VOLKSWAGEN FINANCIAL SERVICES

FINANCE. FLEET. INSURANCE. MOBILITY.

Annual Report 2024

A LIVING COMMITMENT
TO OUR CUSTOMERS

Corporate directory

of Volkswagen Financial Services Australia Pty Limited

Directors	**in office from/to:**
Mr Ralf Teichmann	Non-executive Director, until 30 April 2024 (employee of VWFS AG, Germany) Managing Director, from 1 July 2024
Mr Paul Stanton	Managing Director
Mr Kai Gunther Vogler	Non-executive Director, from 1 May 2024 (employee of VWFS AG, Germany)
Mr Patrick Welter	Non-executive Director, from 1 July 2024 (employee of VWFS AG, Germany)
Mr Jörn Kurzrock	Managing Director, until 30 June 2024
Mr Marcel Fickers	Non-executive Director, until 30 June 2024 (employee of VWFS AG, Germany)

Principal registered office in Australia

Level 1, 24 Muir Road
Chullora NSW 2190
+61 2 9695 6311

Auditor

Ernst & Young
200 George Street
Sydney NSW 2000 Australia

Bankers

ANZ Bank
242 Pitt Street
Sydney NSW 2000

Website Address

www.vwfs.com.au

Annual report – 31 December 2024

of Volkswagen Financial Services Australia Pty Limited

Contents

Directors’ report	2
Auditor‘s independence declaration	4
Financial report – 31 December 2024	5
Directors’ declaration	65
Auditor’s opinion	66

Directors' report

of Volkswagen Financial Services Australia Pty Limited

Your directors present their report on Volkswagen Financial Services Australia Pty Limited (the Company) and the entities it controlled during the year (referred to hereafter as the Group) for the year ended 31 December 2024.

The Group contains assets and liabilities of Volkswagen Financial Services Australia (referred to hereafter as the "Parent" or the "Company") and the entities it controlled during the year which included Driver Australia seven Trust, Driver Australia eight Trust, Driver Australia nine Trust, Driver Australia ten Trust, Private Driver Australia 2023-1 Trust, Driver Australia Master Trust, Driver Australia Master two Trust (Special Purpose Trusts, referred to hereafter as the "Trusts").

The following persons were directors of the Group during the whole of the financial year and up to the date of this report (unless otherwise stated below).

Mr Ralf Teichmann	Non-executive Director, until 30 April 2024 (employee of VWFS AG, Germany) Managing Director, from 1 July 2024
Mr Paul Stanton	Managing Director
Mr Kai Gunther Vogler	Non-executive Director, from 1 May 2024 (employee of VWFS AG, Germany)
Mr Patrick Welter	Non-executive Director, from 1 July 2024 (employee of VWFS AG, Germany)
Mr Jörn Kurzrock	Managing Director, until 30 June 2024
Mr Marcel Fickers	Non-executive Director, until 30 June 2024 (employee of VWFS AG, Germany)

The Company has an Australian Financial Services Licence (Licence No: 389344) and an Australian Credit Licence (Licence No: 389344).

Principal activities
The Company's principal activities during the year consisted of the provision of automotive financial services.

Review of operations
The Group's operations during the year ended 31 December 2024 resulted in an operating profit after income tax of $54,978,622 (2023: $40,625,044).

Dividends
A dividend of $nil (2023: $90,000,000) was declared by the Board of Directors during the year ending 31 December 2024.

Significant changes in the state of affairs
There were no other significant changes to the Company's state of affairs during the financial year.

Matters subsequent to the end of the financial year
There are no other matters or circumstances that have arisen since 31 December 2024 that have significantly affected, or may significantly affect:
- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Likely developments and expected results of operations
Information on likely developments in the Group's operations and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation
The Group is subject to normal State and Federal environmental legislation and does not operate within an industry with specific environmental guidelines or limits.

Insurance of Officers
The Directors and Officers' liability insurance paid for the year was $113,831.90.

Meetings of Directors

The number of meetings of the Group's board of directors held during the year ended 31 December 2024, and the numbers of meetings attended by each director were:

	A	B
J. Kurzrock	3	3
P. Stanton	7	7
R. Teichmann	7	7
M. Fickers	3	3
K. Gunther	4	4
P. Welter	3	4

A: Number of meetings attended

B: Number of meetings held during the time the director held office during the year

Auditor's Independence declaration

Ernst &Young has been appointed as the auditor in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of the directors. A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

Rounding of amounts

The Company and its controlled entities are of a kind referred to in ASIC Legislative Instrument 2016/191, relating to "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Indemnification of auditors

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Ralf Teichmann
Managing Director

Paul Stanton
Managing Director

Sydney
25 March 2025

Shape the future
with confidence

Ernst & Young
200 George Street
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Auditor's independence declaration to the directors of Volkswagen Financial Services Australia Pty Limited

As lead auditor for the audit of the financial report of Volkswagen Financial Services Australia Pty Limited for the financial year ended 31 December 2024, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Volkswagen Financial Services Australia Pty Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

R.Balfour

Richard Balfour
Partner
25 March 2025

Financial report – 31 December 2024

of Volkswagen Financial Services Australia Pty Limited

Contents

Statement of Comprehensive Income	7
Statement of Financial Position	8
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors’ declaration	65
Auditor’s opinion	66

Financial report – 31 December 2024

of Volkswagen Financial Services Australia Pty Limited

This financial report covers Volkswagen Financial Services Australia Pty Limited and its controlled entities during the year (the Group) as a consolidated entity and Volkswagen Financial Services Australia Pty Limited as a parent entity. The financial report is presented in Australian dollars.

Volkswagen Financial Services Australia Pty Limited is an entity limited by shares, incorporated and domiciled in Australia.

Its principal place of business and registered office are:

Volkswagen Financial Services Australia Pty Limited
Level 1, 24 Muir Road
Chullora NSW 2190

The Company's principal activities during the year consisted of the provision of automotive financial services.

The financial report was authorised for issue by the Directors on 25 March 2025. The Directors have the power to amend and re-issue the financial report.

Statement of Comprehensive Income

of Volkswagen Financial Services Australia Pty Limited

$'000	Note	Consolidated		Parent	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Net income from operations					
Interest income from lending transactions					
Cash and cash equivalents		5,707	4,003	2,467	1,500
Retail financing		373,760	314,119	373,760	314,119
Dealer financing		190,130	138,194	190,130	138,194
Fleet financing	4	12,460	8,534	12,460	8,534
Subtotal: Interest income measured at the effective interest rate method		*582,057*	*464,850*	*578,817*	*462,347*
Subordinated loans		0	0	18,253	17,813
Retail financing accounted for at fair value through profit or loss		7,400	13,804	7,400	13,804
Subtotal: Interest income measured at fair value		*7,400*	*13,804*	*25,653*	*31,617*
Income from operating lease transactions		24,406	13,207	24,406	13,207
Interest expense		(462,902)	(358,218)	(541,807)	(421,609)
Interest expense on lease liability	8	(88)	(114)	(88)	(114)
Non-interest revenue	6	16,827	16,785	124,970	45,865
Fair value movement on Retail financing accounted for at fair value through profit or loss		3,307	5,814	3,307	5,814
Net gains/losses on financial instruments at fair value		27,050	18,352	21,945	47,899
Subtotal: Fair value movement and net gains/losses on financial instruments at fair value		*30,357*	*24,166*	*25,252*	*53,713*
Total net income from operations		**198,057**	**174,480**	**237,203**	**185,026**
Bad and doubtful debts expenses	4	(34,796)	(39,244)	(34,796)	(39,244)
Employee expenses	10	(29,432)	(26,831)	(29,432)	(26,831)
Depreciation and amortisation expenses	7	(23,206)	(13,696)	(23,206)	(13,696)
Other expenses from ordinary activities	11	(32,014)	(36,598)	(31,990)	(36,577)
Profit before income tax		**78,609**	**58,111**	**117,779**	**68,678**
Income tax expenses	12	(23,630)	(17,486)	(23,630)	(17,486)
Profit for the year attributable to owners		**54,979**	**40,625**	**94,149**	**51,192**
Change in fair value of cash flow hedges	13	2,085	(3,900)	1,472	0
Net change in deferred tax for cash flow hedges	13	(625)	1,170	(442)	0
Other comprehensive income for the year		**1,460**	**(2,730)**	**1,030**	**0**
Total comprehensive income attributable to owners		**56,439**	**37,895**	**95,179**	**51,192**

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

of Volkswagen Financial Services Australia Pty Limited

$'000	Note	Consolidated		Parent	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Current assets					
Cash and cash equivalents		156,410	133,482	97,444	91,536
Loans to and receivables from customers attributable to					
Retail loan financing at amortised cost	4	1,517,165	1,519,661	1,517,165	1,519,661
Retail loan financing at fair value through profit or loss	4	27,115	53,552	27,115	53,552
Dealer loan financing	4	2,630,383	2,574,028	2,630,383	2,574,028
Fleet loan financing	4	30,718	28,766	30,718	28,766
Lease receivables	4	52,609	89,784	52,609	89,784
Derivative financial instruments	14	5,855	10,015	5,857	1,781
Other financial assets	4	52,434	58,113	155,768	124,666
Lease assets	5	33,044	29,929	33,044	29,929
Current tax assets		14,925	4,804	13,779	4,804
Inventories		8,310	2,847	8,310	2,847
Other assets	7	7,872	9,023	7,537	8,759
Total current assets		**4,536,840**	**4,514,004**	**4,579,729**	**4,530,113**
Non-current assets					
Loans to and receivables from customers attributable to					
Retail loan financing at amortised cost	4	3,822,617	3,839,933	3,822,617	3,839,933
Retail loan financing at fair value through profit or loss	4	68,346	135,412	68,346	135,412
Dealer loan financing	4	366,666	252,617	366,666	252,617
Fleet loan financing	4	40,218	46,043	40,218	46,043
Lease receivables	4	55,170	52,684	55,170	52,684
Derivative financial instruments	14	25,650	27,997	19,486	29,481
Other financial assets	4	0	0	126,824	142,476
Lease assets	5	70,742	37,625	70,742	37,625
Property, plant and equipment	7	3,630	1,762	3,630	1,762
Intangible assets	7	34,952	29,748	34,952	29,748
Deferred tax assets	12	49,756	49,549	50,539	49,002
Total non-current assets		**4,537,747**	**4,473,370**	**4,659,190**	**4,616,783**
Total assets		**9,074,587**	**8,987,374**	**9,238,919**	**9,146,896**

Statement of Financial Position (continued)

of Volkswagen Financial Services Australia Pty Limited

$'000	Note	Consolidated		Parent	
		31.12.2024	31.12.2023	31.12.2024	31.12.2023
Current liabilities					
Liabilities to banks	8	2,373,190	2,003,782	2,373,190	2,003,782
Medium Term Notes and Commercial Papers issued	8	770,194	1,330,523	770,194	1,330,523
Intercompany Loan	8	196,530	853,105	196,530	853,105
Asset Backed Securities Notes issued	8	1,044,825	567,960	0	0
Derivative financial instruments	14	4,681	18,846	4,681	11,311
Virtual Loan	8	0	0	1,080,924	503,304
Other financial liabilities	8	15,405	28,206	15,405	28,206
Lease liabilities	8	424	1,495	424	1,495
Employee entitlements	10	5,603	4,947	5,603	4,947
Other liabilities	9	14,270	24,007	14,270	24,007
Total current liabilities		**4,425,122**	**4,832,871**	**4,461,221**	**4,760,680**
Non-current liabilities					
Liabilities to banks	8	718,401	361,889	718,401	361,889
Medium Term Notes and Commercial Papers issued	8	1,517,784	1,109,983	1,517,784	1,109,983
Intercompany Loan	8	295,434	0	295,434	0
Asset Backed Securities Notes issued	8	1,600,993	2,219,928	0	0
Derivative financial instruments	14	19,426	24,785	15,158	22,031
Virtual Loan	8	0	0	1,732,806	2,492,447
Lease liabilities	8	3,185	271	3,185	271
Employee entitlements	10	1,199	1,043	1,199	1,043
Total non-current liabilities		**4,156,422**	**3,717,899**	**4,283,967**	**3,987,664**
Total liabilities		**8,581,544**	**8,550,770**	**8,745,188**	**8,748,344**
Net assets		**493,043**	**436,604**	**493,731**	**398,552**
Equity					
Share capital	13	195,440	195,440	195,440	195,440
Cash-flow hedges reserve	13	184	(1,276)	1,030	0
Retained earnings	13	297,419	242,440	297,261	203,112
Total equity		**493,043**	**436,604**	**493,731**	**398,552**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

of Volkswagen Financial Services Australia Pty Limited

Consolidated $'000	Contributed equity	Cash-flow hedges reserve	Retained earnings	Total equity
Balance at 1 January 2023	**195,440**	**1,454**	**291,815**	**488,709**
Profit for the year	0	0	40,625	40,625
Other comprehensive income for the year	0	(2,730)	0	(2,730)
Dividend paid	0	0	(90,000)	(90,000)
Total comprehensive income for the year	0	(2,730)	(49,375)	(52,105)
Balance at 31 December 2023	**195,440**	**(1,276)**	**242,440**	**436,604**
Profit for the year	0	0	54,979	54,979
Other comprehensive income for the year	0	1,460	0	1,460
Dividend paid	0	0	0	0
Total comprehensive income for the year	0	1,460	54,979	56,439
Balance at 31 December 2024	**195,440**	**184**	**297,419**	**493,043**

Parent $'000	Contributed equity	Cash-flow hedges reserve	Retained earnings	Total equity
Balance at 1 January 2023	**195,440**	**0**	**241,920**	**437,360**
Profit for the year	0	0	51,192	51,192
Other comprehensive income for the year	0	0	0	0
Dividend paid	0	0	(90,000)	(90,000)
Total comprehensive income for the year	0	0	(38,808)	(38,808)
Balance at 31 December 2023	**195,440**	**0**	**203,112**	**398,552**
Profit for the year	0	0	94,149	94,149
Other comprehensive income for the year	0	1,030	0	1,030
Total comprehensive income for the year	0	1,030	94,149	95,179
Balance at 31 December 2024	**195,440**	**1,030**	**297,261**	**493,731**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

of Volkswagen Financial Services Australia Pty Limited

Consolidated $'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Cash flows from operating activities				
Interest received	662,159	566,596	677,743	587,354
Interest and other costs of finance paid	(418,334)	(318,891)	(433,165)	(365,028)
Fees and other non-interest income received	27,661	1,271	58,606	30,352
Fees and commissions paid	(80,738)	(108,403)	(79,815)	(110,873)
Net proceeds from/(payments for) derivative financial instruments and other financial assets and liabilities	(4,330)	1,371	(8,070)	(2,139)
Payment for acquisition of leased assets	(67,626)	(54,548)	(67,626)	(54,548)
Income from operating lease contracts	24,654	13,339	24,654	13,339
Payments to suppliers	(54,210)	(17,724)	(52,638)	(12,194)
Employment expenses paid	(29,213)	(27,793)	(29,213)	(27,793)
Income tax paid	(34,583)	(4,103)	(34,582)	(4,103)
Net loan assets repaid/(granted)	(137,127)	(1,270,237)	(137,130)	(1,269,420)
Recoveries of loans previously written off	12,050	14,360	12,050	14,360
Net proceeds from sale of returned vehicles	77,185	23,862	77,185	23,862
Total cash flows from operating activities	**(22,452)**	**(1,180,900)**	**7,999**	**(1,176,831)**
Cash flows from investing activities				
Payments for the acquisition of property, plant and equipment and intangible assets	(9,115)	(9,377)	(9,115)	(9,377)
Total cash flows from investing activities	**(9,115)**	**(9,377)**	**(9,115)**	**(9,377)**
Cash flows from financing activities				
Proceeds from				
Liabilities to banks	13,127,000	13,216,057	13,127,000	13,216,057
Intercompany loans	1,558,950	4,622,899	1,558,950	4,622,899
Medium Term Notes and Commercial Papers issued	2,850,100	2,576,800	2,850,100	2,576,800
Asset Backed Securities Notes issued	1,331,288	762,721	0	0
Virtual loan	0	0	2,020,890	2,678,051
Repayments of				
Liabilities to banks	(12,403,000)	(13,052,000)	(12,403,000)	(13,052,000)
Intercompany loans	(1,919,510)	(3,771,014)	(1,919,510)	(3,771,014)
Medium Term Notes and Commercial Papers issued	(3,016,600)	(2,689,900)	(3,016,600)	(2,689,900)
Asset Backed Securities Notes issued	(1,471,960)	(288,646)	0	0
Virtual loan	0	0	(2,187,904)	(2,179,319)
Subordinated loans	0	0	(21,129)	(32,542)
Lease payments and interest from lease liabilities	(1,773)	(1,587)	(1,773)	(1,587)
Dividend Paid	0	(90,000)	0	(90,000)
Total cash flows from financing activities	**54,495**	**1,285,330**	**7,024**	**1,277,445**
Net cash movement	**22,928**	**95,053**	**5,908**	**91,237**
Cash and cash equivalents at the beginning of the financial year	133,482	38,429	91,536	299
Cash and cash equivalents at the end of the financial year	156,410	133,482	97,444	91,536

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

of Volkswagen Financial Services Australia Pty Limited

1 | Summary of material accounting policies 13
2 | Financial risk management 24
3 | Critical accounting estimates and judgements 26
4 | Financial assets 29
5 | Operating leases 37
6 | Non-interest revenue 38
7 | Other non-financial assets 38
8 | Financial liabilities 40
9 | Other liabilities 43
10 | Employee entitlements 43
11 | Other expenses from ordinary activities 44
12 | Income tax 45
13 | Equity 46
14 | Financial instruments 48
15 | Subsidiaries 60
16 | Remuneration of auditors 60
17 | Commitments 60
18 | Related parties 61
19 | Credit commitments 64
21 | Events occurring after the balance sheet date 64
21 | Contingent liabilities 64
22 | Reconciliation of profit from continuing operations after income tax to net cash outflow from operating activities 64

Notes to the Financial Statements

of Volkswagen Financial Services Australia Pty Limited

1| Summary of material accounting policies

The principal accounting policies adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

A. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and the Corporations Act 2001. They have been prepared on a going concern basis.

Compliance with IFRS
The financial statements of Volkswagen Financial Services Australia Pty Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

New and amended standards adopted by the Group
The effect of the adoption of new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 January 2024 is described in Note 1Y.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) measured at fair value through profit or loss.

Critical accounting estimates
The preparation of the financial statements 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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Foreign currency translation
- *Functional and presentation currency:*

Items included in these financial statements are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

- *Transactions and balances:*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income on a net basis within non-interest revenue or other expenses from ordinary activities. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

B. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Parent as at 31 December 2024 and the results of all subsidiaries for the year then ended. The Parent and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the Parent has control. The Parent controls an entity when it has power over the entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to use its power to affect those returns. Consolidation of subsidiaries begins from the date on which the Parent obtains control of the entity and ends from the date that the Parent loses control of the entity.

The acquisition method of accounting is used to account for business combinations of the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity.

C. REVENUE RECOGNITION

Interest income
- *Financial assets at amortised cost and finance leases*

Interest income is recognised using the effective interest rate method. For purchased or originated credit-impaired (POCI) financial assets the Group calculates interest income by calculating the credit-adjusted EIR and applying that rate to the amortised cost of the financial asset. The credit-adjusted EIR is the interest rate that, at initial recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI financial asset.

Commissions paid to dealers are capitalised when paid and amortised over the lifetime of the related contracts as part of the effective interest rate method. They are presented part of interest income in the Statement of Comprehensive Income as these are an integral part of loan contracts.

The income from fees which are classified as being an integral part of loan contracts is amortised over the lifetime of the contracts and is included in the interest income in the Statement of Comprehensive Income.

- *Financial assets at fair value through profit or loss*

Interest income is recognised on an accruals basis as per the contractual terms of the related contracts.

Interest income from financial assets at fair value through profit or loss is included in the interest income in the Statement of Comprehensive Income.

Operating lease income
Leasing revenue from operating leases is recognised on a straight-line basis over the lease term.

Non-interest revenue
Fee and insurance commission income is recognised in the Statement of Comprehensive Income in the period the relevant service is rendered. Income is recognised at the amount of the transaction price, which is the amount of consideration the Group is entitled to in exchange for transferring the service.

D. INTEREST EXPENSES

Interest expenses are recognised in the Statement of Comprehensive Income for interest-bearing liabilities measured at amortised cost using the effective interest rate method.

Any fees associated with obtaining the Group’s funding are capitalised when paid and amortised over the term of the related funding instrument as part of the effective interest rate method. They are presented as part of the interest expense in the Statement of Comprehensive Income.

E. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying value of any component accounted as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation of plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

Asset Class	Method	Useful Life
Leasehold improvements	Straight-line	2-20 years
Computer and office equipment	Straight-line	3-10 years

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the Group, whichever is the shorter.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit or loss as other income or other expenses.

F. INTANGIBLE ASSETS

IT development and software
Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from 3 to 15 years. IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

G. OTHER ASSETS

Lease assets
Lease assets represent vehicles under operating lease contracts where the Group is the lessor. Lease assets are initially recognised at fair value and subsequently amortised over their useful life. Once vehicles are returned to the Group at the maturity of operating lease contracts, they are reclassified to inventories.

Inventories
Inventories include repossessed vehicles and vehicles returned at the end of operating leases. Returned or repossessed vehicles are recognised at the lower of purchase cost and net realisable value, with any loss incurred recognised in other expenses from ordinary activities. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Any profit or loss on the sale of inventories is recognised when the vehicles are sold.

H. IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

I. FINANCIAL ASSETS

Recognition and de-recognition

The Group recognises a financial asset when it becomes party to the contractual provisions of the instrument. The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset or
  The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Classification and measurement

The Group classifies its financial assets into the following categories:

- financial assets at fair value through profit or loss and
- financial assets at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Financial assets at amortised cost

The Group classifies financial assets at amortised cost if they meet the following criteria:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Based on the above criteria, the Group classifies its retail loans, dealer loans and wholesale loans as well as its cash and cash equivalents as financial assets at amortised cost, with the exception of certain retail loans where the customer has the right to return the car at the end of the contract term. For all contracts of this nature, commencing 1 January 2022, it was assessed that all brands passed the SPPI test and therefore are classified at amortised cost.

Financial assets at amortised cost are initially measured at their fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. They are subsequently measured at amortised cost.

For the purpose of presentation in the Statement of Financial Position and the Statement of Cash Flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and for the purpose of the cash flow statement, bank overdrafts. Bank overdrafts are shown as borrowings in the Statement of Financial Position.

Financial assets at fair value through profit or loss

The Group classifies financial assets at fair value through profit or loss in accordance with AASB 9 if they are not classified at either amortised cost or fair value through other comprehensive income.

Based on the above, the Group classifies certain retail loans where the customer has the right to return the car at the end of the contract term (which does not represent cash flows that are solely payments of principal and interest on the principal amount outstanding) and its derivatives as financial assets at fair value through profit or loss. Commencing 1 January 2022, it was assessed that all brands passed the SPPI test and therefore are classified at amortised cost going forward.

In addition, the Parent entity classifies its subordinated loan receivables from other Group entities as financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are initially and subsequently measured at their fair value.

Refer to Note 1R for further details on the Group's accounting policy for derivatives.

J. IMPAIRMENT OF FINANCIAL ASSETS

The Group applies a three-stage approach to measuring expected credit losses ("ECL") on debt instruments accounted for at amortised cost. Assets migrate through the following three stages based on the change in credit quality since initial recognition:

- Stage 1, 12-month ECL: For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, a provision for the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised.
- Stage 2, lifetime ECL, not credit impaired: For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a provision for lifetime ECL is recognised.
- Stage 3, lifetime ECL, credit impaired: Financial assets demonstrating objective indications of impairment are allocated to Stage 3 and a provision for lifetime ECL is recognised.

The Group has defined any modification of an existing contract as substantial if it meets one of the following criteria:

- the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt
- a significant change in the terms and conditions that is so fundamental that immediate de-recognition is required with no additional quantitative analysis

In the event of a substantial modification, the Group derecognises the existing contract and recognises a new contract which reflects the modified terms. Based on the credit risk assessment of the contract, it is either classified as a Stage 1 contract or as a "purchased and originated credit impaired" (POCI) contract.

For POCI contracts at initial recognition the Group calculates the credit-adjusted effective interest rate, which is calculated based on incorporating the impact of expected credit losses in the estimated cash flows. Changes in the lifetime expected credit losses is recognised in other comprehensive income as an impairment gain or loss.

Interest income on POCI contracts is recognised based on applying the original credit-adjusted effective interest rate against the amortised cost of the financial asset.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition.

In determining whether credit risk has increased significantly since initial recognition, the Group uses its internal credit risk scoring and grading systems, arrears status and forecast information to assess deterioration in credit quality of a financial asset. If a contract is more than 30 days past due, the contract is classified as having experienced a significant increase in credit risk.

The Group assesses whether the credit risk on a financial asset has increased significantly on an individual or statistical basis. For the purposes of a statistical evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, taking into account instrument type, cash flow, credit risk class, collateral, date of initial recognition, arrears performance, remaining term to maturity, months on book, industry, geographical location of the borrower and other relevant factors.

The amount of the ECL is measured as the unbiased and probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive. The amount of the loss is recognised using a provision for doubtful debts account.

The Group considers its historical loss experience and adjusts this for current observable data. In addition, the Group considers forecasts of future economic conditions including experienced judgement to estimate the amount of an expected impairment loss. Incorporating forward looking information increases the level of judgement as to how changes in these macroeconomic factors will affect the ECL. The methodology and assumptions including any outlook of future economic conditions are reviewed regularly.

A contract will be classified as credit impaired (stage 3) when it meets the Group’s default definitions, which are more than 90 days in arrears, hardship approved and vehicles missing, surrendered, repossessed or totally damaged.
In a subsequent period, if financial assets no longer meet the default criteria, loans that were previously assessed as non-performing are reversed to a performing status based on our behavioural scoring methodology. This methodology requires a loan to perform for a certain period of time (“cure period”) before it moves back into stage 1. The length of this period depends on the specific circumstances of each individual loan.

When financial assets that were previously assessed as a significant increase in credit risk subsequently experience a credit quality improvement with the number of days behind payment not greater than 30, these loans will be recognised as stage 1 with a 12-months ECL.

K. SECURITISATION OF FINANCIAL ASSETS

Financial assets include receivables that are subject to non-returnable finance arrangements following the securitisation of a portfolio of receivables with special purpose vehicles (Note 8C). The terms of the transfer of securitised receivables do not meet the criteria for de-recognition under AASB 9 and are therefore recognised on the Group’s Statement of Financial Position. AASB 10 defines various indicators which require the Group to consolidate these securitisation special purpose vehicles. Accordingly, Special Purpose Vehicles (the Trusts) are consolidated because the company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

L. LEASING BUSINESS WITH THE GROUP AS LESSOR

The Group is engaged in both finance leases and operating leases as a lessor of motor vehicles.

In the case of finance leases, the material risks and rewards of ownership pass to the lessee. Receivables from finance leases are shown under Lease receivables, whereby the net investment value always corresponds to the fair value of the leased assets and any initial direct costs at the inception of the lease. Interest income from these transactions is shown under Interest income from lending transactions in the Statement of Comprehensive Income.

In the case of operating leases, the material risks and rewards of ownership of the lease object remain with the lessor. In this case the leased asset are shown in the consolidated Statement of Financial Position in the separate item leased assets, and are measured at cost less straight-line depreciation expense over the term of the lease to the imputed residual value. Impairments, which are identified when conducting an impairment test in compliance with AASB 136 by taking into account the carrying value of an asset and its recoverable amount, are recognized through write-downs. If the reason for the write-downs recorded in previous years no longer applies, appropriate write-ups are recognised. Write-downs and write-ups are contained in the depreciation expenses. Leasing income is recognised on a straight-line basis over the term of the lease.

M. PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

N. EMPLOYEE BENEFITS

Wages and salaries, annual leave and long service leave
Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in the current provision for employee entitlements in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liability is settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at rates paid or payable. The liability for long service leave and annual leave which is not expected to be settled within 12 months in which the employees render the related service is recognised in the non-current provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method.

Bonus plans
The Group recognises a liability and an expense for bonuses. The Group recognises a provision where it is contractually obliged or where there is past practice that has created a constructive obligation. The obligation is presented as a current liability in the Statement of Financial Position if the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date, regardless of when the actual settlement is expected to occur.

O. FINANCIAL LIABILITIES

Recognition and de-recognition
The Group recognises a financial liability when it becomes party to the contractual provisions of the instrument. It derecognises a financial liability when the liability is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expires or if there is a substantial modification.

Classification and measurement
The Group classifies its financial liabilities into the following categories:
- financial liabilities at fair value through profit or loss and
- financial liabilities at amortised cost.

Financial liabilities measured at amortized cost using the effective interest method relate to liabilities to banks, bonds, commercial paper and notes, loans and other liabilities. Gains or losses resulting from changes in amortized cost, including the effects of changes in exchange rates, are recognized through profit or loss.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs on the loan to the extent that is probable that some or all of the facility will be drawn down. Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or expenses, or as finance costs. Interest-bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Other financial liabilities
These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Other liabilities are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

- *Financial liabilities at fair value through profit or loss*

The Group classifies its derivatives as financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are initially and subsequently measured at their fair value.

Refer to Note 1R for further details on the Group's accounting policy for derivatives.

P. ASSET BACKED SECURITIES NOTES, MEDIUM TERM NOTES & COMMERCIAL PAPERS ISSUED

The Group's special purpose securitisation vehicles fund the purchase of receivables primarily through the issue of notes. These notes are denominated in Australian dollars. These securities are recognised at inception at fair value net of transaction costs and are subsequently measured at amortised cost.

Q. VIRTUAL LOAN

When financial assets are transferred but not derecognised, this is due to retaining exposure to substantially all the risks and rewards of ownership of the transferred assets. Financial assets (retail car loans) are packaged and securities issued to investors. Securitisation vehicles used to achieve this purpose are consolidated when the rights to the residual income of the vehicles, after all payments to investors and costs of the program have been met, is retained as control under AASB 10 exists. When the Group consolidates the SPV, the Group continues to recognise the transferred financial assets.

The Group securitises automotive loans and receivables (receivables) under the Driver Australia Program. These receivables are acquired by Trusts through equitable entitlements. The Trusts fund these acquisitions by issuing class A notes, class B notes and subordinated loans.

VWFSA has not passed the de-recognition criteria of AASB 9 and therefore has continued to recognise the receivables transferred to the Trusts on its Statement of Financial Position. Virtual loans have been recognised in VWFSA standalone representing the consideration received by VWFSA from the Trusts. VWFSA has control over the Trusts as it has the power and ability to direct the relevant activities of the Trusts and has exposure to variable returns through the collateral loan arrangements.

The initial measurement of virtual loan is at fair value, net of transaction costs incurred, with subsequent measurement being at amortised cost under the effective interest method.

R. DERIVATIVES AND HEDGING ACTIVITIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges) or
- hedges of the cash flows of recognised liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the economic relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are expected to be highly effective in offsetting changes in cash flows or fair values of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 14A. Movement in the cash flow hedge reserve in other comprehensive income is shown in Note 13B. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in 'Net gains/losses on financial instruments at fair value (incl. hedge ineffectiveness of designated relationships)', together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in 'Interest expense', together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in 'Net gains/losses on financial instruments at fair value (incl. hedge ineffectiveness of designated relationships)'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedge
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in 'Net gains/losses on financial instruments at fair value (incl. hedge ineffectiveness of designated relationships)'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within interest expense.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss and when a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

Derivatives that do not qualify for hedge accounting
Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in 'Net gains/losses on financial instruments at fair value (incl. hedge ineffectiveness of designated relationships)'.

S. LEASING BUSINESS WITH THE GROUP AS LESSEE

The Group leases its office in Chullora and some items of equipment. Rental contracts are typically made for fixed periods of 3 to 10 years, but may have extension options as described below.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased asset that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, unless an exemption applies. Refer to Note 1Y for further details in relation to the transition to the new accounting standard.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentives receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal repayment and interest. Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The remainder of the lease payment amount is classified as principal repayment.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets are the asset less then $5,000 that comprise some IT equipment and small items of office furniture.

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

T. INCOME TAX

The income tax expense for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

U. EQUITY

Ordinary shares are classified as share capital.

V. GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

W. ROUNDING

The company and its controlled entities are of a kind referred to in ASIC Legislative Instrument 2016/191, relating to “rounding off” of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

X. COMPARATIVES

Where necessary, comparative information has been restated to conform to changes in the presentation in the current year. This includes presenting comparative information in the layout used in the current year for the Statement of Comprehensive Income and Statement of Financial Position.

Y. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following new standards have not yet been adopted by the Group. None of these new standards are expected to have a material impact on the financial position or income and expenses of the Group.

- AASB 18 – Presentation and Disclosure in Financial Statements
- AASB 2024-2 Amendments to AASs – Classification and Measurement of Financial Instruments

The following new standards have been adopted by the Group:

- AASB 202-1 Amendments to AASs – Classification of Liabilities as Current or Non-current

2 | Financial risk management

The Group's activities expose it to a variety of financial risks; market risk (including fair value risk, residual value risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as interest rate swaps to hedge certain risk exposures.

Financial risk management is carried out by the Group in conjunction with the regional treasury department of Volkswagen Financial Services under policies approved by the Board of Directors. Treasury identifies, evaluates and hedges financial risks. The Board of Directors and management provide written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

A. CREDIT RISK

Credit is any transaction that creates an obligation on borrowers to meet interest and principal repayments. Credit risk arises as there is the potential for a borrower to fail to meet its obligations to the Group in accordance with the agreed terms of a borrowing arrangement.

The Group has no significant concentrations of credit risk. Exposures to credit risks are managed through the policies in place to ensure the credit worthiness of each retail and wholesale customer. The Group manages credit risk by placing limits on the amount of risk accepted in relation to a borrower as well as the financial capacity of a borrower to enter into an arrangement. Derivative counterparties and cash exposures are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution. The analysis of the quality of financial assets is disclosed in Note 4B.

B. FAIR VALUE RISK

The Group has certain financial assets and financial liabilities that pay or receive a fixed-rate interest for the entirety of their life. Based on fluctuations of market interest rates, the Group is exposed to fair value risks from these financial instruments. The Group manages this fair value risk by entering into interest-rate swap agreements with third parties, with the aim to match its exposures to fixed interest rates between the asset and liability side (ALM – Asset-Liability Management). Exposures are monitored on a regular basis and limits have been defined for quarterly net exposures.

C. RESIDUAL VALUE RISK

Some of the Group's contracts with customers for the financing of vehicles are structured in a way such that the customer will or may return the vehicle to the Group at the end of the contract term. These are operating lease contracts as well as loans with a GFV (Guaranteed Future Value) option. As a result, the Group is exposed to residual value risks from these contracts.

The Group manages these risks by (a) setting conservative residual values for new contracts based on market data and its own historical experience and (b) maximising the sale proceeds from returned vehicles by actively managing the timing and location of vehicles being offered for sale.

D. LIQUIDITY RISK

Prudent liquidity management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The Group manages the liquidity risk based on contractual maturities within certain time bands for derivative and non-derivative financial liabilities (Note 14C).

The maturity analysis of interest bearing liabilities and the credit standby arrangements are disclosed in Note 8B.

E. INTEREST RATE RISK

The Group's interest rate risk arises from long-term borrowings and receivables from customers. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. At year end 64.1% (consolidated) and 93.1% (parent) (2023: 63.2% and 100.0% respectively) of borrowings were at fixed rates. Receivables from customers with fixed rates expose the Group to fair value interest rate risk.

The Group manages its cash flow interest rate risk by using floating to fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally if the Group raises long term borrowings at floating rates it will swap them into fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts (Note 14D).

F. CAPITAL RISK MANAGEMENT

Volkswagen Financial Services Australia Pty Limited has an Australian financial services licence (Licence No: 389344). The licence is subject to certain capital and cash needs requirements.

Furthermore, the Group maintains trigger points in accordance with the requirements of the licence. These trigger points maintain a headroom value above the AFSL requirements and the Group has in place a number of processes and procedures should a trigger point be reached.

3 | Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions
The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for expected credit losses
All the estimates and assumptions necessary as part of the recognition and measurement in accordance with Australian Accounting Standards Board (AASB) comply with the relevant standard, are continuously updated and are based on past experience and other factors, including expectations regarding future events that appear to be reasonable in the given circumstances.
Assumptions and estimates are based on the latest available information. The circumstances prevailing at the time the financial statements are prepared and future trends in the global and sector environment considered to be realistic are taken into account in the projected future performance of the business.

The estimates and assumptions used by management have been made, in particular, on the basis of assumptions relating to macroeconomic trends as well as trends in the automotive market, financial markets and the legal framework.

As future business performance is subject to unknown factors that, in part, lie outside of the control of the Group, our assumptions and estimates continue to be subject to considerable uncertainty. If changes in parameters are different from the assumptions and beyond any influence that can be exercised by management, the amounts actually arising could differ from the estimated values originally forecast.

The procedure for determining the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, these estimates take into account the latest market data as well as rating classes and scoring information based on experience combined with forward-looking parameters.

The provision for credit risks, which is recognised in accordance with the expected credit loss model specified by AASB 9 and in accordance with uniform standards applied throughout the Group, encompasses all financial assets measured at amortised cost, lease receivables that fall within the scope of AASB 16 and credit risks from off-balance-sheet irrevocable credit commitments and financial guarantees. The calculation of the provision for credit risks generally takes into account the exposure at default, the probability of default and the loss given default.

Financial assets are subject to credit risks, which are taken into account by recognising valuation allowances in the amount of the expected loss; such valuation allowances are recognised for both financial assets with objective evidence of impairment and non-impaired financial assets.

The general approach is used for financial assets measured at amortised cost and for irrevocable credit commitments and financial guarantees unless there is already objective evidence of impairment on initial recognition.

The calculation of the macroeconomic overlay for the provision for expected credit losses is a probability weighted estimate based on three scenarios which together are representative of the Group’s view of potential loss outcomes depending on a number of macro-economic factors.

The base case scenario uses market economic forecasts which assumes the Australia economy will enter below-trend growth in 2025 as cost of living pressures and interest rates continue to remain high. The downside scenario is a more severe scenario with a higher inflation and higher interest rate environment leading to higher unemployment, resulting in a larger impact on businesses. The upside scenario represents a base case scenario.

Scenario	Unemployment rate	Inflation rate	Interest Rate	GDP growth
Base case	6.2%	3.3%	4.2%	2.2%
Downside	6.4%	6.0%	5.0%	1.5%
Upside	6.0%	3.1%	4.2%	2.4%

At the time the analysis was performed, the macroeconomic overlay reflects the uncertainty that continues to exist in relation to the expected economic recovery from increased living costs, high interest rates and slower economic growth. Inflation could remain higher for longer and could be very costly to unwind. Although there are good reasons to think that the Australian economy has passed the peak of the inflation cycle, there are still a number of uncertainties that remain. This includes geopolitical instabilities, higher interest rates are helping to tackle inflation pressures, positive migration policy will support to combat labour market shortages and shorten delivery time. Although interest rates had decreased at the time of signing the financial statements, Management had assessed that this would not have a material impact on the provisions calculated.

The provision for credit risks relating to trade receivables and to operating and finance lease receivables accounted for in accordance with AASB 16 is uniformly determined using the simplified approach. In the simplified approach, an expected loss is calculated over the entire remaining maturity of the asset. Both historical information, such as average historical default probabilities for each portfolio, and forward-looking information is used to determine the measurement parameters for calculating the provision for credit risks. Insignificant lease/trade receivables and significant individual lease/trade receivables with no indication of impairment are grouped together into homogeneous portfolios using comparable credit risk features and broken down by risk category. In the case of significant individual impaired loans or receivables (e.g. dealer financing loans/receivables and fleet customer business loans/receivables), specific valuation allowances are recognised in the amount of the expected loss. Management make certain judgements and estimates in relation to the credit loss allowance. These judgments and estimates relate to various factors determining the credit loss allowance including future payments by the customer, the future value and recoverability of any collateral, the timing of payment receipts, determination of what is considered a significant increase in credit risk and forward-looking information.

Impairment arises in a number of situations, such as delayed payment over a certain period, the initiation of enforcement measures, the threat of insolvency or over indebtedness, application for or the initiation of insolvency proceedings, or the failure of restructuring measures.

Reviews are regularly carried out to ensure that the valuation allowances are appropriate.
Uncollectible loans or receivables that are already subject to a workout process and for which all collateral has been recovered and all further options for recovering the loan or receivable have been exhausted are written off directly. If the amount to be written off is greater than accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to ‘Bad and doubtful debt expenses’.

Refer to Note 1J for further details on the Group’s accounting policy regarding the impairment of financial assets.

Fair value measurement of loans to and receivables from customer measured at fair value
For certain retail loans, the customers are given the option either to return the financed vehicle at a guaranteed future value or retain the vehicle and make a final contractual payment to the Group that approximates to the guaranteed future value. Management assessed whether these loans meet the SPPI test (Solely Payments of Principal and Interest) to determine their classification and concluded, based on the return rates of the vehicles to the Group, certain brands did not pass the SPPI test and therefore were classified as retail loan financing at fair value through profit or loss. This assessment is reviewed annually. Commencing 1 January 2022, it was assessed that all brands passed the SPPI test and therefore are classified at amortised cost going forward.

The fair value of these financial assets is calculated using a Discounted Cash Flow model, which requires management estimates in relation to the discount rate used. The discount rate includes a risk premium component to account for the risk that the Group will not be able to collect all of its contractual receivables due to its exposure to credit risk and residual value risk. The risk premium is estimated by management based on its standard processes for managing and measuring credit risk and residual value risk. Refer to Notes 2A and 2C for further details on the Group's management of these risks.

Lease liabilities
The Group has recorded a lease liability in relation to the lease of its office and car park spaces at its premises in Chullora.
The measurement of the lease liability is based on some management estimates:
- Discount rate: 5.44% (FY23: 3.64% - 4.92%)
- Lease extension options: None or unlikely to be exercised

Long service leave
Long service leave is discounted to present value using assumptions relating to staff departures, leave utilisation and future salary.

Other provisions
Provisions are held in respect of a range of future obligations, some of which involve significant judgement about the likely outcome of various events and estimated future cash flows.

4 | Financial assets

A. CASH AND CASH EQUIVALENTS

The balance of cash and cash equivalents includes restricted cash items of $58,966k (2023: $41,946k) for the Group and $nil (2023: $nil) for the Parent. This balance represents the cash held in the Trusts.

B. LOANS TO AND RECEIVABLES FROM CUSTOMERS & PROVISION FOR IMPAIRMENT

Credit risk arises from cash and cash equivalents, contractual cash flows of loans carried at amortised cost and at fair value through profit or loss, favourable derivative financial instruments and deposits with banks and financial institutions.

(i) Risk management

Credit risk is managed on a group basis. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

For derivative financial instruments, management has established limits so that, at any time, less than 10% of the fair value of favourable contracts outstanding are with any individual counterparty.

(ii) Security

For some loans the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(iii) Impairment of financial assets

The Group’s financial assets carried at amortised cost are subject to the expected credit loss model.

While cash and cash equivalents and other financial assets form part of the Group’s financial assets at amortised cost, the identified risk of credit losses is immaterial.

Retail, wholesale and fleet receivables

Note 1J provides information on the accounting policies adopted by the Group regarding its approach to determining expected credit losses in accordance with AASB 9.

In addition, the Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and lease receivables.

To measure the expected credit losses, trade receivables and lease receivables have been grouped based on shared credit risk characteristics and the days past due. The receivables have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for these assets.

The expected loss rates are based on the payment profiles over a period of 36 months before 31 December 2024 or 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of relevant markets and accordingly adjusts the historical loss rates based on expected changes in these factors.

Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 270 days past due.

Impairment losses on loans are presented as net impairment losses within bad and doubtful debt expenses. Subsequent recoveries of amounts previously written off are credited against the same line item.

The table below provides information regarding the movement in the Group's expected credit losses during the year.

Retail:

31.12.2024 CONSOLIDATED AND PARENT $'000	Stage 1	Stage 2	Stage 3	POCI	Simplified Approach	Total
Balance as of 1 January 2023	**31,114**	**59,840**	**15,434**	**1,002**	**431**	**107,821**
Newly granted/purchased financial assets (additions)	15,749	20,995	7,180	489	460	44,873
Transfer to						
Stage 1	1,437	(9,106)	(186)	0	0	(7,855)
Stage 2	(2,571)	30,363	(3,343)	0	0	24,449
Stage 3	(154)	(2,222)	4,718	0	0	2,342
Financial instruments derecognised during the period (derecognitions)	(13,529)	(27,492)	(3,874)	(481)	(420)	(45,796)
Utilisations	0	0	(5,063)	(217)	(53)	(5,333)
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2023	**32,046**	**72,378**	**14,866**	**793**	**418**	**120,501**
Gross carrying amount as at 31 December 2023	**4,156,155**	**1,294,153**	**31,624**	**3,387**	**31,059**	**5,516,378**
Balance as of 1 January 2024	**32,046**	**72,378**	**14,866**	**793**	**418**	**120,501**
Newly granted/purchased financial assets (additions)	19,766	0	0	879	1,172	21,817
Transfer to						
Stage 1	1,782	(10,392)	(140)	0	0	(8,750)
Stage 2	(2,732)	44,172	(2,953)	0	0	38,487
Stage 3	(143)	(2,434)	27,515	0	0	24,938
Financial instruments derecognised during the period (derecognitions)	(19,672)	(29,277)	(10,151)	(605)	(645)	(60,350)
Utilisations	0	0	(14,456)	(180)	0	(14,636)
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2024	**31,047**	**74,447**	**14,681**	**887**	**945**	**122,007**
Gross carrying amount as at 31 December 2024	**3,783,829**	**1,650,526**	**33,505**	**2,047**	**34,795**	**5,504,702**

Model or risk parameter changes represent a change in modelling assumptions including forward looking information and other modelling assumptions, refinements and measurement variables.

The following tables present the carrying amounts of financial assets as of 31 December 2024, broken down by risk class:

31.12.2024 CONSOLIDATED AND PARENT $'000	Stage 1	Stage 2	Stage 3	POCI	Simplified approach	Total
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	3,769,352	1,390,412	0	389	34,794	5,194,947
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	14,476	260,114	0	740	0	275,330
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	33,505	918	0	34,423
Total gross carrying amount	**3,783,828**	**1,650,526**	**33,505**	**2,047**	**34,794**	**5,504,700**

31.12.2023 CONSOLIDATED AND PARENT $'000	Stage 1	Stage 2	Stage 3	POCI	Simplified approach	Total
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	4,154,536	1,040,756	0	981	30,053	5,226,326
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	1,619	253,397	0	1,433	934	257,383
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	31,624	973	72	32,669
Total gross carrying amount	**4,156,155**	**1,294,153**	**31,624**	**3,387**	**31,059**	**5,516,378**

Wholesale:

31.12.2024 CONSOLIDATED AND PARENT $'000	Stage 1	Stage 2	Stage 3	POCI	Simplified Approach	Total
Balance as of 1 January 2023	**12,049**	**1,716**	**0**	**0**	**0**	**13,765**
Newly granted/purchased financial assets (additions)	18,667	0	0	0	0	18,667
Transfer to						
Stage 1	5	(64)	0	0	0	(59)
Stage 2	(49)	1,747	0	0	0	1,698
Stage 3	0	0	0	0	0	0
Financial instruments derecognised during the period (derecognitions)	(11,859)	(1,581)	0	0	0	(13,440)
Utilisations	0	0	0	0	0	0
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2023	**18,813**	**1,818**	**0**	**0**	**0**	**20,631**
Gross carrying amount as at 31 December 2023	**2,623,599**	**223,677**	**0**	**0**	**0**	**2,847,276**
Balance as of 1 January 2024	**18,813**	**1,818**	**0**	**0**	**0**	**20,631**
Newly granted/purchased financial assets (additions)	21,751	0	0	0	0	21,751
Transfer to						
Stage 1	0	0	0	0	0	0
Stage 2	(55)	3,367	0	0	0	3,312
Stage 3	0	0	0	0	0	0
Financial instruments derecognised during the period (derecognitions)	(23,891)	(1,803)	0	0	0	(25,694)
Utilisations	0	0	0	0	0	0
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2024	**16,618**	**3,382**	**0**	**0**	**0**	**20,000**
Gross carrying amount as at 31 December 2024	**2,649,671**	**367,378**	**0**	**0**	**0**	**3,017,049**

31.12.2024 CONSOLIDATED AND PARENT $'000	Stage 1	Stage 2	Stage 3	POCI	Simplified approach	Total
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	2,646,308	367,378	0	0	0	3,013,686
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	3,363	0	0	0	0	3,363
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	0	0	0	0
Total gross carrying amount	**2,649,671**	**367,378**	**0**	**0**	**0**	**3,017,049**

31.12.2023 CONSOLIDATED AND PARENT $'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Simplified approach**	**Total**
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	2,622,839	221,913	0	0	0	2,844,752
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	760	1,764	0	0	0	2,524
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	0	0	0	0
Total gross carrying amount	**2,623,599**	**223,677**	**0**	**0**	**0**	**2,847,276**

Fleet:

31.12.2024 CONSOLIDATED AND PARENT $'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Simplified Approach**	**Total**
Balance as of 1 January 2023	**73**	**3,003**	**352**	**0**	**2,582**	**6,010**
Newly granted/purchased financial assets (additions)	90	3	67	0	1,247	1,407
Transfer to						0
Stage 1	0	0	0	0	0	0
Stage 2	0	1	(58)	0	0	(57)
Stage 3	(3)	0	27	0	0	24
Financial instruments derecognised during the period (derecognitions)	(7)	(953)	(17)	0	(216)	(1,193)
Utilisations	0	0	0	0	0	0
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2023	**153**	**2,054**	**371**	**0**	**3,613**	**6,191**
Gross carrying amount as at 31 December 2023	**22,430**	**51,129**	**3,828**	**0**	**115,440**	**192,827**
Balance as of 1 January 2024	**153**	**2,054**	**371**	**0**	**3,613**	**6,191**
Newly granted/purchased financial assets (additions)	687	0	0	0	9,682	10,369
Transfer to						0
Stage 1	0	(1)	0	0	0	(1)
Stage 2	(45)	556	(267)	0	0	244
Stage 3	(1)	(56)	667	0	0	610
Financial instruments derecognised during the period (derecognitions)	(9)	(847)	(326)	0	(8,572)	(9,754)
Utilisations	0	0	0	0	0	0
Model or risk parameter changes	0	0	0	0	0	0
Balance as of 31 December 2024	**785**	**1,706**	**445**	**0**	**4,723**	**7,659**
Gross carrying amount as at 31 December 2023	**13,787**	**54,126**	**5,958**	**0**	**78,653**	**152,524**

31.12.2024 CONSOLIDATED AND PARENT $'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Simplified approach**	**Total**
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	13,634	27,757	0	0	78,653	120,044
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	154	26,369	0	0	0	26,523
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	5,958	0	0	5,958
Total gross carrying amount	**13,788**	**54,126**	**5,958**	**0**	**78,653**	**152,525**

31.12.2023 CONSOLIDATED AND PARENT $'000	**Stage 1**	**Stage 2**	**Stage 3**	**POCI**	**Simplified approach**	**Total**
Default risk rating class 1 (loans/receivables not at risk of default - normal loans) *12-month Basel PD range: 0% - 8.18%*	22,430	23,903	0	0	115,440	161,773
Default risk rating class 2 (loans/receivables at risk of default - loans with intensified loan management) *12-month Basel PD range: 8.18% - 100%*	0	27,226	0	0	0	27,226
Default risk rating class 3 (loans/receivables in default - non performing loans) *12-month Basel PD range: 100%*	0	0	3,828	0	0	3,828
Total gross carrying amount	**22,430**	**51,129**	**3,828**	**0**	**115,440**	**192,827**

Retail, Wholesale and Fleet:

Total credit risk provisions at the year ending 31 December 2024 are higher than the previous year. In Retail, the increased provision balance reflect uncertainties associated with increased cost of living pressures and the higher interest rate environment. For Dealer loans, the net provision balance has decreased slightly due to the return of car supply resulting in high bailment utilisation levels. These additional exposures for floorplan finance are highly collateralised and only requires relatively low provision coverage. In Fleet, the provision balance has increased due to increased stage 3 and leasing exposure.

The total amount of undiscounted expected credit losses at initial recognition of POCI loans recognised during the period is $785k (2023: $447k).

During the year, there have been modifications to contractual cash flows of financial assets that have not resulted in derecognition.

- For financial assets for which the contractual cash flows have been modified during the reporting period while they had a loss allowance measured at an amount equal to lifetime expected credit loss, their amortised cost before the modification was $915k and the net modification loss recognised was $29k (2023: $3,756k and $109k).

For financial assets that have been modified since initial recognition at a time when the loss allowance was measured at an amount equal to lifetime expected credit losses and for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses, their amortised cost before the modification was $260k (2023: $7,058k).

The Group's credit-impaired assets (Stage 3 and POCI) and related collateral held are as follows:

31.12.2024 CONSOLIDATED AND PARENT $'000	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held (Vehicles)
Credit-impaired assets				
Retail loans and lease receivables	35,552	15,568	19,984	22,704
Wholesale loans	0	0	0	0
Fleet loans and lease receivables	5,958	445	5,513	3,353
Total	**41,510**	**16,013**	**25,497**	**26,057**

31.12.2023 CONSOLIDATED AND PARENT $'000	Gross exposure	Impairment allowance	Carrying amount	Fair value of collateral held (Vehicles)
Credit-impaired assets				
Retail loans and lease receivables	35,011	15,659	19,364	22,704
Wholesale loans	0	0	0	0
Fleet loans and lease receivables	3,828	371	3,457	3,353
Total	**38,839**	**16,030**	**22,821**	**26,057**

C. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Consolidated		Parent	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets mandatorily measured at fair value through profit or loss				
Retail loans where the customer has the right to return the vehicle at the end of the contract term - *included in Loans to and receivables from customers attributable to Retail loan financing*				
Current receivables	27,115	53,552	27,115	53,552
Non-current receivables	68,346	135,412	68,346	135,412
Subordinated Loan - *included in Other financial assets*				
Current receivables	0	0	103,334	66,553
Non-current receivables	0	0	126,824	142,476
Total financial assets at fair value through profit or loss	**95,461**	**188,964**	**325,619**	**397,993**

Amounts recognised in profit or loss

During the year, an amount of $3,307k credit (2023: $5,814k credit) was recognised in profit or loss for fair value losses on retail receivables where the customer has the right to return the car at the end of the contract term.

D. BAD AND DOUBTFUL DEBTS EXPENSES

31.12.2024 CONSOLIDATED AND PARENT $'000	Net provision movement	Write-off	Bad debts recovered	Other bad debts (income)/ expenses (net)	Total bad and doubtful debts expenses
Retail loans and lease receivables	1,476	28,936	(7,345)	3,420	26,487
Dealer loans	(631)	0	0	0	(631)
Fleet loans and lease receivables	1,468	533	16	5,418	7,435
Returned vehicles	0	0	0	1,505	1,505
Total	**2,313**	**29,469**	**(7,329)**	**10,343**	**34,796**

31.12.2023 CONSOLIDATED AND PARENT $'000	Net provision movement	Write-off	Bad debts recovered	Other bad debts (income)/ expenses (net)	Total bad and doubtful debts expenses
Retail loans and lease receivables	12,791	19,503	(8,532)	5,221	28,983
Dealer loans	6,866	0	0	0	6,866
Fleet loans and lease receivables	180	622	0	2,593	3,395
Returned vehicles	0	0	0	0	0
Total	**19,837**	**20,125**	**(8,532)**	**7,814**	**39,244**

Substantial recovery activities have been completed for contractual amount outstanding on financial assets that were written-off during the reporting period, however, some enforcement activities still apply.

E. MATURITY PROFILE OF LOANS TO AND RECEIVABLES FROM CUSTOMERS

	Consolidated		Parent	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Maturity analysis				
Less than 3 months	415,550	414,006	415,550	414,006
More than 3 months, but less than 1 year	3,842,440	3,851,785	3,842,440	3,851,785
More than 1 year, but less than 5 years	4,334,435	4,303,844	4,334,435	4,303,844
More than 5 years	18,582	22,845	18,582	22,845
Total	**8,611,007**	**8,592,480**	**8,611,007**	**8,592,480**

F. OTHER FINANCIAL ASSETS

	Consolidated		Parent	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Subordinated loans	0	0	230,158	209,029
Other debtors	50,295	54,568	50,295	54,568
Amounts receivable from related entities	2,139	3,545	2,139	3,545
Total	**52,434**	**58,113**	**282,592**	**267,142**

A credit risk provision of $202k (2023: $154k) has been recognised for miscellaneous assets as at the end of the financial year.

G. FINANCE LEASES AS A LESSOR

The Group manages the risk associated with any rights it retains in underlying assets through its process of setting residual values. The process is overseen jointly by the Risk & Compliance department and the Sales department who participate in regular Residual Value Risk Committee meetings in order to determine appropriate residual values for each vehicle model, taking into account various other factors including the term of the contract and options fitted to the vehicle.

The following table shows the maturity profile of undiscounted future cash flows from Finance lease contracts and a reconciliation to their carrying amount:

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Maturity analysis				
Less than 1 year	59,877	98,376	59,877	98,376
More than 1 year, but less than 2 years	33,980	31,361	33,980	31,361
More than 2 years, but less than 3 years	14,600	15,171	14,600	15,171
More than 3 years, but less than 4 years	8,964	7,391	8,964	7,391
More than 4 years, but less than 5 years	4,900	3,657	4,900	3,657
More than 5 years	5	88	5	88
Total	**122,326**	**156,044**	**122,326**	**156,044**
thereof: unearned income	*(9,774)*	*(10,454)*	*(9,774)*	*(10,454)*
thereof: unamortised	*895*	*909*	*895*	*909*
thereof: credit risk provisions	*(5,668)*	*(4,031)*	*(5,668)*	*(4,031)*
Net investment in the lease	**107,779**	**142,468**	**107,779**	**142,468**
Discounted residual values included in the net investment in the lease	19,072	19,072	98,166	98,166

5 | Operating leases

Leased assets are vehicles owned by the Group that are subject to Operating Lease contracts with customers at the balance sheet date.

The Group is entitled to the following future lease payments from its customers under these contracts:

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Less than 3 months	7,034	6,705	7,034	6,705
More than 3 months, but less than 1 year	26,010	23,224	26,010	23,224
More than 1 year, but less than 2 years	19,562	7,817	19,562	7,817
More than 2 years, but less than 3 years	20,774	15,926	20,774	15,926
More than 3 years, but less than 4 years	18,888	10,534	18,888	10,534
More than 4 years, but less than 5 years	11,117	3,168	11,117	3,168
More than 5 years	401	180	401	180
Total	**103,786**	**67,554**	**103,786**	**67,554**

Refer to Note 7 for remaining Leased assets disclosure.

6 | Non-interest revenue

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
ABS service fee income	0	0	30,943	29,080
Management fee income	4,388	3,840	4,388	3,840
Fee income from Retail contracts at fair value through profit or loss	3,174	5,274	3,174	5,274
Insurance commission income	4,832	3,610	4,832	3,610
Service fee income	2,270	1,544	2,270	1,544
Early return fee income	306	247	306	247
Other non-interest revenue	1,857	2,270	79,057	2,270
Total	**16,827**	**16,785**	**124,970**	**45,865**

7 | Other non-financial assets

A. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

CONSOLIDATED AND PARENT $'000	Net book value 31.12.2023	Additions and transfers in	Disposals and transfers out	Depreciation and impairment	Net book value 31.12.2024
Lease assets					
Lease assets	67,554	73,629	(19,314)	(18,083)	103,786
Total lease assets	**67,554**	**73,629**	**(19,314)**	**(18,083)**	**103,786**
Property, plant and equipment					
Leasehold improvements	288	0	0	(236)	52
Computer and office equipment	30	0	0	(3)	27
Right of use assets					
Buildings	1,332	11,190	(7,833)	(1,138)	3,551
Equipment	112	0	(112)	0	0
Total property, plant and equipment	**1,762**	**11,190**	**(7,945)**	**(1,377)**	**3,630**
Intangible assets					
Computer software	23,588	3,841	(50)	(3,746)	23,633
Software under development	6,160	5,159	0	0	11,319
Total intangible assets	**29,748**	**9,000**	**(50)**	**(3,746)**	**34,952**
Total	**99,064**	**93,819**	**(27,309)**	**(23,206)**	**142,368**

CONSOLIDATED AND PARENT $'000	Net book value 31.12.2022	Additions and transfers in	Disposals and transfers out	Depreciation	Net book value 31.12.2023
Lease assets					
Lease assets	30,746	53,765	(6,977)	(9,980)	67,554
Total lease assets	**30,746**	**53,765**	**(6,977)**	**(9,980)**	**67,554**
Property, plant and equipment					
Leasehold improvements	640	0	0	(352)	288
Computer and office equipment	117	0	0	(87)	30
Right of use assets					
Buildings	2,550	0	0	(1,218)	1,332
Equipment	112	0	0	0	112
Total property, plant and equipment	**3,419**	**0**	**0**	**(1,657)**	**1,762**
Intangible assets					
Computer software	1,155	24,492	0	(2,059)	23,588
Software under development	22,999	1,304	(18,143)	0	6,160
Total intangible assets	**24,154**	**25,796**	**(18,143)**	**(2,059)**	**29,748**
Total	**58,319**	**79,561**	**(25,120)**	**(13,696)**	**99,064**

In addition, an impairment expense of $nil (2023: $nil) was recorded against Software under development.

B. OTHER ASSETS

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
GST receivable	6,842	7,826	6,507	7,562
Prepayments	1,030	1,189	1,030	1,189
Other	0	8	0	8
Total	**7,872**	**9,023**	**7,537**	**8,759**

8 | Financial liabilities

A. BORROWINGS

31.12.2024 CONSOLIDATED $'000	Principal	Accrued interest	Capitalised finance costs	Fair value hedge adjustment	Net balance
Unsecured borrowings					
Liabilities to bank	3,074,000	17,591	0	0	3,091,591
Intercompany loans	491,325	639	0	0	491,964
Medium Term Notes and Commercial Papers issued	2,273,400	21,239	(2,799)	(3,862)	2,287,978
Total unsecured borrowings	**5,838,725**	**39,469**	**(2,799)**	**(3,862)**	**5,871,533**
Secured borrowings					
Asset Backed Securities Notes issued	2,646,092	3,013	(3,287)	0	2,645,818
Total secured borrowings	**2,646,092**	**3,013**	**(3,287)**	**0**	**2,645,818**
Total	**8,484,817**	**42,482**	**(6,086)**	**(3,862)**	**8,517,351**

31.12.2024 PARENT $'000	Principal	Accrued interest	Capitalised finance costs	Fair value hedge adjustment	Net balance
Unsecured borrowings					
Liabilities to bank	3,074,000	17,591	0	0	3,091,591
Intercompany loans	491,325	639	0	0	491,964
Medium Term Notes and Commercial Papers issued	2,273,400	21,239	(2,799)	(3,862)	2,287,978
Total unsecured borrowings	**5,838,725**	**39,469**	**(2,799)**	**(3,862)**	**5,871,533**
Total	**5,838,725**	**39,469**	**(2,799)**	**(3,862)**	**5,871,533**

31.12.2023 CONSOLIDATED $'000	Principal	Accrued interest	Capitalised finance costs	Fair value hedge adjustment	Net balance
Unsecured borrowings					
Liabilities to bank	2,350,000	15,671	0	0	2,365,671
Intercompany loans	851,885	1,220	0	0	853,105
Medium Term Notes and Commercial Papers issued	2,439,900	12,060	(1,882)	(9,572)	2,440,506
Total unsecured borrowings	**5,641,785**	**28,951**	**(1,882)**	**(9,572)**	**5,659,282**
Secured borrowings					
Asset Backed Securities Notes issued	2,786,766	3,265	(2,143)	0	2,787,888
Total secured borrowings	**2,786,766**	**3,265**	**(2,143)**	**0**	**2,787,888**
Total	**8,428,551**	**32,216**	**(4,025)**	**(9,572)**	**8,447,170**

31.12.2023 PARENT $'000	Principal	Accrued interest	Capitalised finance costs	Fair value hedge adjustment	Net balance
Unsecured borrowings					
Liabilities to bank	2,350,000	15,671	0	0	2,365,671
Intercompany loans	851,885	1,220	0	0	853,105
Medium Term Notes and Commercial Papers issued	2,439,900	12,060	(1,882)	(9,572)	2,440,506
Total unsecured borrowings	**5,641,785**	**28,951**	**(1,882)**	**(9,572)**	**5,659,282**
Total	**5,641,785**	**28,951**	**(1,882)**	**(9,572)**	**5,659,282**

The medium term note program include maturities between 3 month and 4 years duration with an average rate of 4.44% (2023: 2.95%).

Bank loans include maturities between 1 month to 3 years duration with an average rate of 5.27% (2023: 5.09%). The Group had undrawn facility limits at 31 December 2024 of $1,007,000k (2023: $1,231,000k). All of the Group's bank loan facilities are uncommitted and can be withdrawn by the counterparty at any time.

VWFSA utilises asset backed notes transactions for the purpose of refinancing under the Driver Australia Program resulting of issuance of secured borrowings (Notes A, Notes B and subordinated loans). The asset backed securitisation transactions may be subject to early repayment (so called clean-up call). $2,889,859k (2023: $3,047,111k) of loans and receivables are backing the Class A Notes, the Class B Notes and subordinated loans.

The average interest rates of Class A and Class B notes outstanding at the balance sheet date are 5.46% and 6.07% respectively (2023: 5.52% and 6.38% respectively). The clean-up call for Driver Australia six was exercised on 21 June 2023.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.
The current interest rate is 4.92% (2023: 4.91%) on the overdraft facility.

Concentration of exposures
Amounts due to other financial institutions represent borrowings from four Australian licensed deposit taking institutions.

B. BORROWINGS – MATURITY PROFILE

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Maturity analysis				
Less than 3 months	1,927,041	2,737,041	1,677,433	2,596,209
More than 3 months, but less than 1 year	2,457,698	2,018,329	1,662,481	1,591,201
More than 1 year, but less than 5 years	4,132,612	3,691,800	2,531,619	1,471,872
More than 5 years	0	0	0	0
Total	**8,517,351**	**8,447,170**	**5,871,533**	**5,659,282**

C. VIRTUAL LOAN

The financial assets not derecognised by the Parent Entity as at 31 December 2024 relate to securitised assets under our Driver Australia Program.

	Parent	
$'000	**31.12.2024**	**31.12.2023**
Retail receivables		
Carrying amount of transferred assets	3,406,134	3,632,160
Carrying amount of associated liabilities	2,645,818	2,787,888
For those liabilities that have recourse only to the transferred assets		
Fair value of transferred assets	3,447,930	3,611,766
Fair value of associated liabilities	2,645,818	2,787,888
Net fair value	**802,112**	**823,878**

D. VIRTUAL LOAN – MATURITY PROFILE

The repayment of the virtual loan is linked to the underlying collections of the securitised assets and the same is repaid to the trust based on the collections from the underlying loan receivables.
The estimated timing of the repayments is as follows:

PARENT $'000	**31.12.2024**	**31.12.2023**
Maturity analysis		
Less than 3 months	232,844	97,429
More than 3 months, but less than 1 year	848,080	405,875
More than 1 year, but less than 5 years	1,732,806	2,492,447
More than 5 years	0	0
Total	**2,813,730**	**2,995,751**

E. OTHER FINANCIAL LIABILITIES

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Amounts payable to related entities	9,614	15,325	9,614	15,325
Commission clearing/payable	4,617	5,634	4,617	5,634
Other Creditors	1,174	7,247	1,174	7,247
Total	**15,405**	**28,206**	**15,405**	**28,206**

F. LEASE LIABILITIES

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Balance as at 1 January	**1,766**	**3,125**	**1,766**	**3,125**
Additions	3,789	0	3,789	0
Accretion of Interest	88	114	88	114
Gain from release of old lease	(361)	0	(361)	0
Payments	(1,673)	(1,473)	(1,673)	(1,473)
Balance as at 31 December	**3,609**	**1,766**	**3,609**	**1,766**

9 | Other liabilities

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Sundry accruals	10,462	13,060	10,462	13,060
Audit fee provision	847	352	847	352
Tax fee provision	1,215	586	1,215	586
Other creditors	1,746	10,009	1,746	10,009
Total	**14,270**	**24,007**	**14,270**	**24,007**

All other liabilities as of 31 December 2023 were paid or released to the Statement of Comprehensive Income in the current year. The amounts outstanding as of 31 December 2024 were booked in the current year and represent the Group's other liabilities as of 31 December 2024.

10 | Employee entitlements

A. PROVISIONS

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Provision for staff bonus	4,433	3,760	4,433	3,760
Provision for leave entitlements - current	1,170	1,187	1,170	1,187
Total current employee entitlements	**5,603**	**4,947**	**5,603**	**4,947**
Provision for leave entitlements - non-current	1,199	1,043	1,199	1,043
Total non-current employee entitlements	**1,199**	**1,043**	**1,199**	**1,043**
Total	**6,802**	**5,990**	**6,802**	**5,990**

Consolidated & Parent $'000	Staff bonus	Leave entitlements	Total
Carrying amount as at 1 January 2023	**3,864**	**2,117**	**5,981**
Additional provisions recognised	2,712	1,086	3,798
Reductions in provisions	(2,816)	(973)	(3,789)
Carrying amount as at 31 December 2023	**3,760**	**2,230**	**5,990**
Additional provisions recognised	3,172	1,009	4,181
Reductions in provisions	(2,499)	(870)	(3,369)
Carrying amount as at 31 December 2024	**4,433**	**2,369**	**6,802**

B. EXPENSES

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Salaries and wages	24,550	22,163	24,550	22,163
Superannuation	2,660	2,506	2,660	2,506
Fringe Benefits Tax	1,032	721	1,032	721
Expat benefits	115	157	115	157
Staff training and education	428	377	428	377
Temporary staff costs	344	293	344	293
Recruitment	108	415	108	415
Other	195	199	195	199
Total	**29,432**	**26,831**	**29,432**	**26,831**

11 | Other expenses from ordinary activities

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Consultancy	8,124	6,636	8,124	6,636
Commission expense from Retail contracts at fair value through profit or loss	1,479	5,142	1,479	5,142
Credit rating expenses	3,835	4,113	3,835	4,113
IT and communication	7,169	6,611	7,169	6,611
Net loss on sale of vehicles	266	6	266	6
GST disallowed	1,969	3,701	1,945	3,680
Marketing	1,085	1,016	1,085	1,016
Company cars	2,712	1,919	2,712	1,919
Expenses paid to related parties	572	480	572	480
Postage	891	802	891	802
Rent & related costs	580	2,978	580	2,978
Travel	341	290	341	290
Compliance and insurance	1,099	948	1,099	948
Commission paid for operating leases	15	72	15	72
Costs for services provided to customers	503	217	503	217
Other	1,374	1,667	1,374	1,667
Total	**32,014**	**36,598**	**31,990**	**36,577**

12 | Income tax

A. DEFERRED TAX POSITION

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
The balance comprises temporary differences attributable to:				
Doubtful debts	52,337	49,961	52,337	49,961
Other provisions & accruals	5,485	5,588	5,485	5,588
Derivative financial instruments	4,324	8,479	4,324	8,479
Lease Liability	1,083	937	1,083	937
Revaluation of cash flow hedges	0	547	0	0
Deferred tax assets	**63,229**	**65,512**	**63,229**	**64,965**
Right of use assets	(1,065)	(10,454)	(1,065)	(10,454)
Derivative financial instruments	(6,044)	(5,076)	(4,897)	(5,076)
Fleet receivable	(6,283)	(433)	(6,283)	(433)
Revaluation of cash flow hedges	(78)	0	(442)	0
Prepayments	(3)	0	(3)	0
Deferred tax liabilities	**(13,473)**	**(15,963)**	**(12,690)**	**(15,963)**
Net deferred tax assets	**49,756**	**49,549**	**50,539**	**49,002**
Movements:				
Opening balance as at 1 January	49,549	44,021	49,002	44,644
Charged to income statement	832	4,358	1,979	4,358
Charged to other comprehensive income	(625)	1,170	(442)	0
Closing balance as at 31 December	**49,756**	**49,549**	**50,539**	**49,002**

B. INCOME TAX EXPENSE

$'000	Consolidated 31.12.2024	Consolidated 31.12.2023	Parent 31.12.2024	Parent 31.12.2023
Current tax expense	24,462	21,844	25,609	21,844
Deferred tax expense	(832)	(4,358)	(1,979)	(4,358)
Total income tax expense	**23,630**	**17,486**	**23,630**	**17,486**
Income tax expense is attributable to:				
Profit from continuing operations	23,630	17,486	23,630	17,486
Deferred tax expense in income tax benefit comprises:				
(Increase) / Decrease in deferred tax assets	1,736	6,229	1,736	6,229
Increase / (Decrease) in deferred tax liabilities	(2,568)	(10,587)	(3,715)	(10,587)
Total deferred tax expense/(income)	**(832)**	**(4,358)**	**(1,979)**	**(4,358)**

Numerical reconciliation of income tax benefit to prima facie tax payable:

	Consolidated		Parent	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Profit from continuing operations before income tax expense	**78,609**	**58,111**	**117,779**	**68,678**
Tax at the Australian tax rate of 30% (2020: 30%)	23,583	17,433	35,334	20,603
Adjustment for prior tax period	0	8	0	0
Other permanent differences	47	45	(11,704)	(3,117)
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income	47	45	(11,704)	(3,117)
Total	**23,630**	**17,486**	**23,630**	**17,486**

The Group is within the scope of the OCED Pillar Two model rules, on the basis that the Volkswagen Global Group revenue exceeds the EUR750m threshold. The Pillar Two legislation was enacted in Australia, the jurisdiction in which the Group is incorporated, and will apply retrospectively from 1 January 2024. Under the legislation, the Group will be liable to pay a top-up tax for the difference between its GloBE effective tax rate per jurisdiction and the 15% minimum rate.

The Group has reviewed its corporate structure in Australia in light of the introduction of Pillar Two Model Rules and has assessed the impact of the Pillar Two legislation. Based on the current assessment, the application of the Pillar Two legislation is not expected to have a material impact on the Australian Group on the basis that it satisfies the Transitional Safe Harbour rules in Australia. As such, no top up tax liability has been recorded by the Company for the year ended 31 December 2024.

The Group applies the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

13 | Equity

A. SHARE CAPITAL

CONSOLIDATED & PARENT	Number of shares		Share capital	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Ordinary shares - fully paid	105,440	105,440	195,440	195,440
Total	**105,440**	**105,440**	**195,440**	**195,440**

CONSOLIDATED & PARENT	Details	Number of shares	Issue price	Share capital ($ '000)
1 January 2004	Opening balance	26,000,000	$ 1.00	26,000
18 March 2004	Share issue	11,000,000	$ 1.00	11,000
23 July 2009	Share issue	43,440,000	$ 1.00	43,440
15 December 2010	Share issue	25,000,000	$ 1.00	25,000
7 December 2012	Additional paid in capital	0		35,000
19 November 2013	Additional paid in capital	0		25,000
12 November 2014	Additional paid in capital	0		30,000
Total		**105,440,000**		**195,440**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

During the period, the Group complied with the AFSL requirements.

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for its parent Group. In order to maintain or adjust the capital structure in line with its capital management and liquidity strategy, the Group can request additional capital injection from its parent Group or raise additional debts within the capital markets in accordance with the Australian regulatory framework and requirements.

B. CASH FLOW HEDGE RESERVE

Nature and purpose of hedging reserve for cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised in other comprehensive income, as described in Note 1R. Amounts are recognised in the Statement of Comprehensive Income when the associated hedged transaction affects profit or loss.

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Cash flow hedge reserve	262	(1,823)	1,472	0
Deferred tax for cash flow hedge reserve	(78)	547	(442)	0
Total	**184**	**(1,276)**	**1,030**	**0**

	Consolidated		Parent	
$'000	**31.12.2024**	**31.12.2023**	**31.12.2024**	**31.12.2023**
Opening balance as at 1 January	(1,276)	1,454	0	0
Changes in cash flow hedge reserve				
Revaluation movement	1,860	(2,775)	1,472	0
Amounts transferred to profit or loss	225	(1,125)	0	0
Total net changes in cash flow hedge reserve	**2,085**	**(3,900)**	**1,472**	**0**
Changes in deferred tax for cash flow hedges	**(625)**	**1,170**	**(442)**	**0**
Balance as at 31 December	**184**	**(1,276)**	**1,030**	**0**

14 | Financial instruments

A. DERIVATIVE FINANCIAL INSTRUMENTS

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (Note 2).

Interest rate swap contracts
Swaps associated with interest bearing liabilities currently bear an average variable interest rate of 5.62% (consolidated) and 5.80% (parent) (2023: 5.49% and 5.49% respectively). It is the Group's policy to protect part of the loans from exposure to increasing interest rates through entering into interest rate swaps for the purpose of economically hedging both fair value and cash flows. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

Swaps currently in place cover approximately 60.06% (consolidated) and 41.96% (parent) (2023: 63.18% and 41.75% respectively) of the interest bearing liabilities outstanding and are timed to expire as each bank loan repayment or maturity of commercial paper falls due. Fixed interest rates range between 0.48% and 6.83% (2023: between 0.48% and 6.81%) and the variable rates are between 5.02% and 6.92% (2023: between 4.99% and 6.89%).

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts. The notional amount, recorded gross, is the quantity of the derivative contracts' underlying instrument (being an equity instrument, commodity product, foreign currency, reference rate or index). The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of either the market or credit risk.

31.12.2024 CONSOLIDATED $'000	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Fair value hedges				
Interest rate swaps				
Notional	0	300,000	750,000	0
Average variable interest rate	0.00%	5.45%	5.88%	0.00%
Cash flow hedges				
Interest rate swaps				
Notional	0	0	2,111,464	0
Average fixed interest rate	0.00%	0.00%	4.85%	0.00%
Derivatives				
Interest rate swaps				
Notional	100,000	2,242,123	4,050,354	0
Average variable interest rate	0.00%	5.56%	6.00%	0.00%
Average fixed interest rate	0.48%	2.94%	4.94%	0.00%

31.12.2024 PARENT $'000	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Fair value hedges				
Interest rate swaps				
Notional	0	300,000	750,000	0
Average variable interest rate	0.00%	5.45%	5.88%	0.00%
Cash flow hedges				
Interest rate swaps				
Notional	0	0	400,000	0
Average fixed interest rate	0.00%	0.00%	3.63%	0.00%
Derivatives				
Interest rate swaps				
Notional	100,000	1,307,493	4,050,354	0
Average variable interest rate	0.00%	5.56%	6.00%	0.00%
Average fixed interest rate	0.48%	1.69%	4.94%	0.00%

31.12.2023 CONSOLIDATED $'000	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Fair value hedges				
Interest rate swaps				
Notional	0	600,000	650,000	0
Average variable interest rate	0.00%	5.50%	5.49%	0.00%
Cash flow hedges				
Interest rate swaps				
Notional	0	0	970,300	0
Average fixed interest rate	0.00%	0.00%	5.91%	0.00%
Derivatives				
Interest rate swaps				
Notional	100,000	3,281,840	3,076,250	0
Average variable interest rate	0.00%	6.28%	5.73%	0.00%
Average fixed interest rate	2.31%	4.87%	2.80%	0.00%

31.12.2023 PARENT $'000	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Fair value hedges				
Interest rate swaps				
Notional	0	600,000	650,000	0
Average variable interest rate	0.00%	5.50%	5.49%	0.00%
Cash flow hedges				
Interest rate swaps				
Notional	0	0	0	0
Average fixed interest rate	0.00%	0.00%	0.00%	0.00%
Derivatives				
Interest rate swaps				
Notional	100,000	1,665,920	2,875,704	0
Average variable interest rate	0.00%	6.28%	5.73%	0.00%
Average fixed interest rate	2.31%	2.57%	3.02%	0.00%

The following table contains details of the hedging instruments used in the Group's hedging strategies:

31.12.2024 CONSOLIDATED $'000	Notional	Carrying amount		Statement of Financial Position line item(s)	Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedges					
Interest rate					
Interest rate swaps	1,050,000	7,302	(8,200)	Derivative financial instruments	(4,801)
Cash flow hedges					
Interest rate					
Interest rate swaps	2,111,464	4,396	(4,274)	Derivative financial instruments	(8)

31.12.2024 PARENT $'000	Notional	Carrying amount		Statement of Financial Position line item(s)	Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedges					
Interest rate					
Interest rate swaps	1,050,000	7,302	(8,200)	Derivative financial instruments	(4,801)
Cash flow hedges					
Interest rate					
Interest rate swaps	400,000	1,721	0	Derivative financial instruments	1,472

31.12.2023 CONSOLIDATED $'000	Notional	Carrying amount		Statement of Financial Position line item(s)	Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedges					
Interest rate					
Interest rate swaps	1,250,000	3,953	(27,866)	Derivative financial instruments	(23,094)
Cash flow hedges					
Interest rate					
Interest rate swaps	970,300	531	(2,754)	Derivative financial instruments	(2,414)

31.12.2023 PARENT $'000	Notional	Carrying amount		Statement of Financial Position line item(s)	Changes in fair value used for calculating hedge ineffectiveness
		Assets	Liabilities		
Fair value hedges					
Interest rate					
Interest rate swaps	1,250,000	3,953	(27,866)	Derivative financial instruments	(23,094)

The following table contains details of the hedged exposures covered by the Group's hedging strategies:

31.12.2024 CONSOLIDATED $'000	Carrying amount of hedged item	Accumulated amount of fair value adjustments	Statement of Financial Position line item	Changes in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets (+) / Liabilities (-)	Assets (+) / Liabilities (-)			Continuing hedges	Discontinued hedges
Fair value hedges						
Interest rate						
Fixed rate borrowings	(1,050,000)	(4,801)	Medium Term Notes and Commercial Papers issued	(4,801)	n/a	n/a
Cash flow hedges						
Interest rate						
Variable rate borrowings	(2,111,464)	(8)	Asset Backed Securities Notes issued and Bank Loans	n/a	(8)	269

31.12.2024 PARENT $'000	Carrying amount of hedged item	Accumulated amount of fair value adjustments	Statement of Financial Position line item	Changes in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets (+) / Liabilities (-)	Assets (+) / Liabilities (-)			Continuing hedges	Discontinued hedges
Fair value hedges						
Interest rate						
Fixed rate borrowings	(1,050,000)	(4,801)	Medium Term Notes and Commercial Papers issued	(4,801)	n/a	n/a
Cash flow hedges						
Interest rate						
Variable rate borrowings	(400,000)	1,472	Bank Loans	n/a	1,472	n/a

31.12.2023 CONSOLIDATED $'000	Carrying amount of hedged item	Accumulated amount of fair value adjustments	Statement of Financial Position line item	Changes in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets (+) / Liabilities (-)	Assets (+) / Liabilities (-)			Continuing hedges	Discontinued hedges
Fair value hedges						
Interest rate						
Fixed rate borrowings	(1,250,000)	(23,094)	Medium Term Notes and Commercial Papers issued	(23,094)	n/a	n/a
Cash flow hedges						
Interest rate						
Variable rate borrowings	(970,300)	n/a	Asset Backed Securities Notes issued	n/a	(2,414)	591

31.12.2023 PARENT $'000	Carrying amount of hedged item	Accumulated amount of fair value adjustments	Statement of Financial Position line item	Changes in fair value of hedged item for ineffectiveness assessment	Cash flow hedge reserve	
	Assets (+) / Liabilities (-)	Assets (+) / Liabilities (-)			Continuing hedges	Discontinued hedges
Fair value hedges						
Interest rate						
Fixed rate borrowings	(1,250,000)	(23,094)	Medium Term Notes and Commercial Papers issued	(23,094)	n/a	n/a

The gain or loss from revaluing the cash flow hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit or loss when the hedged interest expense is recognised. The ineffective portion is recognised in the Statement of Comprehensive Income immediately and amounts to a debit of $225k (consolidated) and $nil (Parent) for the year (2023: $1,125k credit and $nil).

Hedge ineffectiveness in micro-hedge accounting largely results from differences between the mark-to-market (fair value) measurement of hedged items and that of hedging instruments, as well as different maturities. Other factors (e.g. in relation to counterparty risk) are only of minor significance as regards hedge ineffectiveness. The hedge ratio is 1:1 between the hedged item and the hedging instrument for each hedge relationship.

The following table contains information regarding the effectiveness of the hedging relationships designated by the Group, as well as the impacts on profit or loss and other comprehensive income:

31.12.2024 CONSOLIDATED $'000	Gain/(loss) recognised in OCI	Amount recognised in P&L	
		Amount	P&L line item
Fair value hedges			
Interest rate			
Fixed rate borrowings	n/a	(4,801)	Net gains/losses on financial instruments at fair value
Cash flow hedges			
Interest rate			
Variable rate borrowings	1,860	225	Net gains/losses on financial instruments at fair value

31.12.2024 PARENT $'000	Gain/(loss) recognised in OCI	Amount recognised in P&L	
		Amount	P&L line item
Fair value hedges			
Interest rate			
Fixed rate borrowings	n/a	(4,801)	Net gains/losses on financial instruments at fair value
Cash flow hedges			
Interest rate			
Variable rate borrowings	1,472	0	Net gains/losses on financial instruments at fair value

31.12.2023 CONSOLIDATED $'000	Gain/(loss) recognised in OCI	Amount recognised in P&L	
		Amount	P&L line item
Fair value hedges			
Interest rate			
Fixed rate borrowings	n/a	(23,094)	Net gains/(losses) on financial instruments at fair value
Cash flow hedges			
Interest rate			
Variable rate borrowings	(2,775)	(1,125)	Net gains/losses on financial instruments at fair value

31.12.2023 PARENT $'000	Gain/(loss) recognised in OCI	Amount recognised in P&L	
		Amount	P&L line item
Fair value hedges			
Interest rate			
Fixed rate borrowings	n/a	(23,094)	Net gains/losses on financial instruments at fair value
Cash flow hedges			
Interest rate			
Variable rate borrowings	0	0	Net gains/losses on financial instruments at fair value

B. FAIR VALUE MEASUREMENTS

For the purposes of fair value measurement and the associated disclosures, fair values are classified using a three-level measurement hierarchy. Classification to the individual levels is dictated by the extent to which the main inputs used in determining the fair value are observable in the market or not.

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

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

Level 3 fair values are measured using valuation techniques incorporating at least one significant input that is not directly observable in an active market. All Retail loan financing receivables are allocated to Level 3 because their fair value is measured using inputs that are not observable in active markets.

There were no transfers of assets and liabilities between Level 1 and Level 2 of the fair value hierarchy.

The following table shows an analysis of financial instruments recorded at carrying amount and fair value by level of the fair value hierarchy:

CONSOLIDATED	Carrying amount		Level 1		Level 2		Level 3	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Assets								
Measured at amortised cost								
Cash and cash equivalents	156,410	133,482	156,410	133,482	0	0	0	0
Retail loan financing	5,339,782	5,359,594	0	0	0	0	5,421,879	5,328,439
Dealer loan financing	2,997,049	2,826,645	0	0	2,997,049	2,826,645	0	0
Fleet loan financing	70,936	74,809	0	0	0	0	70,425	73,925
Lease receivables	107,779	142,468	0	0	0	0	108,953	142,416
Other financial assets	52,434	58,113	0	0	52,434	58,113	0	0
Measured at fair value								
Retail loan financing	95,461	188,964	0	0	0	0	95,461	188,964
Derivative financial instruments	31,505	38,012	0	0	31,505	38,012	0	0
thereof: Derivative financial instruments designated as hedges	*11,698*	*4,484*	*0*	*0*	*11,698*	*4,484*	*0*	*0*
Liabilities								
Measured at amortised cost								
Liabilities to banks	3,091,591	2,365,671	0	0	3,095,763	2,363,554	0	0
Intercompany loans	491,964	853,105	0	0	492,039	853,180	0	0
Medium Term Notes and Commercial Papers issued	2,287,978	2,440,506	0	0	2,273,585	2,416,369	0	0
Asset Backed Securities Notes issued	2,645,818	2,787,888	0	0	2,645,818	2,787,888	0	0
Other financial liabilities	15,405	28,206	0	0	15,405	28,206	0	0
Measured at fair value								
Derivative financial instruments	24,107	43,631	0	0	24,107	43,631	0	0
thereof: Derivative financial instruments designated as hedges	*12,474*	*30,620*	*0*	*0*	*12,474*	*30,620*	*0*	*0*

PARENT $'000	Carrying amount 31.12.2024	Carrying amount 31.12.2023	Level 1 31.12.2024	Level 1 31.12.2023	Level 2 31.12.2024	Level 2 31.12.2023	Level 3 31.12.2024	Level 3 31.12.2023
Assets								
Measured at amortised cost								
Cash and cash equivalents	97,444	91,536	97,444	91,536	0	0	0	0
Retail loan financing	5,339,782	5,359,594	0	0	0	0	5,308,627	5,328,439
Dealer loan financing	2,997,049	2,826,645	0	0	2,997,049	2,826,645	0	0
Fleet loan financing	70,936	74,809	0	0	0	0	70,052	73,925
Lease receivables	107,779	142,468	0	0	0	0	107,727	142,416
Other financial assets	282,592	267,142	0	0	282,592	267,142	0	0
Measured at fair value								
Retail loan financing	95,461	188,964	0	0	0	0	95,461	188,964
Derivative financial instruments	25,343	31,262	0	0	25,343	31,262	0	0
thereof: Derivative financial instruments designated as hedges	*9,023*	*3,953*	0	0	*9,023*	*3,953*	*0*	*0*
Liabilities								
Measured at amortised cost								
Liabilities to banks	3,091,591	2,365,671	0	0	3,095,763	2,363,554	0	0
Intercompany loans	491,964	853,105	0	0	492,039	853,105	0	0
Medium Term Notes and Commercial Papers issued	2,287,978	2,440,506	0	0	2,273,585	2,416,369	0	0
Virtual Loan	2,813,730	2,995,751	0	0	2,813,730	2,995,751	0	0
Other financial liabilities	15,405	28,206	0	0	15,405	28,206	0	0
Measured at fair value								
Derivative financial instruments	*19,839*	*33,342*	0	0	19,839	33,342	0	0
thereof: Derivative financial instruments designated as hedges	*8,200*	*27,866*	0	0	*8,200*	*27,866*	*0*	*0*

The following table shows reconciliation of balances in level 3 of the fair value hierarchy:

$'000	Consolidated 2024	Consolidated 2023	Parent 2024	Parent 2023
Retail loan financing at fair value through profit or loss				
Balance at 1 January	188,964	332,856	188,964	332,856
New contracts	0	0	0	0
Matured contracts	(96,810)	(149,706)	(96,810)	(149,706)
Fair value gains/(losses) recognised in the Income Statement	3,307	5,814	3,307	5,814
Balance at 31 December	**95,461**	**188,964**	**95,461**	**188,964**
Subordinated loans				
Balance at 1 January	0	0	209,029	176,487
New loans granted	0	0	97,403	102,400
Repayments	0	0	(76,274)	(69,858)
Fair value gains/(losses) recognised in the Income Statement	0	0	0	0
Balance at 31 December	**0**	**0**	**230,158**	**209,029**

For the fair value measurements within Level 3, the fair values were calculated using Discounted Cash Flow and other models. Key inputs into these valuation models include interest rates (e.g. BBSW rates and yield curves), the portfolio's weighted average remaining term and contractual interest rates, a risk premium and/or the company's historical credit loss experience. While some of these inputs are based on inputs observable in the markets, other inputs (in particular inputs in relation to a portfolio's credit risk) are not directly observable in an active market.

Key inputs include the following:

31.12.2024 CONSOLIDATED AND PARENT	Retail loan financing at fair value through profit or loss	Retail loan financing at amortised cost	Fleet loan financing at amortised cost	Lease receivables at amortised cost
Key Inputs				
Undiscounted outstanding balance '000	96,414	5,339,782	70,936	107,779
Average remaining term	n/a	35	24	32
Average contractual interest rate	n/a	8.91%	7.26%	8.69%
Risk premium	2.80%	1.09%	1.09%	1.09%
Credit risk	2.25%	n/a	n/a	n/a
Residual value risk	0.23%	n/a	n/a	n/a

31.12.2023 CONSOLIDATED AND PARENT	Retail loan financing at fair value through profit or loss	Retail loan financing at amortised cost	Fleet loan financing at amortised cost	Lease receivables at amortised cost
Key Inputs				
Undiscounted outstanding balance '000	189,705	5,373,348	77,372	145,590
Average remaining term	n/a	31	27	31
Average contractual interest rate	n/a	7.25%	6.71%	7.69%
Risk Premium	2.80%	0.92%	0.92%	0.92%
Credit risk	2.23%	n/a	n/a	n/a
Residual value risk	0.09%	n/a	n/a	n/a

All of the above inputs have similar levels of sensitivity to the fair value calculation. During the reporting period, the discount rate had the largest impact on fair value movement due to its higher volatility levels compared to other inputs.

All fair value movements and balances are unrealised because the underlying assets are held to maturity by the Group.

C. LIQUIDITY RISK

The ageing analysis of undiscounted cash outflows from financial liabilities is as follows:

31.12.2024 CONSOLIDATED $'000	Cash outflows	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	47,037	11,507	21,254	14,255	21
Other financial liabilities	15,405	15,405	0	0	0
Lease liabilities	4,140	182	555	3,255	148
Liabilities to banks	3,363,257	1,507,236	910,195	928,380	17,446
Intercompany loans	529,543	6,244	214,080	309,219	0
Medium Term Notes and Commercial Papers issued	2,491,326	193,538	665,938	1,631,850	0
Asset Backed Securities Notes issued	2,649,104	281,897	800,245	1,566,962	0
Gross credit commitments	**825,435**	**825,435**	**0**	**0**	**0**
Total	**9,925,247**	**2,841,444**	**2,612,267**	**4,453,921**	**17,615**

31.12.2024 PARENT $'000	Cash outflows	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	46,781	11,251	21,254	14,255	21
Other financial liabilities	15,405	15,405	0	0	0
Lease liabilities	4,140	182	555	3,255	148
Liabilities to banks	3,363,257	1,507,236	910,195	928,380	17,446
Intercompany loans	529,543	6,244	214,080	309,219	0
Medium Term Notes and Commercial Papers issued	2,491,326	193,538	665,938	1,631,850	0
Virtual Loan	2,771,312	237,385	740,950	1,792,977	0
Gross credit commitments	**825,435**	**825,435**	**0**	**0**	**0**
Total	**10,047,199**	**2,796,676**	**2,552,972**	**4,679,936**	**17,615**

31.12.2023 CONSOLIDATED $'000	Cash outflows	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	57,902	13,996	24,113	19,793	0
Other financial liabilities	28,206	28,206	0	0	0
Lease liabilities	1,811	380	1,140	291	0
Liabilities to banks	2,421,892	1,418,540	631,364	371,988	0
Intercompany loans	855,554	855,554	0	0	0
Medium Term Notes and Commercial Papers issued	2,638,047	373,488	980,871	1,283,688	0
Asset Backed Securities Notes issued	2,784,623	137,566	427,448	2,219,609	0
Gross credit commitments	**761,866**	**761,866**	**0**	**0**	**0**
Total	**9,549,901**	**3,589,596**	**2,064,936**	**3,895,369**	**0**

31.12.2023 PARENT $'000	Cash outflows	Less than 3 months	More than 3 months, but less than 1 year	More than 1 year, but less than 5 years	More than 5 years
Financial liabilities					
Derivative financial instruments	57,902	13,996	24,113	19,793	0
Other financial liabilities	28,206	28,206	0	0	0
Lease liabilities	1,811	380	1,140	291	0
Liabilities to banks	2,421,892	1,418,540	631,364	371,988	0
Intercompany loans	855,554	855,554	0	0	0
Medium Term Notes and Commercial Papers issued	2,638,047	373,488	980,871	1,283,688	0
Virtual Loan	2,474,201	162,006	485,907	1,826,288	0
Gross credit commitments	**761,866**	**761,866**	**0**	**0**	**0**
Total	**9,239,479**	**3,614,036**	**2,123,395**	**3,502,048**	**0**

Derivative financial instruments represent the net settlement amount of Interest rate swaps. Effective interest rate swaps require settlement of the net interest receivable or payable every 90 days. Settlement dates coincide with the dates on which the interest is payable on the underlying borrowings with the fixed and floating cash flows settled on a net basis.

D. INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk and the effective weighted average interest rate by maturity periods is set out below. For interest rates applicable to each class of asset or liability refer to individual notes to the financial statements.

31.12.2024 CONSOLIDATED $'000	Floating interest	Fixed interest maturing		Non-interest bearing	Total
		Less than 1 year	More than 1 year, but less than 5 years		
Financial assets					
Cash and cash equivalents	156,410	0	0	0	156,410
Retail loan financing	0	1,544,280	3,890,963	0	5,435,243
Dealer loan financing	2,997,049	0	0	0	2,997,049
Fleet loan financing	0	30,718	40,218	0	70,936
Lease receivables	0	52,609	55,170	0	107,779
Other financial assets	0	0	0	52,434	52,434
Total	**3,153,459**	**1,627,607**	**3,986,351**	**52,434**	**8,819,851**
Weighted average interest rate	**5.97%**	**6.50%**	**8.00%**	**0.00%**	**6.95%**
Financial liabilities					
Liabilities to banks	402,100	2,373,190	316,301	0	3,091,591
Intercompany loans	0	196,530	295,434	0	491,964
Medium Term Notes and Commercial Papers issued	0	770,194	1,517,784	0	2,287,978
Asset Backed Securities Notes issued	2,645,818	0	0	0	2,645,818
Other financial liabilities	0	0	0	15,405	15,405
Total	**3,047,918**	**3,339,914**	**2,129,519**	**15,405**	**8,532,756**
Weighted average interest rate	**5.65%**	**4.70%**	**5.16%**	**0.00%**	**5.15%**
Derivative financial instruments	2,564	9,340	(4,506)	0	7,398
Weighted average interest rate	**5.63%**	**1.80%**	**4.92%**	**0.00%**	**4.12%**
Net financial assets/(liabilities)	**108,105**	**(1,702,967)**	**1,852,326**	**37,029**	**294,493**

31.12.2024 PARENT $'000	Floating interest	Fixed interest maturing		Non-interest bearing	Total
		Less than 1 year	More than 1 year, but less than 5 years		
Financial assets					
Cash and cash equivalents	97,444	0	0	0	97,444
Retail loan financing	0	1,544,280	3,890,963	0	5,435,243
Dealer loan financing	2,997,049	0	0	0	2,997,049
Fleet loan financing	0	30,718	40,218	0	70,936
Lease receivables	0	52,609	55,170	0	107,779
Other financial assets	230,158	0	0	52,434	282,592
Total	**3,324,651**	**1,627,607**	**3,986,351**	**52,434**	**8,991,043**
Weighted average interest rate	**8.68%**	**6.50%**	**8.00%**	**0.00%**	**7.93%**
Financial liabilities					
Liabilities to banks	402,100	2,373,190	316,301	0	3,091,591
Intercompany loans	0	196,530	295,434	0	491,964
Medium Term Notes and Commercial Papers issued	0	770,194	1,517,784	0	2,287,978
Virtual Loan	2,813,730	0	0	0	2,813,730
Other financial liabilities	0	0	0	15,405	15,405
Total	**3,215,830**	**3,339,914**	**2,129,519**	**15,405**	**8,700,668**
Weighted average interest rate	**6.94%**	**4.70%**	**5.16%**	**0.00%**	**5.63%**
Derivative financial instruments	2,560	5,851	(2,907)	0	5,504
Weighted average interest rate	**5.63%**	**1.17%**	**4.76%**	**0.00%**	**3.85%**
Net financial assets/(liabilities)	**111,381**	**(1,706,456)**	**1,853,925**	**37,029**	**295,879**

31.12.2023 CONSOLIDATED $'000	Floating interest	Fixed interest maturing Less than 1 year	Fixed interest maturing More than 1 year, but less than 5 years	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	133,482	0	0	0	133,482
Retail loan financing	0	1,573,213	3,975,345	0	5,548,558
Dealer loan financing	2,826,645	0	0	0	2,826,645
Fleet loan financing	0	28,766	46,043	0	74,809
Lease receivables	0	89,784	52,684	0	142,468
Other financial assets	0	0	0	58,113	58,113
Total	**2,960,127**	**1,691,763**	**4,074,072**	**58,113**	**8,784,075**
Weighted average interest rate	**5.73%**	**6.16%**	**7.38%**	**0.00%**	**6.54%**
Financial liabilities					
Liabilities to banks	0	2,003,782	361,889	0	2,365,671
Intercompany loans	0	853,105	0	0	853,105
Medium Term Notes and Commercial Papers issued	0	1,330,523	1,109,983	0	2,440,506
Asset Backed Securities Notes issued	2,787,888	0	0	0	2,787,888
Other financial liabilities	0	0	0	28,206	28,206
Total	**2,787,888**	**4,187,410**	**1,471,872**	**28,206**	**8,475,376**
Weighted average interest rate	**1.08%**	**1.44%**	**2.61%**	**0.00%**	**1.75%**
Derivative financial instruments	(17,684)	(5,957)	18,022	0	(5,619)
Weighted average interest rate	**5.49%**	**5.13%**	**2.33%**	**0.00%**	**4.32%**
Net financial assets/(liabilities)	**154,555**	**(2,501,604)**	**2,620,222**	**29,907**	**303,080**

31.12.2023 PARENT $'000	Floating interest	Fixed interest maturing Less than 1 year	Fixed interest maturing More than 1 year, but less than 5 years	Non-interest bearing	Total
Financial assets					
Cash and cash equivalents	91,536	0	0	0	91,536
Retail loan financing	0	1,573,213	3,975,345	0	5,548,558
Dealer loan financing	2,826,645	0	0	0	2,826,645
Fleet loan financing	0	28,766	46,043	0	74,809
Lease receivables	0	89,784	52,684	0	142,468
Other financial assets	142,476	0	0	124,666	267,142
Total	**3,060,657**	**1,691,763**	**4,074,072**	**124,666**	**8,951,158**
Weighted average interest rate	**7.39%**	**6.16%**	**7.38%**	**0.00%**	**5.20%**
Financial liabilities					
Liabilities to banks	0	2,003,782	361,889	0	2,365,671
Intercompany loans	0	853,105	0	0	853,105
Medium Term Notes and Commercial Papers issued	0	1,330,523	1,109,983	0	2,440,506
Virtual Loan	2,995,751	0	0	0	2,995,751
Other financial liabilities	0	0	0	28,206	28,206
Total	**2,995,751**	**4,187,410**	**1,471,872**	**28,206**	**8,683,239**
Weighted average interest rate	**5.72%**	**4.25%**	**2.72%**	**0.00%**	**4.48%**
Derivative financial instruments	(17,187)	1,081	14,026	0	(2,080)
Weighted average interest rate	**5.49%**	**2.46%**	**2.08%**	**0.00%**	**30.06%**
Net financial assets/(liabilities)	**47,719**	**(2,494,566)**	**2,616,226**	**96,460**	**265,839**

E. INTEREST RATE AND FOREIGN EXCHANGE SENSITIVITY ANALYSIS

The Group's main interest rate risk arises from movements in interest rates on short and long term borrowings which are set at variable interest rates. As mentioned in Note 2 the Group analyses its interest rate exposure on a dynamic basis and by using floating to fixed interest rate swaps. Various scenarios are simulated taking into account refinancing, renewal of existing positions and new business introduced. Under the interest rate swaps the Group agrees with other parties to exchange at specific intervals (mainly quarterly), the difference between fixed contract rate and floating interest rate amounts calculated by reference to the agreed notional principal amounts.

The following tables present the impact on profit and equity from -/+ 1% change in interest rates with all other variables held constant.

CONSOLIDATED	Carrying amount		Impact on profit and equity from change in interest rates			
			Decrease by 1%		Increase by 1%	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets						
Cash and cash equivalents	156,410	133,482	(1,564)	(1,335)	1,564	1,335
Retail loan financing at amortised cost	5,339,782	5,359,594	0	0	0	0
Retail loan financing at fair value through profit or loss	95,461	188,964	3,107	5,041	(4,899)	(9,537)
Dealer loan financing	2,997,049	2,826,645	(29,970)	(28,266)	29,970	28,266
Fleet loan financing	70,936	74,809	0	0	0	0
Lease receivables	107,779	142,468	0	0	0	0
Other financial assets	52,434	58,113	0	0	0	0
Derivative financial instruments	31,505	38,012	(218)	8,018	5	7,365
Total	**8,851,356**	**8,822,087**	**(28,645)**	**(16,542)**	**26,640**	**27,429**
Financial liabilities						
Liabilities to banks	3,091,591	2,365,671	4,021	0	(4,021)	0
Intercompany loans	491,964	853,105	0	0	0	0
Medium Term Notes and Commercial Papers issued	2,287,978	2,440,506	0	0	0	0
Asset Backed Securities Notes issued	2,645,818	2,787,888	26,458	27,879	(26,458)	(27,879)
Other financial liabilities	15,405	28,206	0	0	0	0
Derivative financial instruments	24,107	43,631	(29)	(8,211)	243	(7,385)
Total	**8,556,863**	**8,519,007**	**30,450**	**19,668**	**(30,236)**	**(35,264)**
Net increase / (decrease)			**1,805**	**3,126**	**(3,596)**	**(7,835)**

PARENT	Carrying amount		Impact on profit and equity from change in interest rates			
			Decrease by 1%		Increase by 1%	
$'000	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Financial assets						
Cash and cash equivalents	97,444	91,536	(974)	(915)	974	915
Retail loan financing at amortised cost	5,339,782	5,359,594	0	0	0	0
Retail loan financing at fair value through profit or loss	95,461	188,964	3,107	5,041	(4,899)	(9,537)
Dealer loan financing	2,997,049	2,826,645	(29,970)	(28,266)	29,970	28,266
Fleet loan financing	70,936	74,809	0	0	0	0
Lease receivables	107,779	142,468	0	0	0	0
Other financial assets	282,592	267,142	(2,066)	(2,038)	2,066	2,038
Derivative financial instruments	25,343	31,262	97	8,073	(157)	7,328
Total	**9,016,386**	**8,982,420**	**(29,806)**	**(18,105)**	**27,954**	**29,010**
Financial liabilities						
Liabilities to banks	3,091,591	2,365,671	4,021	0	(4,021)	0
Intercompany loans	491,964	853,105	0	0	0	0
Medium Term Notes and Commercial Papers issued	2,287,978	2,440,506	0	0	0	0
Virtual Loan	2,813,730	2,995,751	0	0	0	0
Other financial liabilities	15,405	28,206	0	0	0	0
Derivative financial instruments	19,839	33,342	41	(5,731)	117	(5,753)
Total	**8,720,507**	**8,716,581**	**4,062**	**(5,731)**	**(3,904)**	**(5,753)**
Net increase / (decrease)			**(25,744)**	**(23,836)**	**24,050**	**23,257**

15 | Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the Company and the Trusts which are controlled entities in accordance with the accounting policy in Note 1B.

	Place of business/ country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests	
		2024	2023	2024	2023
Private Driver Australia 2023-1 Trust	Australia	100%	100%	0%	0%
Driver Australia seven Trust	Australia	100%	100%	0%	0%
Driver Australia eight Trust	Australia	100%	100%	0%	0%
Driver Australia nine Trust	Australia	100%	n/a	0%	n/a
Driver Australia ten Trust	Australia	100%	n/a	0%	n/a
Driver Australia Master Trust	Australia	100%	100%	0%	0%
Driver Australia Master 2 Trust	Australia	100%	n/a	0%	0%

AASB 10 defines various indicators which require the Group to consolidate this securitisation special purpose vehicles. Accordingly, the vehicle is consolidated as it is determined that the Group has the majority of the variability of the distributions from the vehicle.

16 | Remuneration of auditors

$'000	Consolidated		Parent	
	2024	2023	2024	2023
Remuneration for audit services				
Auditor of the Group - EY	731	380	645	314
Remuneration for other services				
Auditor of the Group - EY	347	253	347	253
Total	**1,078**	**633**	**992**	**567**

17 | Commitments

A. CAPITAL COMMITMENTS

The Group had not committed to any capital expenditure at the end of the reporting period which were not recognised as liabilities.

B. NON-CANCELLABLE OPERATING LEASES

The Group has recognised right-of-use assets for these leases, except for short-term and low-value leases. See Note 1S for further information.

The commitments for future payments under non-cancellable operating leases which meet the short-term or low-value exception criteria are as follows:

$'000	Consolidated		Parent	
	2024	**2023**	**2024**	**2023**
Less than 1 year	12	12	12	12
More than 1 year, but less than 5 years	8	20	8	20
More than 5 years	0	0	0	0
Total	**20**	**32**	**20**	**32**

18 | Related parties

A. KEY MANAGEMENT PERSONNEL

The following persons had authority and responsibility for the planning, directing and controlling of the activities for the Company, directly or indirectly, during the financial year. They are responsible for both the short term and long term strategic planning of the organisation as well as the implementation of policies and procedures which adhere to those of the parent entity. They also ensure local compliance with regulatory bodies.

Mr Ralf Teichmann	Non-executive Director, until 30 April 2024 (employee of VWFS AG, Germany) Managing Director, from 1 July 2024
Mr Paul Stanton	Managing Director
Mr Kai Gunther Vogler	Non-executive Director, from 1 May 2024 (employee of VWFS AG, Germany)
Mr Patrick Welter	Non-executive Director, from 1 July 2024 (employee of VWFS AG, Germany)
Mr Jörn Kurzrock	Managing Director, until 30 June 2024
Mr Marcel Fickers	Non-executive Director, until 30 June 2024 (employee of VWFS AG, Germany)
Mr Birger Wenner	Director of Finance and Treasury (resigned 14 May 2024)
Ms Bettina Tang	Director of Finance and Treasury (from 3 June 2024)
Mr Patrick Tian	Director of Controlling and Risk
Mr James Chalmers	Director of IT and Projects
Mr Steve Mifsud	Director of Operations (resigned 14 November 2024)
Ms Marina Kriletic	Director of Operations (from 1 January 2025)
Mr Shashank Gautam	Director of Mobility Director of Strategy, Brand & Product Management (from 1 January 2025)
Mr Dean Stevanovski	Director of Fleet (from 1 January 2025)
Mr Henry Geddes	Director of Sales
Mr Michael Allan	Director of Human Resources and Organisation
Ms Nicole Spencer	Director of Digital, Direct Sales & Marketing (from 1 January 2025)

B. KEY MANAGEMENT PERSONNEL COMPENSATION

$'000	Consolidated		Parent	
	2024	2023	2024	2023
Short-term employee benefits	5,386	4,758	5,386	4,758
thereof: Superannuation contributions	*367*	*336*	*367*	*336*
thereof: Fringe benefits	*562*	*586*	*562*	*586*
Termination benefits	0	0	0	0
Other long-term benefits	0	0	0	0
Total	**5,386**	**4,758**	**5,386**	**4,758**

C. CONTROLLING ENTITIES

The ultimate parent entity is Volkswagen AG (incorporated in Germany). The intermediate parent entity is Volkswagen Financial Services Overseas AG which at 31 December 2024 owns 100% (31 December 2023: 100%) of the issued ordinary shares of Volkswagen Financial Services Australia Pty Limited.

D. RELATED PARTY TRANSACTIONS

During the financial year there were recharges of expenses within the wholly owned group of entities of the Volkswagen Group.

During the financial year, the Group recorded the following related party transactions and balances:

$'000	Consolidated		Parent	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Intercompany receivables: included in other financial assets				
Volkswagen Group Australia	1,904	3,275	1,904	3,275
Porsche Australia	77	98	77	98
Volkswagen D'Leteren Finance, Belgium	158	132	158	132
Volkswagen Financial Services AG, Germany	0	40	0	40
Driver Australia nine Trust: Subordinated loan	0	0	43,308	0
Driver Australia ten Trust: Subordinated loan	0	0	41,860	0
Private Driver one Trust: Subordinated loan	0	0	57,096	69,520
Driver Australia Master Trust: Subordinated loan	0	0	15,047	62,296
Driver Australia Master Two Trust: Subordinated loan	0	0	15,003	0
Total intercompany receivables	**2,139**	**3,545**	**232,297**	**212,574**
Intercompany payables: included in other financial liabilities				
Volkswagen Group Australia	9,614	15,325	9,614	15,325
Volkswagen Financial Services N.V.	491,964	853,105	491,964	853,105
Total intercompany payables	**501,578**	**868,430**	**501,578**	**868,430**

$'000	Consolidated		Parent	
	2024	2023	2024	2023
Income from intercompany transactions:				
Driver Australia six Trust: Interest income on subordinated loan	0	0	0	234
Driver Australia seven Trust: Interest income on subordinated loan	0	0	1,568	2,110
Driver Australia eight Trust: Interest income on subordinated loan	0	0	3,794	698
Driver Australia nine Trust: Interest income on subordinated loan	0	0	2,103	0
Driver Australia ten Trust: Interest income on subordinated loan	0	0	644	0
Private Driver 2023-1 Trust: Interest income on subordinated loan	0	0	6,050	4,937
Driver Australia Master Trust: Interest income on subordinated loan	0	0	4,094	9,834
Servicer Fee received from the Trusts	0	0	30,943	29,080
Total income from intercompany transactions	**0**	**0**	**49,196**	**46,893**
Expenses from intercompany transactions:				
Volkswagen Financial Services Japan Ltd.: Treasury services	348	332	348	332
Volkswagen Financial Services AG, Germany: IT support, DCM guarantee fees and technical assistance	3,362	4,507	3,362	4,507
Volkswagen Bank GmbH, Germany: Treasury services	838	581	838	581
Volkswagen Software Asset Management GmbH, Germany: IT licences and usage fees	601	845	601	845
Volkswagen Financial Services N.V., Netherlands: Interest charges	26,743	15,272	26,743	15,272
Volkswagen AG, Germany: Insurance premium recharges	36	16	36	16
Volkswagen D'Leteren Finance, Belgium: Expatriate staff charges	132	0	132	0
Volkswagen Financial Services AG, Germany: Expatriate staff charges	0	123	0	123
Total expenses from intercompany transactions	**32,060**	**21,676**	**32,060**	**21,676**
Cash receipts from Intercompany transactions relating to Retail finance campaigns: capitalised in Retail loan financing				
Volkswagen Group Australia	18,109	19,675	18,109	19,675
Porsche Australia	7	137	7	137
Cash payments from Intercompany transactions relating to the floorplan: recorded as part of wholesale daily payments				
Volkswagen Group Australia	3,128,042	3,843,051	3,128,042	3,843,051
Porsche Australia	510,343	297,492	510,343	297,492
Cash payments from Intercompany transactions relating to other transactions				
Volkswagen Group Australia: purchase of receivables	32,547	30,091	32,547	30,091
Total Cash payments from intercompany transactions	**34,206**	**32,356**	**34,206**	**32,356**

19 | Credit commitments

The Company has outstanding revocable commitments to extend credit in the normal course of business which are not reflected in the financial report.

Outstanding credit commitments provided to customers currently undrawn are as follows:

$'000	Consolidated		Parent	
	2024	**2023**	**2024**	**2023**
Wholesale customers	825,435	761,866	825,435	761,866
Total	**825,435**	**761,866**	**825,435**	**761,866**

20 | Events occurring after the balance sheet date

There were no material subsequent events to 31 December 2024 that have not been reflected in the financial statements.

21 | Contingent liabilities

There are no contingent liabilities as at 31 December 2024 (31 December 2023: nil).

22 | Reconciliation of profit from continuing operations after income tax to net cash outflow from operating activities

CONSOLIDATED & PARENT	Consolidated		Parent	
$'000	**2024**	**2023**	**2024**	**2023**
Profit/(loss) from continuing operations after income tax	**54,979**	**40,625**	**94,149**	**51,192**
Depreciation and amortisation	5,933	5,555	5,933	5,555
Fair value (gain)/loss on derivatives	858	31,715	6,426	14,735
(Increase)/decrease in receivables	(13,053)	(1,201,134)	(12,906)	(1,201,065)
(Increase)/decrease in other operating assets	(42,646)	(72,437)	(42,795)	(72,505)
(Increase)/decrease in deferred tax asset	1,534	6,177	1,294	6,053
(Increase)/decrease in tax receivables	(12,487)	7,206	(12,247)	7,330
Increase/(decrease) in other operating liabilities	(17,282)	1,341	(31,567)	11,822
Increase/(decrease) in lease liabilities	(273)	114	(273)	114
Increase/(decrease) in other provisions	(15)	(62)	(15)	(62)
Net cash outflow from operating activities	**(22,452)**	**(1,180,900)**	**7,999**	**(1,176,831)**

Directors' declaration

In the directors' opinion:

a) the financial statements and notes are in accordance with the Corporations Act 2001, including:
b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
c) giving a true and fair view of the Company and the Group's financial position as at 31 December 2024 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date; and
d) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. and

Note 1A confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Ralf Teichmann
Managing Director

Paul Stanton
Managing Director

Sydney
25 March 2025

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Independent auditor's report to the directors of Volkswagen Financial Services Australia Pty Limited

Opinion

We have audited the financial report of Volkswagen Financial Services Australia Pty Limited (the Company) and its subsidiaries (collectively the Group), which comprises:

- The Group consolidated and Company statements of financial position as at 31 December 2024;
- The Group consolidated and Company statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended;
- Notes to the financial statements, including material accounting policy information; and
- The directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the Company's and the Group's financial position as at 31 December 2024 and of their financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Volkswagen Financial Services Australia Pty Limited, would be in the same terms if given to the directors as at the time of this auditor's report

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

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Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's and Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain 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 or the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or Group'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 report or, if such disclosures are inadequate, to modify our opinion. 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 the Company or the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the Group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the Group financial report. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

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

Ernst & Young

Ernst & Young

R. Balfour

Richard Balfour
Partner
Sydney
25 March 2024