Exchange. The bond prospectuses have been approved by the Commission de Surveillance du Secteur Financier of the Grand Duchy of Luxembourg ('CSSF').

2. Basis of preparation

2.1 Statement of compliance

The financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code. The financial statements are presented in EUR, which is also the Company's functional currency, and have been prepared on a going concern basis.

2.2 Basis of measurement

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet and the income statement include references to the notes.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

2.3 Functional and presentation currency

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

2.4 Related parties

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

2.5 Note to the cash-flow statement

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

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

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

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

3. Principles of valuation of assets and liabilities

3.1 Use of estimates and assumptions

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question. Estimates used for accounting of financial fixed assets and impairment of loans granted are disclosed under note 3.3 and 3.9.

3.2 Foreign currencies

Functional currency

The financial statements are presented in EUR, i.e. the functional and reporting currency of FSNV.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Transactions, receivables and liabilities

Transactions denominated in foreign currencies are initially recorded at the functional currency exchange rates at the date of transaction. Monetary balance sheet items denominated in foreign currencies are translated at the functional currency exchange rates at the balance sheet date. Non-monetary balance sheet items that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary balance sheet items that are measured at current value are translated at the functional exchange rates ruling at the date of valuation.

Foreign currency exchange rate results arising on the settlement or translation of monetary items denominated in foreign currencies are recognized in the income statement.

3.3 *Financial fixed assets*

Loans to Volkswagen Group companies and affiliates of the Volkswagen Group and to external parties

These loans to Volkswagen Group companies, other participating interests and third parties are loans with a remaining term of more than one year. Receivables disclosed under financial fixed assets are recognized initially at fair value of the amount owed plus transaction costs. These receivables are subsequently measured at amortized cost. The main rule is that amortized cost equals the carrying amount of the asset net of any repayments on the principal and plus, or net of, the accumulated amortization, calculated using the effective interest method, of the difference between the amount upon initial recognition (including transaction costs) and the repayments. Straight-line amortization in determining amortized cost is allowed as an alternative if straight-line amortization does not lead to significant discrepancies with the effective interest method. If loans are issued at a discount or premium, the discount or premium is recognized through profit or loss over the maturities of the loans using the effective interest method. In addition, transaction costs are included in the initial valuation and recognized in profit or loss as part of the effective interest method. Impairment losses are deducted from amortized cost and expensed in the income statement.

3.4 *Current assets*

All current assets have a maturity within one year.

Receivables due from Volkswagen Group companies and affiliates of the Volkswagen Group and to external parties

Receivables are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost.

Other assets

The interest receivables from banks arising from derivatives and income tax receivables are shown under other assets and are initially valued at cost and subsequently at their amortized cost value.

Prepaid and deferred charges

Prepaid and deferred charges are initially valued at cost and are amortized over the remaining life of the services or of the interest derivative (upfront payment paid).

Cash at banks and in hand

Cash at banks and in hand represents cash in hand and bank balances. Cash at banks and in hand is carried at nominal value. Cash at banks denominated in foreign currencies are translated at the period end-rate prevailing on the balance sheet date.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

3.5 Provisions

Provisions are recognized for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise.

If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

3.6 Long-term liabilities

Bonds

The bonds are initially valued at fair value net of transaction costs incurred and subsequently carried at their amortized cost. Any difference between the proceeds (net of transaction costs) and the amount repayable at maturity is amortized over the lifetime of the transaction. All long-term bonds have a remaining maturity of more than one year. No assets were pledged as collateral by the Company.

Liabilities to Volkswagen Group companies

The liabilities to Volkswagen Group companies are initially valued at fair value with subsequent measurement at their amortized cost value. All liabilities have a maturity of more than one year.

3.7 Current liabilities

Bonds

The bonds are initially valued at fair value net of transaction costs incurred and subsequently carried at their amortized cost. Any difference between the proceeds (net of transaction costs) and the amount repayable at maturity is amortized over the lifetime of the transaction. All short-term bonds are payable within one year.

Commercial papers

The commercial papers are initially valued at fair value plus transaction costs with subsequent measurement valued at their amortized cost value.

Liabilities to Volkswagen Group companies

The liabilities to affiliated companies are initially valued at fair value with subsequent measurement valued at their amortized cost value. All liabilities are payable within one year.

Other liabilities

The interest payables from banks arising from derivatives with a run-off period within one year are shown under other liabilities and are valued at their nominal value.

Trade payables

The trade payables are initially valued at fair value and subsequently at their amortized cost value and are payable within one year.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Other accrued liabilities

The accruals are valued at the expected costs.

Deferred income

The deferred income concerns cost compensations (upfront payment received on interest derivatives) and is amortized over the remaining life of the transaction.

Deferred income tax

Deferred tax liabilities are recognized to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date.

Current income tax

The current Dutch nominal tax rate of 25,8% has been applied.

3.8 *Financial instruments*

Loans included in financial and current assets, as well as liabilities and derivative financial instruments, are stated at amortized cost. The Company applies hedge accounting to hedging instruments when hedging interest and currency risk on borrowings and lendings. The Company documents the relationship between hedging instruments and hedged items at the inception of the transaction. Both the derivative and the hedged item are stated at amortized cost. The gain or loss relating to any ineffective portion is recognized in the income statement within finance cost. For more information about the value of the assets assigned as hedged items, see notes 6 and 7, of the liabilities see notes 12 and 13, and of the financial instruments see note 21. The Company has no derivative financial instruments other than the ones used for hedging.

Hedge accounting

FSNV applies hedge accounting. Relationships between hedging instruments and hedged items are documented at the inception of the transaction. FSNV also assesses, both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. This is done by comparing the critical qualitative characteristics of the hedge instrument with those of the hedged position. If there is an indication of ineffectiveness, the Company measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis.

Cost price hedge accounting

The Company applies cost price hedge accounting to hedge interest risk and currency-risk on borrowings. For the following instruments, (Cross currency) interest rate swaps and FX Swaps hedge accounting is applied.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- if the hedged item is recognized at cost in the balance sheet, the derivative instrument is also stated at cost;

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

- as long as the hedged item is not yet recognized in the balance sheet, the hedging instrument is not re-measured (this applies, for instance, to hedging currency risks on future transactions);
- if the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the period end-rate prevailing at the balance sheet date.

The ineffective portion of the hedge is recognized directly in the income statement.

Hedge effectiveness is assessed by comparing the critical characteristics of the hedge instrument with those of the hedged position. If there is an indication of ineffectiveness, the Company measures this potentially ineffective part by conducting a quantitative ineffectiveness analysis.

3.9 *Impairment of financial assets*

On each balance sheet date, the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the statement of financial position date, and that loss event has had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

For loans and receivables, the amount of impairment loss is measured as the difference between the assets carrying amount and the present value of expected future cash flows discounted at the assets original effective interest rate. The amount of the loss is included in the profit and loss statement. If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the profit and loss statement.

4. **Principles determination of result**

4.1 *General*

Result is determined as the difference between the realisable value of services rendered and the costs and other charges for the year. Results on transactions are recognized in the year in which they are realised; losses are taken as soon as they are foreseeable.

4.2 *Exchange rate differences*

Exchange rate differences arising upon the settlement of monetary items are recognized in the income statement in the year that they arise unless hedged, see note 16.

4.3 *Interest income and similar income and interest expenses and similar expenses*

Interest income and expenses are recognized on a pro-rata basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognising the interest charges, the transaction cost on the loans received is taken into account.

4.4 *Other operating income and expenses*

Other operating income and expenses include income and expenses that are not directly attributable to the interest income and expenses.

4.5 *General and administrative expenses*

These expenses include expenses such as personnel expenses, office expenses, consulting and audit fees.

Labour and other costs

Services performed by Volkswagen International Finance N.V. ('VIF') for FSNV are charged at a fixed amount. The fixed amount is evaluated in regular intervals. These costs include for example salaries, rental costs and general costs.

4.6 *Taxation*

Profit tax is calculated on the profit before taxation in the income statement, taking into account any losses carried forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

5. Financial instruments and risks

5.1 *Market risk*

General market risk due to events at Volkswagen AG

Government authorities in a number of jurisdictions worldwide have conducted and are conducting 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.

Volkswagen Financial Services N.V.'s commercial success largely depends on the financial health and the reputation of the ultimate shareholder Volkswagen AG and due to the events, Volkswagen Financial Services N.V. may not succeed in obtaining funds for financing requests in due time and to the extent necessary.

Whilst the worldwide outbreak of the COVID-19 virus generally increases a number of the risk factors, no direct impact on the company's operations can be observed, as the Company has a sound financial position (with equity reserves in place) which is expected to keep the Company in a profitable position for the foreseeable future.

In addition, because of the investigations, Volkswagen Financial Services N.V. as an issuer may face risks arising from legal disputes with investors claiming damages for alleged breaches of capital market laws.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Currency risk

To avoid currency risk, the loans to FSAG group companies and to affiliates of the FSAG Group and the related funding are generally matched in currency terms. If not, currency swaps are executed 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. Matching policies are closely monitored and enforced. Consequently, currency risk is comparatively remote. In 2023, the limits were not exceeded.

Interest rate risk

Based on funding requests by FSAG group companies and affiliates of the FSAG Group FSNV issues bonds or commercial paper to investors matching the fixed or variable interest requirement of the affiliated companies. In cases where the investor looks for a different interest structure, FSNV is using interest rate swaps or cross currency interest rate swaps to convert the interest into the structure required by affiliated companies. The Supervisory Board authorized FSNV 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 comparatively low. In 2023, no limits were exceeded.

Market risk fluctuations in terms of currency and interest rate risk did not have an impact on the financial results since FSNV is closing open risk positions using derivatives according to the established risk policies of FSNV.

5.2 *Credit risk*

The risk of default arising from loans granted, account balances and derivative financial instruments involves the risk of default by counterparties.

FSNV is extending loans to FSAG group companies and to affiliates of FSAG Group, which are granted according to the guidelines and instructions from FSAG, the guarantor of commercial paper and capital market issuances by FSNV. The default risk of FSNV-borrowers has been analysed based on financial reports, planning forecasts and discussions with FSAG headquarters. Based on the analysis, the credit risk of FSNV-borrowers is considered to be remote.

For FSNV's external bank counterparties risk is limited by a limit system centrally managed by FSAG Group Risk Management taking into account also the credit assessments by the international rating agencies. Credit risk with external counterparties materialises from account balances, deposits and derivative transactions with a positive fair value. Given the business purpose of FSNV, account balances and deposits are zero or kept to a minimum. Regarding the derivative transactions, exposure is kept within the risk limits defined by FSAG Group Risk Management.

5.3 *Liquidity risk*

Based on funding requests by FSAG related parties, FSNV issues commercial paper and bonds to investors. Funds taken from investors are extended with the same maturity to FSAG-Group borrowers. In addition, FSNV may issue loans to FSAG-Group companies in whole or in part funded by its equity position.

In cases where this matching cannot be achieved the Supervisory Board has set narrow liquidity risk limits. The Company monitors the limits on a daily basis. Against the background of the relatively narrow limits and the strong financial solidity of the Volkswagen Group, the liquidity risk is remote.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

In 2023, no limits were exceeded. Notes issued by FSNV have the benefit of a Guarantee and Negative Pledge (The Guarantee) given by Volkswagen Financial Services AG (The Guarantor) to the noteholders.

The Debt Issuance Program under which FSNV is issuing bonds, is regularly updated to incorporate current developments. FSNV also continues to issue Commercial Papers based on the existing EUR 7,5 billion Commercial Paper Program to finance the requirements of FSAG group companies and affiliates of FSAG group.

6. Financial fixed assets

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

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

| | Original currency | Weighted average effective interest rate (%) | 31 December 2024 | |
|---|----------------------|--|------------------|------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Fixed asset loans to Volkswagen Group companies | EUR | 4,14 | 816.805 | 837.231 |
| | GBP | 3,80 | 3.174.579 | 3.297.910 |
| | PLN | 7,40 | 364.370 | 373.882 |
| | SEK | 3,86 | 74.207 | 74.292 |
| | | | 4.429.961 | 4.583.315 |
| Fixed asset loans to affiliates of the Volkswagen Group | EUR | 5,76 | 67.853 | 68.002 |
| | | | | 67.853 |
| Total fixed asset loans to Volkswagen Group companies and affiliates of the Volkswagen Group | | | 4.497.814 | 4.651.317 |

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

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

By issuing a letter of comfort to the lenders, Volkswagen Financial Services AG declares that, as the shareholder of its affiliated companies, over which it has managerial control and/or in which it

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

holds a direct or indirect majority share of the share capital, it will exert its influence to ensure that the latter meet their liabilities to lenders in the agreed manner. This is why the Company believes that the book value equals the expected value, hence no impairment has been recorded.

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

As mentioned in note 3.8, the terms of all outstanding loans to Volkswagen Group companies and affiliates are to a large extent matched with the corresponding external borrowings or hedged by using derivatives to match the terms of the bonds and loans from Volkswagen Group companies. Implying that even though the Company has exposure to interest rate risk and currency risk, exposure is limited through these effective risk management strategies

The Company has no credit risk concentrations other than the loans being all related to Volkswagen AG affiliates. The maximum credit risk exposure issued equals carrying value of the loans issued as at 31 December 2024.

For comparison, the fixed asset loans overview of 2023:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|---|----------------------|--|------------------|------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Fixed asset loans to Volkswagen Group companies | GBP | 3,29 | 4.707.950 | 4.890.880 |
| | EUR | 4,41 | 367.724 | 371.981 |
| | SEK | 5,16 | 211.869 | 211.555 |
| | PLN | 6,07 | 152.998 | 160.732 |
| | | | 5.440.541 | 5.635.148 |
| Fixed asset loans to affiliates of the Volkswagen Group | EUR | 0,42 | 100.000 | 94.168 |
| | | | | 100.000 |
| Total fixed asset loans to Volkswagen Group companies and affiliates of the Volkswagen Group | | | 5.540.541 | 5.729.316 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

The movement of the loans for the financial fixed assets and current receivables (note 6) due from Volkswagen Group companies and affiliates of the Volkswagen Group consists of the following:

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Beginning of the period | 11.806.504 | 10.230.810 |
| Loans advanced | 50.676.075 | 29.467.743 |
| Loan repayments received | (53.564.792) | (28.046.560) |
| Interest accrued at year-end | 101.777 | 114.329 |
| Interest received accrued from previous year | (114.329) | (70.524) |
| FX difference on loans | 197.901 | 110.706 |
| End of the period | 9.103.136 | 11.806.504 |
| Long-term | 4.497.814 | 5.540.541 |
| Short-term | 4.605.322 | 6.265.963 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

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

| | Original currency | Weighted average effective interest rate (%) | 31 December 2024 | |
|---|----------------------|--|------------------|------------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Current receivables due from Volkswagen Group companies | EUR | 3,09 | 2.232.491 | 2.232.570 |
| | GBP | 2,11 | 1.724.558 | 1.772.319 |
| | PLN | 6,55 | 284.991 | 293.453 |
| | SEK | 3,82 | 161.505 | 161.724 |
| Accrued interest and other receivables | | | 101.119 | 101.119 |
| | | | <u>4.504.664</u> | <u>4.561.185</u> |
| | | | | |
| Current receivables due from affiliates of the Volkswagen Group | EUR | 0,42 | 100.000 | 98.231 |
| | | | | |
| Accrued interest and other receivables | | | 658 | 658 |
| | | | <u>100.658</u> | <u>98.889</u> |
| | | | | |
| Total current receivables due from Volkswagen Group companies and affiliates | | | <u>4.605.322</u> | <u>4.660.074</u> |

For the determination of the market values, see note 6.

As mentioned in note 3.8, the terms of all outstanding loans to Volkswagen Group companies and affiliates are to a large extent matched with the corresponding external borrowings or hedged by using derivatives to match the terms of the bonds and loans from Volkswagen Group companies. Implying that even though the Company has exposure to interest rate risk and currency risk, exposure is limited through these effective risk management strategies.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

For comparison, the overview of 2023:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|---|----------------------|--|------------------|------------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Current receivables due from Volkswagen Group companies | EUR | 3,95 | 1.545.486 | 1.545.248 |
| | GBP | 1,76 | 1.263.371 | 1.268.870 |
| | PLN | 7,01 | 596.195 | 607.690 |
| | SEK | 4,84 | 225.744 | 225.773 |
| | CZK | 2,00 | 40.335 | 39.561 |
| | AUD | 4,65 | 525.000 | 522.708 |
| | JPY | 0,13 | 100.000 | 100.922 |
| Accrued interest and other receivables | | | 91.633 | 91.633 |
| | | | <u>4.387.764</u> | <u>4.402.405</u> |
| Current receivables due from affiliates of the Volkswagen Group | EUR | 4,37 | 1.637.034 | 1.636.149 |
| | NOK | 5,66 | 88.935 | 89.134 |
| | TRY | 36,52 | 129.534 | 124.364 |
| Accrued interest and other receivables | | | 22.696 | 22.696 |
| | | | <u>1.878.199</u> | <u>1.872.343</u> |
| Total current receivables due from Volkswagen Group companies and affiliates | | | <u>6.265.963</u> | <u>6.274.748</u> |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

8. Other assets

This account consists of the following:

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Interest receivables from banks arising from derivatives | 89.872 | 59.634 |
| | 89.872 | 59.634 |

9. Prepaid and deferred charges

| | 31 Dec 2024 | 31 Dec 2023 |
|------------------------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Prepaid and deferred charges | - | 163 |
| | - | 163 |

Prepaid and deferred charges relate to paid up-front payments on interest rate derivatives, compensating the received bond premium. The duration for amortization is the term of the regarding swap and bond.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

10. Cash at banks and in hand

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|-------------------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Cash at Volkswagen Bank | 32.162 | 47.642 |
| Cash at Commerzbank | 2.782 | 3.451 |
| | <u>34.944</u> | <u>51.093</u> |

All cash balances are at the free disposal of the Company and bear market interest rates.

In 2024, Standard & Poor's rated Volkswagen Bank with A2 / BBB+ (short term / long term), with a stable outlook while Moody's rated Volkswagen Bank, with P-1 / A1 (short term / long term) with a negative outlook. Fitch's rating was confirmed on a solicited basis for the first time in January 2024, being at F1 for the short term assessment and at A- for the long term assessment, with a stable outlook affirmed.

In 2024, Moody's rated Commerzbank for corporate deposits A with a stable outlook while Standard & Poor's rated Commerzbank for corporate deposits with A1 with a positive outlook.

11. Shareholder's equity

| | <i>Issued and paid-up share capital</i> | <i>Share premium reserve</i> | <i>Retained earnings</i> | <i>Total equity</i> |
|---|---|--------------------------------------|------------------------------|---------------------|
| | <i>EUR'000</i> | <i>EUR'000</i> | <i>EUR'000</i> | <i>EUR'000</i> |
| Balance as at 1 January 2023 | 454 | 1.115.000 | 22.675 | 1.138.129 |
| Share premium contribution | - | 1.472.500 | - | 1.472.500 |
| Result for the year 2023 | - | - | 33.551 | 33.551 |
| | <u>454</u> | <u>2.587.500</u> | <u>56.226</u> | <u>2.644.180</u> |
| Balance as at 31 December 2023/ 1 January 2024 | 454 | 2.587.500 | 56.226 | 2.644.180 |
| | <u>454</u> | <u>2.587.500</u> | <u>78.131</u> | <u>78.131</u> |
| Result for the year 2024 | - | - | 78.131 | 78.131 |
| | <u>454</u> | <u>2.587.500</u> | <u>134.357</u> | <u>2.722.311</u> |
| Balance as at 31 December 2024 | 454 | 2.587.500 | 134.357 | 2.722.311 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

The shareholder's equity consists of the following:

Share capital

On 31 December 2024, the authorized capital of the Company amounted to EUR 2,6 million, of which an amount of EUR 454.000 was issued and paid-up, representing 454 registered and issued shares of EUR 1.000 each. The Company has no mandatory statutory reserve.

Share premium reserve

There have been no changes to the share premium reserve during 2024.

Retained earnings

At the end of 2024, the total retained earnings amounted to EUR 134,36 million (2023: EUR 56,23 million) and the total equity amounted to EUR 2,72 billion (2023: EUR 2,64 billion).

12. Long-term liabilities

| | 31 Dec 2024 | 31 Dec 2023 |
|----------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Bonds listed | 4.093.858 | 4.764.005 |
| Bonds unlisted | 31.462 | 94.010 |
| | 4.125.320 | 4.858.015 |

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

| | | Weighted average effective interest rate (%) | 31 December 2024 | | |
|-------------------------------------|-----|---|-------------------------|---------|--|
| Original currency | | Book value | Fair value | | |
| | | EUR'000 | EUR'000 | | |
| Maturity longer than 5 years | | | | | |
| Bonds listed | CHF | 2,49 | 320.122 | 333.884 | |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

| | Original currency | Weighted average effective interest rate (%) | 31 December 2024 | |
|-----------------------------------|----------------------|--|------------------|------------------|
| | | | Book value | Fair value |
| Maturity less than 5 years | | | | |
| Bonds listed | GBP | 3,72 | 3.000.710 | 2.869.323 |
| Bonds listed | JPY | 0,20 | 224.688 | 180.033 |
| Bonds listed | NOK | 5,30 | 153.533 | 151.232 |
| Bonds listed | SEK | 3,88 | 74.219 | 74.720 |
| Bonds listed | CHF | 2,21 | 320.586 | 325.843 |
| Bonds unlisted | JPY | 3,725 | 31.462 | 30.869 |
| Total long-term bonds | | | 4.125.320 | 3.965.904 |

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

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

For comparison purposes, the overview of long-term bonds as at 31 December 2023 is as follows:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|-------------------------------------|----------------------|--|------------------|------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Maturity longer than 5 years | | | | |
| Bonds listed | GBP | 5,88 | 344.237 | 358.917 |
| Bonds listed | NOK | 5,10 | 85.689 | 90.156 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|-----------------------------------|----------------------|--|------------------|------------------|
| | | | Book value | Fair value |
| Maturity less than 5 years | | | | |
| Bonds listed | GBP | 3,08 | 3.785.164 | 3.549.698 |
| Bonds listed | SEK | 4,93 | 184.891 | 183.954 |
| Bonds listed | JPY | 0,28 | 364.024 | 319.254 |
| Bonds unlisted | HKD | 3,52 | 35.491 | 35.151 |
| Bonds unlisted | JPY | 1,04 | 31.462 | 32.599 |
| Bonds unlisted | SEK | 4,28 | 27.057 | 27.445 |
| Total long-term bonds | | | 4.858.015 | 4.597.174 |

Liabilities to Volkswagen Group companies excluding interest

As of 31 December 2024 there were no long-term liabilities to Volkswagen Group companies.

For comparison purposes, the overview of 2023 is as follows:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|-----------------------------------|----------------------|--|------------------|----------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Maturity less than 5 years | | | | |
| VWGoAF | USD | 1,48 | 419.392 | 416.021 |
| Volkswagen International Estonia | EUR | 0,36 | 100.000 | 94.071 |
| | | | 519.392 | 510.092 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

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

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Beginning of the period | 9.107.329 | 9.032.788 |
| Borrowings | 729.142 | 3.885.985 |
| Maturities | (3.736.050) | (3.959.665) |
| Interest accrued to VW Group companies | 842 | 723 |
| Interest paid to VW Group companies | (723) | (452) |
| FX difference on borrowings and bonds | 206.397 | 147.950 |
| | 6.306.937 | 9.107.329 |
| Long-term | 4.125.320 | 5.377.407 |
| Short-term | 2.181.617 | 3.729.922 |

The credit ratings of the rating agencies are derived from FSAG's rating:

| | 2024 | | |
|-------------------|-------------|-----------|----------|
| | Short-term | Long term | Outlook |
| Agency | | | |
| Standard & Poor's | A-2 | BBB+ | stable |
| Moody's | Prime-2 | A3 | negative |
| Fitch | F1 | A- | stable |
| | 2023 | | |
| Agency | Short-term | Long term | Outlook |
| Standard & Poor's | A-2 | BBB+ | stable |
| Moody's | Prime-2 | A3 | stable |

13. Current liabilities

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|----------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Bonds listed | 1.625.885 | 2.419.688 |
| Bonds unlisted | 35.498 | - |
| | <u>1.661.383</u> | <u>2.419.688</u> |

The breakdown of the current bonds is as follows:

| | Original currency | Weighted average effective interest rate (%) | <u>31 December 2024</u> | |
|----------------------------------|----------------------|--|-------------------------|------------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Maturity less than 1 year | | | | |
| Bonds listed | GBP | 2,39 | 1.324.397 | 1.313.374 |
| Bonds listed | JPY | 0,40 | 139.954 | 122.043 |
| Bonds listed | SEK | 3,61 | 161.534 | 161.557 |
| Bonds unlisted | HKD | 3,52 | 35.498 | 37.358 |
| | | | <u>1.661.383</u> | <u>1.634.332</u> |
| Total current bonds | | | <u>1.661.383</u> | <u>1.634.332</u> |

For the determination of the market values, see note 12.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

For comparison purposes, the overview of current bonds as at 31 December 2023 is as follows:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|----------------------------------|----------------------|--|------------------|------------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Maturity less than 1 year | | | | |
| Bonds listed | GBP | 1,86 | 1.264.873 | 1.242.498 |
| Bonds listed | NOK | 3,67 | 88.943 | 87.833 |
| Bonds listed | SEK | 4,71 | 225.495 | 225.478 |
| Bonds listed | EUR | 4,33 | 799.938 | 798.291 |
| Bonds listed | CZK | 1,71 | 40.439 | 39.633 |
| Total current bonds | | | 2.419.688 | 2.393.733 |

Liabilities to Volkswagen Group companies

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

| | Original currency | Weighted average effective interest rate (%) | 31 December 2024 | |
|----------------------------------|----------------------|--|------------------|----------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Volkswagen International Estonia | EUR | 0,36 | 100.000 | 98.191 |
| VW Group of America Finance | USD | 1,48 | 419.392 | 463.898 |
| Accrued interest | | | 842 | 842 |
| | | | 520.234 | 562.931 |

For the determination of the market values, see note 12.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

For comparison purposes, the overview of current liabilities, including accrued interest to Volkswagen Group companies as at 31 December 2023 is as follows:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|----------------------------------|----------------------|--|------------------|------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| FSAG | EUR | 0,96 | 60.400 | 60.389 |
| Volkswagen International Estonia | EUR | 2,31 | 200.000 | 197.285 |
| Accrued interest | | | 723 | 723 |
| | | | 261.123 | 258.397 |

Commercial papers

Per 31 December 2024 there were no liabilities from issued commercial paper

For comparison the overview of 2023:

| | Original currency | Weighted average effective interest rate (%) | 31 December 2023 | |
|--------------------------------|----------------------|--|------------------|------------|
| | | | Book value | Fair value |
| | | | EUR'000 | EUR'000 |
| Average term 5 months | | | | |
| Commercial Papers | EUR | 4,08 | 1.048.313 | 1.031.208 |
| Total commercial papers | | | 1.048.313 | 1.031.208 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

14. Other liabilities

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|---|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| This account consists of the following: | | |
| Interest payables on bonds | 83.767 | 84.608 |
| Interest payables to banks arising from derivatives | 80.426 | 59.847 |
| Current income tax | 22.979 | 7.295 |
| Accrued liabilities | 1.459 | 134 |
| Unrealized FX gains and losses | 107 | 81 |
| | <u>188.738</u> | <u>151.965</u> |

15. Deferred income

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|--------------------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Capitalised issue income | <u>9.996</u> | <u>13.920</u> |
| | <u>9.996</u> | <u>13.920</u> |

Capitalised issue income relates to received upfront payments from interest rate derivatives, compensating the paid bond discount. The duration for amortization is the term of the regarding swap and bond.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

16. Financial income and expenses

| | 2024 | 2023 |
|-------------------------------|-------------|-------------|
| | EUR'000 | EUR'000 |
| Interest and similar income | 541.083 | 474.270 |
| Interest and similar expenses | (433.365) | (426.700) |
| | 107.718 | 47.570 |

The interest and similar expense include the net exchange rate difference TEUR 53 (2023: TEUR 372).

17. Other operating income

| | 2024 | 2023 |
|-------------------------|-------------|-------------|
| | EUR'000 | EUR'000 |
| Service level agreement | 123 | - |
| Refund insurance | 7 | - |
| | 130 | - |

The income from Service level agreements are with Volkswagen International Finance N.V., Volkswagen Finance Europe B.V. and Volkswagen Finance Overseas B.V.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

18. Personnel expenses

| | 2024 | 2023 |
|--|---------|---------|
| | EUR'000 | EUR'000 |
| Salaries and social security charges | 217 | - |
| Pension cost – defined contribution plan | 6 | - |
| | 223 | - |
| | | - |

Until 31 August 2024 the employees were supplied by VIF. The key management employee was supplied until 31 October 2024. The costs regarding the work performed for FSNV are included in the service charges of EUR 1,2 million (2023: EUR 1,56 million), which are included in the general and administrative expenses.

In 2024, the average number of employees calculated on a full-time-equivalent basis was 4,5 (2023: 0), of which 1 is a key management employee (2023:0). There were no employees working abroad.

The company has a defined contribution pension plan that is reinsured with an insurance company. The premium payable during the financial year is charged to the result.

19. General and administrative expenses

| | 2024 | 2023 |
|---------------------------------------|---------|---------|
| | EUR'000 | EUR'000 |
| Personnel and other third-party costs | 1.375 | 1.562 |
| Auditor's fees | 126 | 99,5 |
| Advisory fees | 87 | 68 |
| Information technology expenses | 339 | 403 |
| Group treasury deal processing fee | 304 | 198 |
| General office expenses | 168 | 145,5 |
| Bank charges | 18 | 81 |
| | 2.417 | 2.560 |

The personnel and other third-party costs are a charge from VIF for services rendered to FSNV.

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

20. Independent auditor's fees

The following fees are based on invoices and estimated work orders for assurance services incurred in the reported year:

| | 2024 | 2023 |
|-----------------------------------|-------------|-------------|
| | _____ | _____ |
| | EUR'000 | EUR'000 |
| Audit of the financial statements | 75 | 66,5 |
| Other audit services | 51 | 33 |
| | _____ | _____ |
| | 126 | 99,5 |
| | _____ | _____ |

The audit of the statutory accounts in 2024 and 2023 was performed by EY Accountants B.V.

Other audit service relates to the assurance engagement of EY Accountants B.V regarding the issuance of consent letters with respect t the update of the Debt Issuance Programme.

Neither tax services nor other non-audit services were rendered by EY Accountants B.V.
The fees disclosed represent the expenses incurred in relation to the audit of the year of the respective financial statements as opposed to when the fees were incurred.

21. Financial instruments

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

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

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

| | Up to 1 year | 1 to 5 years | More than 5 years | Total |
|------------------------------------|------------------|------------------|----------------------|------------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| 31 December 2024 | | | | |
| Interest rate swaps | 843.170 | | 2.495.485 | 3.338.655 |
| Cross currency Interest rate swaps | 907.039 | 318.454 | 1.099.514 | 2.325.007 |
| Foreign exchange contracts | 9.349 | | 11.706 | 21.054 |
| Total notional amounts | 1.759.558 | 318.454 | 3.606.705 | 5.684.716 |
| 31 December 2023 | | | | |
| Interest rate swaps | 1.299.912 | 2.846.066 | 345.185 | 4.491.163 |
| Cross currency Interest rate swaps | 76.604 | 1.067.515 | 88.961 | 1.233.080 |
| Foreign exchange contracts | 1.305.452 | 19.510 | 321 | 1.325.283 |
| Total notional amounts | 2.681.968 | 3.933.091 | 434.467 | 7.049.526 |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

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

| | Interest rate swaps | Cross currency Interest rate swaps | Foreign exchange contracts | Total |
|---------------------|--------------------------------|---|---|--------------|
| | EUR'000 | EUR'000 | EUR'000 | EUR'000 |
| 31 December 2024 | | | | |
| Positive fair value | 7.124 | 24.774 | 20 | 31.918 |
| Negative fair value | (156.883) | (96.051) | (1.004) | (253.938) |
| Total market value | (149.759) | (71.277) | (984) | (222.020) |
| 31 December 2023 | | | | |
| Positive fair value | 18.099 | 3.290 | 5.456 | 26.845 |
| Negative fair value | (207.818) | (82.373) | (12.184) | (302.375) |
| Total market value | (189.719) | (79.083) | (6.728) | (275.530) |

22. Taxation

Global minimum top-up tax

On 19 December 2023, the government of the Netherlands enacted the Pillar Two income taxes legislation effective from 1 January 2024. Based on the most recent available Country-by-Country Reporting (CbCR) data of the Volkswagen Group for the Netherlands, FSNV would have been able to make use of the transitional CbCR-safe harbour tests of the Pillar Two legislation. FSNV does not expect a material exposure to Pillar Two income taxes. For 2024, the Volkswagen Group will continue to monitor the impact of the Pillar Two legislation.

The taxation on the result on ordinary activities can be specified as follows:

| | 2024 | 2023 |
|------------------------|-------------|-------------|
| | EUR'000 | EUR'000 |
| Result before taxation | 105.207 | 45.010 |
| Taxation on result | (27.026) | (11.459) |
| Effective tax rate | 25,7 % | 25,4% |
| Applicable tax rate | 25,8 % | 25,8% |

The exception introduced in February 2024 with the amendments to RJ 272.102a means that deferred taxes in connection with income taxes resulting from applicable or announced tax provisions implementing the Pillar Two model rules are neither recognized nor disclosed at FSNV.

The effective tax rate deviates from the nominal tax rate, based on following table:

| | 2024 | 2023 |
|---|-------------|-------------|
| | EUR'000 | EUR'000 |
| Result before taxation | 105.207 | 45.010 |
| Tax calculated at nominal tax rate (25,8 %) | (27.143) | (11.612) |
| <i>Tax effects of:</i> | | |
| Withholding tax refund prior years | - | 146 |
| Adjustments to prior years | 54 | (6) |
| Basic tax rate 19 % | 13 | 13 |
| Income tax (expense) | (27.076) | (11.459) |

23. Related parties

Identification of related parties

Related parties and enterprises 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 VFE, 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 loans to related parties are with affiliated entities of the FSAG Group.

Loans receivables

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

| | 31 Dec 2024 | 31 Dec 2023 |
|--|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Volkswagen Financial Services (UK) Ltd., DFM N.V. | 4.899.137 | 5.971.322 |
| Volkswagen Financial Services AG | - | 1.582.034 |
| Volkswagen Financial Services Poslkla Sp. z.o.o. | 2.739.653 | 1.575.565 |
| Volkswagen Finans Sverige AB | 649.361 | 742.296 |
| Volkswagen Financial Services Australia Pty. Ltd., | 375.797 | 577.699 |
| Volkswagen Leasing GmbH | - | 525.000 |
| Volkswagen Pon Financial Services B.V. | 169.558 | 169.558 |
| Volkswagen Financial Services Japan Ltd. | 100.000 | 150.000 |
| Volkswagen Møller Bilfinans A/S | - | 100.000 |
| VDF Filo Kiralama A.S. | 67.853 | 88.935 |
| VDF Faktoring A.S. | - | 50.500 |
| Volkswagen Dogus Finansman A.S. | - | 19.150 |
| SkoFIN s.r.o. | - | 64.884 |
| MAN Financial Services Poland Sp. z o.o. | - | 40.335 |
| | - | 34.897 |
| | <hr/> | <hr/> |
| | 9.001.359 | 11.692.175 |
| | <hr/> | <hr/> |

VOLKSWAGEN FINANCIAL SERVICES N.V.
ANNUAL REPORT

Loans payable

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

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|---|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Volkswagen Group of America Finance LLC | 478.134. | 419.392 |
| Volkswagen International Estonia AS | 100.116 | 300.000 |
| Volkswagen Financial Services AG | - | 60.400 |
| | <u>578.250</u> | <u>779.792</u> |

Cash with related parties

As of 31 December 2024, the company had following cash receivable balance with Volkswagen Bank GmbH:

| | <u>31 Dec 2024</u> | <u>31 Dec 2023</u> |
|---------------|--------------------|--------------------|
| | EUR'000 | EUR'000 |
| Cash at banks | 32.162 | 47.642 |
| | <u>32.162</u> | <u>47.642</u> |

Further details are disclosed in note 10.

Other transactions

Commission fee

The service fees, as disclosed in note 17, constitute compensation for the use of FSNV's staff under service agreements with related parties.

Guarantee fee

The guarantee commission, included in other financial charges note 16, is charged by Volkswagen Financial Services AG for guaranteeing due payment of the amounts corresponding to the principal and interest to the holder of notes issued by FSNV.

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.

24. Profit distribution

Management proposes to retain the 2024 profit of EUR 78.130.540,22.

25. Post balance sheet events

Subsequent to the balance sheet date, FSAG received notice from Moody's Investor Services that its long-term credit rating has been downgraded from A3 to Baa1, with a stable outlook. This downgrade reflects Moody's revised evaluation of the Company's creditworthiness. Management continues to monitor the situation and evaluate the potential impact on the Company's financial position, operations, and cost of capital. The downgrade is not expected to have a material impact on the Company's ongoing operations or liquidity in the short term, but may affect borrowing costs in the future.

26. Going Concern

The Management Board has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources and activities to continue in business for the foreseeable future. Furthermore, the Management Board is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

27. Remuneration of the Management Board

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.

Other information

Profit appropriation according to the Articles of Association

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

Responsibility Statements

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the 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.

Amsterdam, 25 March 2025

Volkswagen Financial Services N.V.
The Management Board

Signing of the annual report

Amsterdam, 25 March 2025

Management Board,

Original has been signed by
J.A.M.A.M. de Rijk-van Leeuwen

Supervisory Board,

Original has been signed by
F. Fiedler

Original has been signed by
R. Rosenberg

Independent auditor's report

To: the shareholder, management board and supervisory board of Volkswagen Financial Services N.V.

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 31 December 2024 of Volkswagen Financial Services N.V. based in Amsterdam, the Netherlands.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Volkswagen Financial Services N.V. as at 31 December 2024 and of its result for 2024 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The balance sheet as at 31 December 2024
- The income statement for the year ended 31 December 2024
- The cash flow statement for the year ended 31 December 2024
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Volkswagen Financial Services N.V. (the company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Volkswagen Financial Services N.V. is incorporated as a wholly owned subsidiary of Volkswagen Finance Europe B.V. The ultimate parent company is Volkswagen AG (VWAG). The main purpose of the Company is to assist VWAG in raising funds and on-lending money to companies within the Volkswagen group and affiliates. VWAG's main activities are development, production and sale of vehicles and other vehicle related products and services. The main income of Volkswagen Financial Services N.V. is the interest income on the loans issued to related parties.

We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

| | |
|-------------------|---|
| Materiality | €73 million (2023: €95 million) |
| Benchmark applied | 0.8% of total assets as at 31 December 2024 |
| Explanation | We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the bonds and commercial paper issued by the company. We determined materiality consistent with prior financial year. |

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of €3 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming and use of specialists

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed finance company. We have made use of specialists in the area of income taxes including transfer pricing.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and management board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes. We refer to "Risks" of the management board report for the management board's risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the VWAG's code of conduct and whistle blower procedures. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in Note 3.1 "Use of estimates and assumptions" to the financial statements, including impairment of financial assets. We refer to our audit response in the key audit matter "Valuation of loans issued to the group company".

Furthermore, we have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions and transactions with related parties. We also evaluated whether transactions with related parties were accounted for at-arm's length and in accordance with transfer pricing documentation.

We did not identify a risk of fraud in revenue recognition, other than the forementioned risks related to management override of controls.

We considered available information and made enquiries of relevant executives, directors, legal, the group auditor of VWAG and the supervisory board.

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We have been informed by the management board that there was no correspondence with regulatory authorities. We also enquired with the group auditor of VWAG and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally, we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in section Going concern in Note 25 “Going concern” to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the management board made a specific assessment of the company’s ability to continue as a going concern and to continue its operations for the foreseeable future.

We discussed and evaluated the specific assessment with the management board exercising professional judgment and maintaining professional skepticism. We considered whether the management board’s going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about going concern. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matter did not change.

Valuation of loans issued to the group company

Risk

The company is exposed to the risk that VWAG and VWAG group companies and affiliates, default on meeting their obligations. As loans to VWAG group companies and affiliates (long-term and short-term loans to Volkswagen Group companies, loans to affiliates of the Volkswagen Group, Receivables due from Volkswagen Group companies and Receivables due from affiliates of the Volkswagen Group) represent the most significant portion of the company's current and non-current assets, any impairment may have a material impact on the company’s financial position and results.

We consider the valuation of the loans issued to related parties and assessing whether there is any objective evidence that a financial asset is impaired, and, if any such evidence exists, determining the size of the impairment loss, a key audit matter because this is an area that requires significant judgment and determines the ability of the company to fulfil its obligations and to continue as a going concern.

Valuation of loans issued to the group company

| | |
|---------------------------|--|
| | <p>We refer to Note 3.9 “Impairment of financial assets” and Note 3.3 “Financial fixed assets” to the financial statements, where management board disclosed the policies and procedures in respect of the impairment assessment on the loans issued to related parties. The credit risk is disclosed in Note 5.2 “Credit risk” to the financial statements. As disclosed in Note 6 “Financial fixed assets”, the management board did not identify any objective indicator triggering that the loan issued to related parties might be impaired.</p> |
| <p>Our audit approach</p> | <p>Our audit procedures included, amongst others, evaluating the appropriateness of the company’s accounting policy relating to the impairment of financial assets in accordance with Part 9 of the Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 “Financial instruments” and the criteria set to determine that there is objective evidence of an impairment loss and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for impairment as part of the financial statement closing process.</p> <p>Furthermore, we challenged the management board’s assessment based on, amongst others, our analysis of the financial position of VWAG and by identification of indicators of non-recoverability of the loans issued to related parties. This includes an assessment on the fair value developments of the bonds issued and whether the group companies and affiliates met their financial obligations towards the company throughout the year and up to the date of our report, as well by reviewing publicly observable data and by inquiring the group auditor of VWAG. Also, we took the impact of events subsequent to 31 December 2024 into account.</p> <ul style="list-style-type: none"> ▪ Finally, we evaluated the related disclosures in the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. |
| <p>Key observations</p> | <p>Based on our procedures performed, we concur with the management board’s assessment that there is no objective evidence as at 31 December 2024 that the loans to related parties are impaired.</p> |

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor’s report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management board report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The management board is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements and ESEF

Engagement

We were engaged by the supervisory board as auditor of Volkswagen Financial Services N.V. on 16 November 2020, as of the audit for the year 2020 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

European Single Electronic Reporting Format (ESEF)

Volkswagen Financial Services N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report prepared in the XHTML format, including the financial statements of Volkswagen Financial Services N.V., complies in all material respects with the RTS on ESEF.

The management board is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report complies with the RTS on ESEF.

We performed our examination in accordance with Dutch law, including Dutch Standard 3950N, "Assurance-opdrachten inzake het voldoen aan de criteria voor het opstellen van een digitaal verantwoordingsdocument" (assurance engagements relating to compliance with criteria for digital reporting). Our examination included amongst others:

- Obtaining an understanding of the company's financial reporting process, including the preparation of the annual report in XHTML format
- Identifying and assessing the risks that the annual report does not comply in all material respects with the RTS on ESEF and designing and performing further assurance procedures responsive to those risks to provide a basis for our opinion, including obtaining the annual report in XHTML format and performing validations to determine whether the annual report complies with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board is responsible for such internal control as the management board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the management board should prepare the financial statements using the going concern basis of accounting unless the management board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the supervisory board, that takes charge of all tasks of an audit committee, in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 25 March 2025

EY Accountants B.V.

signed by M.L. Milet de St Aubin