

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



The Key to Mobility

Creating Value with Financial Services

Investor Update – Volkswagen Financial Services AG

Volkswagen Group – Leveraging the strength of the three pillars

VOLKSWAGEN

AKTIENGESELLSCHAFT

Automotive Division

Financial Services Division

Passenger Cars

Commercial Vehicles / Power Engineering

Volkswagen Financial Services



Audi

SEAT

ŠKODA



BENTLEY



BUGATTI



PORSCHE



DUCATI

Remaining companies



Commercial Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

Financial Services

USA / Canada / Spain / Argentina

Scania Financial Services

Porsche Holding Financial Services

Porsche Financial Services

Volkswagen Financial Services at a Glance (12/31/2014)

Worldwide presence



Volkswagen Financial Services
conducts business in **51 countries**

Key company figures

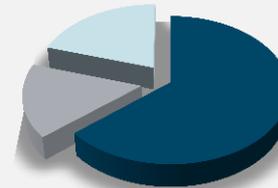
Total assets	€ 137.4 bn
Equity	€ 15.2 bn
Customer deposits	€ 26.2 bn
Operating profit	€ 1.7 bn
Employees	12,821
Contracts (units)	12.4 m

Receivables

Leasing
20,2 %

Credit
63,8 %

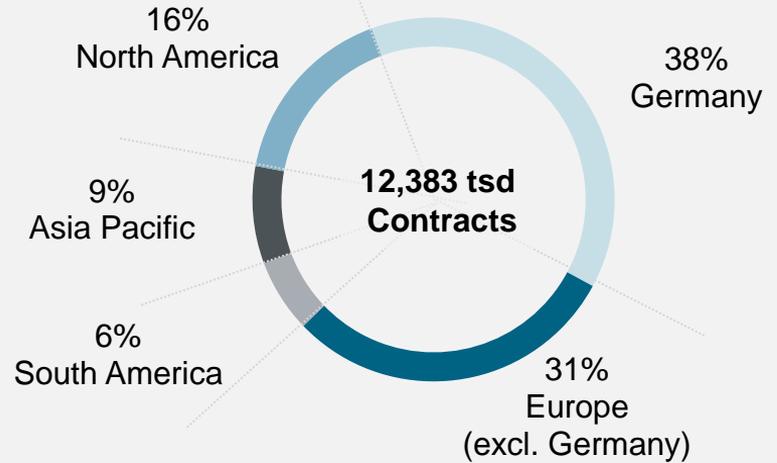
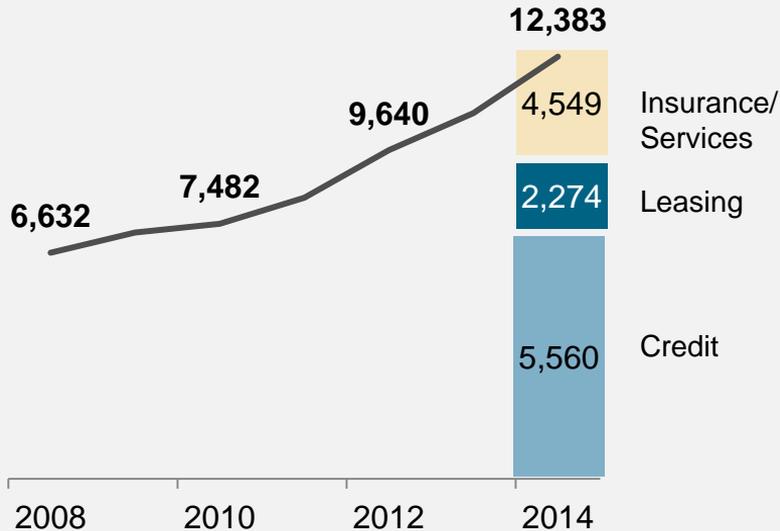
Wholesale
16,0 %



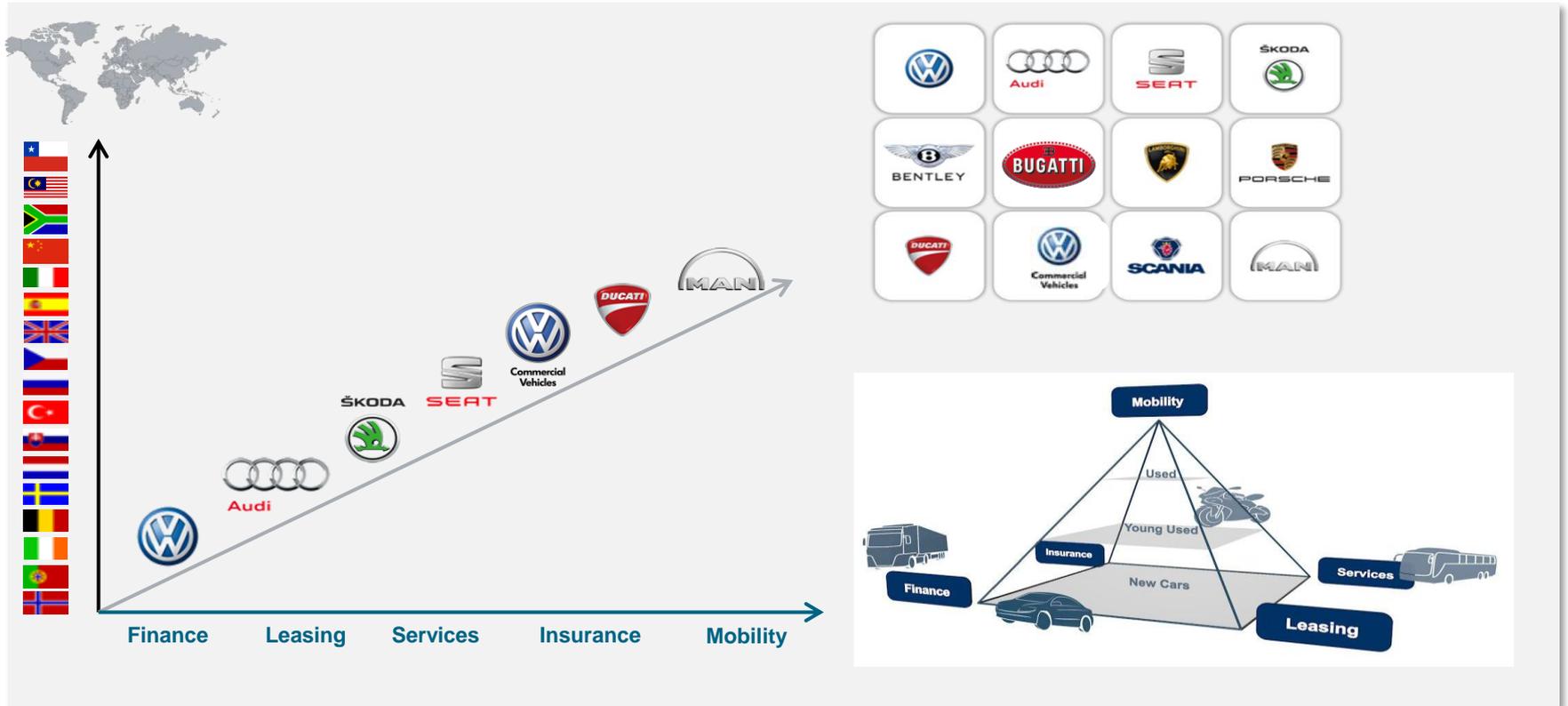
Contract portfolio Volkswagen Financial Services

Continuous portfolio expansion

in '000 units



Growth dimensions

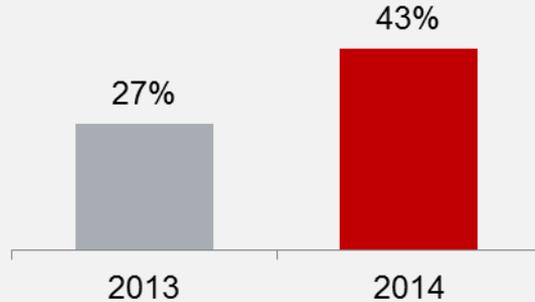


MAN Finance Initial Success – Foundation for Growth

Initial success

MAN | Financial Services

Penetration



Foundation for growth

Product-portfolio/
TCO



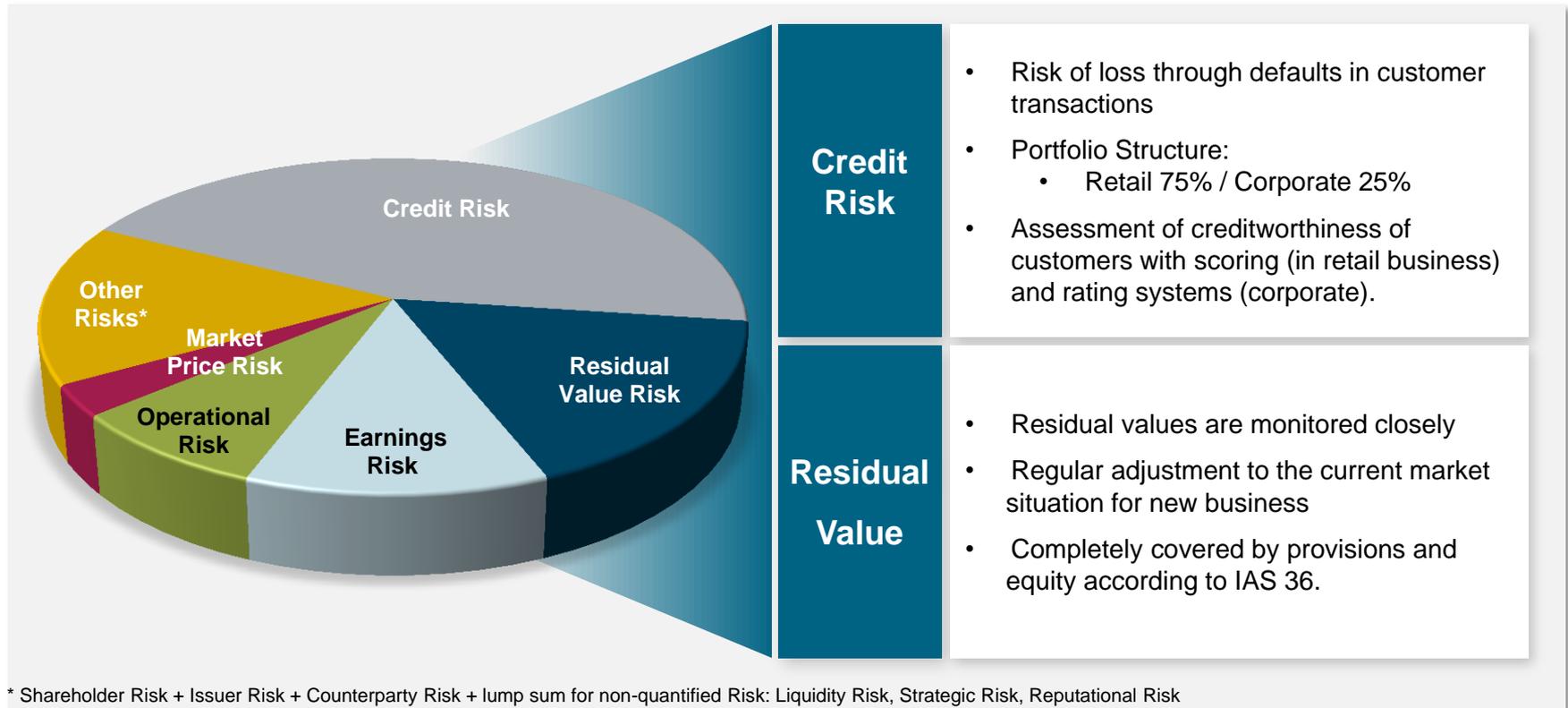
Global expansion



GO50

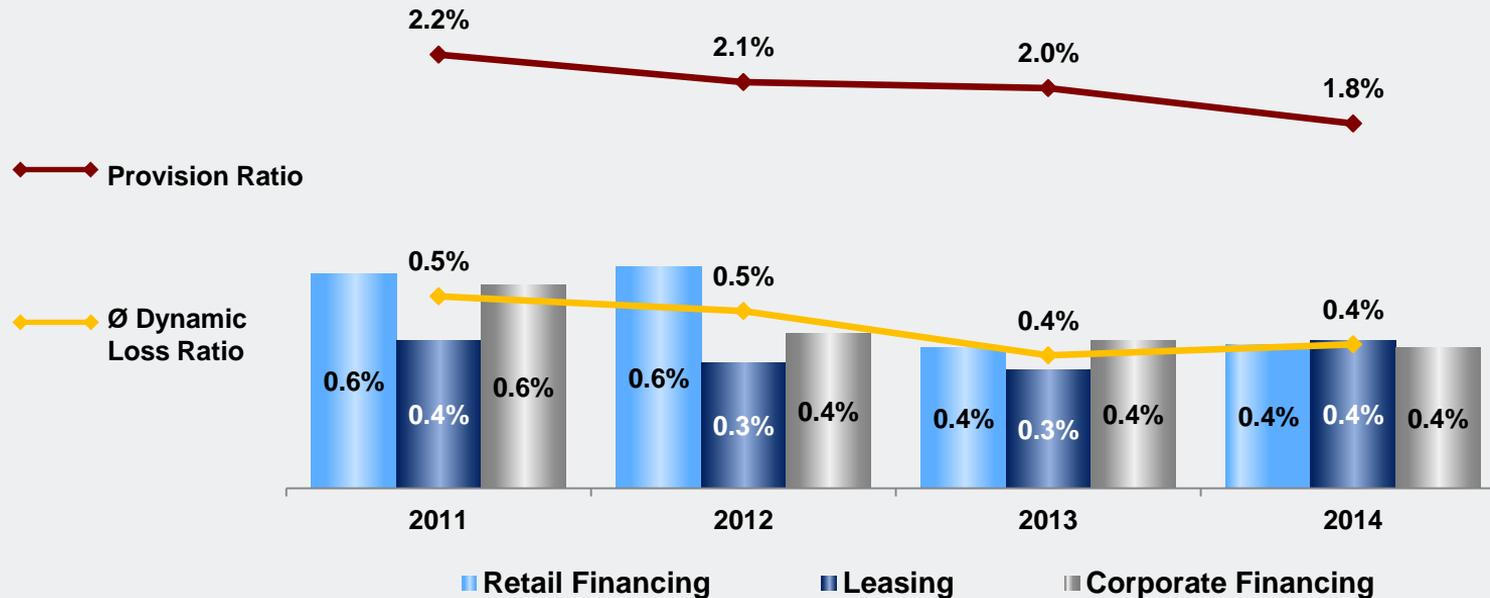


Risk management

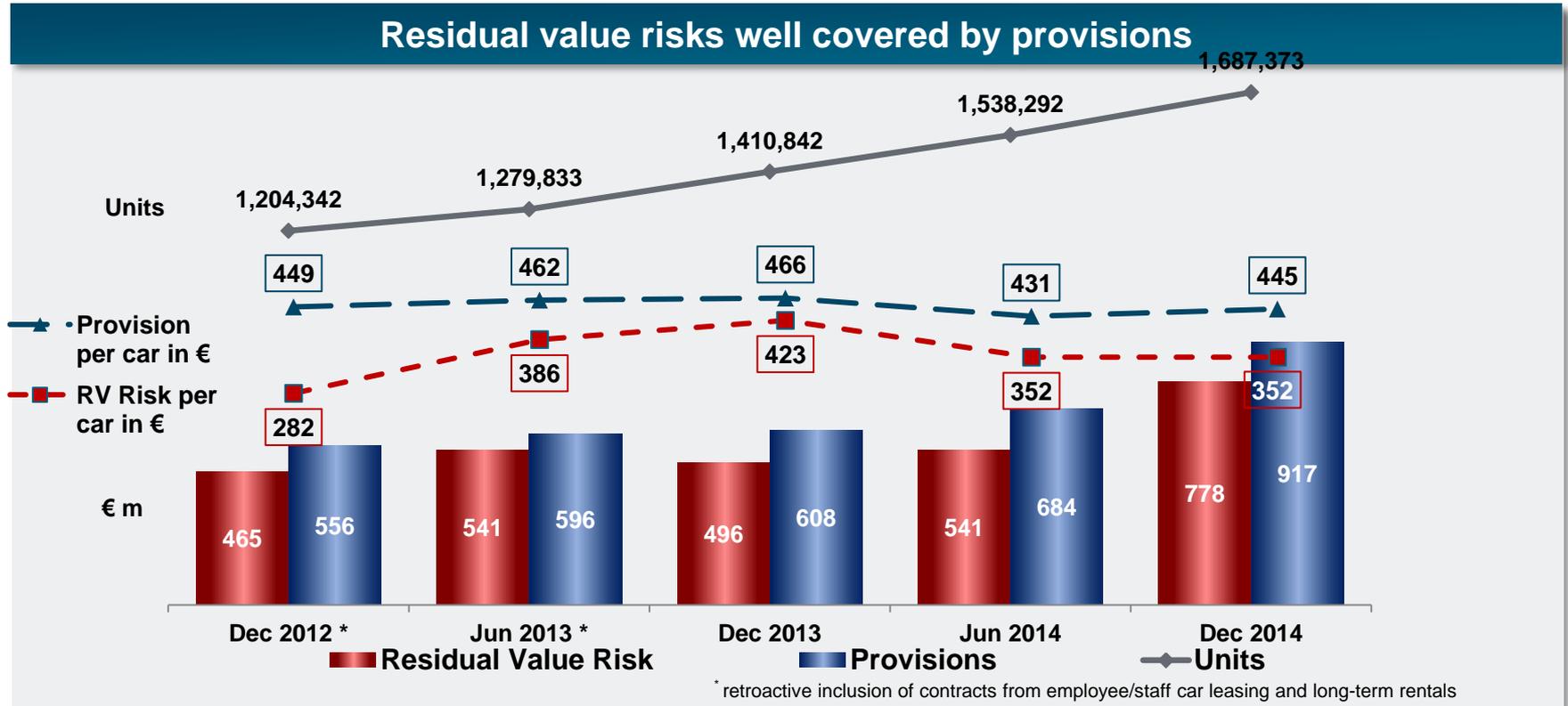


VW Financial Services – Credit risks

Credit risk remains at low level despite challenging market environment



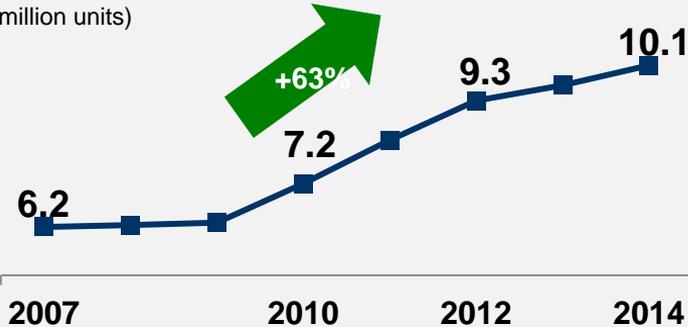
VW Financial Services – Residual value



Growth of Volkswagen Automotive leads to Growth of Financial Services

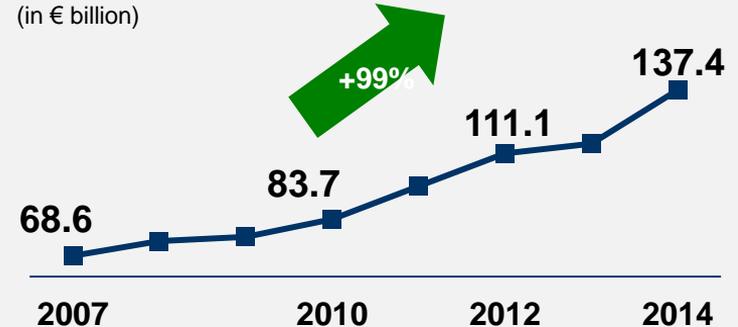
Volkswagen Group deliveries to Customers

(in million units)



Volkswagen FS development of Balance Sheet

(in € billion)



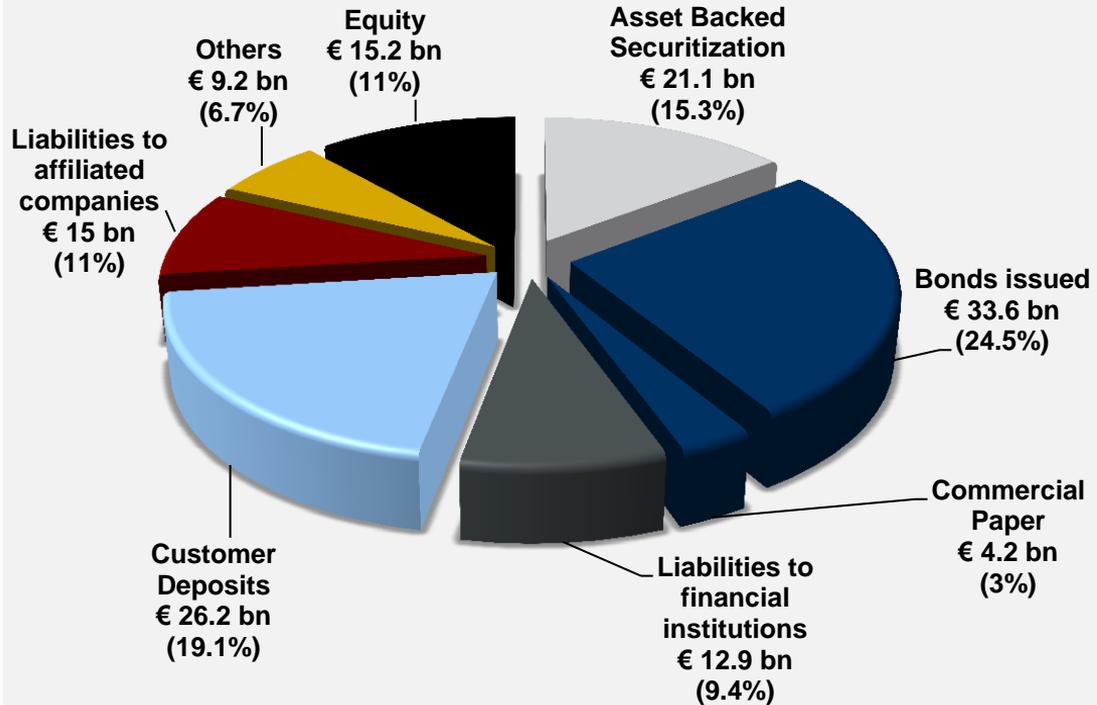
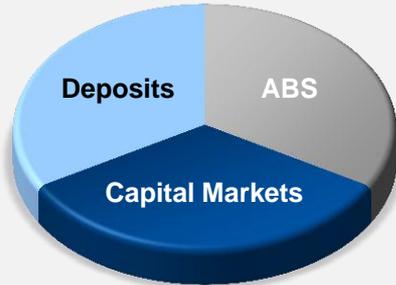
Diversified Funding Strategy ensures Liquidity for Growth

- Development of local diversified funding sources is essential for a sustainable growth path
- Standardised programs increase brand recognition for investors and ensure attractive pricings

Funding structure Volkswagen Financial Services

Total € 137.4 bn

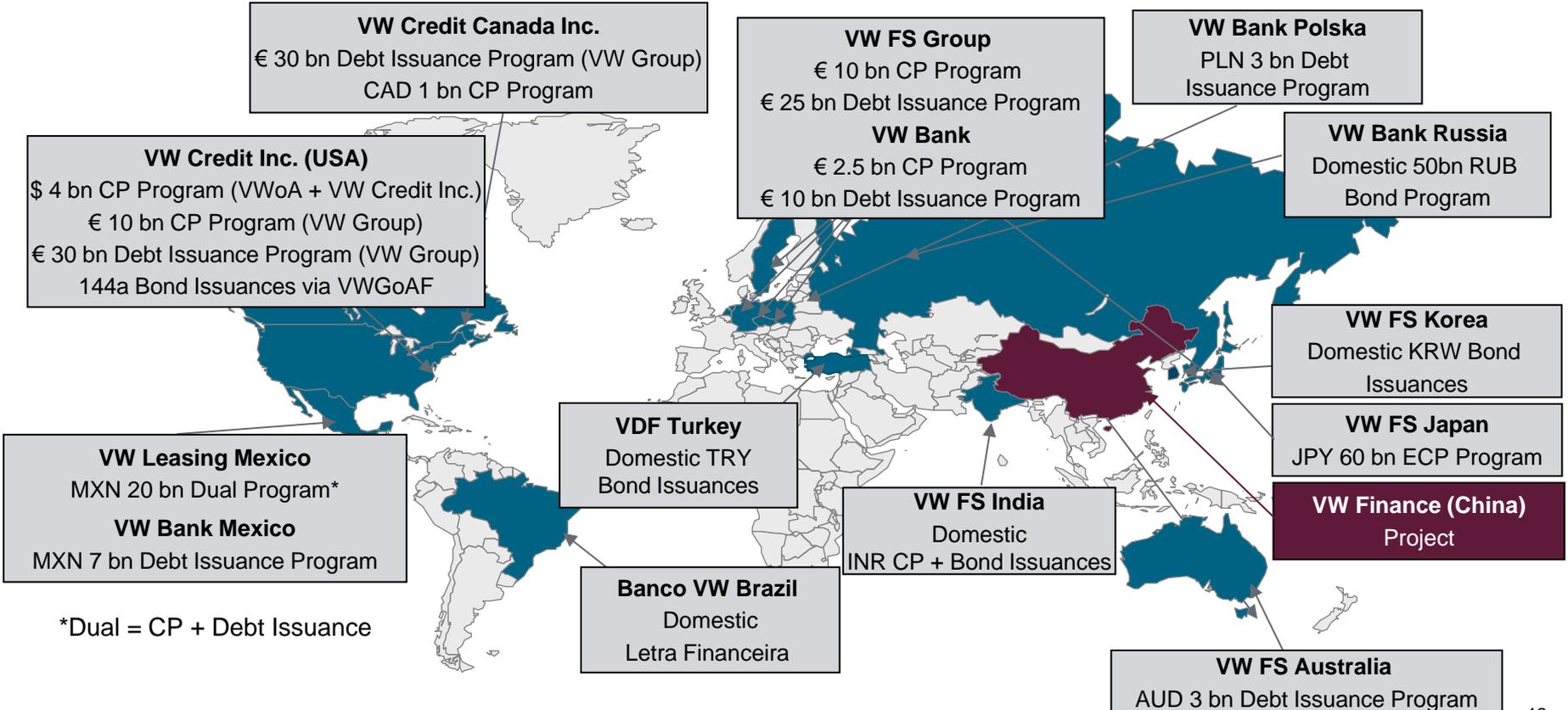
Strategic Funding Sources



* strategic funding allocation

as of 31 December 2014

Volkswagen Financial Services' Worldwide Capital Market Activities

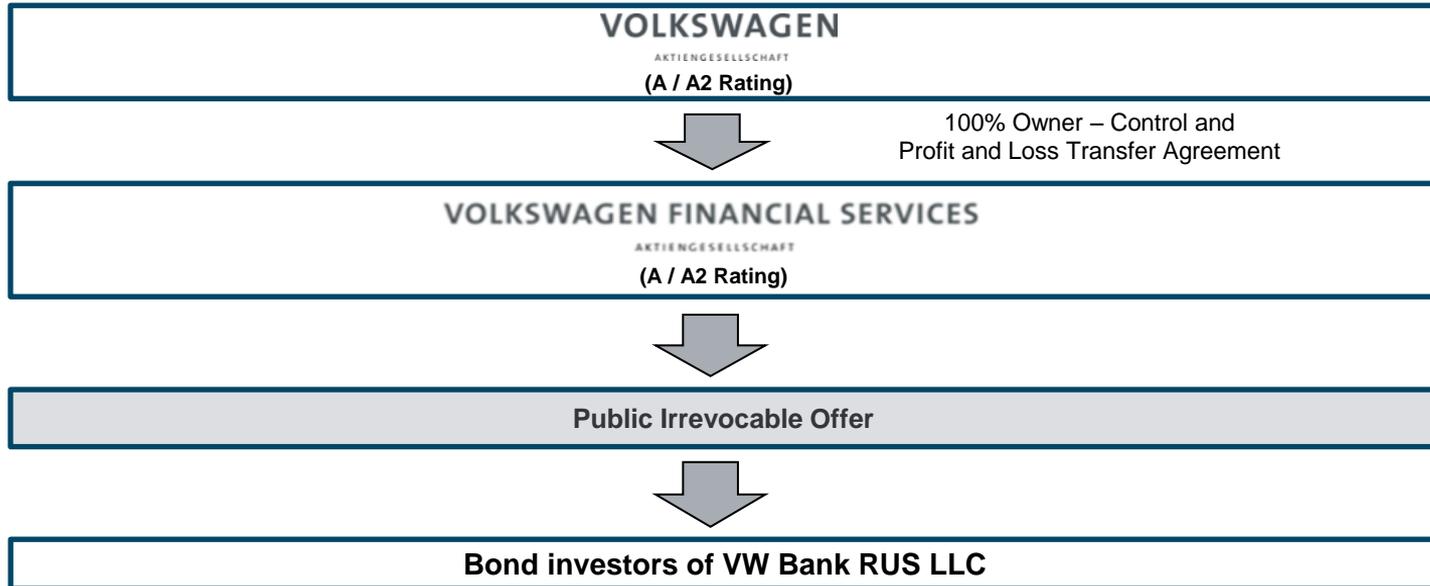


*Dual = CP + Debt Issuance

DCM Activities (2014 + Q1 2015)

Germany: VW Leasing	3 Issuances	2,750 m EUR	tenor: 3.5 to 10 years
Germany: VW Bank	11 Issuances	2,625 m EUR	tenor: 1 to 5 years
Russia: VW Bank RUS	3 Issuances	15,000 m RUB	tenor: 5 years
Australia: VW FS Australia	2 Issuances	400 m AUD	tenor: 4 and 5 years
Japan: VW FS Japan	10 Issuances	31,000 m JPY	tenor: 3 to 5 years
India: VW FS India	3 Issuances	8,000 m INR	tenor: 2 to 3 years
Mexico: VW Leasing + Bank	3 Issuances	5,500 m MXN	tenor: 2.5 to 4 years
Brasil: Banco VW	18 Issuances	1,645 m BRL	tenor: 2 years
Korea: VWFS Korea	2 Issuances	250 bn KRW	tenor: 3 years
International: VW FS N.V.	18 Issuances	2,145 m EUR*	tenor: 1.5 to 6.5 years

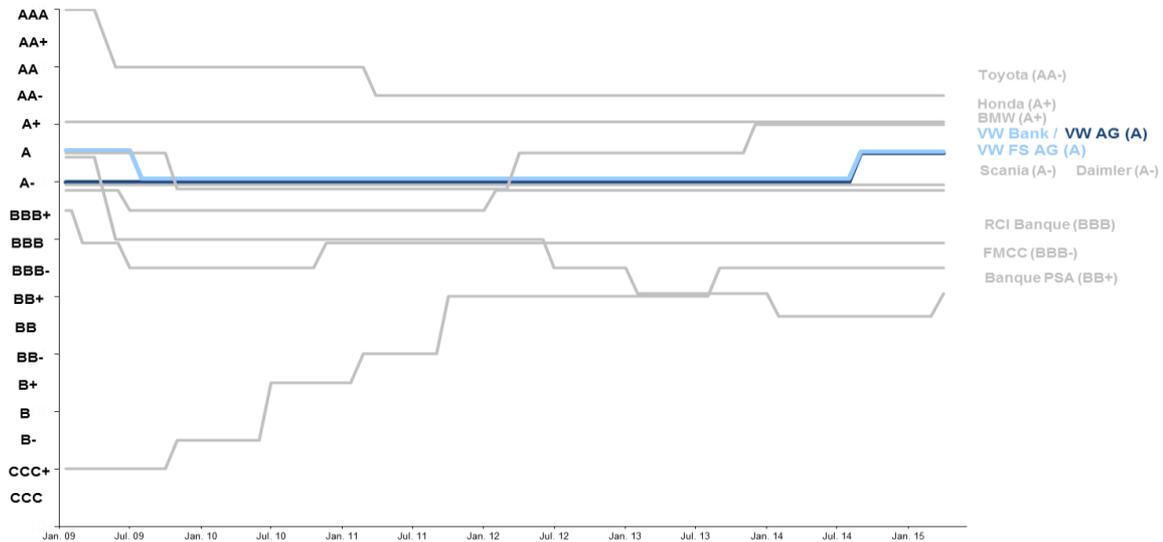
Public Irrevocable Offer underpins strategic importance of DCM business and commitment of the shareholder



Rating History (05/31/2015)

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A1	A+
BMW	A2	A+
VW AG	A2 ¹⁾	A ¹⁾
VW Bank GmbH / VW FS AG	A2 ²⁾	A ¹⁾
Scania	--	A-
Daimler	A3	A-
RCI Banque	Baa3	BBB
FMCC	Baa3	BBB-
Banque PSA	Ba1	BB

Development of credit ratings (Standard & Poor's)



¹⁾ Outlook: stable ²⁾ Outlook: Review for Upgrade

Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters

S&P and Moody's value VWFS's strategic position within VW Group

S&P: "We consider VW FS to be core to its ultimate parent, VW AG, and equalize our ratings on VW FS with those on VW AG."

Moody's: "VW FS AG benefits from a domination and profit-and-loss transfer agreement with Volkswagen that reflects the entity's core strategic role for Volkswagen."

S&P: "We consider VW FS' corporate strategy to be prudent, well-executed, and focused on its core business, in which it has expertise."

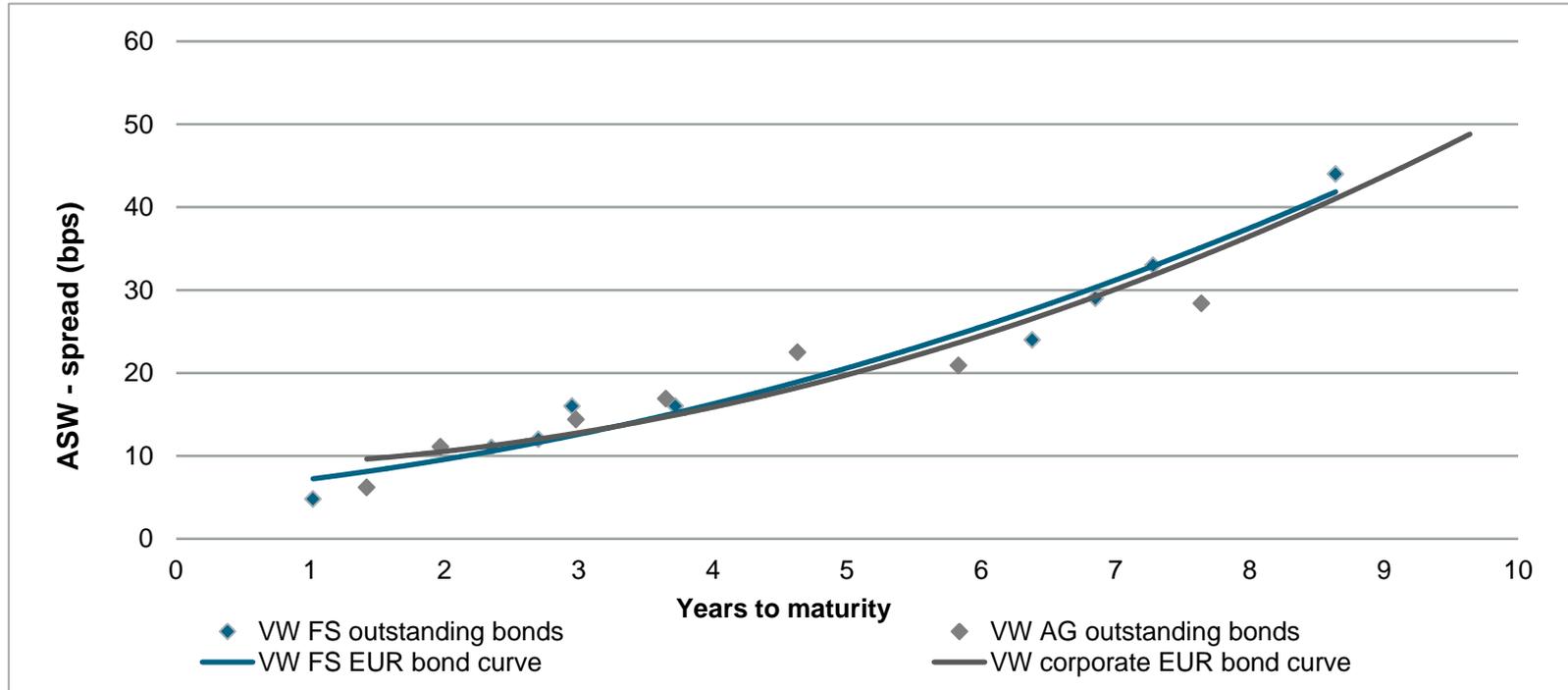
Moody's: "Because of the strength of the contractual and strategic links between Volkswagen and its subsidiaries, Moody's expects both VW FS AG and VW Bank to benefit from "affiliate backing", the highest degree of affiliate support (...)."

S&P: "(...) reflects our view that captive finance operations will remain integral to the VW group's overall corporate strategy."

"S&P: We believe that VW FS will preserve its current conservative capital and risk management, and that its asset mix and growth trends are unlikely to change materially in the short to medium term."

Source: S&P Research, July 31, 2014 and Moody's Global Credit Research, March 20, 2015.

Investor's Risk Evaluation - Bond Curve Volkswagen AG compared to Volkswagen Financial Services AG



Contact



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Annual Report Volkswagen Financial Services AG:
<http://www.vwfsag.com/ar14>



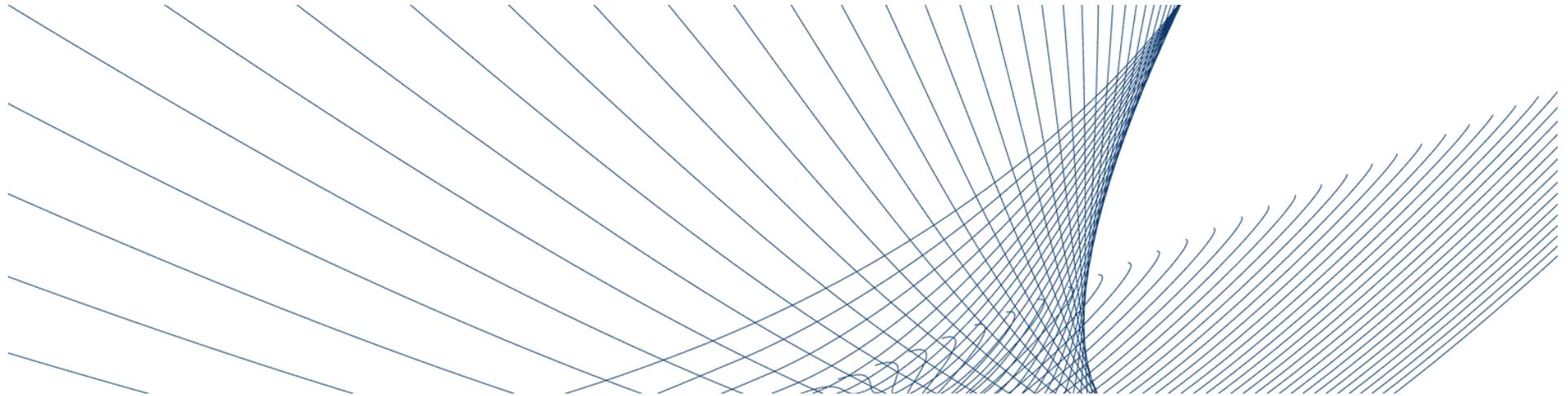
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VOLKSWAGEN BANK

RUS LLC



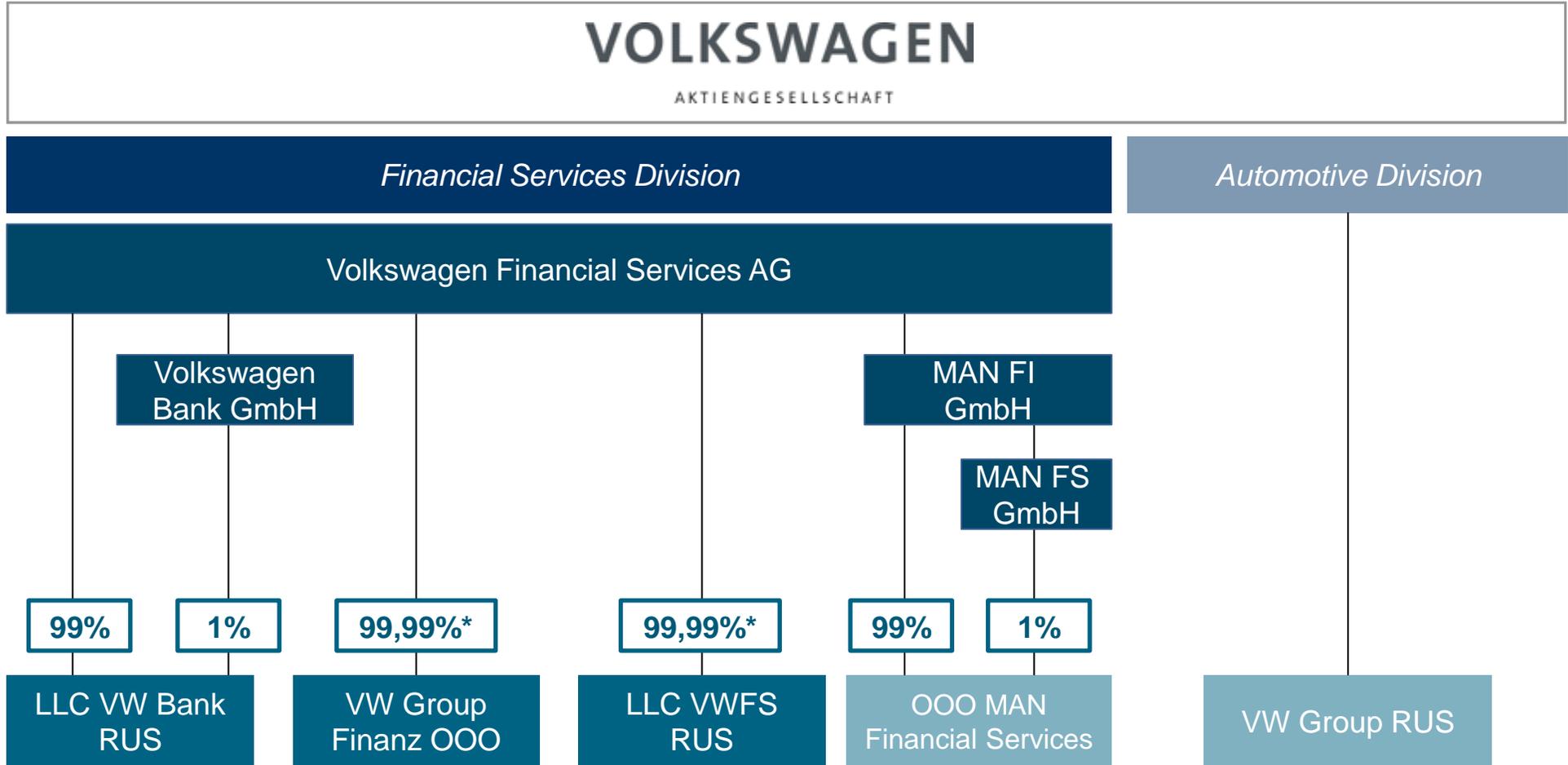
Volkswagen Bank RUS LLC

Corporate presentation
June 2015

Holger Wetzenstein-Ollenschlaeger
Chief Financial Officer
Volkswagen Bank RUS LLC

Hans Droessler
Head of Treasury and Financial Institutions
Volkswagen Bank RUS LLC

Volkswagen Group in Russia



*) Natural person owns 0,01% VW Group Finanz OOO and 0,01% LLC VW FS RUS.

Volkswagen Financial Services Division in Russia

VW Bank RUS

- 2010 Dealer stock car financing
- 2012 Retail car loan
- 2013 Credit protection

MAN FS Russia

- 2006 Financial leasing
- 2012 Dealer financing

VW Group Finanz

- 2003 Financial leasing
- 2005 Equipment leasing
- 2008 Test leasing

VW Financial Services RUS

- 2007 Bank cooperation
- 2007 Leasing motor insurance
- 2009 Retail motor insurance
- 2011 Warranty insurance
- 2013 GAP insurance
- 2015 Factoring

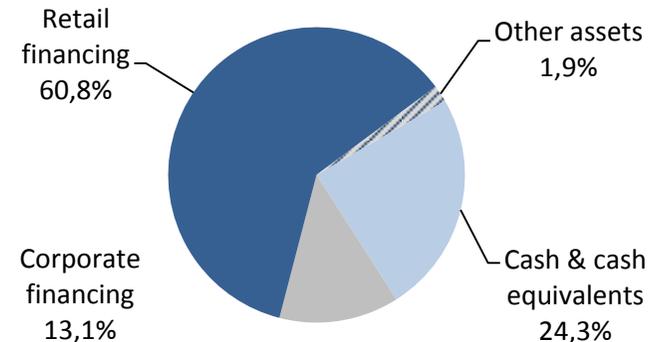
Volkswagen Bank RUS at a glance

- VW Bank RUS proceed to develop within unified global financial strategy of VW FS AG, concentrating on efficiency growth:
 - In 2015 Wholesale portfolio of VWBR will be switched within the Group to VW FS RUS, carrying benefits for the whole Group in Russia.
 - In 2015 MAN FS Russia business will be integrated in VWFS division in Russia, aiming to strengthen and expand financial service activities with the Group's brands.
 - Focusing on Retail business development, VWBR is gradually expanding portfolio of financial services provided, including new product implementation.
- According to the amended strategy, VWBR intends to be a core part of VW FS division in Russia.
- VWBR's funding portfolio amounted RUB 25 bn (1q2015), represented by 60% of DCM. Further VWBR portfolio growth envisage DCM as the main funding source.

Key Figures, 1q 2015

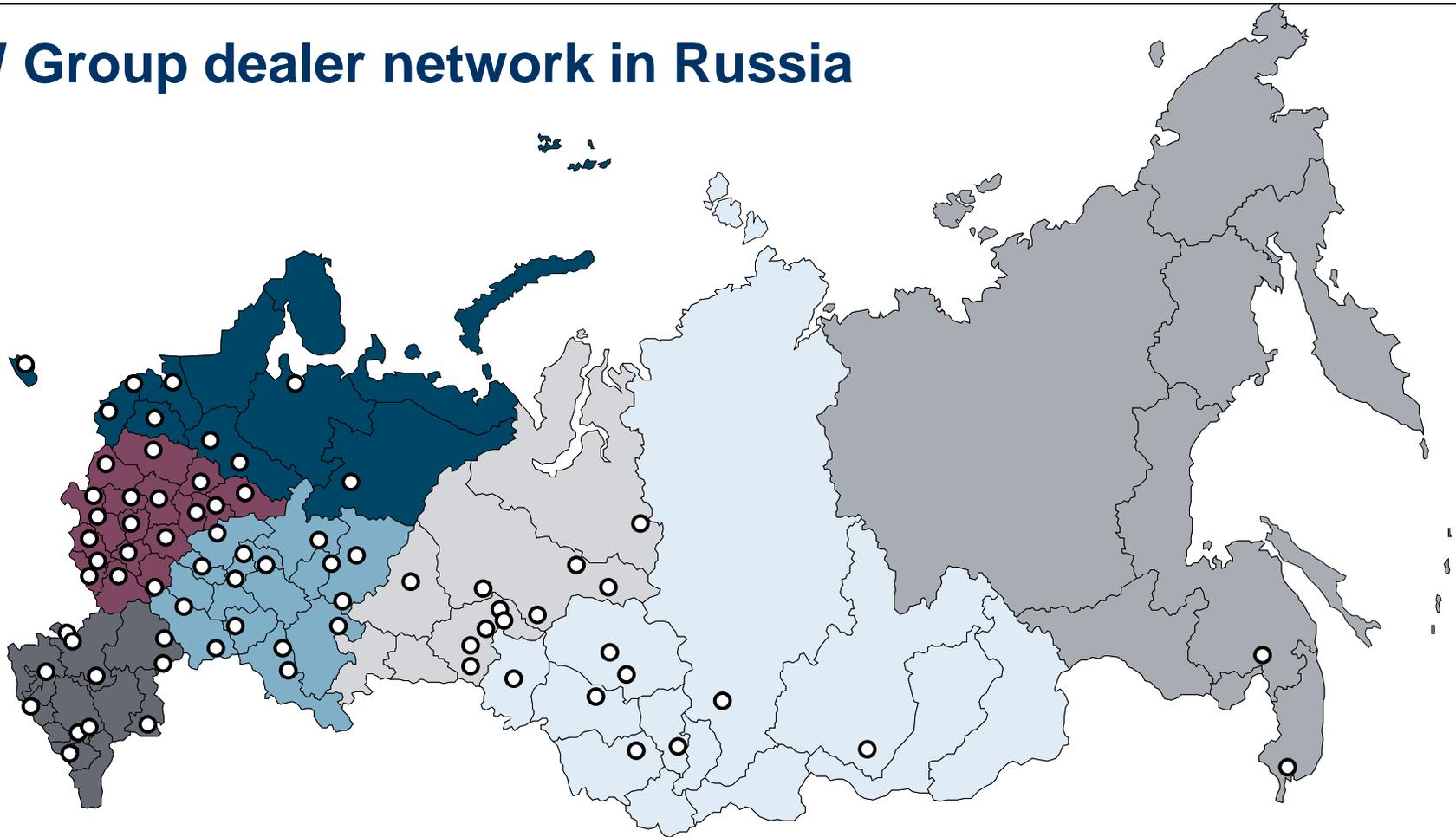
Assets	RUB 37.5 bn
Equity	RUB 10.7 bn
Debt securities issued	RUB 14.6 bn
Retail loans (net)	RUB 22.8 bn
# of retail loans	2 701
Corporate loans (net)	RUB 4.9 bn
# of dealer clients	260

Net Asset Structure, 1q 2015



**Internal and IFRS estimates*

VW Group dealer network in Russia

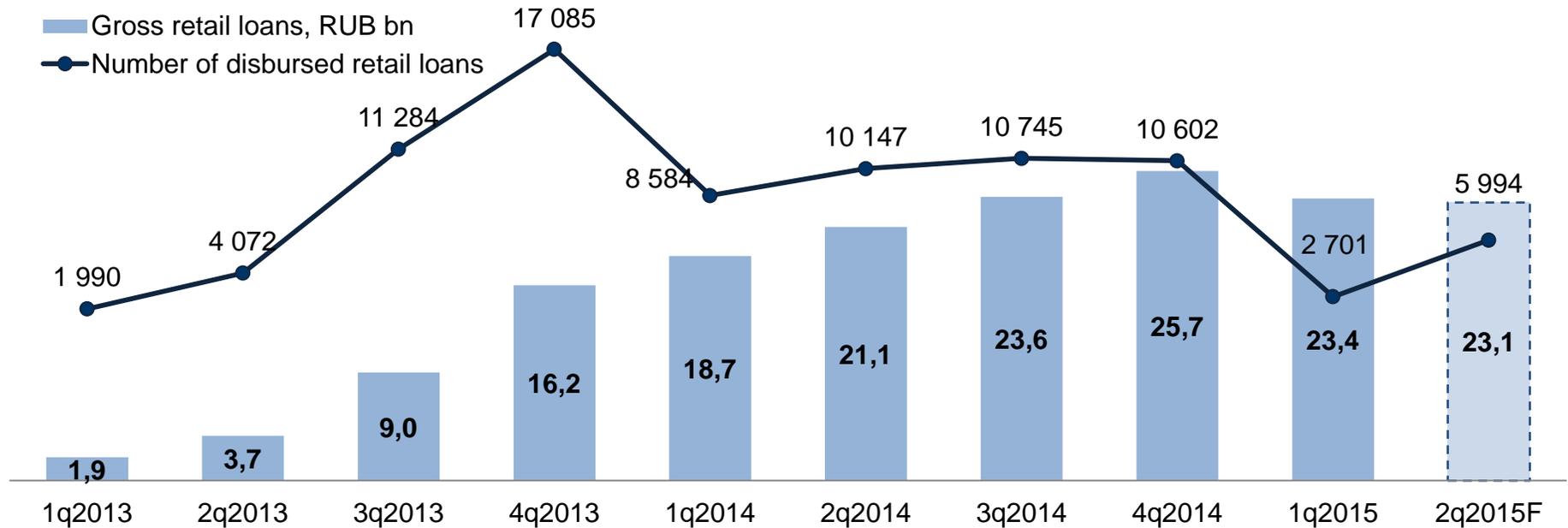


VW Group brand dealer network is comprised of more than 430 car dealerships.

Strong cooperation with dealers provides foundation for key business lines of VW Bank RUS:

- **Wholesale:** loan facilities provided to 260 dealers that contribute about 65% VW Group car sales in Russia
- **Retail:** more than 95% of VW Group brand dealers are involved into retail car loan programme

Retail business: fact and plans of portfolio development



* IFRS based, estimates

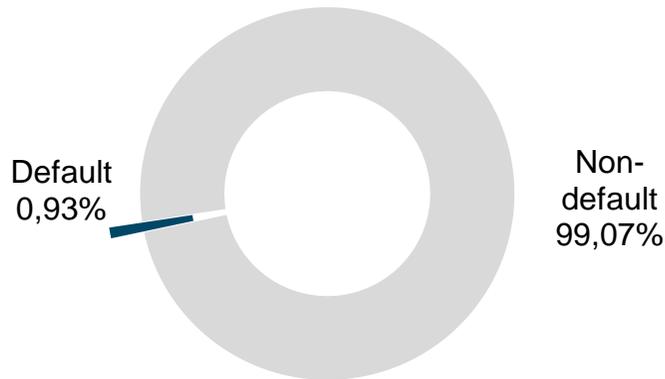
At the end of 2014 year retail portfolio amounted RUB 25.7 bn, showing 60% y/y growth. In the 2q 2015 VWBR promptly recovering after a crisis hit, expecting 2.2x growth of distributed retail loans (compared to 1q 2015).

According to the “Business Plan 2015” VWBR will concentrate on Retail business development.

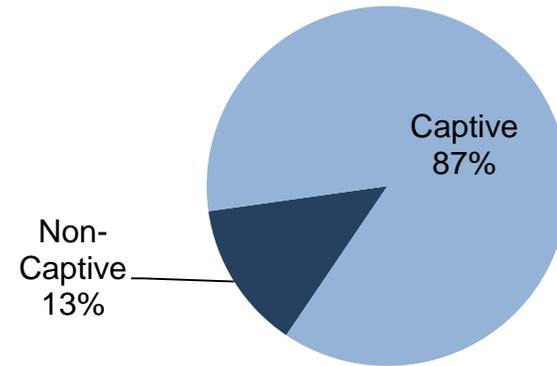
VWBR has already implemented two new retail products to meet current requirements of Russian car loan market : **Used car loan** and **Loan with balloon payment**.

Retail business: market environment at points of sale

Retail portfolio structure, 1q 2015



87% of available VW FS business at POS, 2014



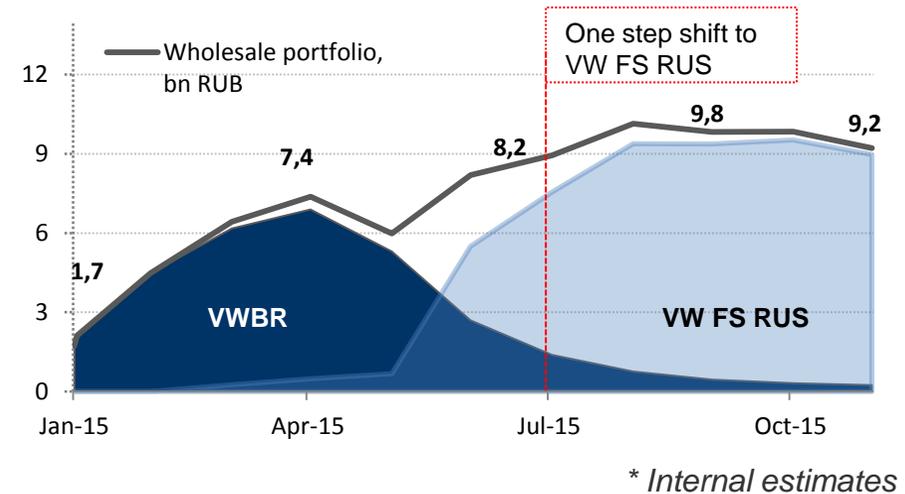
**IFRS estimates*

- Despite negative crisis impact the quality of VWBR's retail portfolio remains extremely strong, with a defaulted loans ratio **only 0,93%** at the end of 1q 2015.
- Share of VW FS in a credit market (POS) is **87%** (2014). Further growth to be bolstered by retail business development and introduction of new products.
- Captive business is being positively influenced by State Subsidy Program and special offers from VW FS.

Wholesale business transformation

- According to Global financing strategy of VW FS AG, financial services portfolio structure in Russia is being optimized in more effective way.
- Starting from July 2015 VWBR wholesale portfolio (“Unit funding product”) will be switched to VW FS RUS including 260 car Dealers totally.
- New financing scheme “Factoring product” under Factoring agreement signed by VW Group Rus & VWFS RUS offer attractive financing for Dealers.
- Wholesale business transformation expecting to have positive effect on key figures for the whole VW FS Group and Dealers.

Positive development of Dealer financing within VW FS division Russia



“Factoring product” benefits for VWBR:

- Release of RAS provisions by transferring dealer financing business to the separate entity - VW FS RUS.
- Absence of CBR normative regulation compared to current “Unit Funding product”.
- Focusing on Retail business development.
- “Used car loan financing product” will be developed within VWBR.

Volkswagen Bank RUS key IFRS figures

RUB mn	2012	2013	2014	1q 2015*
Assets	18 891	30 522	42 105	37 521
Equity	5 870	9 036	10 670	10 658
Net corporate loans	14 130	12 278	2 092	4 907
Net retail loans	1 132	15 922	25 027	22 806
Cash and cash equivalents	3 422	1 927	14 142	9 112
Net interest income	472	1 318	2 108	574
Net interest income after provisions	140	928	2 036	260

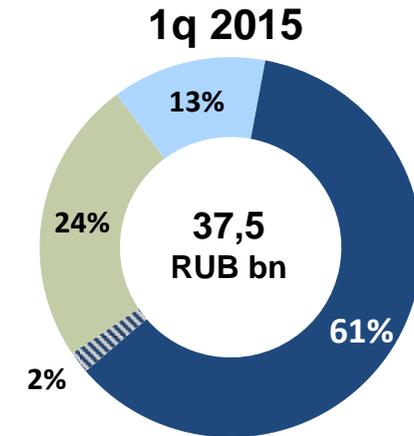
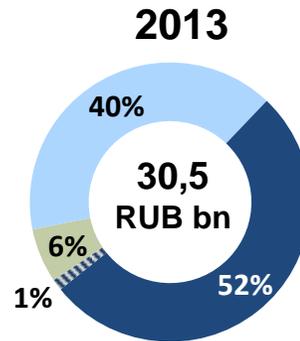
* IFRS based, estimates

Asset and Liability Structure: key changes

Retail business currently represents 61% of VWBR's assets and set to become the major driver behind asset growth.

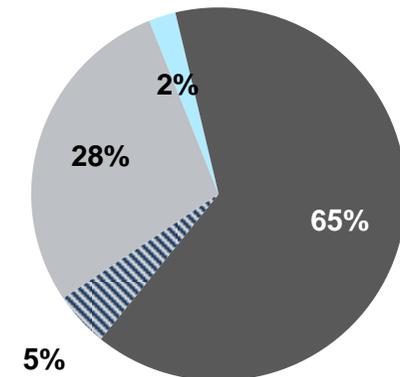
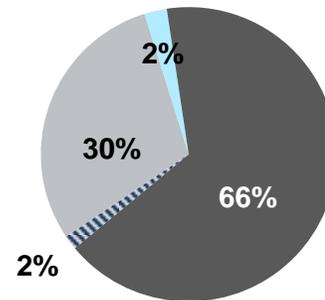
ASSETS

- Cash & equivalents
- Corporate financing
- Retail financing
- Other assets



LIABILITIES

- Equity
- Current accounts
- Interest bearing liabilities
- Other liabilities

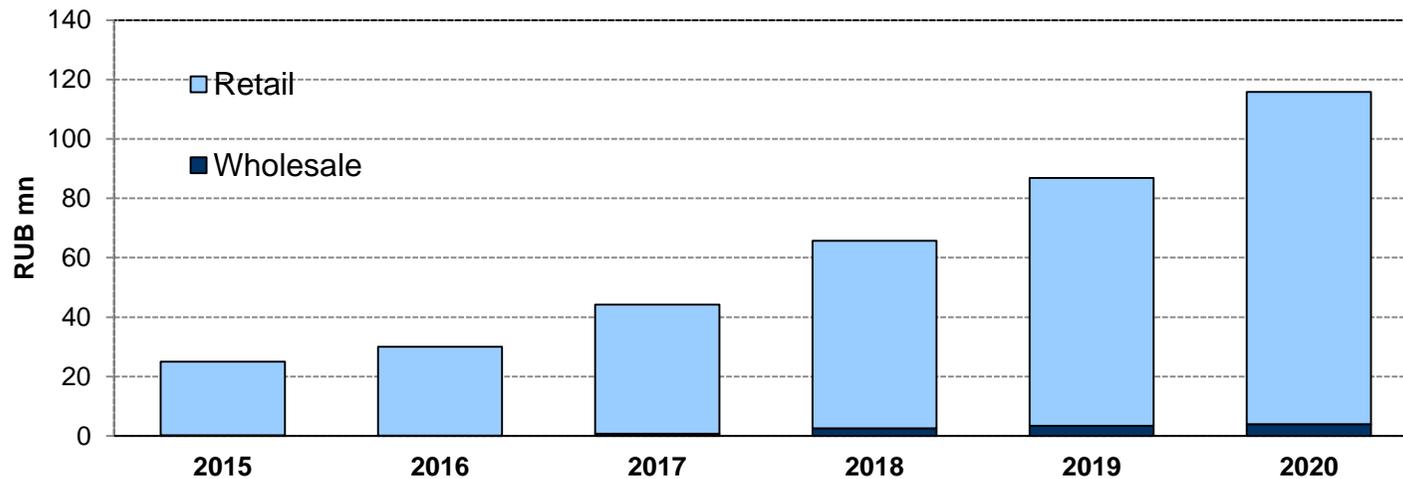


* IFRS based, estimates

Business Development Plan 2015-2018

New “Business plan 2015” was adopted to lead further business development of VWBR within unified global financial strategy of VW FS AG and current economic trends, changes in Russian market.

PLAN (YEAR END) 2015-2020



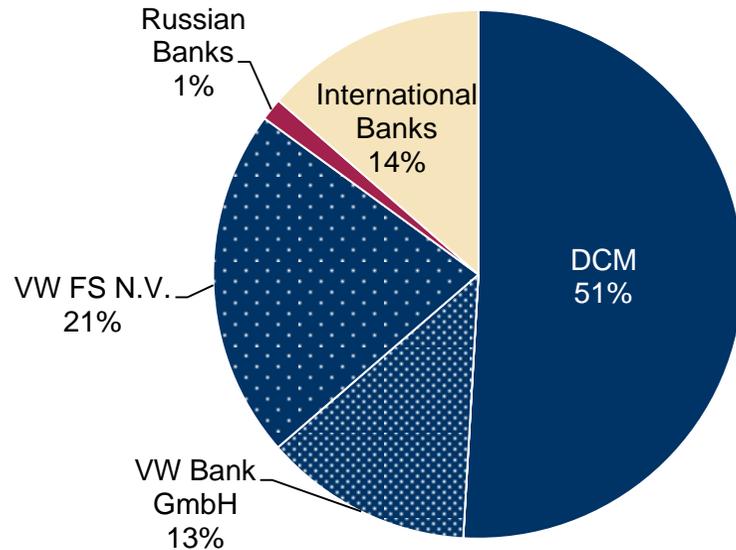
VW Bank RUS's business development until 2020 estimates ≈ RUB 115 bn

Current Funding Mix and Forecast for 2020

VWBR is on the good way to achieve VW FS Group Refinancing Strategy.

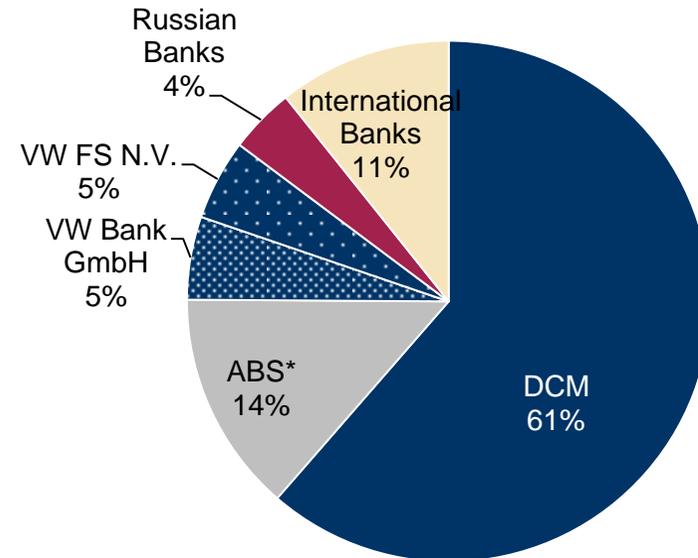
In 2014, VWBR successfully placed three issues, worth a total of RUB 15bn. DCM is forecasted to be increased in the end of 2015 as Retail business will grow.

Actual 2014



Total funding approx. RUB 30bn

2020



**ABS – acc. to market conditions*

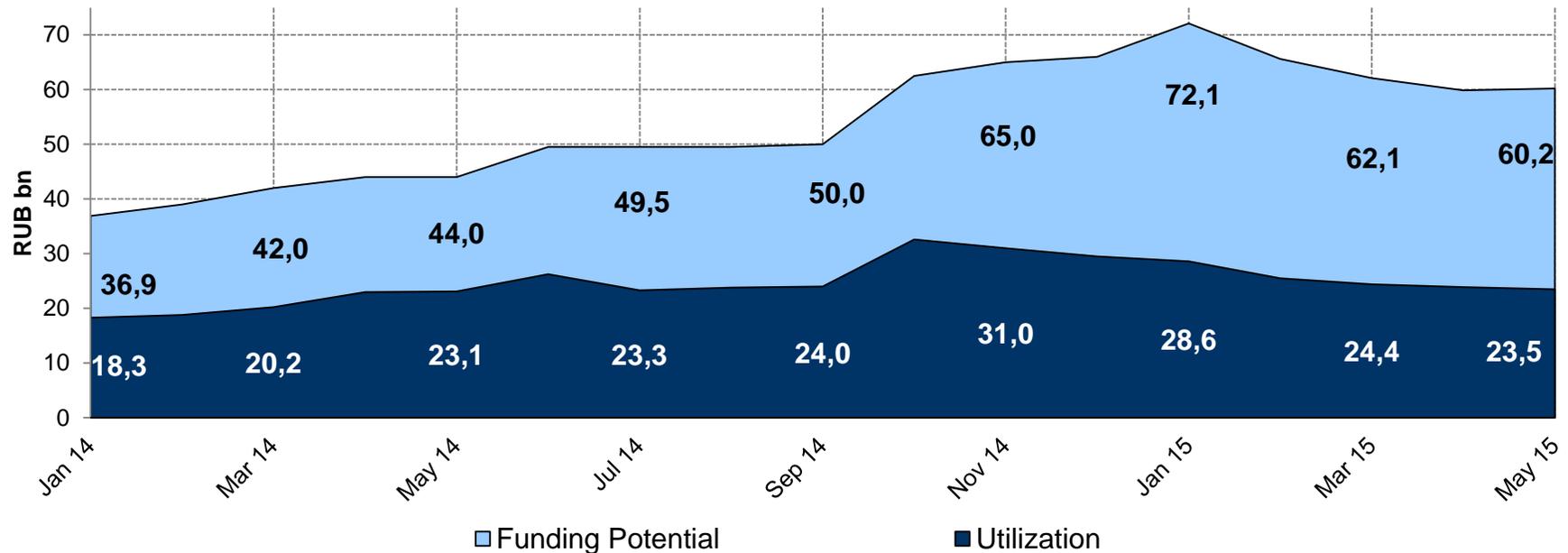
Total funding approx. RUB 110bn

Funding Potential of Volkswagen Bank RUS

Funding Potential is well prepared for planned business growth.

Utilization is absorbing 30% - 55% vs. total Funding Potential only.

VW BR Total Funding Potential vs. Utilization

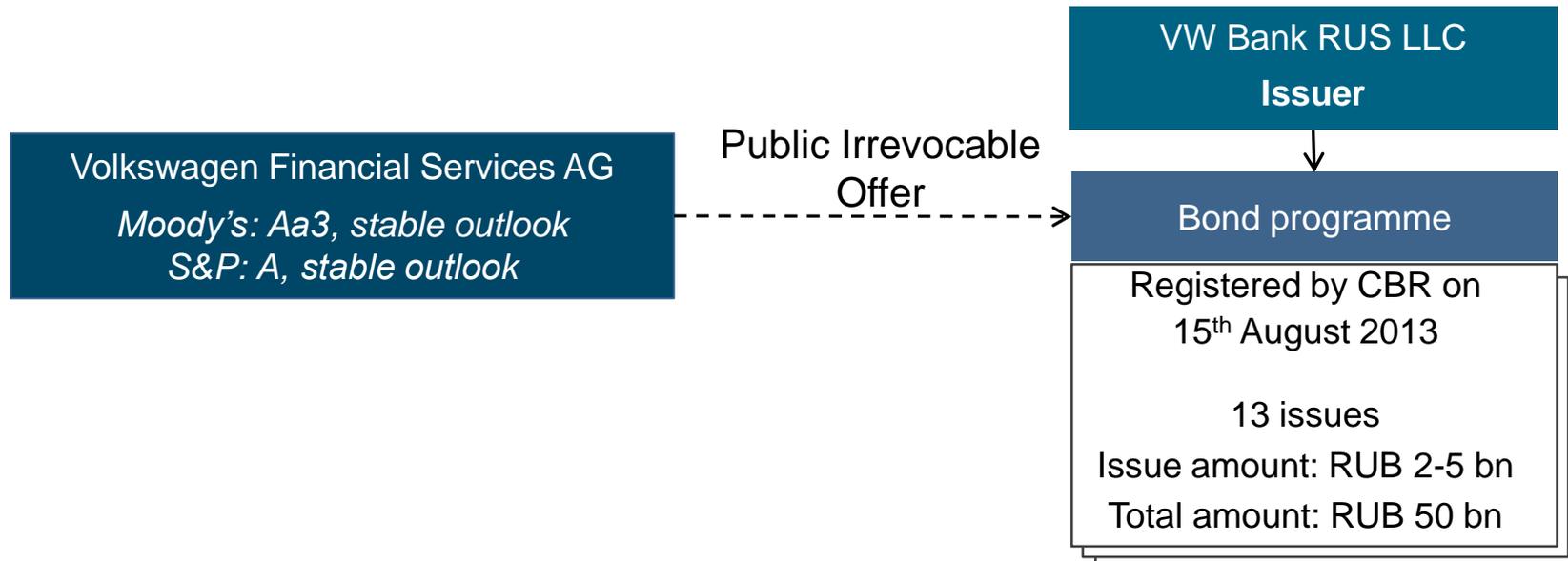


Funding instruments

VW Bank RUS enjoys solid relationship with more than 14 local banking groups, represented by both subsidiaries of VW Group global partners and top Russian banks.

VW Bank RUS is secured by Russian and International Intercompany Loans provided by several VW Group entities.

VW Bank RUS established Debt Capital Markets programme structured as follows:



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Annual Report Volkswagen Bank RUS LLC: <http://vwbank.ru/pub.html?docid=913>



Thank you

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

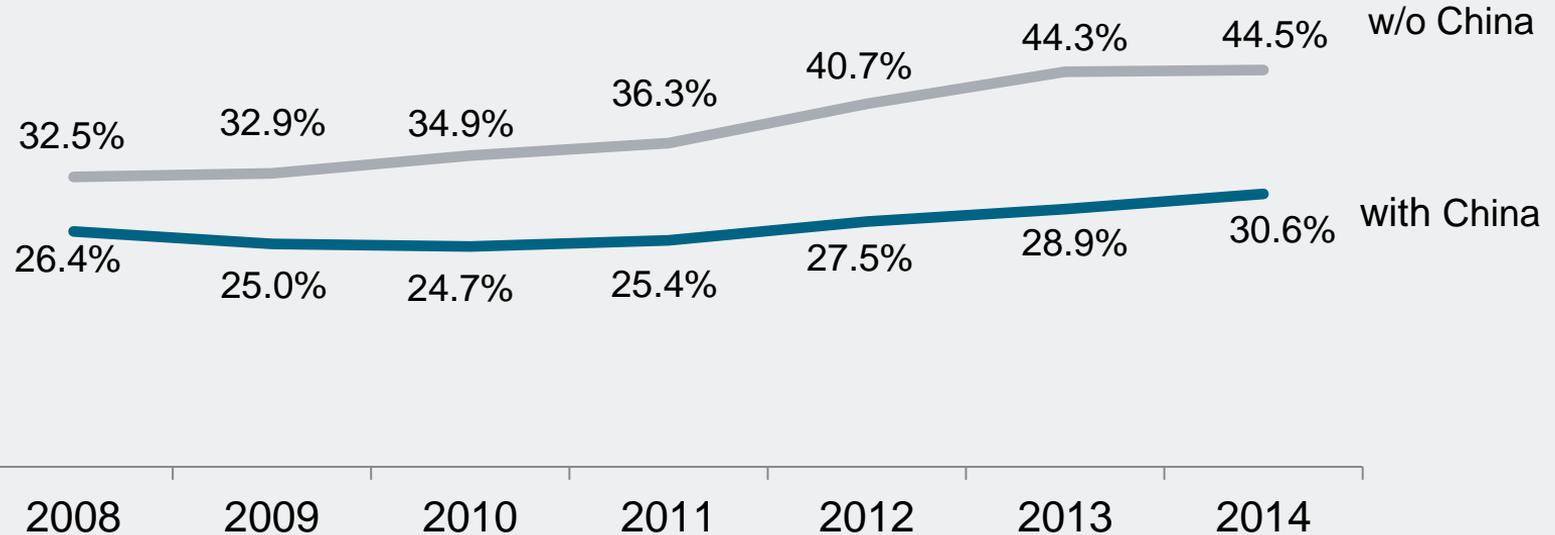
If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded. This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Backup

Penetration Volkswagen Financial Services

Rising penetration rates



Strong Benefits for Automotive through Captive

Equipment



+ 5%



100%



105%

Cash Payer

Captive Customer

Turnover



+ 35%



7.4

Length of ownership (years)



4.8

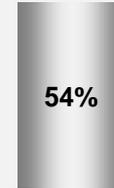
Cash Payer

Captive Customer

Brand Loyalty



+ 14%



54%



68%

Cash Payer

Captive Customer

Volkswagen Financial Services offers the whole Range of Services under one roof

BANK		LEASING	INSURANCE	MOBILITY	
					
<ul style="list-style-type: none"> • Retail Finance • Dealer Finance • Factoring 	<ul style="list-style-type: none"> • Deposits • Instalment Loans • Investment Products 	<ul style="list-style-type: none"> • Finance Lease • Operating Leasing 	<ul style="list-style-type: none"> • Automotive • Payment Protection • Industry 	<ul style="list-style-type: none"> • Fleet Management • Tyre • Wear & Tear 	<ul style="list-style-type: none"> • Long-term rent • Short-term rent • Carsharing