

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



## **The Key to Mobility**

## **Creating Value with Financial Services**

Investor Update – Volkswagen Financial Services AG

## 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.

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# 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

Included: MAN Financial Services

#### Financial Services

USA / Canada / Spain / Argentina

Scania Financial Services

Porsche Holding Financial Services

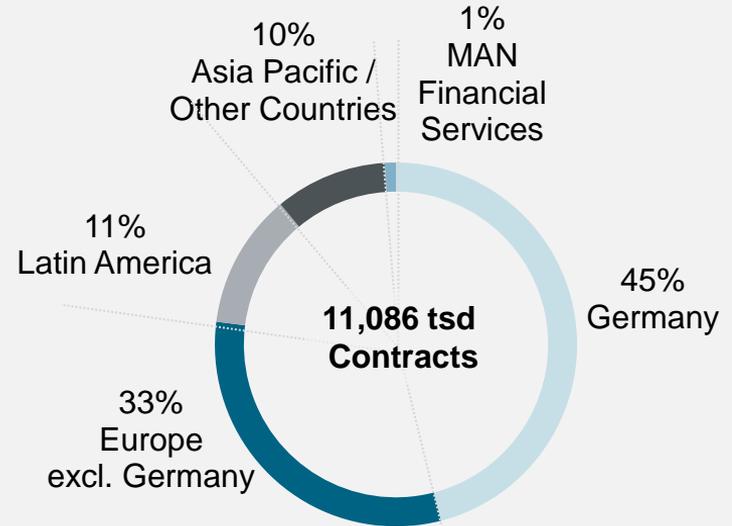
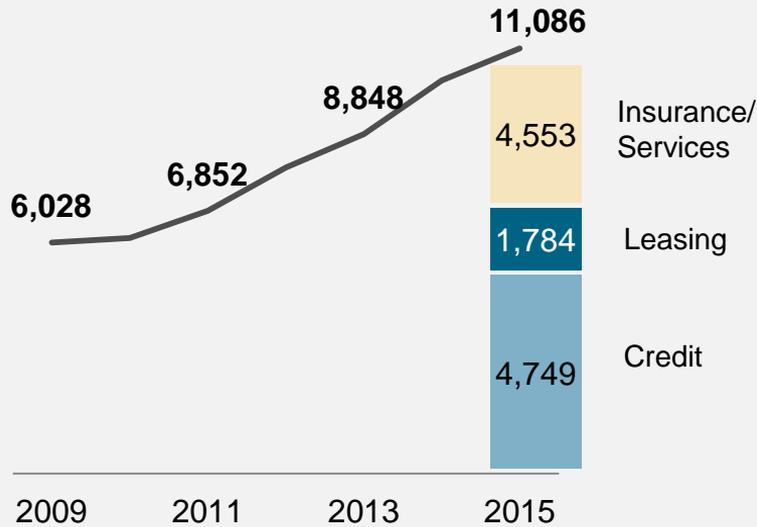
Porsche Financial Services



# Contract portfolio Volkswagen Financial Services AG

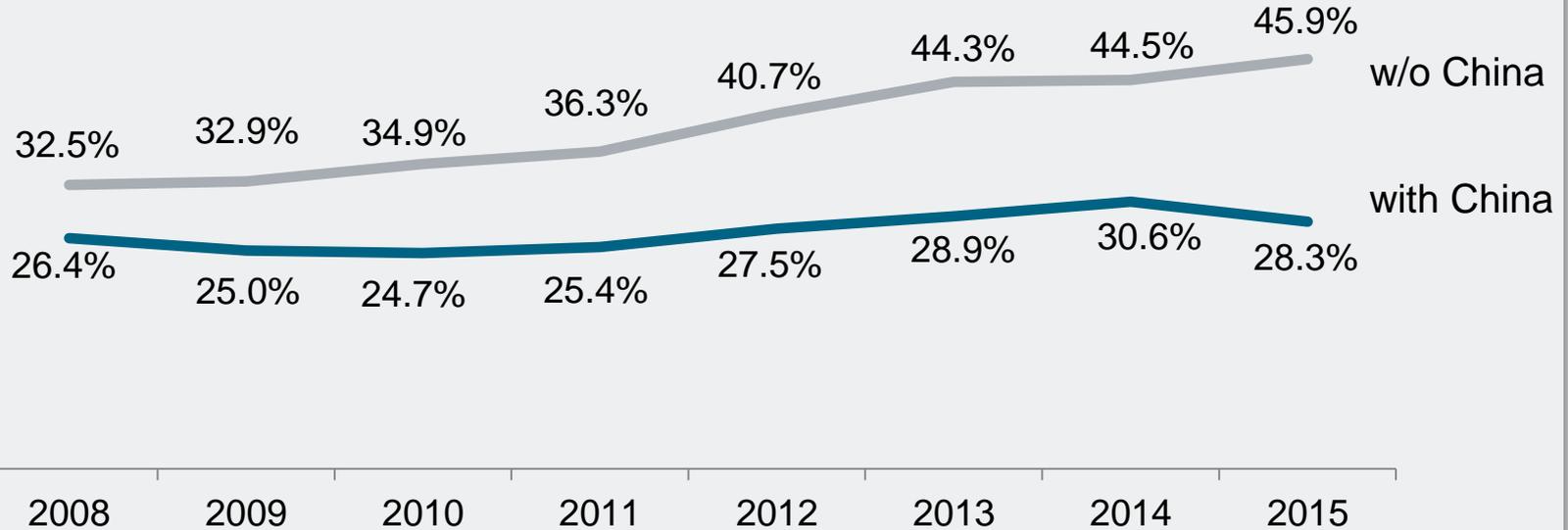
## Continuous portfolio expansion

in '000 units



## Penetration Volkswagen Financial Services AG

### Rising penetration rates



# Diesel Issue | Effects on VW FS: Confidence-building measures

				
	New Cars	Used Cars	New Cars	Used Cars
 Audi	✓	✓	✓	✓
	✓	✓	✓	✓
 SEAT	✓	✓	✓	✓
	✓	✓	✓	
 Nutzfahrzeuge	✓			

**Legend**

✓ Trust Campaign implemented

# Diesel Issue | Effects on VW FS: Residual Values

## Used car prices EU 5

	<ul style="list-style-type: none"><li>• Offered online prices fluctuated in ordinary and expected range</li><li>• Realized prices by VWFS have recovered</li></ul>	
	<ul style="list-style-type: none"><li>• Prices are stable and fluctuate in ordinary and expected range. No negative impact visible</li></ul>	
	<ul style="list-style-type: none"><li>• Prices not affected by Diesel Issue</li></ul>	
	<ul style="list-style-type: none"><li>• Prices not affected by Diesel Issue</li></ul>	
	<ul style="list-style-type: none"><li>• Expected impact on prices not yet visible</li></ul>	

# Diesel Issue | Effects on VW FS: Residual Values

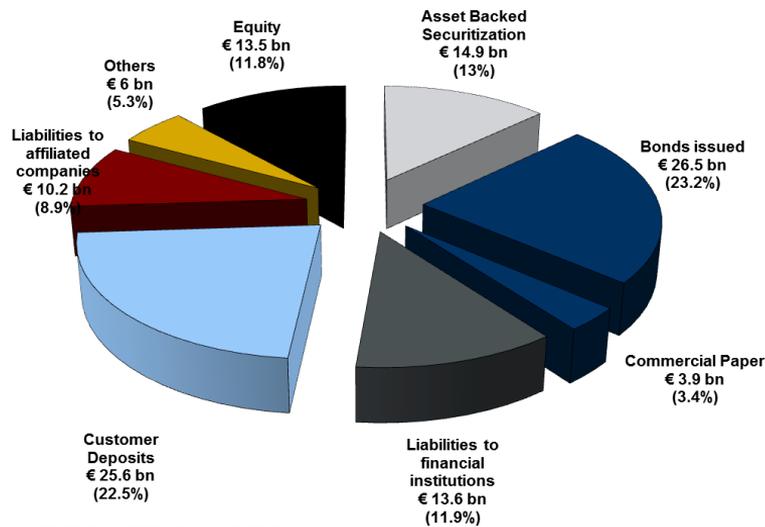
## Used car prices | Example Germany

Relative residual\* value development 09/25/2015 to 05/09/2016



# Diesel Issue | Effects on VW FS: Funding

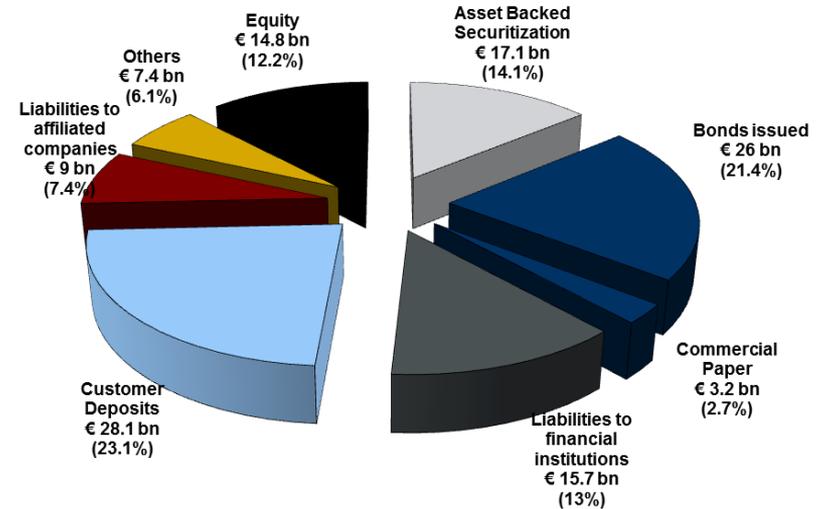
## Funding structure Volkswagen Financial Services AG



strategic funding allocation

as of 30 June 2015

Total € 114.2 bn



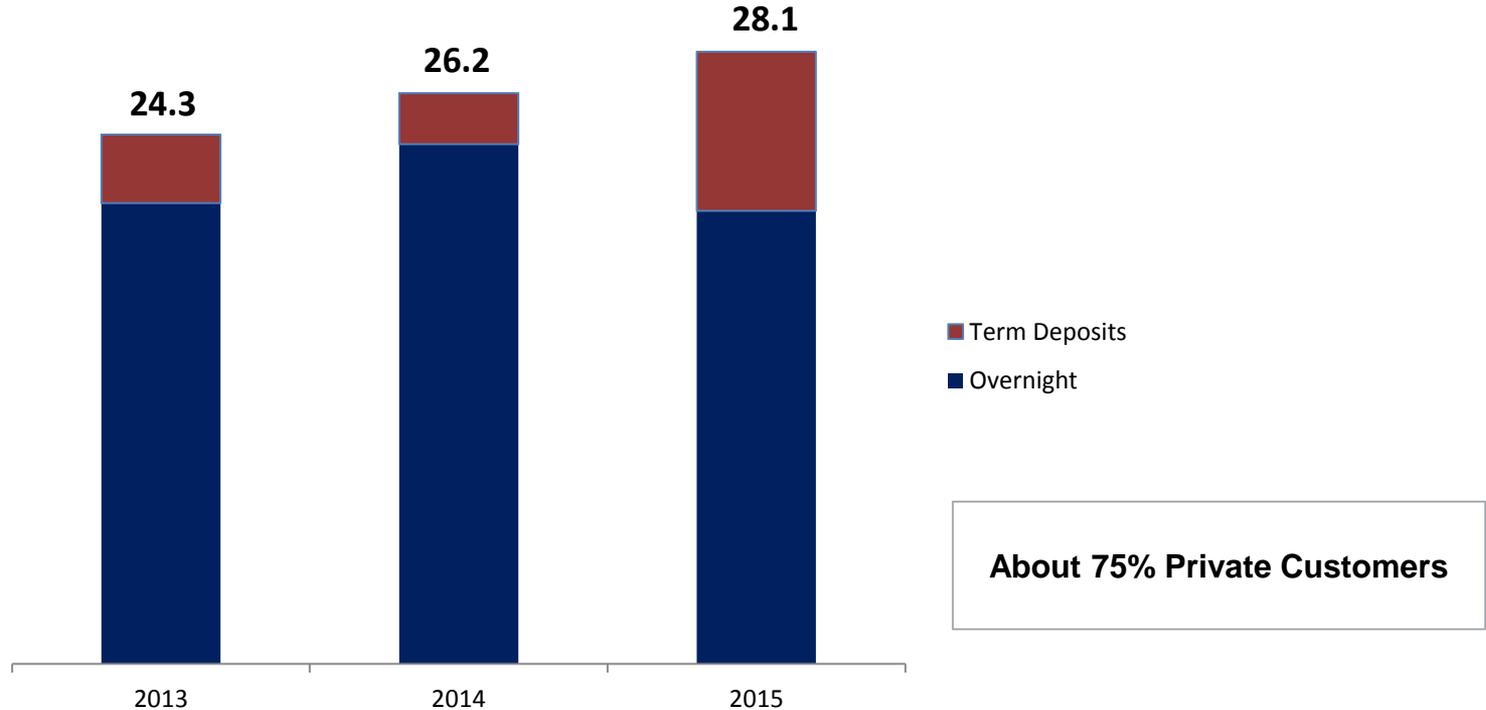
strategic funding allocation

as of 31 December 2015

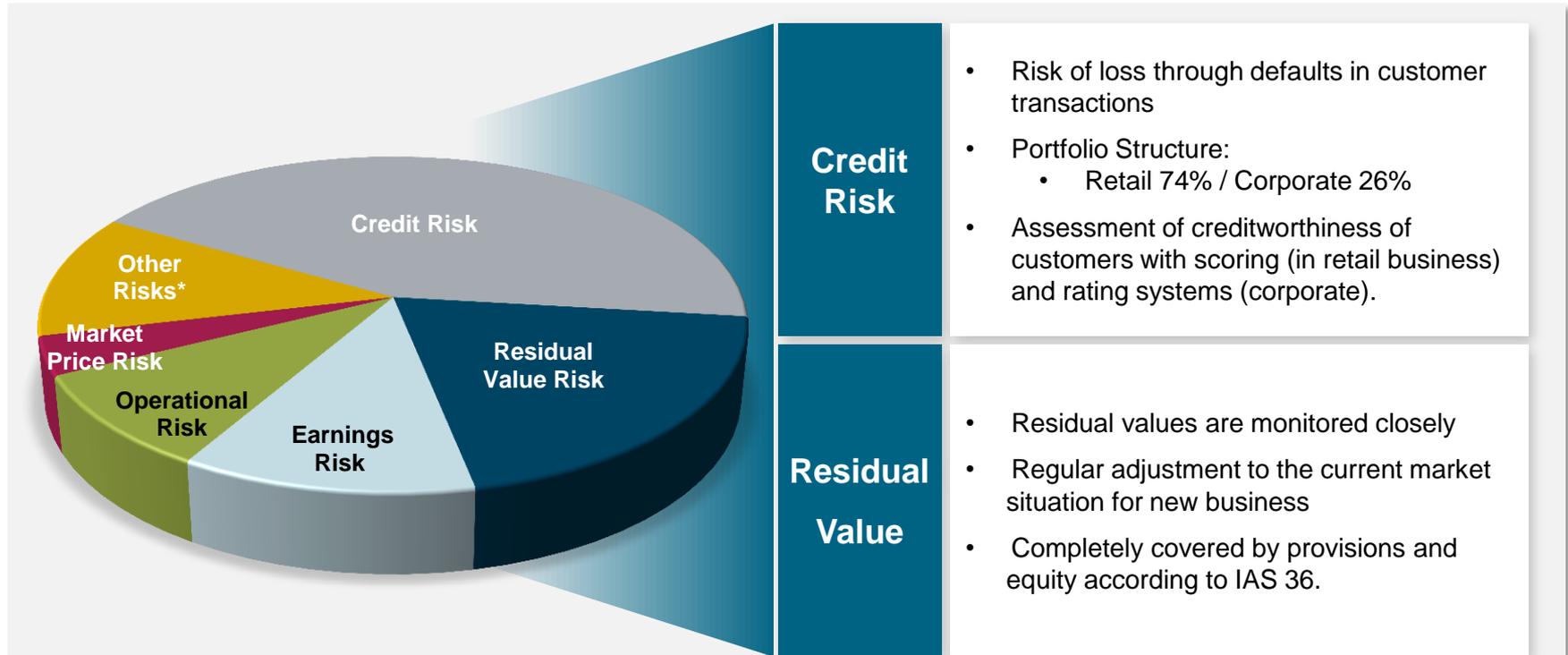
Total € 121.3 bn

## Diesel Issue | Effects on VW FS: Funding Development of Customer Deposits

in € bn



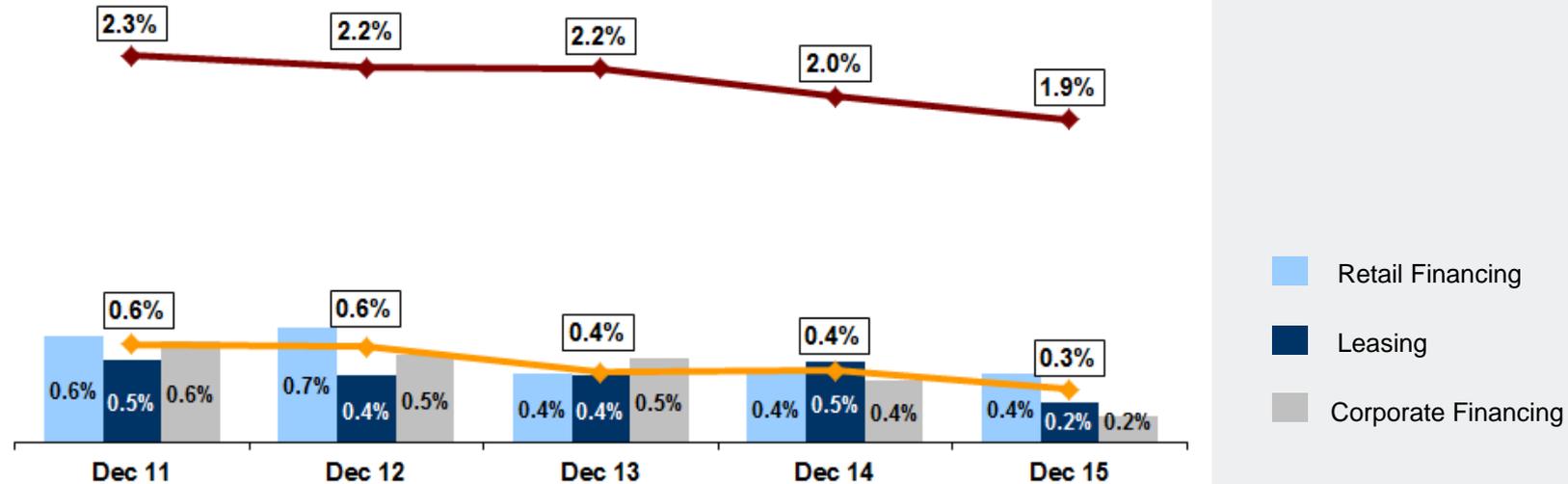
# Risk management



\* Shareholder Risk + Issuer Risk + Counterparty Risk + Liquidity Risk + Risks of MAN FS subsidiaries and lump sum for non-quantified Risk: Strategic Risk, Reputational Risk

# Volkswagen Financial Services AG – Credit risks

## Credit risk remains at low level despite challenging market environment



◆◆ Total Provision Ratio

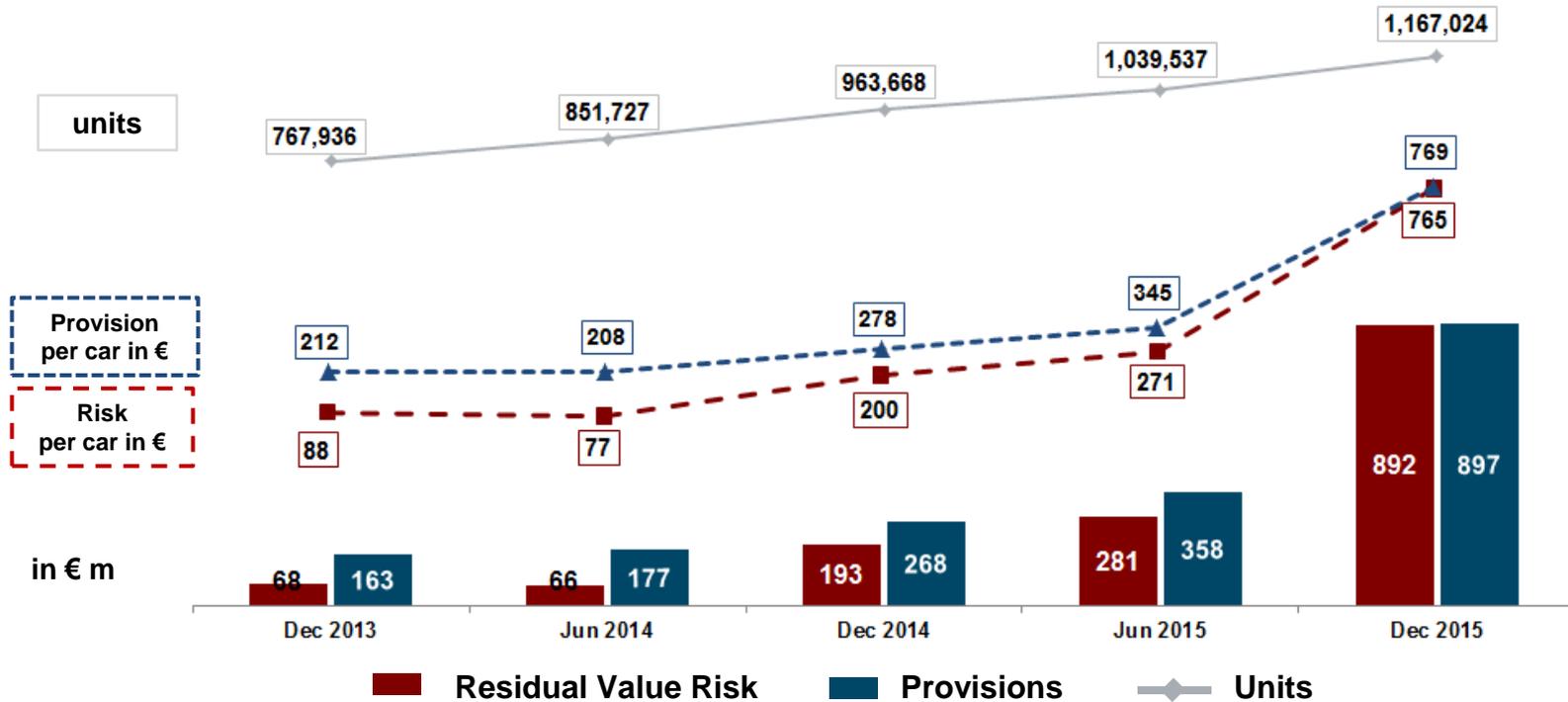
Total Provision Ratio according to IAS 39 = total provisions in proportion to the total receivables' volume at reporting date

◆◆ Ø Dynamic Loss Ratio

Dynamic Loss Ratio = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)

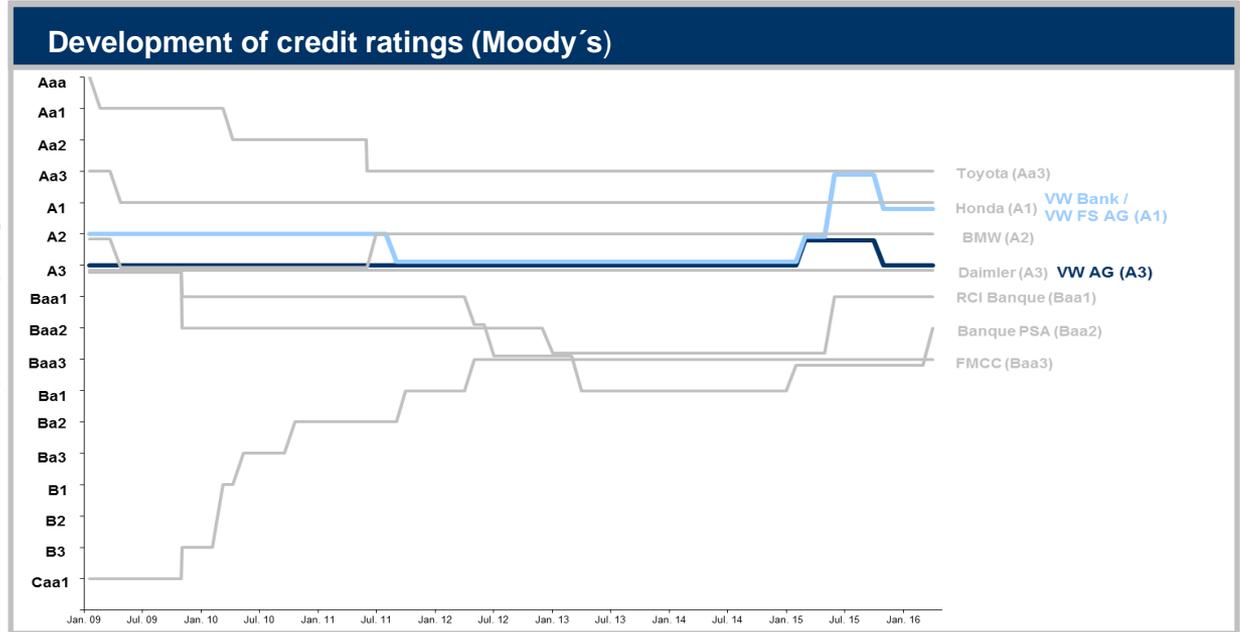
# Volkswagen Financial Services AG – Residual value (only fully consolidated)

**Residual value risks well covered by provisions**



# Rating History (04/30/2016) – Moody's

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A1	A+
BMW	A2	A+
VW AG	A3 <sup>1)</sup>	BBB+ <sup>1)</sup>
VW Bank GmbH	A1 <sup>1)</sup>	A- <sup>1)</sup>
VW FS AG	A1 <sup>1)</sup>	BBB+ <sup>1)</sup>
Scania	--	A-
Daimler	A3	A-
RCI Banque	Baa1	BBB
FMCC	Baa3	BBB-
Banque PSA	Baa2	BB+

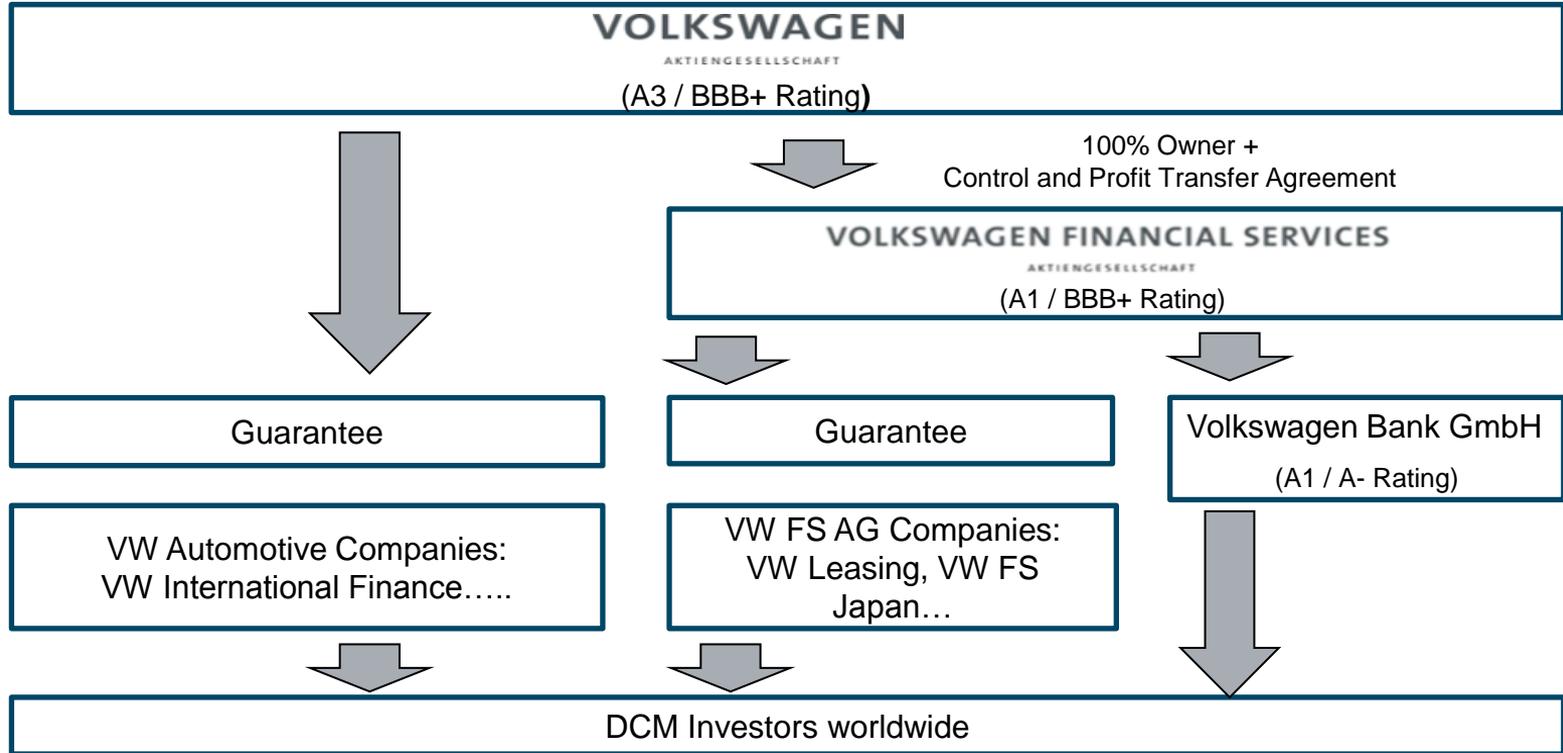


<sup>1)</sup> Outlook: negative

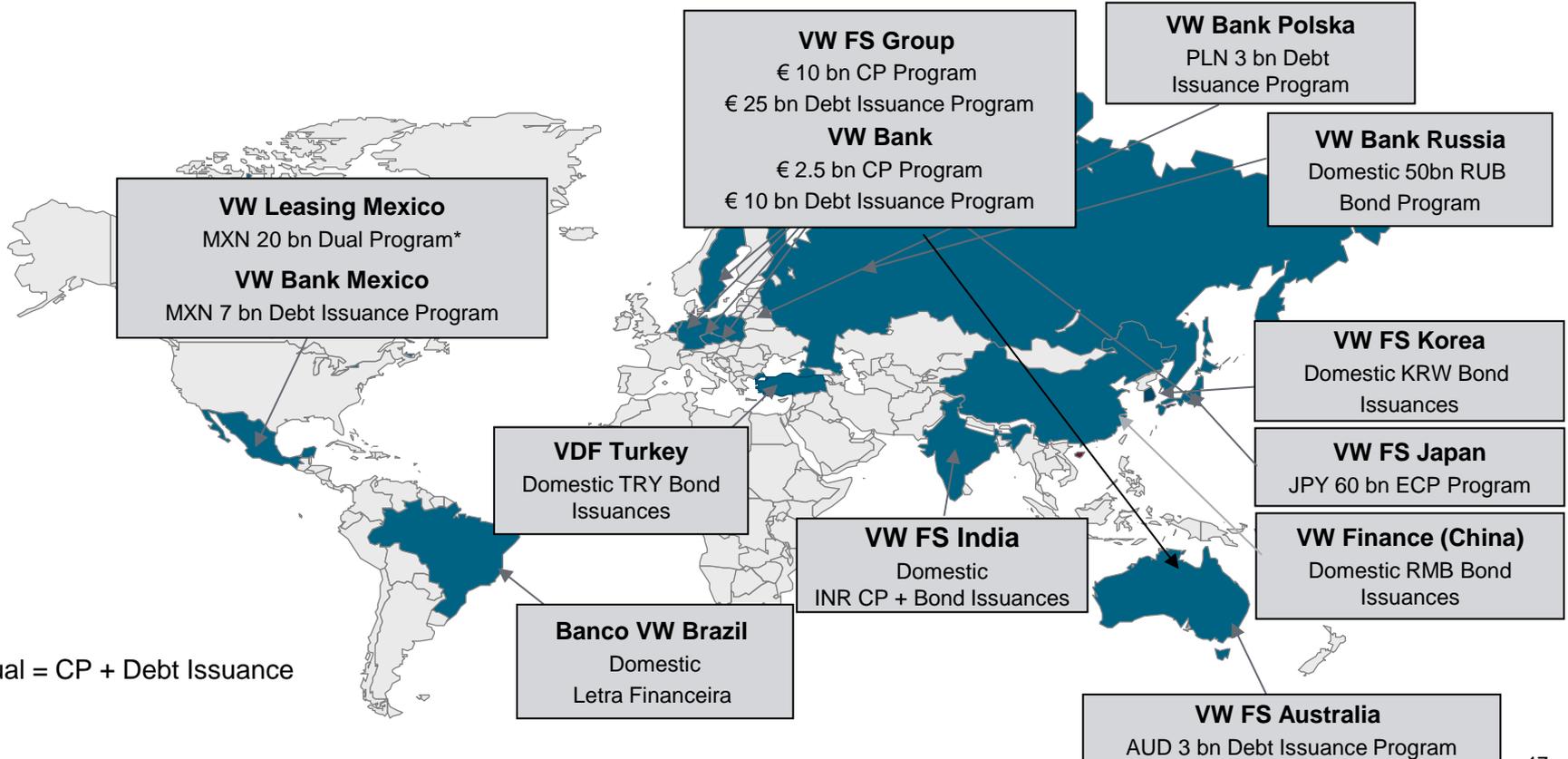
Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters

# DCM Strategy VW Automotive and VW Financial Services

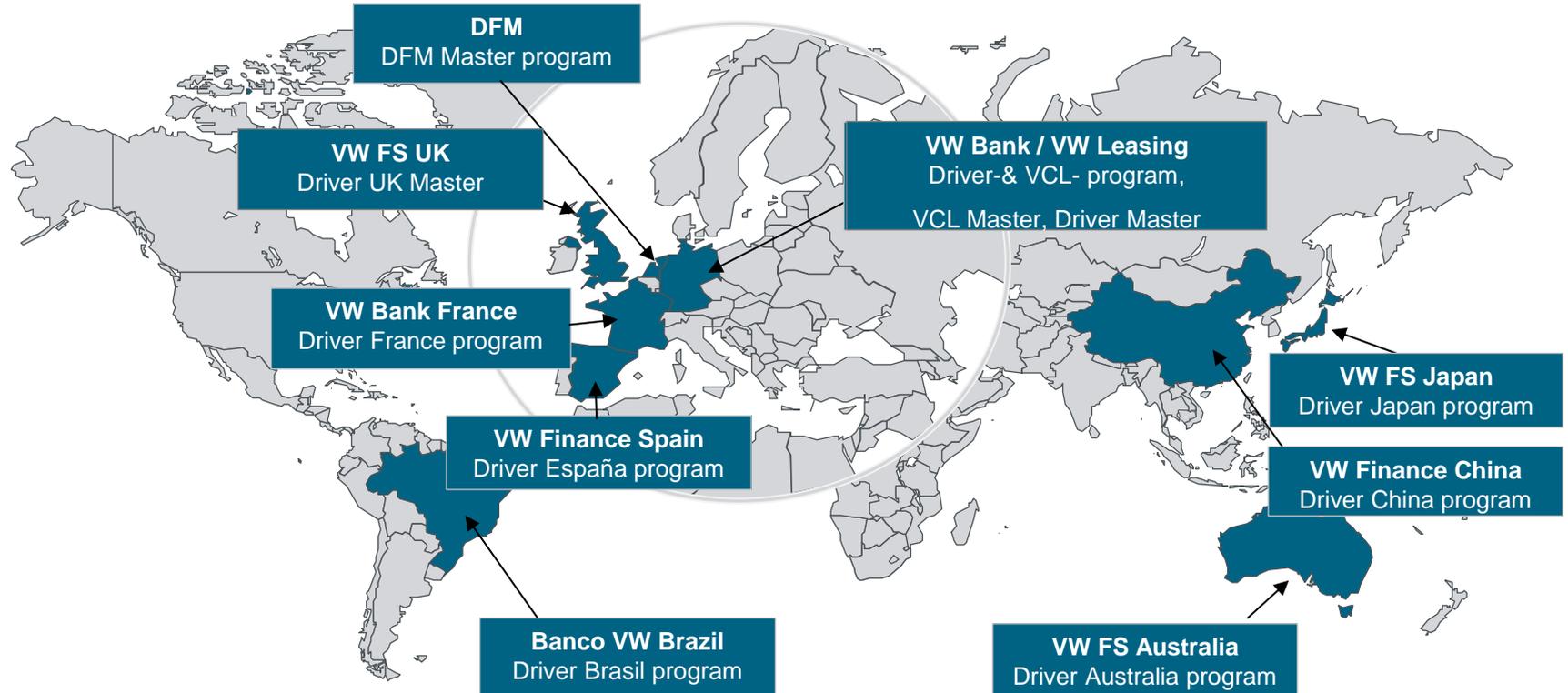


# Worldwide Capital Market Activities



\*Dual = CP + Debt Issuance

# Worldwide ABS Activities





VISION

## WE ARE THE KEY TO MOBILITY

WHAT

**CUSTOMERS**

**EMPLOYEES**

**OPERATIONAL  
EXCELLENCE**

**PROFITABILITY**

**VOLUME**

STRATEGIC  
DIMENSIONS



STRATEGIC  
TARGETS

- Satisfied Customers

- Top Employer
- Top Employees

- Compliance & Governance
- Process Efficiency
- IT-Excellence

- Total Operating Income
- 20% ROE
- 50% CIR

- 30M Contracts
- 50% Extended Penetration

# VOLKSWAGEN FINANCIAL SERVICES

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**Thank You.**

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