

VOLKSWAGEN BANK

GMBH



Half-year Financial Report (HGB)

JANUARY – JUNE 2010

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Volkswagen Bank GmbH at a glance (HGB)

€ million	30.06.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Total assets	32,323	32,647	30,868	23,325	21,023
Receivables from					
Retail financing	15,132	14,571	11,110	11,334	10,943
Leasing business	1,004	978	923	290	253
Dealer financing	5,968	6,373	7,586	7,411	5,827
Customer deposits	18,722	18,266	12,829	9,620	8,827
Equity	3,710	3,579	2,979	2,979	2,679
%	30.06.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Equity ratio	11.5	11.0	9.7	12.8	12.8
%	31.03.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Core capital ratio ¹	15.0	14.9	12.8	14.2	13.4
Overall ratio ¹	17.8	18.0	18.8	20.8	20.1
€ million	1st half-year 2010	1st half-year 2009	1st half-year 2008	1st half-year 2007	1st half-year 2006
Result from ordinary business activities	219	72	164	186	222
Net income	141	41	115	117	154
Number	30.06.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Employees	635	644	669	585	3,855

RATING AS AT 30.06.2010	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	short-term	long-term	outlook	short-term	long-term	outlook
Volkswagen Bank GmbH	A-2	A-	negative	Prime-1	A2 ²	stable ²
Volkswagen Financial Services AG	A-2	A-	negative	Prime-2	A3	stable

¹ Starting in 2007, the regulatory core capital ratio/overall ratio of Volkswagen Bank GmbH was calculated in accordance with the standardised approach to credit and operational risks based on the Solvency Regulations that took effect on 1 January 2007. The figures for 2006 were calculated in accordance with the old Principle I.

² Rating currently under review for possible downgrade pending final details around a combination with Porsche

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GLOBAL ECONOMY

The global economy showed a clearly positive development during the first half of 2010. Growth rates in the emerging countries – particularly China, India and Brazil – were robust. Whilst the United States and Japan also recovered more rapidly than expected, the sovereign debt crisis dampened developments in Western Europe.

Growth in this region remained weak from January to June 2010. Several Central and Eastern European countries recovered substantially in the year's first half, but the fact that they are highly dependent on Western Europe limits them to a slow pace of economic expansion.

The German economy lost much of its momentum during the winter but it stabilised substantially during the second quarter of 2010. Exports, especially to the Asian markets, continued to generate most of the impetus in this regard. Domestic demand remained muted although the labour market developed better than expected. Private consumption was undermined in particular by the expiration of governmental economic stimulus packages, the uncertainties arising from the sovereign debt crisis and low income growth.

FINANCIAL MARKETS

The easing of conditions in the international financial markets that set in during 2009 continued at the start of the current financial year. The benign picture was influenced by positive expectations for real economies, especially those in East Asian and Latin American emerging countries. The central banks maintained their policy of providing generous liquidity to the banking system in the first six months of 2010. Interest rates remained at a historically low level.

Tension and uncertainty returned to the financial markets with the onset of Greece's sovereign debt crisis in March 2010 and the resulting crisis of confidence in the

euro. However, these developments had only a negligible impact on Volkswagen Bank GmbH's ability to refinance because its diversified refinancing strategy has proved successful both at Volkswagen Financial Services AG and Volkswagen Bank GmbH.

Whilst the scrapping bonus gave both automobile sales and the vehicle financing segment an extraordinary boost in Germany the previous year, the customised mobility packages turned out to drive sales in the retail business during the first six months of 2010. Package deals for which there is an increasing demand among car buyers were offered with brand specific features. Together with the Group brands, Volkswagen Bank GmbH expanded this business in the used Group car segment in targeted ways at the European level.

AUTOMOBILE MARKETS

There was a substantial year-on-year increase in the number of new passenger car registrations worldwide during the first six months of 2010. Above-average growth rates in both Asia Pacific and the US market fuelled automotive demand. In Western Europe, the overall market was only slightly higher year on year because the scrapping bonus expired in a number of countries. Passenger car sales in Central and Eastern Europe even dipped below the weak comparative figure for the first six months of 2009.

In Western Europe, new passenger car registrations were but slightly higher in the first six months of 2010. Whilst demand continued to grow by double digits in the first quarter thanks to the positive effects of the governmental stimulus packages, sales of passenger cars were lower year on year throughout the second quarter.

Following the expiration of the scrapping bonus that had been launched in January 2009, German consumers' anticipated reluctance between January and June 2010 to make new purchases led to the lowest number of new passenger car registrations since German reunification.

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No substantial changes occurred in the first half of 2010 relative to the description in the 2009 annual report.

Analysis of the company's business performance and position

Volkswagen Bank GmbH maintained its strong market position in the first half of 2010, supported by an attractive product range and the loyalty of customers and dealers alike. In the retail financing segment, the bank continued its close collaboration with the brands of the Volkswagen Group.

As compared to 31st, December 2009 we managed – supported by the intense cooperation with Volkswagen Group's dealership - to raise the retail financing volume by 3.8% to an amount of € 15.1 billion.

Volkswagen Bank GmbH's refinancing expenses fell during the year's first half because it used the capital market to its advantage. The deposit business continued to expand despite a lower level of interest rates.

RESULTS OF OPERATIONS

The notes on the results of operations concern changes relative to the same period the previous year.

Volkswagen Bank GmbH did well during the first six months of 2010 although higher risk premiums continue to reflect the fallout of the crisis in the financial markets.

The result from ordinary business activities in the first half of 2010 was € 219.3 million, up from € 72.1 million in the same period of the previous year. Foreign branches contributed € 31.4 million (previous year: € 34.8 million) to earnings. The change in earnings is mainly due to substantially higher interest margins as well as lower depreciation, amortisation and write-down expenditure and allowances for doubtful receivables.

The net interest income earned by Volkswagen Bank GmbH including the net income from leasing transactions was € 575.6 million compared to € 342.9 million in the same period the previous year. This significant increase was essentially due to the higher net interest income from retail and dealer financing. Debentures that were acquired from VCL 2008-1 GmbH, VCL 2009-1 GmbH, VCL 2009-2 GmbH, VCL 2009-3 GmbH, VCL 2010-1 GmbH and VCL 2010-2 resulted in interest income of

€ 50.6 million (previous year: € 63.2 million). These debentures serve to securitise receivables of Volkswagen Leasing GmbH.

Interest income from lending and money market transactions including finance leasing in the amount of € 783.9 million (previous year: € 730.2 million) continues to stem primarily from consumer financing, as well as from vehicle and investment financing for the dealers of the Volkswagen Group.

Volkswagen Bank GmbH succeeded in lowering its interest expense by 40% to € 265 million thanks to the consistent execution of its diversified refinancing strategy, the flexible utilisation of its instruments and the developments in the capital market.

Operating leases contributed € 57.2 million (previous year: € 61.5 million) to net interest income.

As in the previous year, income from equity investments mainly resulted from the investment in VOLKSWAGEN BANK POLSKA S.A., Warsaw.

The net commission income declined year on year, from € 43.7 million to € 10.2 million. The change is primarily due to the significant increase in commission expenses incurred for the sale of new and used vehicle financing. Commission income from the sale of receivables effected through the ABS transactions, which continues to be managed by Volkswagen Bank GmbH, also decreased year on year in the first half of 2010.

The allowances and provisions made for the lending business were measured by taking into consideration all discernible risks. Receivables from vehicle financing at the retail level that fulfil a default criterion under Basel II were subject to individual value adjustments. All other receivables related to vehicle financing at the retail level were broken down according to risk classes and written down in accordance with the respective risk class using portfolio-based value adjustments. Deferred risks were covered by generalised value adjustments in dealer financing and other retail financing. Continual risk analysis plus the balanced management of receivables and collection are designed to minimise the default rate to the extent possible. The sale of receivables effected through the ABS transactions ensured that Volkswagen Bank GmbH would no longer bear the attendant default risks. Whilst the risk provision required for write-downs and bad debt allowances again was higher year on year, the increase in allowances was significantly smaller than in the previous year.

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ASSETS AND FINANCIAL POSITION

The notes on the assets and financial position concern changes relative to the balance sheet date 31 December 2009.

LENDING BUSINESS

The lending business of Volkswagen Bank GmbH focuses on the provision of loans to private and commercial customers. The receivables shown in the balance sheet remained unchanged at € 25.2 billion. The share of foreign branches in the retail lending volume rose from € 6.4 billion to € 6.9 billion. Furthermore, the company manages receivables sold through ABS transactions in the amount of € 3.0 billion (previous year: € 3.4 billion). The receivables managed by Volkswagen Bank GmbH thus decreased by 1.6% from € 28.6 billion to a total of € 28.1 billion.

RETAIL FINANCING

As at 30 June 2010, the company had 1,891,000 retail financing contracts under management.

At € 18.1 billion, receivables under management remained virtually unchanged in the first half of 2010. Receivables attributable to the branches rose slightly from € 2.3 billion to € 2.6 billion.

The company recognised receivables totalling € 15.1 billion as at 30 June 2010, compared to € 14.6 billion as at 31 December 2009.

DEALER FINANCING

Total dealer financing receivables at the close of the reporting period were € 6.0 billion compared to € 6.4 billion at the end of the previous year. The foreign branches accounted for € 3.0 billion of these receivables (previous year: € 2.8 billion).

LEASING

Volkswagen Bank GmbH offers finance leasing and operating leasing through its foreign branches. The French branch of Volkswagen Bank GmbH engages in both finance and operating leasing; the Italian branch, on the other hand, continues to offer only finance leasing. Receivables as at the end of the first six months of 2010

totalled € 1.0 billion (previous year: € 1.0 billion), largely due to receivables from finance leasing.

BONDS AND DEBENTURES:

In 2008, the Bank had executed three ABS transactions with an aggregate volume of € 3.4 billion in securitised receivables and purchased all related senior ABS debentures to ensure its liquidity supply. As at 30 June 2010, a total of € 1.7 billion were part of the portfolio and pledged as collateral in connection with the bank's participation in the open market operations of Deutsche Bundesbank.

Furthermore, the company had senior ABS debentures of VCL 2008-1 GmbH, VCL 2009-1 GmbH, VCL 2009-2 GmbH, VCL 2009-3 GmbH, VCL 2010-1 GmbH and VCL 2010-2 GmbH with a total volume of € 1.4 billion in its portfolio for investment purposes. These debentures, which securitise receivables of Volkswagen Leasing GmbH, also serve as collateral for participating in Deutsche Bundesbank's open market operations. There were no open market transactions with Deutsche Bundesbank as at the balance sheet date.

EQUITY INVESTMENTS

In the reporting period, Volkswagen Bank GmbH continued to hold its shares in Global Mobility Holding B.V., Amsterdam, and VOLKSWAGEN BANK POLSKA S.A., Warsaw.

DEPOSIT BUSINESS AND BORROWINGS

Besides equity, the main items under equity and liabilities are € 21.7 billion in liabilities to customers including the direct banking business (previous year: € 20.9 billion) and € 3.0 billion in securitised liabilities (previous year: € 3.7 billion).

Volkswagen Bank GmbH stimulated the European ABS market through its Driver Seven securitisation transaction. The tranche of € 519.1 million was successfully sold at the lower end of the price range. In addition, Volkswagen Bank GmbH issued a benchmark bond for € 1 billion at attractive terms at the end of the second quarter of 2010.

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DIRECT BANKING BUSINESS

Volkswagen Bank GmbH further expanded its deposit business from the previous year's high level without offering special terms and conditions. At mid-year, the customer deposit volume reached € 18.7 billion, up 2.5% compared to 31 December 2009 (€ 18.3 billion).

Volkswagen Bank GmbH succeeded in further expanding its market leadership among automotive direct banks thanks to this level of deposits. Volkswagen Bank *direct* thus makes a significant contribution to strengthening customer loyalty to the Volkswagen Group. The share of direct banking in the refinancing mix of Volkswagen Bank GmbH was 55.6% (previous year: 55.9%).

Aside from offering statutory deposit insurance, Volkswagen Bank GmbH is also a member of the Deposit Insurance Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.).

EQUITY

The subscribed capital of Volkswagen Bank GmbH remained unchanged at € 358.3 million compared to 31 December 2009. This includes an affiliate's silent partner contribution in the amount of € 40.0 million.

In its capacity as the primary credit institution as defined by the German Banking Act, Volkswagen Bank GmbH is responsible for ensuring the capital adequacy of the financial holding group, Volkswagen Financial Services AG.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators of Volkswagen Bank GmbH are as follows:

%	30.06.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Equity ratio ¹	11.5	11.0	9.7	12.8	12.8
%	31.03.2010	31.12.2009	31.12.2008	31.12.2007	31.12.2006
Core capital ratio ²	15.0	14.9	12.8	14.2	13.4
Overall ratio ³ (regulatory)	17.8	18.0	18.8	20.8	20.1

Disclosures as at 30 June 2010 do not include net retained profits.

1 Equity ratio: Ratio between equity and total capital

2 Core capital ratio: Core capital ratio = Core capital / (Capital requirement for (credit risks + operational risks + market risks)*12.5)*100

3 Overall ratio = Own funds / (Capital requirement for (credit risks + operational risks + market risks)*12.5)*100

The figures as at 31.12.2006 were computed in accordance with the old Principle I.

For non-financial key performance indicators, please see the 2009 personnel report.

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Risk report

RESIDUAL VALUE RISK

The French, German and Italian used car markets are each showing first positive signs despite the persistently difficult economic environment, which can help reduce both losses and drawdowns from existing provisions.

RISKS AT THE REFINANCING LEVEL

Towards the middle of the year, the lending premiums charged to Volkswagen Bank GmbH on the international money and capital markets in the wake of the "crisis of the euro" rose only temporarily compared to the preceding months.

The European Central Bank's collateral deposit account has turned out to be an efficient liquidity reserve for Volkswagen Bank GmbH.

There were no material changes in regards to the remaining risks and the risk management methods relative to the disclosures in the "Risk report" chapter of the 2009 annual report.

Opportunities

Relative to the chapter entitled "Opportunities for Volkswagen Bank GmbH" in the 2009 annual report, no major changes are expected for the second half of 2010 in terms of opportunities.

We continue to pursue our successful diversification strategy in refinancing. A Private Driver transaction serving to securitise credit receivables will be our first fixed interest bond. It is an innovation in the European automobile ABS market.

Personnel report

Given the structure of the German legal entities of the Volkswagen Financial Services AG Group, the employees of Volkswagen Financial Services AG work in the respective subsidiaries, among others.

As a result of this structure, 859 employees of Volkswagen Financial Services AG were working in Volkswagen Bank GmbH's business units at 30 June 2010.

Volkswagen Bank GmbH continues to employ certain staff directly due to regulatory requirements. At 30 June 2010, this staff numbered 635 (31.12.2009: 644), 124 of which are employed in Germany.

Report on the branches and branch offices

No changes occurred in the first half of 2010 relative to the description in the 2009 annual report. The branches of Volkswagen Bank GmbH had 511 employees as at 30 June 2010 (31.12.2009: 519).

Events after the balance sheet date

Aside from the events described above, no events of substantial significance occurred after completion of the half-year financial report as at 30 June 2010.

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GLOBAL ECONOMY

We expect the global economy to weaken slightly in the next few months, after recovering substantially in the first half of 2010. Pronounced differences between economic developments in emerging countries and industrialised countries will continue. In Western Europe, both the planned austerity programmes and the persistent problems in the banking and financial sector will enable only moderate economic growth. The export sector will continue to drive growth whilst domestic demand will recover but slightly, especially in terms of private consumption. Uncertainty prevails in regards to stable and sustained growth even though most countries are in the process of recovering. We cannot preclude that global economic growth will contract to a stronger degree given the considerable risks that remain.

FINANCIAL MARKETS

The central banks' expansive monetary policies are not expected to change, given the fragility of the macroeconomic environment. The banking system's liquidity remains adequate as a result. In contrast, the scope of the regulatory and/or fiscal interventions in the banking system that are planned by the leading industrialised countries, which may have an impact on the banks' liquidity management and liquidity reserves, are difficult to foresee.

As before, both a solid capital base and an integrated business model remain essential in such a weak environment in order to prevail in the mobility services provider segment in the long term.

AUTOMOBILE MARKETS

The total volume of the global automobile markets is expected to surpass the previous year's low level in 2010, thanks especially to strong growth in the Chinese market. But the uncertainty surrounding economic developments could have a negative impact on demand. The major automobile markets will develop at very different rates. We expect demand to decline substantially in Western Europe – especially in Germany – during the year's second half. We also expect the overall market in Central and Eastern Europe to decline year on year. The year 2010 will pose a challenge to the automobile industry due to both fierce competition and ongoing economic problems.

DEVELOPMENT OF VOLKSWAGEN BANK GMBH

The outlook for both the global economy and automobile sales has improved compared to the annual report for 2009. The resulting positive effects on the financial services business along the automotive value chain are expected to be above the previous year's level.

We will continue to pursue our national and international activities, paying particular attention to our collaboration with the Group brands, the optimisation of our refinancing strategy and strict risk management in the second half of 2010.

The Board of Management of Volkswagen Bank GmbH expects earnings for the full 2010 financial year to surpass the previous year's level.

Balance sheet as at 30 June 2010 of Volkswagen Bank GmbH, Brunswick

€ 000		30.06.2010	31.12.2009
Assets			
1. Cash reserve			
a) Cash in hand	582		765
b) Deposits with central banks	764,935		613,357
of which:			
at the Deutsche Bundesbank € 754,607,000			(604,575)
c) Deposits with post giro offices	60		72
		765,577	614,194
2. Receivables from financial institutions			
a) Payable on demand	881,600		1,001,944
b) Other receivables	584,864		384,110
		1,466,464	1,386,054
3. Receivables from customers		25,152,432	25,185,505
4. Debentures and other fixed-income securities			
a) Bonds and debentures			
aa) By public-sector issuers	0		0
of which:			
eligible as collateral at the Deutsche Bundesbank € 0			(0)
ab) By other issuers	3,303,761		3,814,051
of which:			
eligible as collateral at the Deutsche Bundesbank € 3,303,761,000			(3,814,051)
		3,303,761	3,814,051
5. Shares and other non-fixed-income securities		503	8,482
6. Equity investments		1,080,080	1,080,080
of which:			
in financial institutions € 16,106,000			(16,106)
7. Intangible assets		9,767	10,196
8. Tangible fixed assets		12,231	12,055
9. Leased assets		337,859	355,531
10. Other assets		175,401	167,113
11. Prepaid expenses		17,839	14,075
12. Excess of plan assets over pension liability		685	0
Total assets		32,322,599	32,647,336

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€ 000		30.06.2010	31.12.2009
Equity and liabilities			
1. Liabilities to financial institutions			
a) Payable on demand	32,443		115,785
b) With agreed repayment period or period of notice	209,941		392,245
		242,384	508,030
2. Liabilities to customers			
a) Other liabilities			
aa) Payable on demand	14,787,023		13,491,853
ab) With agreed repayment period or period of notice	6,894,032		7,451,913
		21,681,055	20,943,766
3. Securitised liabilities			
a) Debentures issued		3,011,592	3,679,336
4. Other liabilities		2,098,589	2,411,887
5. Deferred income		537,554	584,595
6. Deferred tax liabilities		7,157	0
7. Provisions			
a) Provisions for pensions and similar obligations	41,945		43,137
b) Tax provisions	12,772		15,382
c) Other provisions	141,614		89,353
		196,331	147,872
8. Special tax-allowable reserve		2,124	2,160
9. Subordinated liabilities		720,000	675,000
10. Participation right liabilities		90,000	90,000
11. Fund for general banking risks		25,565	25,565
12. Equity			
a) Subscribed capital	358,279		358,279
b) Capital reserves	3,195,800		3,195,800
c) Revenue reserves			
ca) Other revenue reserves	14,859		25,046
d) Net retained profits	141,310		0
		3,710,248	3,579,125
Total equity and liabilities		32,322,599	32,647,336
1. Contingent liabilities			
a) Liabilities from surety and warranty agreements		130,967	104,360
of which:			
Liabilities to affiliated companies		94,267	62,302
2. Other obligations			
a) Irrevocable credit commitments		999,172	857,515

Profit and loss account of Volkswagen Bank GmbH, Brunswick, for the period from 1 January to 30 June 2010

€ 000			2010	2009
1. Interest income from				
a) Lending and money market transactions	733,280			667,011
b) Fixed-income securities and book-entry securities	50,647			63,182
		783,927		730,193
2. Interest expense		265,458		448,872
			518,469	281,321
3. Current income from				
a) Shares and other non-fixed income securities		4		0
b) Equity investments		2,494		2,429
			2,498	2,429
4. Income from leasing transactions		126,316		145,367
5. Expenses from leasing transactions		69,149		83,818
			57,167	61,549
6. Commission income		119,998		123,955
7. Commission expenses		109,830		80,219
			10,168	43,736
8. Net expenses from financial transactions			7,589	0
9. Other operating income			89,201	67,465
10. Income from the reversal of the special tax-allowable reserve			36	36
11. General administration expenses				
a) Staff costs				
aa) Wages and salaries	25,297			24,045
ab) Social security costs and expenses for pensions and support	7,419			7,865
of which:		32,716		31,910
for pension schemes: € 3,228,000				(3,268)
Other administration expenses		194,614		175,296
			227,330	207,206
12. Depreciation, amortisation and value adjustments to intangible and tangible fixed assets and leased assets				
a) Depreciation, amortisation and value adjustments to intangible and tangible fixed assets		3,392		3,350
b) Depreciation on leased assets		56,415		47,398
			59,807	50,748
13. Other operating expenses			84,613	5,541
14. Amortisation and value adjustments to receivables and certain securities, as well as transfers to provisions for lending business			79,285	121,122
15. Income from write-ups to equity investments, shares in affiliated companies and securities treated as fixed assets			335	177
16. Income from ordinary business activities			219,250	72,096
17. Extraordinary income		647		0
18. Extraordinary expenses		1,111		0
19. Extraordinary result			464	0
20. Taxes on income and earnings			76,376	29,599
21. Other taxes, unless shown under Item 13			1,100	1,048
22. Profit transferred on the basis of a profit and loss transfer agreement			0	0
23. Net income			141,310	41,449
24. Net retained profits			141,310	41,449

Notes to the financial statements of Volkswagen Bank GmbH, Brunswick, as at 30 June 2010

I. General comments about the half-year financial statements

The half-year financial statements were drawn up according to the stipulations of the German Commercial Code (HGB) and the Ordinance on Accounting for Banks (RechKredV).

A profit transfer agreement concluded with Volkswagen Financial Services AG came into effect on 01.01.2002.

II. Accounting policies

The rules and regulations that have changed as a result of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz - BilMoG) have been applied in the preparation of these half-year financial statements. A detailed description of the basic accounting principles is contained in the notes to the annual financial statements of the 2009 annual report. The changes triggered by the BilMoG are explained in these notes.

III. Notes to the balance sheet

The notes to the balance sheet concern changes relative to the balance sheet date 31 December 2009.

RECEIVABLES FROM FINANCIAL INSTITUTIONS

Receivables from financial institutions include receivables from affiliated companies amounting to € 596,367,000 (previous year: € 402,220,000) and receivables from joint ventures amounting to € 7,503,000 (previous year: € 768,000).

Of the receivables from financial institutions, maturity breaks down as follows

- > Payable on demand € 881,600,000 (previous year: € 1,001,944,000)
- > Up to one month € 505,038,000 (previous year: € 384,110,000)
- > Up to three months € 30,407,000 (previous year: € 0)
- > Up to one year € 0 (previous year: € 0)
- > More than one year and up to five years € 49,419,000 (previous year: € 0).

The receivables from financial institutions do not contain any subordinated loans (previous year: € 0).

RECEIVABLES FROM CUSTOMERS

This item includes unsecuritised receivables from affiliated companies amounting to € 1,913,032,000 (previous year: € 2,338,386,000) and receivables from joint ventures amounting to € 1,188,066,000 (previous year: 938,830,000).

The maturity of the total amount of receivables from customers breaks down as follows:

- > Up to three months € 5,218,889,000 (previous year: € 4,751,932,000)
- > More than three months and up to one year € 4,439,376,000 (previous year: € 4,308,680,000)
- > More than one year and up to five years € 11,776,042,000 (previous year: € 11,379,883,000)
- > More than five years € 407,991,000 (previous year: € 431,580,000).

The item "Receivables from customers" contains receivables with an indefinite maturity (under § 9 Para. 3 No.1 Ordinance on Accounting for Banks) amounting to € 3,310,134,000 (previous year: € 4,313,430,000).

The balance sheet item "Receivables from customers" includes subordinated receivables of € 4,000,000 (previous year: € 4,000,000).

Receivables from the leasing business total € 1,003,681,000 (previous year: € 977,524,000), of which € 543,463,000 (previous year: € 523,485,000) are attributable to the French bank branch and € 460,218,000 (previous year: € 454,039,000) are attributable to the Italian bank branch.

RECEIVABLES FROM SHAREHOLDERS

Receivables from our sole shareholder, Volkswagen Financial Services AG, Brunswick, as at the balance sheet date amounted to € 232,232,000 (previous year: € 544,033,000).

DEBENTURES AND OTHER FIXED-INCOME SECURITIES

To ensure the supply of liquidity, Volkswagen Bank GmbH and Volkswagen Leasing GmbH executed ABS transactions from 2008 to 2010. Class A securities having an aggregate volume of € 3,049,626,000 that were issued by the acquiring special purpose entities up to the balance sheet date 30 June 2010 were not sold to investors. Instead, they were purchased by Volkswagen Bank GmbH and pledged as collateral for its participation in the open market operations of Deutsche Bundesbank. Including accrued interest, the company thus recognises securities that are marketable but not listed in the amount of € 3,049,626,000 (previous year: € 3,691,400,000).

The acquired ABS securities worth € 1,668,602,000, which securitise the company's own receivables, are not measured because the risk of counterparty default is already taken into account in the receivables' measurement. The debentures are recognised at cost during the term of the transactions.

Of the securities acquired from Private VCL S.A. in connection with the ABS transactions of Volkswagen Leasing GmbH, € 140,954,000 are allocated to assets and € 1,240,070,000 are allocated to the liquidity reserves. The securities allocated to assets are measured according to the modified

lower-of-cost-or-market principle; the securities allocated to the liquidity reserves are measured according to the strict lower-of-cost-or-market principle.

Furthermore, the bank acquired listed securities in the amount of € 9,765,000, which are also available as collateral for participating in the open market operations of Deutsche Bundesbank.

In addition, the item contains € 244,370,000 in marketable and listed debentures (previous year: € 410,633,000), all of which were borrowed by financial institutions and affiliated companies. They are measured based on the securities' fair value at the transaction date. The issuer is entitled to income from these debentures.

SHARES AND OTHER NON-FIXED-INCOME SECURITIES

Pursuant to the provisions of the German Accounting Law Modernisation Act (BilMoG), the securities-based investment funds that were treated as fixed assets in the past must now be offset against provisions.

Additionally, € 503,000 in marketable and listed shares in VISA Inc., USA (previous year: € 502,000) were recognised at cost.

Since a lock-up period until March 2011 applies for the sale of the shares, they are measured at cost less a discount.

LEASED ASSETS

This item of € 337,859,000 (previous year: € 355,531,000) comprises leased vehicles as part of the operating leasing business of Volkswagen Bank GmbH's French branch.

LIABILITIES TO FINANCIAL INSTITUTIONS

The maturity breaks down as follows:

- > Payable on demand € 32,443,000 (previous year: € 115,785,000)
- > Up to three months € 21,703,000 (previous year: € 88,620,000)
- > More than three months and up to one year € 90,228,000 (previous year: € 124,708,000)
- > More than one year and up to five years € 50,041,000 (previous year: € 123,729,000)
- > More than five years € 47,969,000 (previous year: € 55,188,000).

LIABILITIES TO CUSTOMERS

The item includes unsecuritised liabilities to affiliated companies amounting to € 2,622,728,000 (previous year: € 2,314,832,000).

Deposits from the direct banking business amount to € 18,721,817,000 (previous year: € 18,266,272,000).

In addition to this, there are liabilities still to be settled vis-à-vis dealers, customers and other creditors.

The maturity of sub-item "ab) With agreed repayment period or period of notice", is as follows:

- > Up to three months € 2,171,527,000 (previous year: € 2,304,869,000)
- > More than three months and up to one year € 1,039,631,000 (previous year: € 1,953,771,000)
- > More than one year and up to five years € 3,600,792,000 (previous year: € 3,107,276,000)
- > More than five years € 82,082,000 (previous year: € 85,997,000).

LIABILITIES TO SHAREHOLDERS

Liabilities to our sole shareholder, Volkswagen Financial Services AG, Brunswick, as at the balance sheet date amounted to € 214,856,000 (previous year: € 144,531,000).

SECURITISED LIABILITIES

The securitised liabilities comprise commercial paper and debentures. The total value is shown in full in the sub-item "a) Debentures issued".

Commercial paper: € 54,974,000 (previous year: € 104,835,000)

Remaining maturity

- > Up to three months € 54,974,000 (previous year: € 104,835,000)
- > More than three months and up to one year € 0 (previous year: € 0)

Debentures: € 2,956,618,000 (previous year: € 3,574,501,000)

Remaining maturity

- > Up to three months € 601,618,000 (previous year: € 1,024,501,000)
- > More than three months and up to one year € 1,330,000,000 (previous year: € 1,300,000,000)
- > More than one year and up to five years € 1,025,000,000 (previous year: € 1,250,000,000)

OTHER LIABILITIES

Of the liabilities, € 1,701,036,000 (previous year: € 2,137,829,000) is collateralised.

DEFERRED TAX LIABILITIES

Solely € 17,009,000 (previous year: € 0) in the branches' deferred tax assets and € 24,166,000 (previous year: € 0) in their deferred tax liabilities were offset under the item "Deferred taxes".

The determination was made individually at the tax rates applicable in the given countries. The deferred tax liabilities of the French branch in the amount of € 24,147,000 (previous year: € 0) arise almost exclusively from the differences in the leased assets' useful lives.

The deferred tax assets of the Italian branch essentially arise from value adjustments.

The deferred taxes were recognised directly in the revenue reserves when they were posted for the first time.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

There were no changes in the material actuarial calculations and assumptions of Volkswagen Bank GmbH relative to its annual financial statements for 2009.

Securities-based investment funds were offset against € 7,066,000 in pension liabilities and comparable obligations. These securities were purchased at a cost of € 8,145,000, and their fair value as at the balance sheet date was € 7,607,000. The securities were measured at their balance sheet date closing price.

A total of € 58,000 in income from the fair value obligation of the securities-based investment fund were offset against € 58,000 in interest expense related to provisions in connection with the netting of the fair value obligation and the respective securities-based investment funds.

SUBORDINATED LIABILITIES

The total volume increased by € 45 million compared to the end of the previous year.

There are no early repayment obligations for the subordinated liabilities.

A conversion into capital or other form of debt has not been agreed, nor is it planned.

Derivative transactions were undertaken in order to hedge interest rate risks. The expenses in connection with the raising of subordinated loans and bonds amounted to € 6,260,000 (previous year: € 22,183,000).

The expenses in connection with the raising of subordinated borrower's note loans amounted to € 3,443,000 (previous year: € 3,442,000).

The subordinated liabilities to affiliated companies amount to € 150,000,000 (previous year: € 105,000,000). They exclusively concern our sole shareholder.

SUBORDINATED BONDS

There were no changes compared to the end of the previous year.

PARTICIPATION RIGHT LIABILITIES

The participation right liabilities in the full amount are, under the stipulations of the German Banking Act (§ 10 Para. 5), a component of the liable capital. Of the obligations totalling € 90,000,000, € 825,000 are attributable to affiliated companies. Derivative transactions were undertaken in order to hedge interest rate risks. The expenses in connection with the raising of funds amounted to € 3,219,000 (previous year: € 3,198,000).

Notwithstanding § 11 Ordinance on Accounting for Banks, the deferred interest for participation right liabilities is shown in the balance sheet items "Liabilities to customers" and "Other liabilities", since interest is not offset in the regulatory liable capital.

EQUITY

The Bank's equity contains a silent partner contribution of Volkswagen-Versicherungsdienst GmbH amounting to € 40,000,000.

This contribution meets the requirements of § 10 Para. 4 German Banking Act. The depositor receives a remuneration on the book value of the contribution based on the 12-month Euribor plus 150 basis points.

REVENUE RESERVES

The change in revenue reserves results from the initial recognition of the branches' deferred taxes directly in equity.

The excess of the deferred tax liabilities reduces the revenue reserves.

**DEVELOPMENT OF THE FIXED ASSETS OF VOLKSWAGEN BANK GMBH, BRUNSWICK, FOR THE PERIOD
FROM 1 JANUARY TO 30 JUNE 2010**

€ 000	GROSS BOOK VALUES					Balance 30.06.2010	BilMoG measure- ment
	Brought forward 01.01.2010	Additions	Disposals	Reclassifi- cation	Adjust- ment to BilMoG		
Debentures and other fixed-income securities	2,052,192	0	392,745	0	0	1,659,447	0
Shares and other non-fixed-income securities *	8,315	0	0	0	8,315	0	0
Equity investments	1,080,080	0	0	0	0	1,080,080	0
Intangible assets	166,967	1,828	0	0	0	168,795	18
Land, similar rights and buildings on land owned by others	23,314	6	0	0	0	23,320	0
Other equipment, operating and office equipment	13,054	1,686	903	0	0	13,837	0
Advance payments made and assets under construction	0	1	0	0	0	1	0
Leased assets	495,832	100,962	101,333	0	0	495,461	0
Total fixed assets	3,839,754	104,483	494,981	0	8,315	3,440,941	18

€ 000	VALUE ADJUSTMENTS				Balance 30.06.2010	BilMoG measure- ment	NET BOOK VALUES	
	Brought forward 01.01.2010	Additions	Disposals	Write-ups			Balance 30.06.2010	Balance 31.12.2009
Debentures and other fixed-income securities	0	0	0	0	0	0	1,659,447	2,052,192
Shares and other non-fixed-income securities *	335	0	0	335	0	0	0	7,980
Equity investments	0	0	0	0	0	0	1,080,080	1,080,080
Intangible assets	156,771	2,270	0	0	159,041	31	9,767	10,196
Land, similar rights and buildings on land owned by others	14,802	440	0	0	15,242	0	8,078	8,512
Other equipment, operating and office equipment	9,511	679	505	0	9,685	0	4,152	3,543
Advance payments made and assets under construction	0	0	0	0	0	0	1	0
Leased assets	140,301	60,313	43,012	0	157,602	0	337,859	355,531
Total fixed assets	321,720	63,702	43,517	335	341,570	31	3,099,384	3,518,034

* Pursuant to the provisions of the German Accounting Law Modernisation Act (BilMoG), the securities-based investment funds that were treated as fixed assets in the past must now be offset against provisions.

IV. Notes to the profit and loss account

The notes to the profit and loss account refer to changes relative to the same period the previous year (01.01.2009 - 30.06.2009).

INTEREST INCOME FROM LENDING AND MONEY MARKET TRANSACTIONS

The proportion of interest income generated at the foreign branches is 23.7% (previous year: 27.7%). The branches in Italy and the United Kingdom account for the largest share of this amount.

The interest income from lending and money market transactions contains € 41,130,000 in income from finance leasing (previous year: € 37,970,000).

INCOME FROM LEASING TRANSACTIONS

The income from leasing transactions comprises earnings from operating leasing that are generated by the bank's branch in France. The total amount was € 126,315,000 (previous year: € 145,367,000).

EXPENSES FROM LEASING TRANSACTIONS

The expenses from leasing transactions amounting to € 69,149,000 (previous year: € 83,818,000) basically concern the derecognition of residual book values upon expiration of the leasing agreements. The depreciation on leased assets shown here in the previous year was reclassified to the item "Depreciation, amortisation and value adjustments to intangible and tangible fixed assets and leased assets". The previous year's figures were adjusted accordingly.

COMMISSION INCOME

Commission income essentially results from selling residual debt and unemployment insurance, from selling insurance through the Italian branch, from the administration and collection of receivables sold through the ABS transactions, and from other fees earned in the private customer business.

Commission income includes an income of € 1,452,000 (previous year: € 204,000) which is not related to the accounting period and which essentially results from the participation in profits of residual debt and unemployment insurance.

GENERAL ADMINISTRATION EXPENSES

The general administration expenses totalled € 227,330,000 (previous year: € 207,206,000), with staff costs making up a substantial portion at € 32,716,000 (previous year: € 31,910,000).

DEPRECIATION, AMORTISATION AND VALUE ADJUSTMENTS TO INTANGIBLE AND TANGIBLE FIXED ASSETS AND LEASED ASSETS

For the first time, depreciation on leased assets amounting to € 56,415,000 (previous year: € 47,398,000) is shown as a separate sub-item of this item. The previous year's figures were adjusted accordingly.

V. Other notes

HEDGE ACCOUNTING

A total of € 11,183,525,000 in interest rate and currency risks are hedged in the most effective manner possible using both micro hedges and portfolio hedges. Provisions for expected losses are recognised for all inefficiencies determined.

The transactions underlying the hedging relationships comprise loans, securities, retail financing and savings deposits. Both interest rate swaps and currency swaps, as well as forward exchange deals, are included in the hedges.

Risks are generally hedged until the maturity of the hedging transactions. There are no plans to execute transactions that would be included in hedge accounting in future.

CONTINGENT LIABILITIES

The contingent liabilities solely comprise guarantees.

The guarantee in the amount of € 61,166,000 that was made available to Volkswagen Financial Services (UK) Ltd. serves to settle ABS transactions.

The guarantees to Volkswagen AG and its subsidiaries for a total of € 33,101,000 are basically related to the hedging of risks arising from the dealerships' liabilities to banks.

The risk of liability under the guarantees is considered fairly low.

INFORMATION ON CORPORATE BODIES

THE SUPERVISORY BOARD OF VOLKSWAGEN BANK GMBH

The following information is disclosed in addition to that provided in the 2009 annual report:

Mr. Detlef Wittig resigned from the Supervisory Board as of 19 May 2010.

Mr. Christian Klingler was appointed to the Supervisory Board of Volkswagen Bank GmbH effective 20 May 2010.

SEATS ON SUPERVISORY BODIES – INFORMATION DISCLOSED IN ACCORDANCE WITH § 340A (4) HGB

The following information is disclosed in addition to that provided in the 2009 annual report:

Dr. Vincenzo Condorelli and Erich Krohn resigned from their offices.

Norbert Dorn assumed the following additional offices:

- > VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş., Istanbul, Turkey
- > VDF Servis Holding A. Ş ., Istanbul, Turkey
- Member of the Board of Directors of each

Volker Reichert was appointed to offices at the following companies:

- > VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş., Istanbul, Turkey
- > VDF Servis Holding A. Ş ., Istanbul, Turkey
- Member of the Board of Directors of each
- > VOLKSWAGEN BANK POLSKA S.A., Warsaw, Poland
- > Volkswagen Leasing Polska Sp. z o.o., Warsaw, Poland
- Member of the Supervisory Board of each
- > VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, Slovakia
- Member of the Supervisory Board
- > Volkswagen Møller BilFinans AS, Oslo, Norway
- Member of the Styre
- > VW Credit Inc., Auburn Hills, Michigan/USA
- Member of the Board of Directors

Responsibility statement of the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles, the half-year financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Bank GmbH, and the interim management report includes a fair review of the development and performance of the business and the position of Volkswagen Bank GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Bank GmbH.


Brunswick, 16 July 2010
The Board of Management



Rainer Blank



Dr. Michael Reinhart



Torsten Zibell

Note regarding forward-looking statements:

This report contains statements concerning the future business development of Volkswagen Bank GmbH. These statements include, among others, assumptions about the development of the global economy, as well as the financial and automobile markets. Volkswagen Bank GmbH has made these assumptions on the basis of available information and believes that they can be currently said to offer a realistic picture. These estimates necessarily include certain risks, and actual development may differ from these expectations.

Should actual development therefore deviate from these expectations and assumptions, or should unforeseen events occur that impact the business of Volkswagen Bank GmbH, then the business development will be accordingly affected.

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You will find the half-year financial report 2010 at www.vwfs.de/hy10

This half-year financial report is also available in German.