

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



The Key to Mobility

Creating Value with Financial Services

Investor Update –

Volkswagen Financial Services

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, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore the estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, 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 in particular 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 Such statements are valid on the date of publication and can be superseded.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.

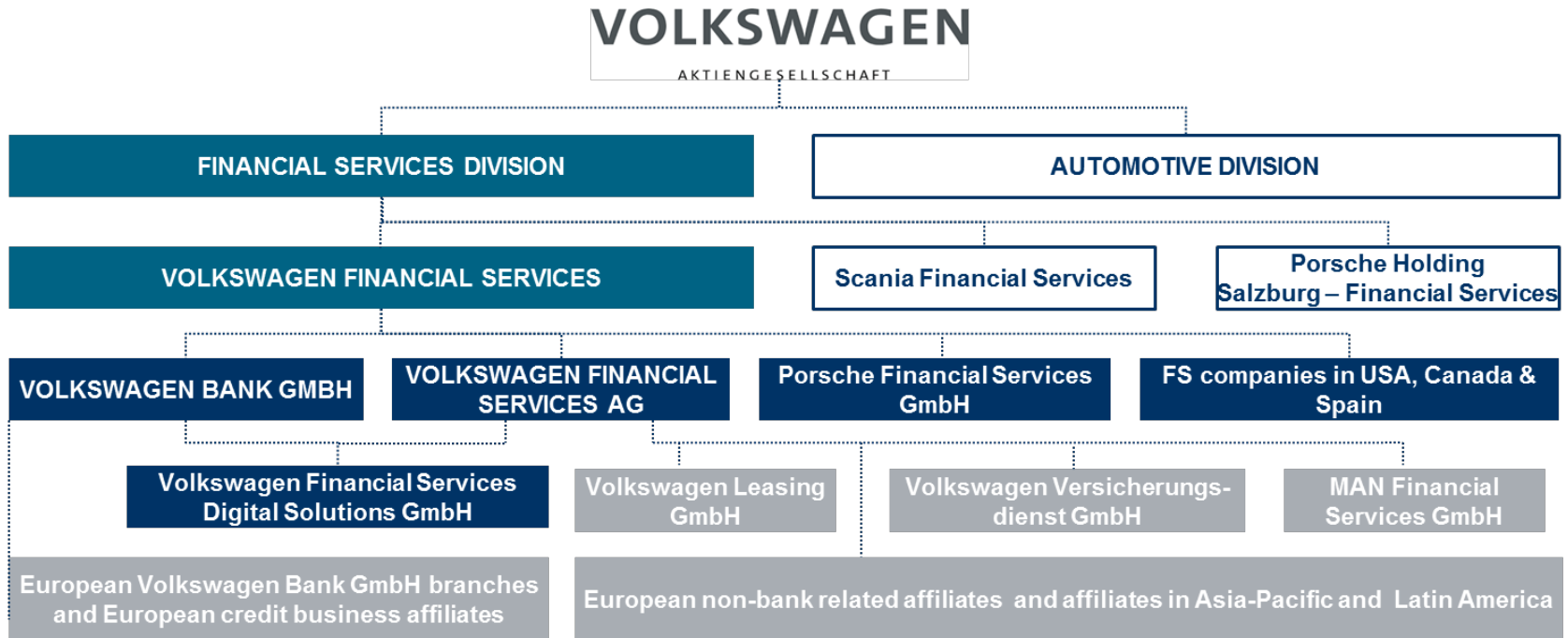
Under the brand “Volkswagen Financial Services – the key to mobility“ the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Volkswagen Group Structure

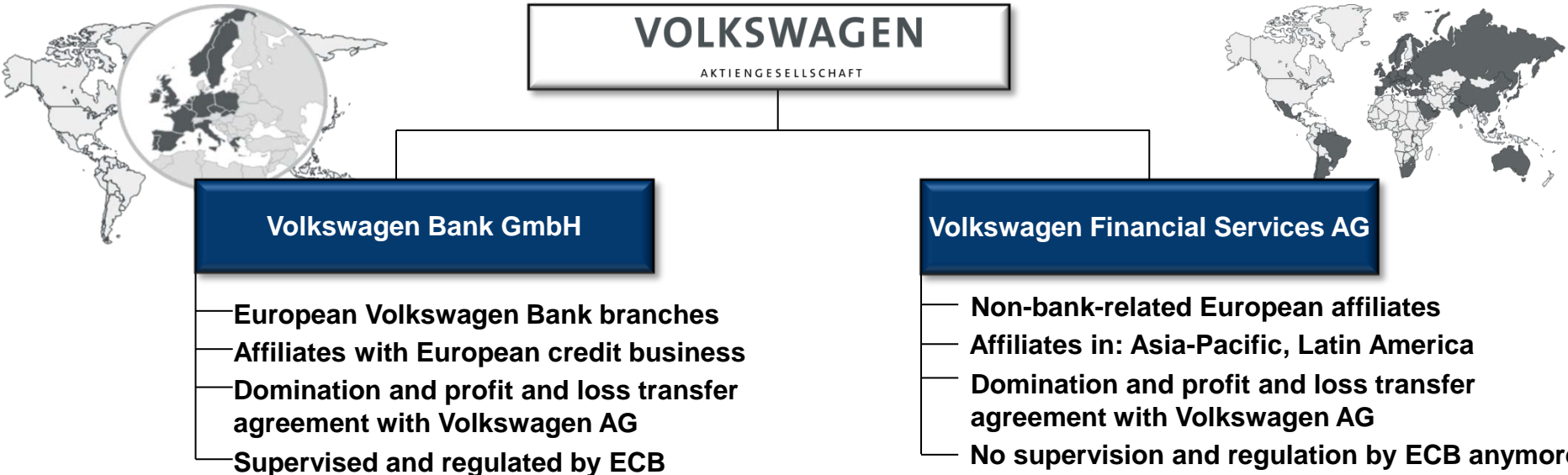
| Volume | Premium | Sport & Luxury | Truck & Bus | Procurement/ Components | Finance & IT | China |
|---|--|--|---|-------------------------|---|---------------------|
| VW  Volkswagen™ | Audi  | Porsche  PORSCHE | MAN  | Procurement | VOLKSWAGEN FINANCIAL SERVICES THE KEY TO MOBILITY | Region China |
| Škoda  ŠKODA | Lamborghini*  | Bentley  BENTLEY | Scania  | Components** | | |
| SEAT  SEAT | Ducati*  | Bugatti  | Power Engineering* | | | |
| VW LCV  Commercial Vehicles | | | | | | |
| MOIA  | | | | | | |

* Allocation will be verified
 ** Temporarily responsibility of Group CEO, will be a combined Board of Management function

Volkswagen Group – Group structure of Volkswagen Financial Services



Optimized Structure for Financial Services Business (starting 01.09.2017) Substantial Effects













Advantages:

- Optimized capital requirement
- Reduced complexity & improved transparency
- Agile for new business models

We offer the whole range of services under one roof*

Volkswagen Financial Services

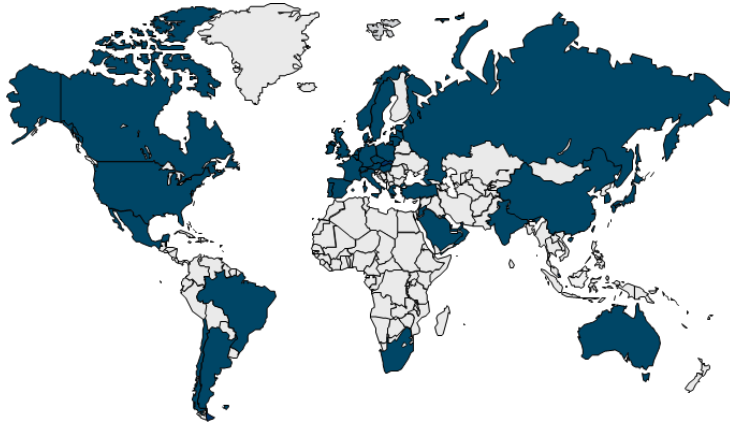
| BANK | | LEASING | INSURANCE | MOBILITY | | | | PAYMENT | |
|--|--|--|---|---|---|--|--|---|--|
| Bank | Direct Bank | Leasing | Insurance | Services | Fleet Management | Charge & Fuel | Rental | Parking | Payment |
|  |  |  |  |  |  |  |  |  |  |
| <ul style="list-style-type: none"> • Retail Financing • Wholesale Financing • Factoring | <ul style="list-style-type: none"> • Deposits • Instalment Credit • Investment Products | <ul style="list-style-type: none"> • Finance Lease • Operating Lease | <ul style="list-style-type: none"> • Motor Insurance • Warranty Insurance • GAP Insurance • Credit Protection Insurance • Industry | <ul style="list-style-type: none"> • Service & Full and Limited Maintenance • Tyres | <ul style="list-style-type: none"> • Multi-brand capability • Reporting • Fleet Consulting • Telematics • LifeCycle Services | <ul style="list-style-type: none"> • Fuel and Service Cards • Charge & Fuel Card | <ul style="list-style-type: none"> • Long-term Rental • Short-term Rental • Micro Rental • Car sharing | <ul style="list-style-type: none"> • Payment for parking space • Services around parking • On- and off-street solution | <ul style="list-style-type: none"> • Payment platform • Mobile Payments • Mobile Wallet |

*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

Frequency of customer contact

Volkswagen Financial Services at a glance (06/30/2018)

Worldwide Presence

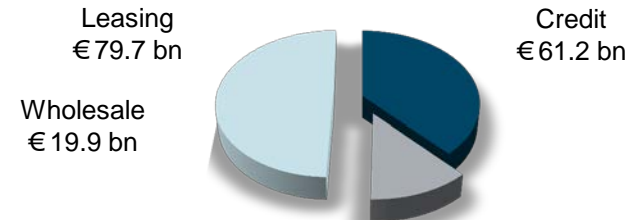


Volkswagen Financial Services conducts business in **48 markets**.

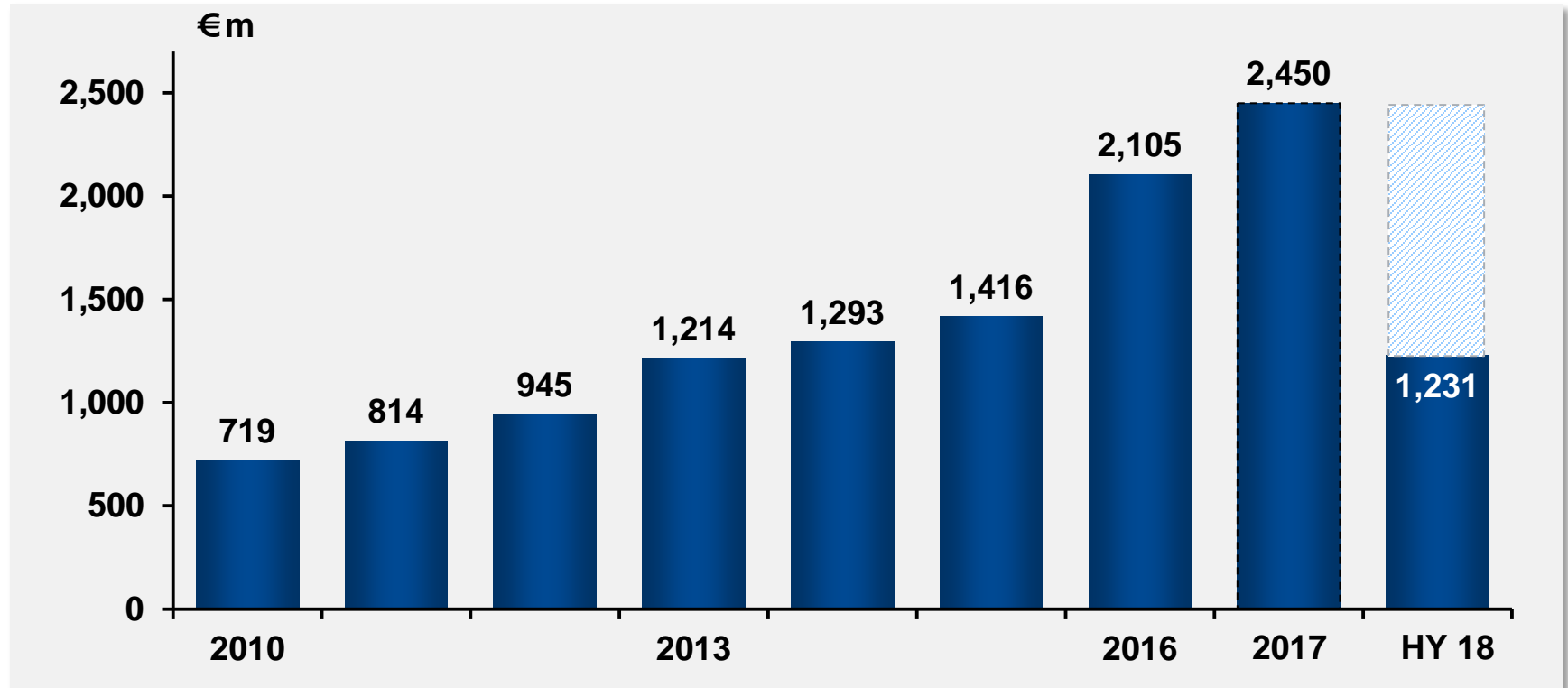
Key Figures

| | |
|-------------------|------------|
| Total Assets | € 196.5 bn |
| Equity | € 25.6 bn |
| Customer Deposits | € 33.6 bn |
| Operating Profit | € 1.2 bn |
| Employees | 13,943 |
| Contracts (units) | 16.8 m |

Business Volume*



Operating Income Volkswagen Financial Services

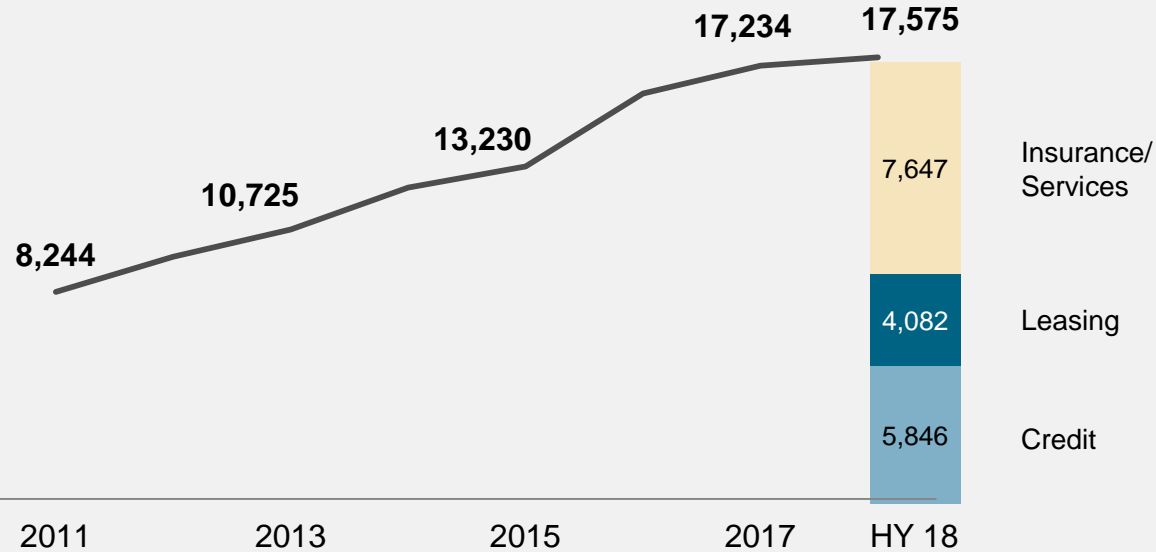


Contract Portfolio

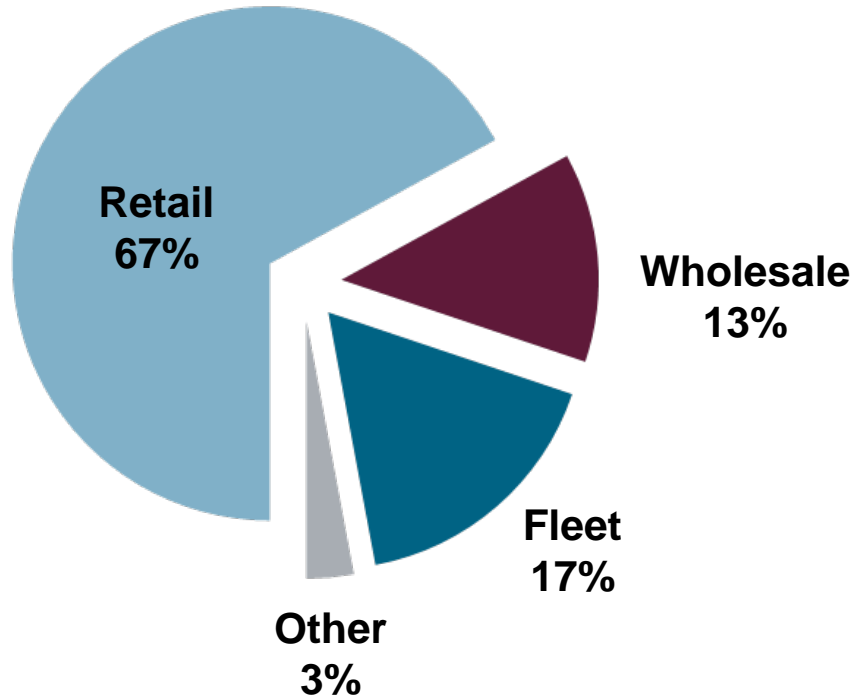
Continuous portfolio expansion

Volkswagen Financial Services

in '000 units



Portfolio Structure Volkswagen Financial Services



Credit Risk is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

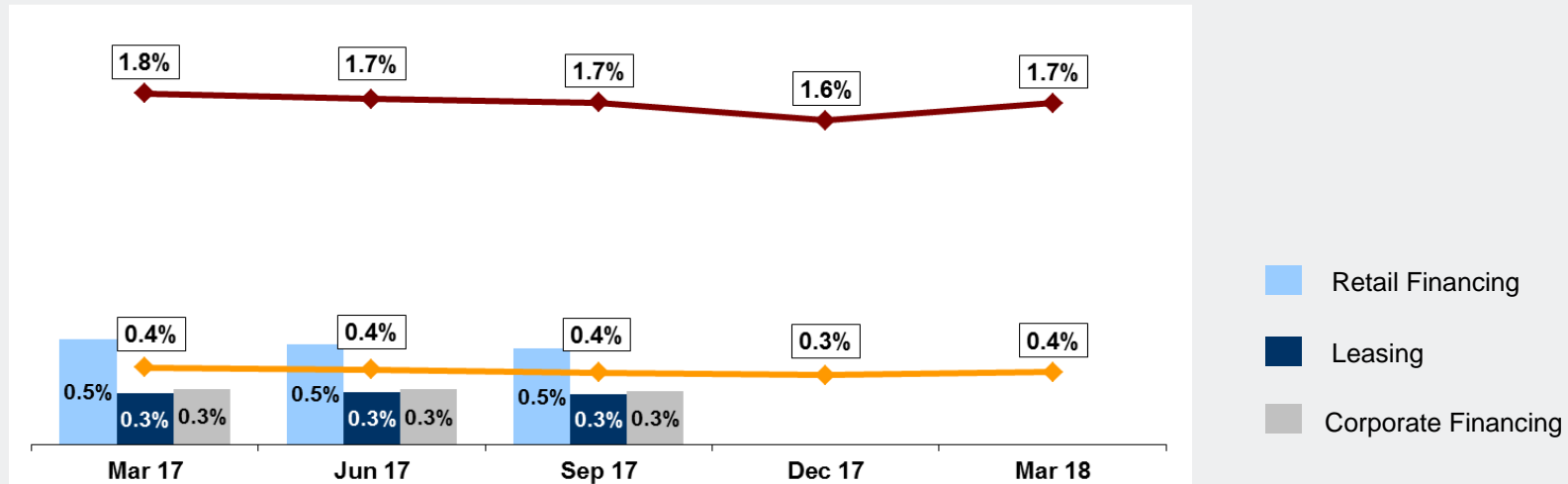
Other relevant risk types:

- Residual Value Risk
- Earning Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2017

Volkswagen Financial Services – Credit Risks as of 31.03.2018

Credit risk remains at low level despite challenging market environment



Total Provision Ratio

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



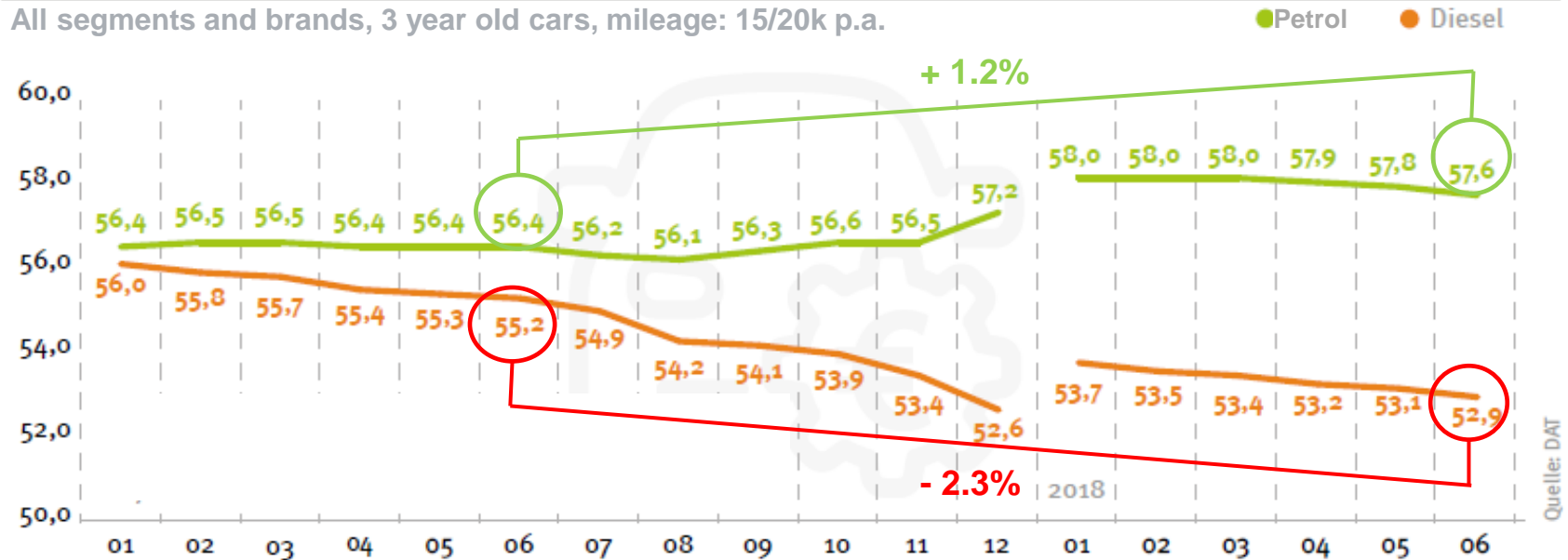
Ø Dynamic Loss Ratio

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

Report by Deutsche Automobil Treuhand (June 18)

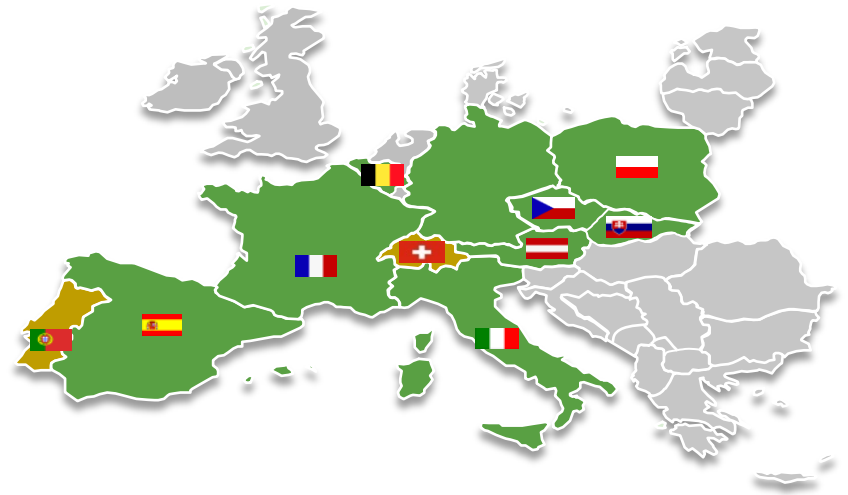
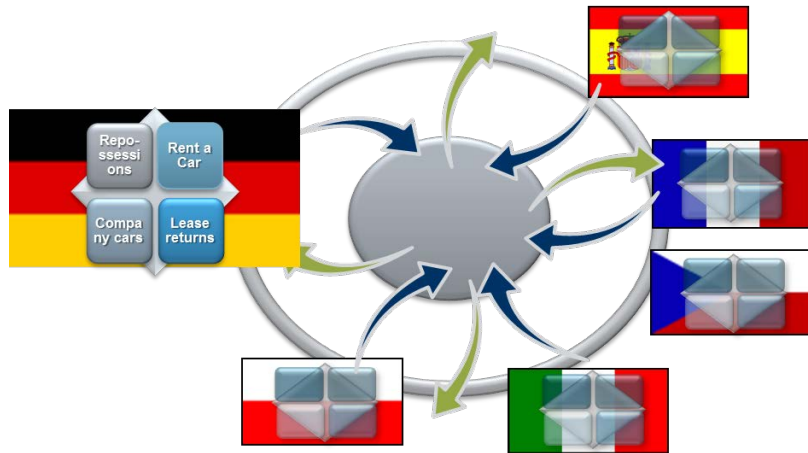
Residual Value Development from list price in %

All segments and brands, 3 year old cars, mileage: 15/20k p.a.



- Generally, Automotive and Financial Services Division are operating “at Arms Length” when setting residual values. Adequate provisioning for our existing portfolio is done on the basis of a regular portfolio assessment.
- All residual value risks are completely covered by provisions and equity according to IAS 36.

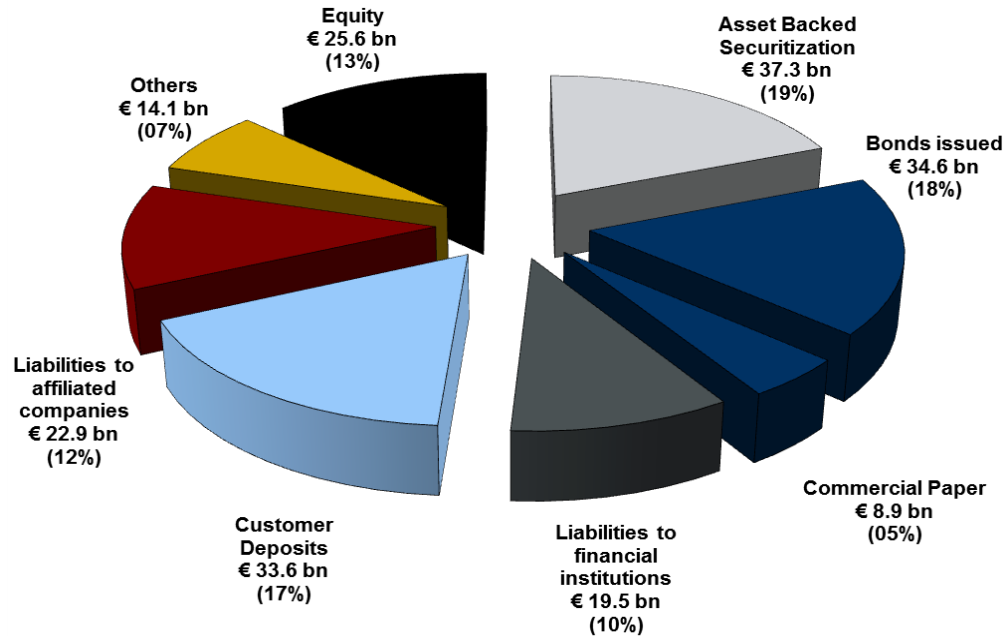
The International Used Car Broker is the additional and international channel in remarketing, implemented in several European countries



- Currently 8 VW FS AG countries participating
- 2 additional countries in discussion

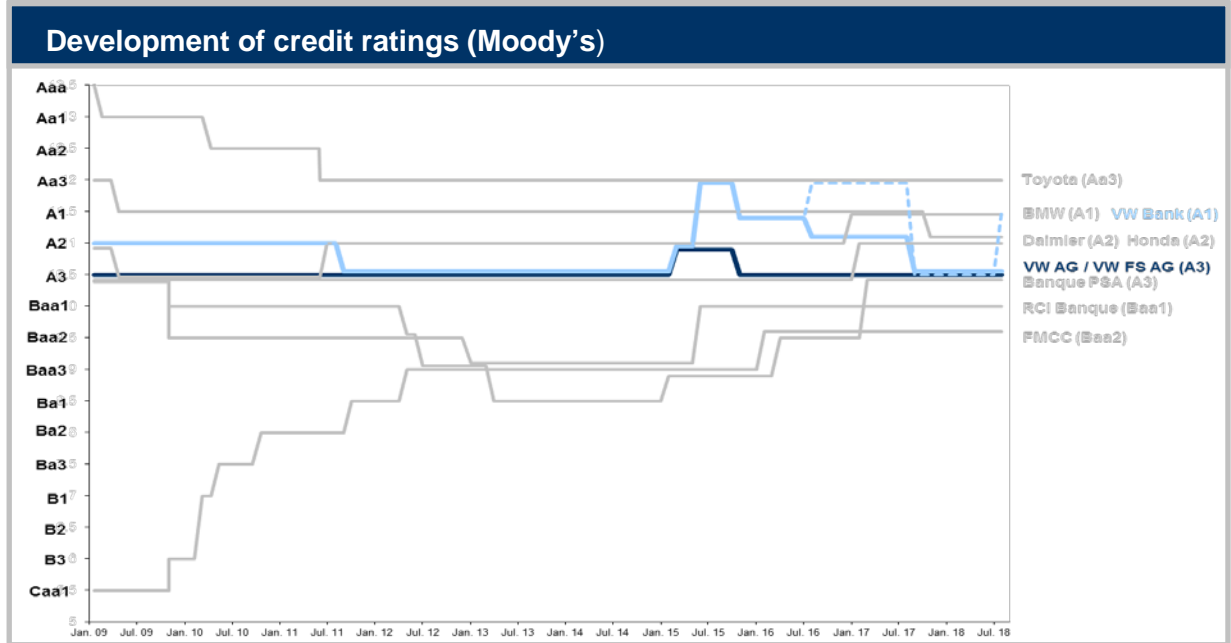
Strategic Funding Allocation as of June 30, 2018

Total €196.5 bn



Rating History (08/13/2018) – Moody's

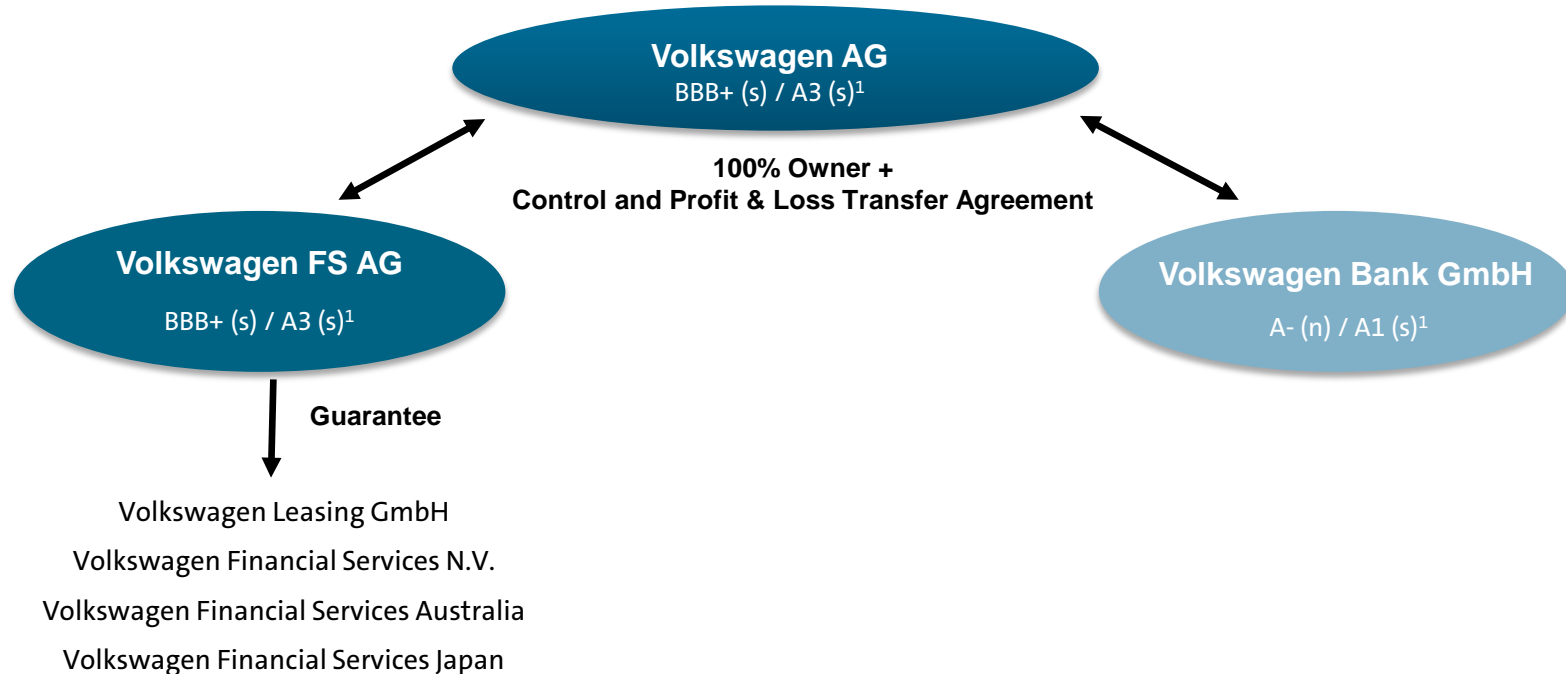
| | Moody's | S&P |
|--------------|---------------------|---------------------|
| Toyota | Aa3 | AA- |
| Honda | A2 | A+ |
| BMW | A1 | A+ |
| VW AG | A3 ²⁾ | BBB+ ²⁾ |
| VW FS AG | A3 ²⁾ | BBB+ ²⁾ |
| VW Bank GmbH | A1 ^{2) 3)} | A- ^{1) 3)} |
| Scania | -- | BBB+ ²⁾ |
| Daimler | A2 | A |
| RCI Banque | Baa1 | BBB |
| FMCC | Baa2 | BBB |
| Banque PSA | A3 | -* |



¹⁾ Outlook: negative ²⁾ Outlook: stable ³⁾ Bonds are rated senior subordinated BBB+ (S&P) and junior senior unsecured A3 (Moody's) * withdrawn at bank's request

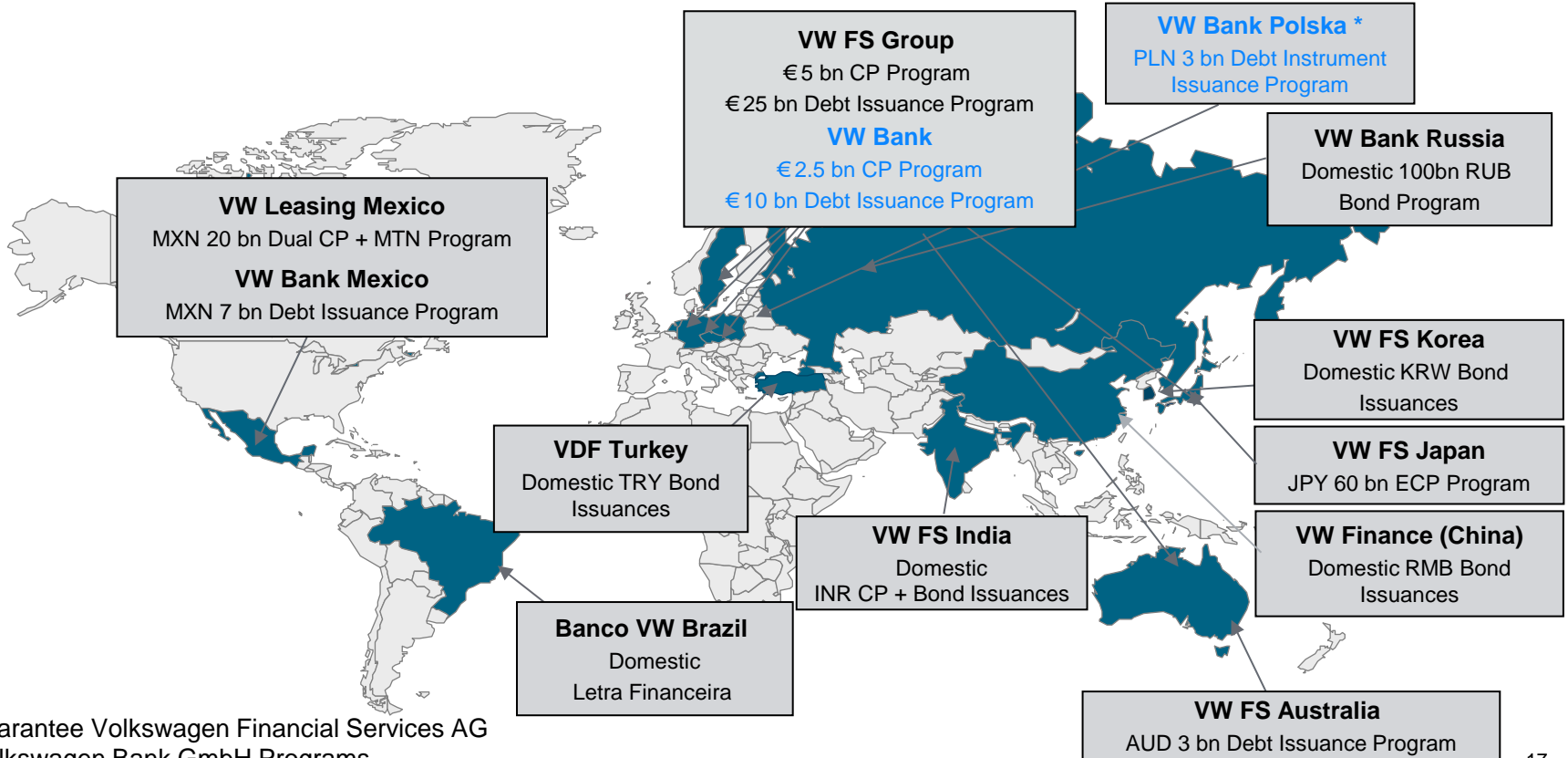
Volkswagen Financial Services has a solid and stable rating history.

Volkswagen Financial Services organisational structure and guarantee scheme



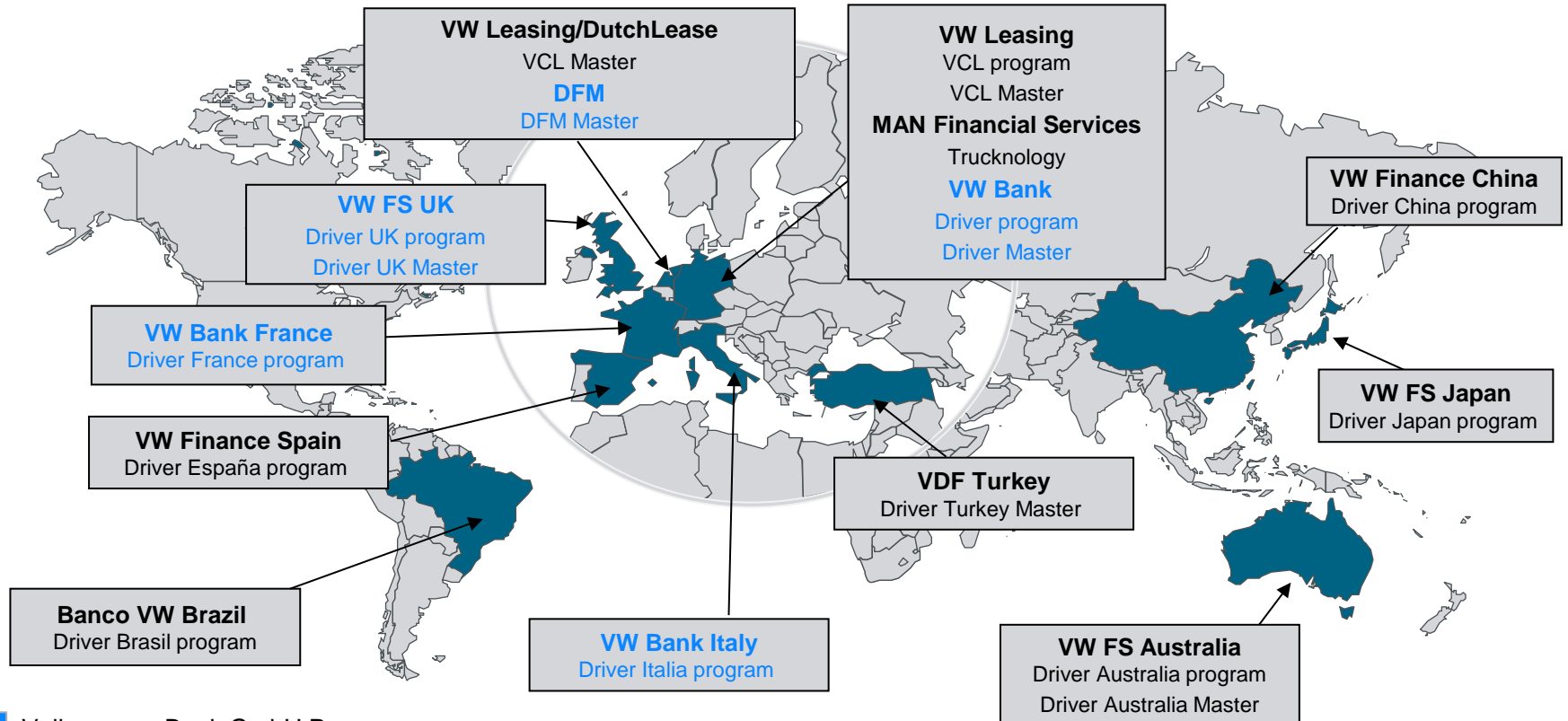
¹Credit Ratings from Standard&Poors / Moody's as per 13 August 2018; (n) Outlook negative, (s) Outlook stable

Worldwide Capital Market Activities



* Guarantee Volkswagen Financial Services AG
 Volkswagen Bank GmbH Programs

Worldwide ABS Activities



Recent Public DCM Deals 2018 (Volkswagen Financial Services AG and Volkswagen Bank GmbH)

Volkswagen Bank GmbH

- Volkswagen Bank GmbH: 06/2018 EUR 2bn, due 09/2021, 12/2021, 06/2024
- Volkswagen Bank GmbH: 12/2017 EUR 2bn, due 06/2021, 06/2023, 12/2025

Volkswagen Financial Services AG

- Volkswagen Financial Services AG: EUR 2.25bn 04/2018, due 10/19, 04/21 & 04/23
- Volkswagen Leasing GmbH: EUR 2.5bn 08/2018, due 02/2021 & 02/2023 & 08/2025
- Volkswagen Financial Services N.V.: GBP 500m 08/2018, due 09/21
- OOO Volkswagen Bank RUS: RUB 5bn 08/2018, due 08/2021

Recent Public ABS Deals 2018 (Volkswagen Financial Services AG and Volkswagen Bank GmbH)

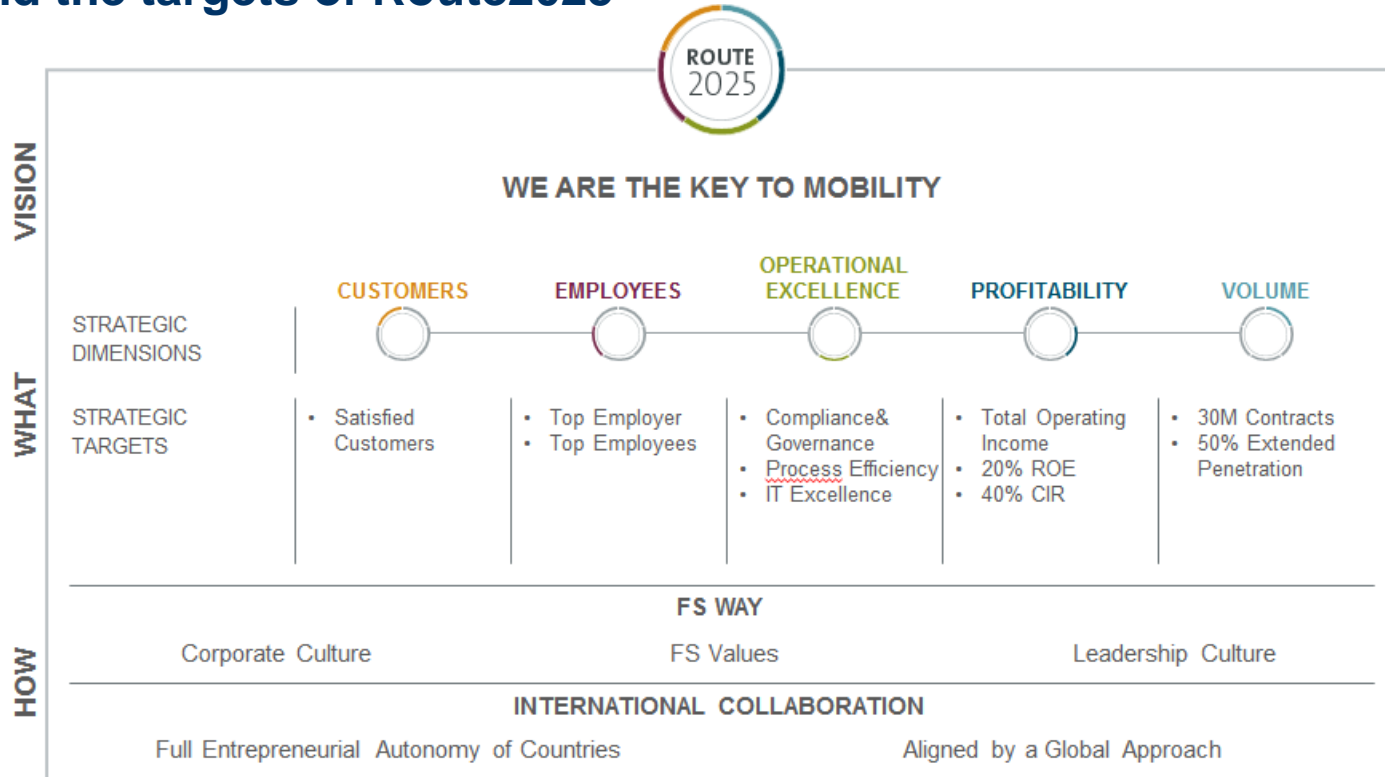
Volkswagen Bank GmbH

- Driver Espania five (Volkswagen Finance S.A.): EUR 1.0bn (02/2018)
- Driver fourteen (Volkswagen Bank GmbH): EUR 900m (03/2018)
- Driver Italia one (Volkswagen Bank GmbH): EUR 500m (04/2018)

Volkswagen Financial Services AG

- Driver China eight (Volkswagen Finance (China) Co.): RMB 3.2 bn (12/2017)
- Driver Japan seven (Volkswagen Financial Services Japan): JPY 55 bn (02/2018)
- Driver Turkey Master (Volkswagen Dogus Finansman S.A.): TRY 1.1 bn (02/2018)
- VCL 26 (Volkswagen Leasing GmbH): EUR 1.5 bn (03/2018)
- Driver Australia five (Volkswagen Financial Services Australia Pty Ltd.): AUD 750m (04/2018)

Volkswagen Financial Services follows consequently its vision and the targets of Route2025



ROUTE 2025 | Our Focus Topics

Digitalization



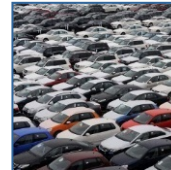
Operational Excellence



Mobility Services



Used Car Business



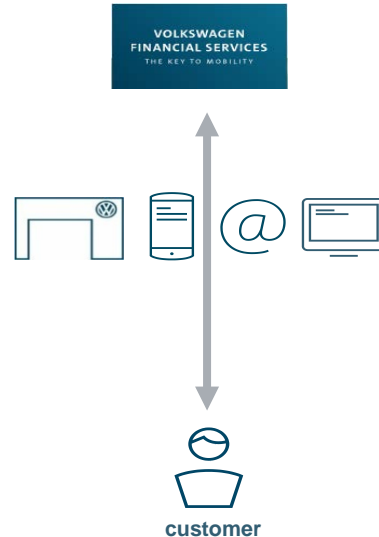
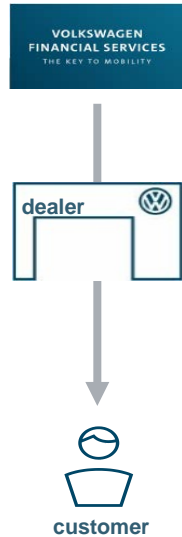


Volkswagen Financial Services will digitalize all core products by 2020 and extends its distribution channels

Past: single channel

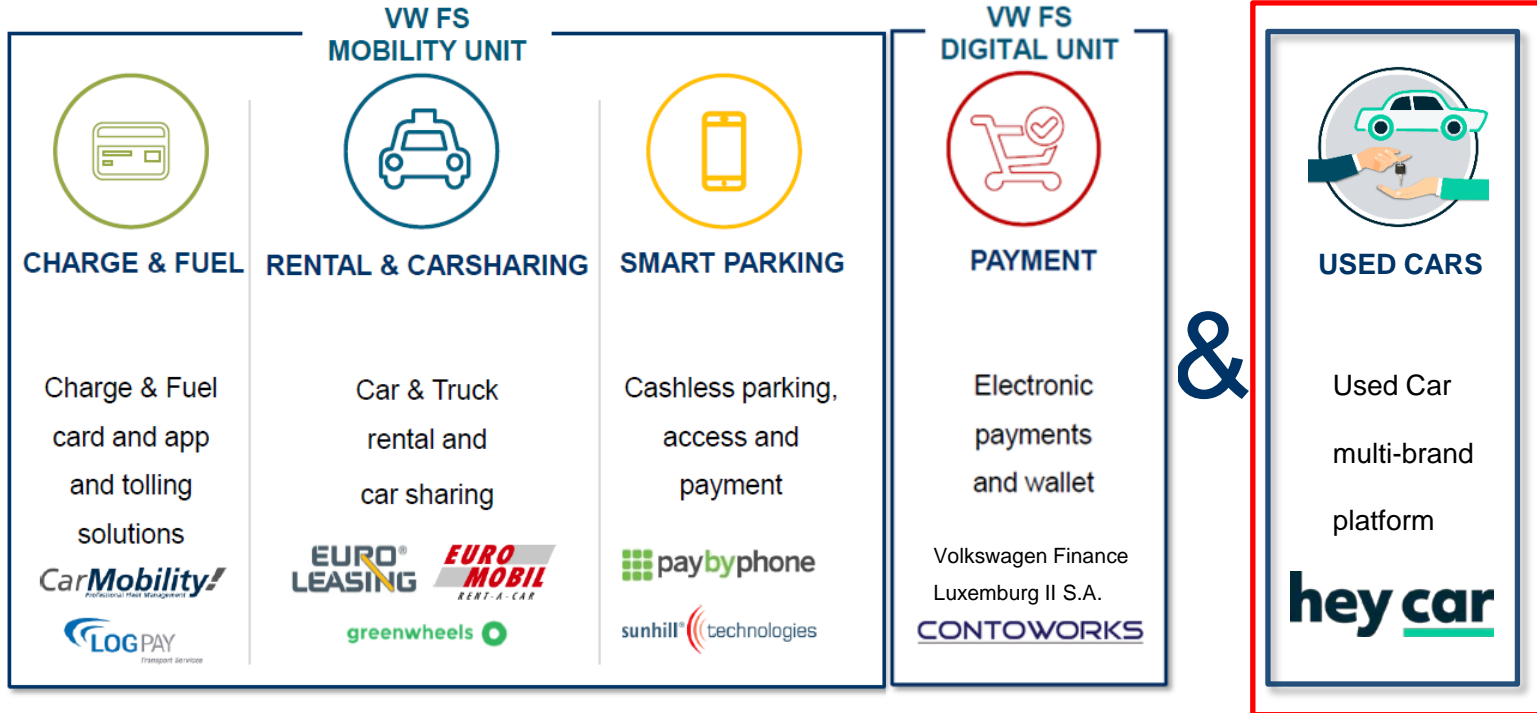
By 2020: multi channel

By 2025: omni channel





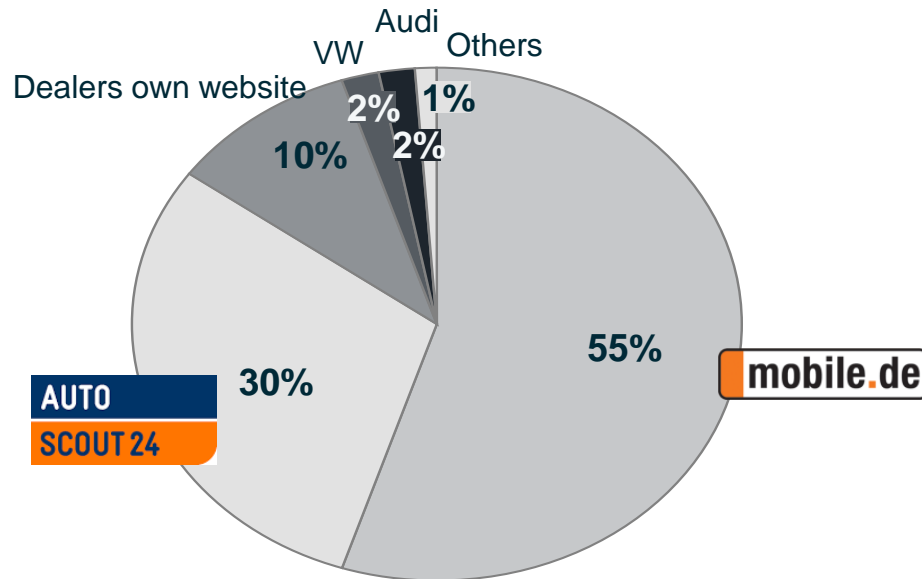
Growing business with leading companies per business segment





Used Car Business - Hey Car: development of a real alternative to the current duopoly

Online share of trades



- mobile.de and AUTO SCOUT 24 counts for 85% of the Market
- **Constant price increase** for both platforms
- Dominant platforms **controlled by American tech companies**

Hey Car is being developed as an alternative in close cooperation with dealers

Outlook

Volkswagen Financial Services

Assuming that margins and funding costs remain stable in the remaining year, the operating profit in fiscal year 2018 would **be on the level achieved in fiscal year 2017.**

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Thank You.

Volkswagen Bank GmbH

Gifhorner Str. 57

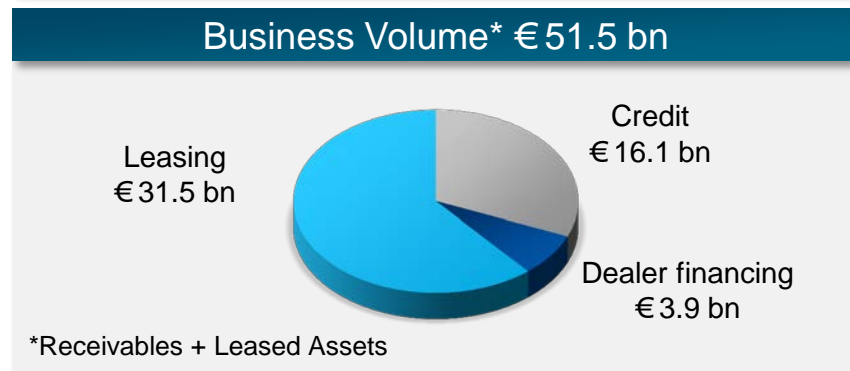
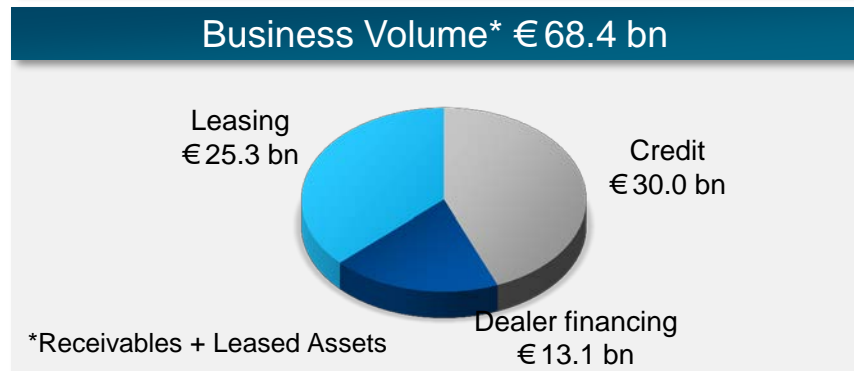
38112 Braunschweig

Germany

At a Glance (06/30/2018)

| Volkswagen Bank GmbH | |
|----------------------|-----------|
| Total assets | € 84.3 bn |
| Equity | € 11.4 bn |
| Customer deposits | € 33.7 bn |
| Operating profit | € 567 m |
| Employees | 3,584 |
| Contracts (units) | 5.7 m |

| Volkswagen Financial Services AG | |
|----------------------------------|-----------|
| Total assets | € 73.6 bn |
| Equity | € 8.0 bn |
| Customer deposits | 68.5 m |
| Operating profit | € 329 m |
| Employees | 8,449 |
| Contracts (units) | 8.4 m |



Volkswagen Bank GmbH Key data 2014 – HY 2018 (IFRS)

| | 2014 | 2015 | 2016 | 2017 | HY 2018 |
|-------------------------------------|--------|--------|--------|--------|---------|
| Portfolio ('000) | 2,565 | 2,767 | 3,002 | 5,533 | 5,710 |
| Retail + Leasing receivables (€ mn) | 23,887 | 25,814 | 27,954 | 52,316 | 55,298 |
| Dealer financing (€ mn) | 8,928 | 10,302 | 10,538 | 12,430 | 13,103 |
| Customer deposits (€ mn) | 25,252 | 27,877 | 35,666 | 33,583 | 33,712 |
| Employees | 1,123 | 1,185 | 1,293 | 3,549 | 3,584 |
| IFRS profit before tax (€ mn) | 464 | 575 | 669 | 992 | 575 |

Volkswagen Financial Services AG

Key data 2014 – HY 2018 (IFRS)

| | 2014 | 2015 | 2016 | 2017* | HY 2018* |
|-------------------------------------|--------|--------|--------|--------|----------|
| Portfolio ('000) | 10,249 | 12,081 | 13,244 | 8,524 | 8,397 |
| Retail + Leasing receivables (€ mn) | 76,749 | 83,351 | 90,666 | 46,649 | 47,604 |
| Dealer financing (€ mn) | 12,625 | 13,967 | 14,638 | 3,584 | 3,949 |
| Customer deposits (€ mn) | 26,224 | 28,109 | 36,149 | 69 | 69 |
| Employees | 11,305 | 11,746 | 11,819 | 8,555 | 8,449 |
| IFRS profit before tax (€ mn) | 1,317 | 1,513 | 1,650 | 643 | 352 |

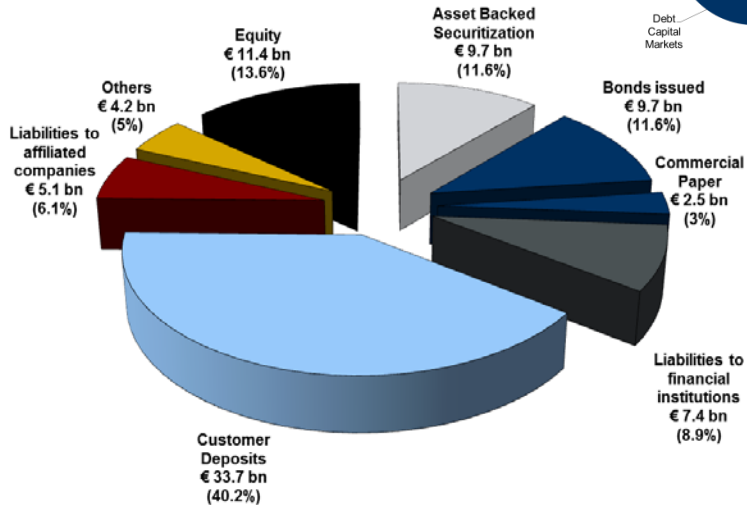
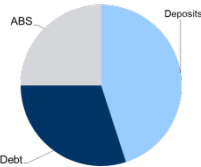
* Figures of Volkswagen Bank GmbH consolidated within Volkswagen Financial Services AG until 2016

Strategic Funding Allocation as of June 30, 2018

Volkswagen Bank GmbH

Total €84.3 bn

Strategic Funding Mix



Volkswagen Financial Services AG

Total €73.7 bn

Strategic Funding Mix

