VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

VOLKSWAGEN BANK GMBH

HALF-YEARLY FINANCIAL REPORT

JANUARY – JUNE

2018

Key Figures

€ million	June 30, 2018	Dec.31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total assets	84,281	78,747	56,334	49,206	42,947
Loans to and receivables from customers attributable to					
Retail financing[4]	30,020	28,032	24,259	23,312	21,779
Dealer financing	13,103	12,430	10,538	10,302	8,928
Leasing business[4]	19,923	18,858	3,695	2,502	2,108
Customer deposits	33,712	33,583	35,666	27,877	25,252
Equity	11,434	11,301	7,156	5,030	4,864

€ million	H1.2018	H1.2017	H1.2016	H1.2015	H1.2014
Operating profit	567	401	293	293	263
Profit before tax	575	412	316	308	273
Profit after tax	407	291	224	223	189

Percent	June 30, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Equity ratio	13.6	14.4	12.7	10.2	11.3

Percent	Mar. 31, 2018[2]	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Common Equity Tier 1 capital ratio[1]	14.8	15.6	14.3	11.1	13.2
Tier 1 capital ratio[1]	14.8	15.6	14.3	11.1	13.2
Total capital ratio[1]	14.8	15.6	14.4	11.2	13.4

Number	June 30, 2018	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Employees[3]	3,584	3,549	1,293	1,185	1,123

1 The regulatory capital ratios have been calculated in accordance with article 92 of the Capital Requirements Regulation (CRR).
2 Since January 1, 2014 Volkswagen Bank GmbH has applied the amended requirements in accordance with the CRR. The regulatory capital ratios as of March 31, 2018 are presented here. The capital ratios as of June 30, 2018 will be calculated within the required time frame stipulated by the banking regulator by no later than August 13, 2018.
3 Due to the restructuring of the Volkswagen Bank GmbH Group, SkoFIN, s.r.o., Czech Republic, Volkswagen Finans Sverige AB, Sweden and Volkswagen Financial Services (UK) Ltd., United Kingdom, have been part of the Group since 2017.
4 Previous year restated as explained in the disclosures on the Ireland branch in the section entitled “Restated Prior-Year Figures” in the notes to the 2017 consolidated financial statements.

Rating (as of June 30)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Bank GmbH	A–2	A–	negative	P-1	A3	stable

All figures shown in the report are rounded, so minor discrepancies may arise when amounts are added together. The comparative figures from the previous fiscal year are shown in parentheses directly after the figures for the current reporting period.

Report on Economic Position

OVERALL ASSESSMENT OF BUSINESS PERFORMANCE

The Management of Volkswagen Bank GmbH considers the course of business in the year 2018 to date to have been satisfactory. Profit before tax generated in the first half of the year exceeded the figure achieved in the corresponding period in 2017.

New business involving the provision of financing for end consumers grew during the first half of the year, as did the vehicle and capital investment finance business for Volkswagen Group dealers.

Volkswagen Bank GmbH's business volume expanded in the first half of 2018. The companies in the United Kingdom, Sweden and the Czech Republic newly added as part of the restructuring made a substantial contribution to this growth. The established markets in Germany, France and Italy saw an increase in new business in terms of the number of contracts, volume of loans and receivables and lease assets.

The proportion of deliveries to customers in the Volkswagen Group accounted for by financed vehicles (penetration) in countries in which the Volkswagen Bank GmbH Group has business operations went up in the first six months of the year. Penetration in the important branches in France and Italy was more than 39% in each country.

Funding costs were at a similar level to those incurred in the previous year despite the higher volume of business.

Credit risks remained stable during the first six months of the current year. The Volkswagen Bank GmbH Group has achieved steady growth in the volume of its loans and receivables. At the moment, we can see an impact from the current debate about potential diesel vehicle prohibitions on some of the dealer business in the German market in that there has been a slight deterioration in the credit quality of some dealers. However, from the perspective of the overall portfolio, there has been no apparent effect as yet in Germany or in other European markets.

Steady contract growth in the residual value portfolio with direct residual value risk has been evident over the first six months of 2018, the main growth driver being the United Kingdom market. Other main drivers behind this development are the growth program which has been implemented, continued economic recovery in the markets and further expansion in the fleet business.

GENERAL ECONOMIC DEVELOPMENT

The global economy continued its solid growth in the first six months of 2018. The average expansion rate of gross domestic product (GDP) was up year-on-year in both the advanced and the emerging market economies. The majority of energy and commodity prices increased compared with the prior-year period amid a still comparatively low interest rate level. Growing upheaval in trade policy at international level led to substantially increased uncertainty.

As a whole, the economies of Western Europe recorded solid growth from January to June 2018, albeit with a slight decline in momentum. This trend was seen in the majority of both the Northern and Southern European countries.

With a favorable situation on the labor market, the growth trend in Germany continued in the period under review, though both business and consumer sentiment has deteriorated slightly over recent months.

In the economies of Central Europe, growth rates remained relatively high in the first half of 2018. In Eastern Europe, the higher energy price level compared to the prior-year period boosted economic growth. Russia's economy slowly continued its economic recovery.

TRENDS IN THE MARKETS FOR FINANCIAL SERVICES

Automotive financial services were in high demand in the first half of 2018, which was primarily due to the positive development of the overall market for passenger cars and the persistently low key interest rates in the main currency areas.

Higher vehicle sales, particularly in Western and Central Europe, gave a boost to the European market. Financing and leasing were the options preferred by customers, especially for purchases of new vehicles. After-sales products such as inspection contracts, maintenance and spare parts agreements and automotive-related insurance were also in high demand in the first six months of 2018.

In Germany, the share of loan-financed or leased new vehicles remained stable at a high level in the reporting period. There was greater demand for after-sales products, and the call for integrated mobility solutions in the business customer segment also continued to rise.

The demand for financial services in the Commercial Vehicles Business Area also varied from region to region.

TRENDS IN THE PASSENGER CAR MARKETS

Global demand for passenger cars increased in the period from January to June 2018 (+3.5%). It thus exceeded the comparable prior-year figure for the ninth year in a row. While demand in Western Europe and North America only saw a slight increase, the Asia-Pacific, South America, as well as Central and Eastern Europe regions enjoyed a marked growth in demand in some cases.

In Western Europe, demand for passenger cars in the reporting period was slightly up overall on the prior-year level due to the positive development in the second quarter. New vehicle registrations were mixed in the largest single markets. Attractive incentive programs in particular led to a double-digit growth rate in the Spanish market. In France, the increase in passenger car sales was underpinned by the positive macroeconomic environment. By contrast, new registrations in Italy declined slightly overall due to falling private demand. This was influenced, among other things, by the political uncertainty during the formation of a new government. In the UK, new registrations fell considerably short of the previous years' high levels. However, the negative effects of the change in vehicle tax as of April 1, 2017 were alleviated by a positive second quarter. The uncertain outcome of the Brexit negotiations between the EU and UK also continued to weigh on demand. The share of new registrations for diesel vehicles (passenger cars) in Western Europe slipped to 37.7 (46.0)% in the reporting period.

In Germany, the number of new passenger car registrations in the first six months of 2018 increased year-on-year. This was the second-best half-year figure since 1999. In addition to the continuing positive economic situation, sales incentives from dealers, particularly in the form of an environmental bonus, underpinned the very high level of sales. This positive performance was driven exclusively by the large increase in private registrations.

In the Central and Eastern Europe region, demand for passenger cars showed another significant year-on-year rise during the reporting period. The EU markets in Central Europe mostly recorded positive rates of change. The number of new passenger car registrations also rose further in Eastern Europe. This was due in particular to the strong rise in the Russian market – bolstered by government programs to promote sales.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles was down on the previous year in the period from January to June 2018.

Despite the uncertain outcome of the Brexit negotiations between the EU and UK, new registrations in Western Europe were slightly higher than the prior-year level. Demand in Germany was also up year-on-year in the reporting period.

Registrations of light commercial vehicles in Central and Eastern Europe recorded a noticeable increase compared with the previous year. Registrations in Russia between January and June 2018 were likewise perceptibly higher than in the previous year.

In the markets that are relevant for the Volkswagen Group, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was above the prior-year figure between January and June 2018.

Demand in Western Europe saw a slight increase over the 2017 level. New registrations in Germany, Western Europe's largest market, were slightly lower year-on-year in the first half of 2018. While demand in the United Kingdom saw a moderate decline, it rose significantly in Italy, Spain and France.

In the Central and Eastern Europe region, the positive economic performance led to significantly higher registration volumes compared with the previous year. Above all, demand in Russia recorded a sizeable increase on the back of the continued recovery of the economy and demand for replacement vehicles.

CHANGES IN EQUITY INVESTMENTS

In May 2018, Volkswagen Financial Services (UK) Ltd., Milton Keynes, United Kingdom, a wholly owned subsidiary of Volkswagen Bank GmbH, Braunschweig, Germany, acquired all the shares in Volkswagen Insurance Service (Great Britain) Ltd. (VIS UK)), Milton Keynes, United Kingdom; 51% of the shares were purchased from Volkswagen Versicherungsdienst GmbH, Braunschweig, Germany, a wholly owned subsidiary of Volkswagen Financial Services AG, and 49% from Volkswagen Group United Kingdom Ltd., Milton Keynes, United Kingdom, a wholly owned subsidiary of Volkswagen Finance Luxembourg S.A., Strassen, Luxembourg.

FINANCIAL PERFORMANCE

The following disclosures on financial performance relate to the changes compared with the corresponding period in 2017. The figures for the reporting period include the profit and loss components from the companies newly added as part of the reorganization of the legal entities, whereas the figures for the corresponding prior-year period relate to the basis of consolidation as of June 30, 2017. The presentation of the consolidated income statement for Volkswagen Bank GmbH has been modified following the implementation of both mandatory changes to accounting policies and voluntary changes to improve the presentation of the results of the Group.

The companies in the Volkswagen Bank GmbH Group performed very satisfactorily in the first half of 2018. At €575 million, profit before tax was significantly higher than the figure achieved in the corresponding period in the previous year (€412 million).

Interest income amounted to €703 million, down by 7.1% compared with the equivalent prior-year figure; however, the prior-year figure included a non-recurring item in the amount of €104 million relating to interest income from targeted longer-term refinancing operations with Deutsche Bundesbank as part of the TLTRO-II series. If this non-recurring item is disregarded, net interest income rose by €50 million year-on-year. The newly added companies contributed €38 million to this increase. Interest expenses went up by €93 million year-on-year to €178 million, with the newly consolidated companies accounting for interest expenses of €108 million in the reporting period.

Net income from leasing transactions amounted to €601 million compared with €119 million in the first six months of the previous year. The newly consolidated companies contributed the lion's share of this increase (€476 million).

The provision for credit risks amounted to a net addition of €95 million (previous year: net reversal of €9 million). This was attributable to the valuation allowances that had to be recognized in accordance with IFRS 9 under the expected loss model. The prior-year comparative figures do not include the associated expenses because the relevant effects from the changeover are reported in other comprehensive income.

Net fee and commission income was in negative territory, with a net expense of €14 million (previous year: net income of €28 million), which was mainly attributable to a decline in commission income from insurance broking.

The net gains/losses from measurement at fair value amounted to a net gain of €111 million and largely consisted of the effects from the mark-to-market measurement of derivatives. General and administrative expenses rose by €35 million to €488 million. A significant proportion was accounted for by the rise in personnel expenses related to the restructuring of the legal entities in the second half of 2017.

Including the net other expense of €107 million, net income from service contracts of €19 million and the other components of profit or loss, the Volkswagen Bank GmbH Group generated a profit after tax of €407 million (+39.9%).

NET ASSETS AND FINANCIAL POSITION

The following disclosures on net assets and financial position relate to the changes compared with the balance sheet date of December 31, 2017.

Lending Business

Loans to and receivables from customers relating to the financing of purchases and sales, and also arising from leasing and the direct bank business, represent the core business of the Volkswagen Bank GmbH Group. These assets amounted to a total of €63.3 billion (previous year: €59.6 billion) and accounted for approximately 75% of the Group's total assets. The increase in the volume of loans and receivables resulted from business expansion, particularly in Germany, the United Kingdom, France and Italy.

In the first half of 2018, the volume of retail financing rose by €2.0 billion or 7.1% to €30.0 billion. In the retail financing business, some 464 thousand new contracts were entered into during the first six months of 2018; the portfolio consisted of 2.5 million current contracts as of the reporting date. Germany continued to be responsible for the greatest proportion of the retail financing portfolio in the Volkswagen Bank GmbH Group, accounting for 63.3% of new contracts and 67.3% of current contracts.

The lending volume in dealer financing – which comprises loans to and receivables from dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – rose by 5.4% to €13.1 billion.

Receivables from leasing transactions were also up 5.7% or €1.1 billion year-on-year. Lease assets recorded growth of 5.9% to €5.7 billion.

Some 326 thousand new leases were signed in the reporting period, bringing the total number of current contracts as of the reporting date to 1.5 million. The United Kingdom was responsible for the greatest proportion of leasing business in the Volkswagen Bank GmbH Group, accounting for 63.5% of new leases and 65.2% of current contracts. Credit risks to which the Volkswagen Bank GmbH Group is exposed as a result of the crisis in some eurozone countries were accounted for by recognizing valuation allowances under the provision for credit risks. The current developments in some of these countries meant that the recognized provisions could be reduced by €1 million.

As of June 30, 2018, the total assets of the Volkswagen Bank GmbH Group had risen by €5.5 billion or 7.0% compared with December 31, 2017 to €84.3 billion.

KEY FIGURES BY SEGMENT AS OF JUNE 30, 2018

Thousands [1,3]	VW Bank Group	of which Germany[4]	of which Italy[5]	of which France[4]	of which United Kingdom	of which other branches/ subsidiaries
Current contracts	5,710	1,676	678	715	1,614	1,027
Retail financing	2,462	1,658	323	133	9	339
Leasing business	1,489	–	56	205	971	257
Service/Insurance	1,760	18	300	377	634	431
New contracts	1,254	294	171	148	415	225
Retail financing	464	294	68	24	11	68
Leasing business	326	–	10	42	207	67
Service/Insurance	463	1	93	83	196	90
€ million						
Loans to and receivables from						
customers attributable to						
Retail financing	30,020	22,970	2,995	869	205	2,981
Dealer financing	13,103	5,592	856	1,489	2,447	2,720
Leasing business	19,923	–	1,069	2,349	14,061	2,443
Lease assets	5,355	–	–	1,160	3,038	1,157
Percent						
Penetration rates[2]	30.5	16.5	41.7	39.2	54.1	28.4

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Ratio of new contracts for new Group vehicles to deliveries of Group vehicles in each case in relation to the markets shown for the Volkswagen Bank GmbH Group.
3 Since January 1, a new counting method has been used to determine the number of contracts.
4 Including the business of MAN FS SAS.
5 Including the business of MAN FS SpA.

Deposit Business and Borrowings

Significant liability items were liabilities to customers amounting to €42.8 billion (+4.0%), notes and commercial paper issued of €17.4 billion (+29.8%) and liabilities to banks amounting to €7.4 billion (–7.4%).

The customer deposits reported within liabilities to customers amounted to €30.2 billion as of June 30, 2018 (–0.5%).

In addition to the security provided by statutory deposit guarantees, Volkswagen Bank GmbH is also covered by its ongoing membership in the Deposit Protection Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.).

Equity

Volkswagen Bank GmbH's subscribed capital of €318 million and capital reserves of €8.5 billion remained unchanged in the first half of 2018.

The retrospective application of IFRS 9 gave rise to a changeover effect in the Volkswagen Bank GmbH Group amounting to an expense of €112.6 million, taking into account deferred taxes; this amount has been recognized in other comprehensive income.

Equity in accordance with IFRSS as of June 30, 2018 was €11.4 billion (previous year: €11.3 billion). This resulted in an equity ratio (equity divided by total assets) of 13.6% based on total assets of €84.3 billion.

The regulatory capital ratios were determined in accordance with the Credit Risk Standardized Approach (CRSA) and the Standardized Approach for operational risk.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic Opportunities

Against the backdrop of further economic growth in the vast majority of markets, the Management of Volkswagen Bank GmbH expects to see a modest increase in the number of vehicle deliveries to Volkswagen Group customers. Volkswagen Bank GmbH supports this positive trend by providing financial services products designed to promote sales.

Strategic Opportunities

The Volkswagen Bank GmbH Group will continue to grow in and with the European markets and thereby systematically pursuing its strategy of internationalization. During 2018, various strategic projects will be instrumental in setting the course in this regard. Particular focus is being given to continuous, dynamic optimization of all processes and systems in order to improve productivity. First and foremost, the priority is to achieve efficiency by focusing on the needs of our customers. In this way, we will continue to lay the foundations over the coming years for supporting the Group brands in each of the growth markets by providing innovative, country-specific financial products, thereby promoting sales in these markets over the long term while taking on the related risks in a responsible way.

RISK REPORT

Since January 1, 2018, the provision for credit risks has been determined using the expected credit loss model in accordance with IFRS 9. The impairment model under IFRS 9 requires the recognition of a provision for credit risks in the amount of the twelve-month expected credit loss for all financial instruments in which no significant deterioration of the credit risk has been identified since initial recognition of the financial instrument concerned. In the case of financial instruments for which there has been a significant deterioration since initial measurement, a provision for credit risks must be recognized for all such financial instruments in the amount of the lifetime expected credit loss.

A number of methods are used to measure a significant deterioration, including a comparison between the rating or scoring on the date of initial recognition and the rating or scoring on the remeasurement date.

The simplified approach is used for lease receivables. In the simplified approach, a provision for credit risks is recognized for all financial instruments in the amount of the lifetime expected credit loss, regardless of whether there has been any significant deterioration since the initial measurement of the financial instrument concerned.

On February 28, 2018, Volkswagen Bank GmbH prepared a recovery plan at Group level on schedule and submitted it to the ECB banking supervisor. The defined recovery indicators are continuously monitored and communicated in the quarterly risk management report.

The scope of application for residual value risk has been modified. Under the new scope, a residual value risk arises not only from a scenario in which the forecast market value for a vehicle at the time of remarketing could be lower than the residual value calculated at the inception of the contract but also from a scenario in which the forecast market value could be lower than the carrying amount of the vehicle at the time of an early termination of the contract in the event of the use of a statutory option to terminate the contract.

Other than these items, there were no other material changes in the reporting period to the details set out in the report on opportunities and risks in the 2017 Annual Report.

Human Resources Report

Volkswagen Bank GmbH employed 1,131 (December 31, 2017: 1,110) people as of June 30, 2018. Since September 1, 2017, employees of Volkswagen Financial Services AG have no longer been assigned to Volkswagen Bank GmbH's business units under staff leasing arrangements because the employees are now under direct employment contracts with Volkswagen Bank GmbH.

The branches of Volkswagen Bank GmbH employed 825 staff (December 31, 2017: 809); Volkswagen Bank Polska S.A. had 147 employees (December 31, 2017: 144). The reduction in the headcount at Volkswagen Bank Polska arose from the restructuring of the Volkswagen Financial Services group of companies. As a consequence of the structural changes referred to above, the following international companies have formed part of the Volkswagen Bank GmbH Group since 2017 in addition to the bank branches and Volkswagen Bank Polska: SkoFIN, s.r.o., Czech Republic: 242 employees (December 31, 2017: 239), Volkswagen Finans Sverige AB, Sweden: 203 employees (December 31, 2017: 204) and Volkswagen Financial Services (UK) Ltd., United Kingdom: 1,036 employees (December 31, 2017: 1,043).

Report on Expected Developments

The Management of Volkswagen Bank GmbH expects the global economy to record slightly weaker growth in 2018. We believe risks will arise from protectionist tendencies, turbulence in the financial markets and structural deficits in individual countries. In addition, growth prospects will continue to be hurt by geopolitical tensions and conflicts. We therefore expect somewhat weaker momentum than in 2017 in both the advanced economies and the emerging markets.

We believe that automotive financial services will continue to be very important for vehicle sales worldwide in 2018.

We expect trends in the passenger car markets in the individual regions to be mixed in 2018. Overall, growth in global demand for new vehicles will probably be slower than in 2017. We anticipate that unit sales volumes in Western Europe will fall slightly short of those seen in the previous year. In the German passenger car market, we estimate that the market volume will be on a level with the previous year. Passenger car demand is expected to substantially exceed the prior-year figures in markets in Central and Eastern Europe.

We expect trends in the markets for light commercial vehicles in the individual regions to be mixed again in 2018. Overall, we envisage a slight dip in demand.

In the markets for mid-sized and heavy trucks that are relevant for the Volkswagen Group and in the relevant markets for buses, new registrations in 2018 are set to rise slightly above the prior-year level.

We anticipate that we will be able to sustain stable levels of new contracts, current contracts, penetration and volume of business in 2018. The volume of deposits is also projected to remain stable in 2018. We expect the operating profit for fiscal year 2018 to be moderately below the level achieved in fiscal year 2017 because of the positive non-recurring items recognized in 2017. Return on equity will be affected accordingly and therefore is also likely to be below the level of 2017. We forecast that the cost/income ratio in 2018 will be slightly higher than the level of the previous year.

This report contains forward-looking statements on the business development of Volkswagen Bank GmbH. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions in terms of the global economy and of the financial and automotive markets, which we have made on the basis of the information available to us and which we currently consider to be realistic. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Any unexpected fall in demand or economic stagnation in the key sales markets of the Volkswagen Group will have a corresponding impact on the development of our business. The same applies in the event of material changes in exchange rates against the euro. In addition, expected business development may vary if the assessments of the key performance indicators and of risks and opportunities presented in the 2017 Annual Report develop differently to our current expectations, or additional risks and opportunities or other factors emerge that affect the development of our business.

Interim Consolidated Financial Statements (Condensed)

Income Statement of the Volkswagen Bank GmbH Group

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€ million	Note	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2017 restated[1]	Change in percent
Interest income from lending transactions and marketable securities		703	757	–7.1
Income from leasing transactions		3,561	353	908.8
Depreciation, impairment losses and other expenses from leasing transactions		–2,960	–234	1,165.0
Net income from leasing transactions		601	119	405.0
Interest expense		–178	–85	109.4
Income from service contracts		96	19	405.3
Expenses from service contracts		–76	–15	406.7
Net income from service contracts		19	3	533.3
Provision for credit loss risks		–95	9	–1,155.6
Fee and commission income		109	157	–30.6
Fee and commission expenses		–124	–129	–3.9
Net fee and commission income		–14	28	–150.0
Net gain or loss on hedges		16	–7	–328.6
Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income		111	–	X
General and administrative expenses	1	–488	–453	7.7
Other operating income		205	162	26.5
Other operating expenses		–312	–132	136.4
Net other operating income/expenses		–107	30	–456.7
Operating profit/loss		**567**	**401**	**41.4**
Share of profits and losses of equity-accounted joint ventures		4	–	X
Net gain or loss on miscellaneous financial assets		7	8	–12.5
Other financial gains or losses		–3	2	–250.0
Profit before tax		**575**	**412**	**39.6**
Income tax expense		–168	–121	38.8
Profit from continuing operations, net of tax		**407**	**291**	**39.9**
Profit from discontinued operations, net of tax		–	–	–
Profit after tax		**407**	**291**	**39.9**
Profit after tax attributable to the sole shareholder		407	291	39.9
German GAAP profit/loss attributable to the sole shareholder in the event of loss absorption/profit transfer		124	190	–34.7

1 Previous year restated as explained in the disclosures on the leasing business in the Ireland Branch of the Bank and on the revised presentation of the income statement in the section entitled "Restated Prior-Year Figures".

Statement of Comprehensive Income of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2017
Profit after tax	**407**	**291**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	–4	3
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	1	–1
Pension plan remeasurements recognized in other comprehensive income, net of tax	–3	2
Income and expenses from the fair value measurement of other equity investments and marketable securities (equity instruments) recognized in other comprehensive income but that will not be reclassified to profit or loss, net of tax	1	0
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–	–
Items that will not be reclassified to profit or loss	**–2**	**3**
Exchange differences on translating foreign operations	–	–
Gains/losses on currency translation recognized in other comprehensive income	–35	2
Reclassified to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	–35	2
Deferred taxes relating to exchange differences on translating foreign operations	–	–
Exchange differences on translating foreign operations, net of tax	–35	2
Hedging transactions		
Fair value changes recognized in other comprehensive income (OCI I)	1	0
Reclassified to profit or loss (OCI I)	0	0
Cash flow hedges (OCI I), before tax	1	0
Deferred taxes relating to cash flow hedges (OCI I)	0	0
Cash flow hedges (OCI I), net of tax	1	0
Fair value changes recognized in other comprehensive income (OCI II)	–	–
Reclassified to profit or loss (OCI II)	–	–
Cash flow hedges (OCI II), before tax	–	–
Deferred taxes relating to cash flow hedges (OCI II)	–	–
Cash flow hedges (OCI II), net of tax	–	–
Income and expenses from the fair value measurement of marketable securities and loans/advances (debt instruments) recognized in other comprehensive income and that may be reclassified subsequently to profit or loss		
Fair value changes recognized in other comprehensive income	0	–20
Reclassified to profit or loss	–	–
Income and expenses from the fair value measurement of marketable securities and loans/advances (debt instruments) recognized in other comprehensive income and that may be reclassified subsequently to profit or loss, before tax	0	–20
Deferred taxes on income and expenses from the fair value measurement of marketable securities and loans/advances (debt instruments) recognized in other comprehensive income and that may be reclassified subsequently to profit or loss	0	6
Income and expenses from the fair value measurement of marketable securities and loans/advances (debt instruments) recognized in other comprehensive income and that may be reclassified subsequently to profit or loss, net of tax	–1	–14
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	–	–
Items that may be reclassified subsequently to profit or loss	**–35**	**–12**
Other comprehensive income, before tax	–38	–15
Deferred taxes relating to other comprehensive income	1	6
Other comprehensive income, net of tax	**–37**	**–10**
Total comprehensive income	**371**	**282**
Total comprehensive income attributable to the sole shareholder	371	282

Balance Sheet
of the Volkswagen Bank GmbH Group

€ million	Note	June 30, 2018	Dec. 31, 2017	Change in percent
Assets (€ million)				
Cash reserve		2,788	1,866	49.4
Loans to and receivables from banks		975	970	0.5
Loans to and receivables from customers attributable to				
retail financing		30,020	28,032	7.1
dealer financing		13,103	12,430	5.4
leasing business		19,923	18,858	5.6
other loans and receivables		5,550	5,592	–0.8
Total loans to and receivables from customers		68,596	64,912	5.7
Derivative financial instruments		328	289	13.5
Marketable securities		2,757	2,509	9.9
Equity-accounted joint ventures		198	197	0.5
Miscellaneous financial assets		12	3	300.0
Intangible assets	2	46	48	–4.2
Property and equipment	2	23	25	–8.0
Lease assets	2	5,745	5,426	5.9
Investment property		1	1	0.0
Deferred tax assets		1,504	1,497	0.5
Current tax assets		36	53	–32.1
Other assets		1,273	952	33.7
Total		**84,281**	**78,747**	**7.0**

€ million	Note	June 30, 2018	Dec. 31, 2017	Change in percent
Equity and liabilities				
Liabilities to banks		7,435	8,032	–7.4
Liabilities to customers		42,791	41,066	4.2
Notes, commercial paper issued		17,446	13,446	29.7
Derivative financial instruments		185	277	–33.2
Provisions		558	564	–1.1
Deferred tax liabilities		1,527	1,502	1.7
Current tax liabilities		184	210	–12.4
Other liabilities		627	629	–0.3
Subordinated capital		2,093	1,721	21.6
Equity		11,434	11,301	1.2
Subscribed capital		318	318	–
Capital reserves		8,531	8,531	–
Retained earnings		2,791	2,622	6.4
Other reserves		–206	–171	–20.5
Equity attributable to noncontrolling interests		–	–	–
Total		**84,281**	**78,747**	**7.0**

Statement of Changes in Equity of the Volkswagen Bank GmbH Group

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES Currency translation	Hedging transactions Cash flow hedges (OCI I)	Deferred hedging costs (OCI II)	Equity and debt instruments	Equity-accounted investments	Non-controlling interests	Total equity
Balance as of Jan. 1, 2017	**318**	**6,026**	**826**	**–54**	**0**	**–**	**40**	**–**	**–**	**7,156**
Profit after tax	–	–	291	–	–	–	–	–	–	291
Other comprehensive income, net of tax	–	–	2	2	0	–	–13	–	–	–10
Total comprehensive income	**–**	**–**	**294**	**2**	**0**	**–**	**–13**	**–**	**–**	**282**
Capital increases	–	900	–	–	–	–	–	–	–	900
Other changes[1]	–	–	–190	–	–	–	–	–	–	–190
Balance as of June 30, 2017	**318**	**6,926**	**930**	**–52**	**0**	**–**	**27**	**–**	**–**	**8,149**
Balance before adjustment on Jan. 1, 2018	**318**	**8,531**	**2,622**	**–191**	**0**	**–**	**20**	**0**	**–**	**11,301**
Change in accounting treatment as a result of IFRS 9	–	–	–111	–	–	–	–1	–	–	–113
Balance as of Jan. 1, 2018	**318**	**8,531**	**2,510**	**–191**	**0**	**–**	**19**	**0**	**–**	**11,188**
Profit after tax	–	–	407	–	–	–	–	–	–	407
Other comprehensive income, net of tax	–	–	–3	–35	1	–	1	–	–	–37
Total comprehensive income	**–**	**–**	**404**	**–35**	**1**	**–**	**1**	**–**	**–**	**371**
Capital increases	–	–	–	–	–	–	–	–	–	–
Other changes[1]	–	–	–124	–	–	–	–	–	–	–124
Balance as of June 30, 2018	**318**	**8,531**	**2,791**	**–226**	**1**	**–**	**20**	**0**	**–**	**11,434**

1 The figures show the share of German GAAP profit/loss attributable to the sole shareholder.

Cash Flow Statement
of the Volkswagen Bank GmbH Group

€ million	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2017
Profit after tax	**407**	**291**
Depreciation, amortization, impairment losses and reversals of impairment losses	532	92
Change in provisions	–4	54
Change in other noncash items	90	164
Gain/loss on disposal of financial assets and items of property and equipment	1	0
Net interest income/expense and dividend income	–1,042	–779
Other adjustments	–1	0
Change in loans to and receivables from banks	–12	–708
Change in loans to and receivables from customers	–4,030	–972
Change in lease assets	–902	–173
Change in other assets related to operating activities	–344	–83
Change in liabilities to banks	–591	2,593
Change in liabilities to customers	2,150	–1,687
Change in notes, commercial paper issued	4,117	–200
Change in other liabilities related to operating activities	–3	3
Interest received	1,213	855
Dividends received	7	8
Interest paid	–178	–85
Income taxes paid	–116	–68
Cash flows from operating activities	**1,294**	**–695**
Proceeds from disposal of investment property	–	–
Acquisition of investment property	–	–
Proceeds from disposal of subsidiaries and joint ventures	–	0
Acquisition of subsidiaries and joint ventures	–9	–
Proceeds from disposal of other assets	1	0
Acquisition of other assets	–5	–3
Change in investments in marketable securities	–245	153
Cash flows from investing activities	**–258**	**150**
Proceeds from changes in capital	–	900
Profit transfer to Volkswagen Financial Services AG	–489	–414
Change in cash funds attributable to subordinated capital	376	–6
Cash flows from financing activities	**–113**	**480**
Cash and cash equivalents at end of prior period	**1,866**	**1,457**
Cash flows from operating activities	1,294	–695
Cash flows from investing activities	–258	150
Cash flows from financing activities	–113	480
Effect of exchange rate changes	–1	3
Cash and cash equivalents at end of period	**2,788**	**1,395**

See note 6 for disclosures on the cash flow statement

Notes to the Interim Consolidated Financial Statements

of the Volkswagen Bank GmbH Group for the period ended June 30, 2018

General Information

Volkswagen Bank GmbH is a limited liability company (Gesellschaft mit beschränkter Haftung, GmbH) under German law. It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 1819).

Volkswagen AG, Wolfsburg, is the sole shareholder of Volkswagen Bank GmbH.

Volkswagen AG, and Volkswagen Bank GmbH have entered into a control and profit-and-loss transfer agreement.

Basis of Presentation

Volkswagen Bank GmbH prepared its consolidated financial statements for the year ended December 31, 2017 in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC) as well as in accordance with the additional disclosures required by German commercial law under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code). These interim consolidated financial statements for the period ended June 30, 2018 have therefore also been prepared in accordance with IAS 34. The scope of the content is condensed compared with the full consolidated financial statements.

Unless otherwise stated, amounts are shown in millions of euros (€ million) and are rounded. This may give rise to minor discrepancies when amounts are added together.

No review of these interim consolidated financial statements has been carried out by an independent auditor.

Restated Prior-Year Figures

LEASING BUSINESS IN THE IRELAND BRANCH

To standardize the presentation in the consolidated financial statements for the year ended December 31, 2017, some of the receivables reported as retail financing in the Ireland Branch were for the first time reported as receivables from leasing transactions.

The prior-year income statement has been restated as follows as a result of the changes arising from the leasing business:

€ million	Jan. 1 – June 30, 2017 before restated figures	Restated leasing business	Jan. 1 – June 30, 2017 after restated leasing business
Interest income from lending transactions before provision for credit risks	780	–21	759
Income from leasing transactions and service contracts	348	21	370
Net income from leasing transactions before provision for credit risks	99	21	121
Net income from lending and leasing transactions before provision for credit risks	795	–	795
Provision for credit risks from lending and leasing business	9	–	9
Net income from lending and leasing transactions after provision for credit risks	803	–	803
Profit before tax	**412**	**–**	**412**
Income tax expense	–121	–	–121
Profit from continuing operations, net of tax	**291**	**–**	**291**
Profit from discontinued operations, net of tax	–	–	–
Profit after tax	**291**	**–**	**291**
Profit after tax attributable to the sole shareholder	291	–	291

CHANGES TO THE PRESENTATION OF THE INCOME STATEMENT

The presentation of the consolidated income statement for Volkswagen Bank GmbH has been modified following the implementation of both mandatory changes to accounting policies and voluntary changes to improve the presentation of the results of the Group.

The following table shows a reconciliation of the prior-year comparative figures from the previous presentation of the income statement to the new presentation, broken down by reconciliation columns according to the reason for the change.

The basis of the changes to the presentation of the income statement is described in the table below.

Previous presentation	Jan. 1 – June 30, 2017 after restated leasing business	ADJUSTMENT OF THE PRESENTATION FOR: Reversal of provisions	Service contracts	Other adjustments	Jan. 1 – June 30, 2017 restated	Amended presentation
Interest income from lending transactions before provision for credit risks	759	–	–	–2	757	Interest income from lending transactions and marketable securities
Income from leasing transactions and service contracts	370	2	–19	–	353	Income from leasing transactions
Expenses from leasing transactions and service contracts	–153	–	–80	–	–234	Depreciation, impairment losses and other expenses from leasing transactions
Depreciation of and impairment losses on lease assets and investment property	–96	–	96	–	–	
Net income from leasing transactions before provision for credit risks	121	2	–3	–	119	Net income from leasing transactions
Interest expense	–85	–	–	–	–85	Interest expense
	–	–	19	–	19	Income from service contracts

Previous presentation	Jan. 1 – June 30, 2017 after restated leasing business	ADJUSTMENT OF THE PRESENTATION FOR: Reversal of provisions	Service contracts	Other adjustments	Jan. 1 – June 30, 2017 restated	Amended presentation
	–	–	–15	–	–15	Expenses from service contracts
	–	–	3	–	3	Net income from service contracts
Net income from lending and leasing transactions before provision for credit risks	795	2	–	–2	–	
Provision for credit risks from lending and leasing business	9	–	–	–	9	Provision for credit loss risks
Net income from lending and leasing transactions after provision for credit risks	803	2	–	–2	–	
Fee and commission income	135	22	–	–	157	Fee and commission income
Fee and commission expenses	–129	–	–	–	–129	Fee and commission expenses
Net fee and commission income	6	22	–	–	28	Net fee and commission income
Net gain/loss on the measurement of derivative financial instruments and hedged items	–5	–	–	5	–	
	–	–	–	–7	–7	Net gain or loss on hedges
	–	–	–	–	–	Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income
Share of profits and losses of equity-accounted joint ventures	–	–	–	–	–	
Net gain/loss on marketable securities and miscellaneous financial assets	8	–	–	–8	–	
General and administrative expenses	–455	1	–	0	–453	General and administrative expenses
Other operating income	187	–25	–	–	162	Other operating income
Other operating expenses	–132	–	–	1	–132	Other operating expenses
Net other operating income/expenses	55	–25	–	1	30	Net other operating income/expenses
					401	**Operating profit/loss**
	–	–	–	–	–	Share of profits and losses of equity-accounted joint ventures
	–	–	–	8	8	Net gain or loss on miscellaneous financial assets
	–	–	–	2	2	Other financial gains or losses
Profit before tax	**412**	**–**	**–**	**–**	**412**	**Profit before tax**
Income tax expense	–121	–	–	–	–121	Income tax expense
Profit from continuing operations, net of tax	291	–	–	–	291	Profit from continuing operations, net of tax
Profit from discontinued operations, net of tax	–	–	–	–	–	Profit from discontinued operations, net of tax
Profit after tax	**291**	**–**	**–**	**–**	**291**	**Profit after tax**

Previous presentation	Jan. 1 – June 30, 2017 after restated leasing business	Adjustment of the presentation for: Reversal of provisions	Service contracts	Other adjustments	Jan. 1 – June 30, 2017 restated	Amended presentation
Profit after tax attributable to the sole shareholder	291	–	–	–	291	Profit after tax attributable to the sole shareholder
German GAAP profit/loss attributable to the sole shareholder in the event of loss absorption/profit transfer	190	–	–	–	190	German GAAP profit/loss attributable to the sole shareholder in the event of loss absorption/profit transfer

The basis of the changes to the presentation of the income statement is described in the table below.

Basis for reconciliation column	Description
Reversal of provisions	Up to fiscal year 2018, income from the reversal of provisions and of accrued liabilities was always recognized under other operating income. From fiscal year 2018, income from the reversal of provisions and of accrued liabilities is allocated to net income from leasing transactions or general and administrative expenses on the income statement, depending on where the original expense had been recognized in previous fiscal years. The prior-year figures have been restated accordingly. The reclassification of the reversal of provisions improves the presentation of the income statement for the Volkswagen Bank GmbH Group.
Service contracts	Implementation of a voluntary change in accounting policy as permitted by IAS 8.14b) to improve the presentation of the net income/expense from service contracts. a) Net income/expense from service contracts was previously included in the income statement under net income from leasing transactions before provision for credit risks. As service contracts do not arise solely in connection with leases, the associated income/expense is now presented separately under net income from service contracts. b) As a consequence of separating out the net income/expense from service contracts, the expenses from leasing transactions previously reported under expenses from leasing transactions and service contracts can now be combined with depreciation of and impairment losses on lease assets and investment property in a new income statement item referred to as “Depreciation, impairment losses and other expenses from leasing transactions”, thereby improving the presentation of the net income from leasing transactions in the same way as the other net income items on the face of the income statement.
Other adjustments	Implementation of a voluntary change in accounting policy as permitted by IAS 8.14b) to improve the presentation of the net income/loss from operating activities as a subtotal referred to as “Operating profit/loss”. Net income/expenses and net gains/losses that are not allocated to operating profit/loss or the existing “Share of profits and losses of equity-accounted joint ventures” or “Net gain or loss on miscellaneous financial assets” line items have been recognized under the new “Other financial gains or losses” item.

Accounting Policies

Volkswagen Bank GmbH has applied all financial reporting standards adopted by the EU and subject to mandatory application from January 1, 2018.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments revises the financial reporting provisions governing the classification and measurement of financial assets, impairment of financial assets and hedge accounting.

Financial assets are classified and measured on the basis of the business model operated by an entity and the structure of its cash flows. On initial recognition, a financial asset is classified as “at amortized cost”, “at fair value through other comprehensive income” or “at fair value through profit or loss”. The procedure for classifying and measuring financial liabilities under IFRS 9 is largely unchanged compared with the current accounting requirements under IAS 39.

The model for determining impairment and recognizing the provision for credit risks is changing from an incurred loss model to an expected loss model. The expected loss model breaks down the provision for credit risks into three stages. Financial assets that are newly acquired or issued and that are not deemed to be underperforming or non-performing on the date of initial recognition are allocated to stage 1. Stage 1 includes expected defaults that could arise from potential default events within the subsequent twelve months. In the case of financial assets in which the credit risk has increased significantly since acquisition or issue but in which the financial asset is not underperforming (stage 2) and non-performing financial assets (stage 3), the provision for credit risks is recognized on the basis of the remaining maturity of the financial asset (lifetime expected loss). In addition, interest income on financial assets classified as stage 3 is recognized on the basis of the net carrying amount, i.e. amortized cost less recognized impairment losses, in contrast to the rules applicable to stages 1 and 2. The change in the measurement methodology to an expected loss model described above leads to an increase in the provision for credit risks. This increase in the provisions for credit risks results firstly from the requirement to recognize a provision for credit risks for performing financial assets that have not been affected by a significant increase in credit risk since initial recognition. Secondly, the increase arises from the requirement to recognize a provision for credit risks on the basis of the total expected time to maturity for financial assets that have been affected by a significant increase in credit risk since initial recognition.

As regards hedge accounting, IFRS 9 introduces wider designation options and the need to implement more complex recognition and measurement logic. IFRS 9 also removes the quantitative limits for the effectiveness test.

Overall, IFRS 9 also gives rise to significantly more extensive disclosures in the notes.

The following tables show the main effects of the new accounting requirements under IFRS 9 concerning the classification and measurement of financial assets and the impairment of financial assets.

Within the "Derivative financial instruments designated as hedges" class, there have been no reclassifications to or from other classes as a consequence of IFRS 9.

CHANGES IN BALANCE SHEET CARRYING AMOUNTS AS OF JANUARY 1, 2018 AS A RESULT OF IFRS 9

	DEC. 31, 2017		JAN. 1, 2018
€ million	Before adjustments	Adjustments	After adjustments
Assets			
Cash reserve	1,866	–	1,866
Loans to and receivables from banks	970	0	970
Loans to and receivables from customers attributable to			
Retail financing	28,032	–46	27,986
Dealer financing	12,430	–8	12,422
Leasing business	18,858	–68	18,790
Other loans and receivables	5,592	–7	5,585
Total loans to and receivables from customers	64,912	–129	64,783
Derivative financial instruments	289	–	289
Marketable securities	2,509	–2	2,507
Equity-accounted joint ventures	197	–3	194
Miscellaneous financial assets	3	–	3
Deferred tax assets	1,497	24	1,522
Current tax assets	53	–	53
Other assets	952	–8	945
Equity and liabilities			
Liabilities to banks	8,032	–	8,032
Liabilities to customers	41,066	–	41,066
Notes, commercial paper issued	13,446	–	13,446
Derivative financial instruments	277	–	277
Provisions	564	–2	562
Deferred tax liabilities	1,502	–14	1,488
Current tax liabilities	210	–	210
Other liabilities	629	4	633
Subordinated capital	1,721	–	1,721
Equity	11,301	–104	11,197
Retained earnings	2,622	–104	2,518

In addition to the adjustments set out in the table, the revised requirements relating to the recognition of the provision for credit risks also had an impact on the measurement of lease assets. The effect of the adjustment on the carrying amount of lease assets amounted to €9 million. This initial application effect has been recognized in other comprehensive income after taking into account deferred taxes.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE CLASS: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

		RECLASSIFICATIONS		
	Measured at fair value, IAS 39	From measured at amortized cost	To measured at amortized cost	Measured at fair value, IFRS 9
€ million	Carrying amount Dec. 31, 2017	Fair value Dec. 31, 2017	Fair value Dec. 31, 2017	Carrying amount Jan. 1, 2018
Assets				
Cash reserve	–	–	–	–
Loans to and receivables from banks	–	–	–	–
Loans to and receivables from customers	–	1,255	–	1,255
Derivative financial instruments	52	–	–	52
Marketable securities	–	–	–	–
Equity-accounted joint ventures	–	–	–	–
Miscellaneous financial assets	–	–	–	–
Current tax assets	–	–	–	–
Other assets	–	–	–	–
Total	**52**	**1,255**	**–**	**1,308**
Equity and liabilities				
Liabilities to banks	–	–	–	–
Liabilities to customers	–	–	–	–
Notes, commercial paper issued	–	–	–	–
Derivative financial instruments	230	–	–	230
Current tax liabilities	–	–	–	–
Other liabilities	–	–	–	–
Subordinated capital	–	–	–	–
Total	**230**	**–**	**–**	**230**

FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST CLASS: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

	Measured at amortized cost, IAS 39		Reclassifications: From measured at fair value				Reclassifications: To measured at fair value		Measured at amortized cost, IFRS 9	
€ million	Carrying amount Dec. 31, 2017	Fair value Dec. 31, 2017	Fair value Dec. 31, 2017	Carrying amount adjustment Jan. 1, 2018	Provision for credit risks adjustment Jan. 1, 2018	Carrying amount Jan. 1, 2018	Carrying amount Dec. 31, 2017	Fair value Dec. 31, 2017	Carrying amount Jan. 1, 2018	Fair value Jan. 1, 2018
Assets										
Cash reserve	–	–	–	–	–	–	–	–	–	–
Loans to and receivables from banks	–	–	–	–	–	–	–	–	–	–
Loans to and receivables from customers	1,245	1,252	–	–	–	–	1,245	1,252	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–	–
Marketable securities	–	–	–	–	–	–	–	–	–	–
Equity-accounted joint ventures	–	–	–	–	–	–	–	–	–	–
Miscellaneous financial assets	–	–	–	–	–	–	–	–	–	–
Current tax assets	–	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–	–
Total	**1,245**	**1,252**	**–**	**–**	**–**	**–**	**1,245**	**1,252**	**–**	**–**
Equity and liabilities										
Liabilities to banks	–	–	–	–	–	–	–	–	–	–
Liabilities to customers	–	–	–	–	–	–	–	–	–	–
Notes, commercial paper issued	–	–	–	–	–	–	–	–	–	–
Derivative financial instruments	–	–	–	–	–	–	–	–	–	–
Current tax liabilities	–	–	–	–	–	–	–	–	–	–
Other liabilities	–	–	–	–	–	–	–	–	–	–
Subordinated capital	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

PROVISION FOR CREDIT RISKS ON FINANCIAL ASSETS: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

€ million	From financial assets measured at fair value through OCI, IAS 39	From financial assets measured at amortized cost, IAS 39	No measurement category under IAS 39	Total
To financial assets measured at fair value through profit or loss, IFRS 9				
Dec. 31, 2017	–	–	–	–
Adjustments	–	–	–	–
Jan. 1, 2018	–	–	–	–
To financial assets measured at fair value through other comprehensive income, IFRS 9 (equity instruments)				
Dec. 31, 2017	–	–	–	–
Adjustments	–	–	–	–
Jan. 1, 2018	–	–	–	–
To financial assets measured at fair value through other comprehensive income, IFRS 9 (debt instruments)				
Dec. 31, 2017	–	–	–	–
Adjustments	–	–	–	–
Jan. 1, 2018	–	–	–	–
To financial assets measured at amortized cost, IFRS 9				
Dec. 31, 2017	–	866	–	866
Adjustments	–	67	–	67
Jan. 1, 2018	–	933	–	933
To lease receivables				
Dec. 31, 2017	–	–	220	220
Adjustments	–	–	67	67
Jan. 1, 2018	–	–	287	287
To credit commitments				
Dec. 31, 2017	–	–	–	–
Adjustments	–	–	9	9
Jan. 1, 2018	–	–	9	9
To financial guarantees				
Dec. 31, 2017	–	–	–	–
Adjustments	–	–	0	0
Jan. 1, 2018	–	–	0	0
Total as of Jan. 1, 2018	**–**	**1,867**	**591**	**2,458**

CARRYING AMOUNTS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

€ million	IAS 39 carrying amount Dec. 31, 2017	Reclassifications	IFRS 9 adjustments	IFRS 9 carrying amount Jan. 1, 2018	Change in retained earnings Jan. 1, 2018
Financial assets measured at fair value through profit or loss, IAS 39	**52**				
Additions					
Available-for-sale financial assets, IAS 39		359	–	359	–
Financial assets measured at amortized cost, IAS 39		1,255	–	1,255	–
Deductions					
Financial assets measured at amortized cost, IFRS 9		–	–	–	–
Financial assets measured at fair value through other comprehensive income, IFRS 9		–	–	–	–
Financial assets measured at fair value through profit or loss, IFRS 9				**1,667**	

CARRYING AMOUNTS OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

€ million	IAS 39 carrying amount Dec. 31, 2017	Reclassifications	IFRS 9 adjustments	IFRS 9 carrying amount Jan. 1, 2018	Change in retained earnings Jan. 1, 2018
Available-for-sale financial assets, IAS 39	**2,509**				
Additions					
Financial assets measured at amortized cost, IAS 39		–	–	–	–
Financial assets measured at fair value through profit or loss, IAS 39		–	–	–	–
Deductions					
Financial assets measured at amortized cost, IFRS 9		–	–	–	–
Financial assets measured at fair value through profit or loss, IFRS 9		359	–	359	–
Financial assets measured at fair value through other comprehensive income, IFRS 9				**2,150**	

CARRYING AMOUNTS OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST: RECONCILIATION FROM IAS 39 TO IFRS 9 AS OF JANUARY 1, 2018

€ million	IAS 39 carrying amount Dec. 31, 2017	Reclassifications	IFRS 9 adjustments	IFRS 9 carrying amount Jan. 1, 2018	Change in retained earnings Jan. 1, 2018
Financial assets measured at amortized cost, IAS 39	**49,402**				
Additions					
Available-for-sale financial assets, IAS 39		–	–	–	–
Financial assets measured at fair value through profit or loss, IAS 39		–	–	–	–
Deductions					
Financial assets measured at fair value through other comprehensive income, IFRS 9		–	–	–	–
Financial assets measured at fair value through profit or loss, IFRS 9		1,255	–	1,255	–
Financial assets measured at amortized cost, IFRS 9				**48,147**	

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 revises the financial reporting requirements for revenue recognition. Significant revenue from contracts with customers is recognized in the Volkswagen Bank GmbH Group in accordance with IFRS 9 / IAS 17. The initial application of IFRS 9 has not resulted in changes affecting the items not covered by IFRS 9 / IAS 17.

OTHER ACCOUNTING POLICIES

In these Group interim consolidated financial statements, a discount rate of 1.9% (December 31, 2017: 1.9%) has been used for pension provisions in Germany. The discount rate in Germany therefore did not give rise to any changes in pension provisions, in associated deferred taxes, or in the actuarial losses related to pension provision recognized under retained earnings within equity

The income tax expense for the interim consolidated financial statements has been calculated in accordance with IAS 34 (Interim Financial Reporting) using the average tax rate anticipated for the entire fiscal year.

To adjust the presentation of the income statement in line with standard practice in the market, the following items will be reported within operating profit or loss from the current fiscal year onward: net gain or loss on hedges, net gain or loss on financial instruments measured at fair value, and net gain or loss on the measurement of foreign currency loans/receivables and liabilities, together with the net gains and losses on the corresponding underlying transactions. For this reason, there are no comparative prior-year figures for the following income statement line items within operating profit or loss: net gain or loss on hedges and net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income.

Otherwise, the same consolidation methods and accounting policies as those applied in the 2017 consolidated financial statements have generally been used in the preparation of the interim consolidated financial statements and the calculation of the prior-year comparative figures. A detailed description of these methods and policies was published in the notes to the consolidated financial statements in the 2017 Annual Report. In addition, the effects of new standards were described in detail under New and Revised IFRSs Not Applied. The 2017 Consolidated Financial Statements can also be accessed on the Internet at www.vwfsag.com/arbank17.

Basis of Consolidation

In addition to Volkswagen Bank GmbH, the consolidated financial statements comprise all significant German and foreign subsidiaries, including structured entities, that are controlled by Volkswagen Bank GmbH. This is the case if Volkswagen Bank GmbH has power over potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and has the ability to use its power to influence those returns.

Interim Consolidated Financial Statements Disclosures

1. General and Administrative Expenses

€ million	Jan. 1 – June 30, 2018	Jan. 1 – June 30, 2017 restated[1]
Personnel expenses	–145	–48
Non-staff operating expenses	–329	–393
Advertising, public relations and sales promotion expenses	–9	–9
Depreciation of and impairment losses on property and equipment, amortization of and impairment losses on intangible assets	–7	–4
Other taxes	0	0
Income from the reversal of provisions and accrued liabilities	3	1
Total	**–488**	**–453**

1 Prior year restated as described in the disclosures relating to the changes to the presentation of the income statement in the section "Restated Prior-Year Figures".

2. Changes in Selected Assets

€ million	Net carrying amount January 1, 2018	Additions/ changes in basis of consolidation	Disposals/other changes	Depr./amort./ impairment	Net carrying amount June 30, 2018
Intangible assets	48	4	–2	–4	46
Property and equipment	25	1	–2	–1	23
Lease assets[1]	5,417	3,234	–2,786	–120	5,745

1 The amount brought forward for lease assets was adjusted by an allowance of €9 million as specified in the section "IFRS 9 – FINANCIAL INSTRUMENTS".

3. Classes of Financial Instruments

Financial instruments are divided into the following classes in the Volkswagen Bank GmbH Group:

> Financial assets and liabilities measured at fair value
> Assets and liabilities measured at amortized cost
> Derivative financial instruments designated as hedges
> Credit commitments and financial guarantees
> Not within the scope of IFRS 7

The following table shows the reconciliation of the balance sheet items to the classes of financial instruments:

€ million	BALANCE SHEET ITEM		MEASURED AT FAIR VALUE		MEASURED AT AMORTIZED COST[1]		DERIVATIVE FINANCIAL INSTRUMENTS DESIGNATED AS HEDGES		NOT WITHIN THE SCOPE OF IFRS 7	
	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017
Assets										
Cash reserve	2,788	1,866	–	–	2,788	1,866	–	–	–	–
Loans to and receivables from banks	975	970	–	–	975	970	–	–	–	–
Loans to and receivables from customers	68,596	64,912	–	–	68,596	64,912	–	–	–	–
Derivative financial instruments	328	289	99	52	–	–	229	236	–	–
Marketable securities	2,757	2,509	2,757	2,509	–	–	–	–	–	–
Equity-accounted joint ventures	198	197	–	–	–	–	–	–	198	197
Miscellaneous financial assets	12	3	–	–	–	–	–	–	12	3
Current tax assets[2]	36	53	–	–	3	3	–	–	33	50
Other assets	1,273	952	–	–	631	512	–	–	643	440
Total	**76,963**	**71,751**	**2,856**	**2,561**	**72,993**	**68,263**	**229**	**236**	**886**	**690**
Equity and liabilities										
Liabilities to banks	7,435	8,032	–	–	7,435	8,032	–	–	–	–
Liabilities to customers	42,791	41,066	–	–	42,791	41,066	–	–	–	–
Notes, commercial paper issued	17,446	13,446	–	–	17,446	13,446	–	–	–	–
Derivative financial instruments	185	277	180	230	–	–	5	47	–	–
Current tax liabilities[2]	184	210	–	–	83	162	–	–	101	48
Other liabilities	627	629	–	–	132	184	–	–	495	445
Subordinated capital	2,093	1,721	–	–	2,093	1,721	–	–	–	–
Total	**70,761**	**65,381**	**180**	**230**	**69,980**	**64,111**	**5**	**47**	**596**	**493**

1 Some of the loans to and receivables from customers have been designated as hedged items in fair value hedges and are therefore subject to fair value adjustments. The loans to and receivables from customers in the class "Measured at amortized cost" are therefore measured neither entirely at fair value nor entirely at amortized cost.
2 Revised presentation as a result of including financial instruments in "current tax assets" and "current tax liabilities".

The “Credit commitments and financial guarantees” class contains obligations under irrevocable credit commitments amounting to €2,558 million (December 31, 2017: €3,208 million).

For the first application of IFRS 9, the carrying amounts of receivables from insurance contracts are reported in the class “Not within the scope of IFRS 7” from fiscal year 2018.

4. Fair Value Disclosures

The principles and methods of fair value measurement have generally remained unchanged compared with those applied in 2017. Detailed disclosures on the measurement principles and methods can be found in the 2017 Annual Report.

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

Level 1 is used to report the fair value of financial instruments such as marketable securities for which a price can be directly determined from an active market.

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

Level 3 fair values are measured using valuation techniques incorporating at least one input that is not directly observable in an active market. The fair values of loans to and receivables from customers are allocated to Level 3 because these fair values are measured using inputs that are not observable in active markets. The fair values of derivative financial instruments in connection with risks of early termination are also allocated to Level 3. Inputs for determining the fair value of derivatives in connection with the risk of early termination are forecasts and estimates of used vehicle residual values for the models concerned as well as yield curves.

The following table shows the allocation of financial instruments measured at fair value and derivative financial instruments designated as hedges to the three-level fair value hierarchy by class:

	LEVEL 1		LEVEL 2		LEVEL 3	
€ million	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017
Assets						
Measured at fair value						
Loans to and receivables from customers	–	–	–	–	1,251	–
Derivative financial instruments	–	–	99	52	–	–
Marketable securities	2,564	2,092	193	417	–	–
Miscellaneous financial assets	–	–	–	–	0	0
Derivative financial instruments designated as hedges	–	–	229	236	–	–
Total	**2,564**	**2,092**	**521**	**705**	**1,251**	**0**
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	30	38	150	192
Derivative financial instruments designated as hedges	–	–	5	47	–	–
Total	**–**	**–**	**35**	**85**	**150**	**192**

The following table shows the changes in the loans to and receivables from customers measured at fair value and allocated to Level 3.

€ million	2018 [1]
Balance as of Jan. 1	**1,255**
Foreign exchange differences	–
Portfolio changes	–16
Measured at fair value through profit or loss	12
Balance as of June 30	**1,251**

1 The opening carrying amount has been restated (see IFRS 9 disclosures).

The remeasurements recognized in profit or loss amounting to €12 million have been reported in the income statement under net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income. All of the remeasurements recognized in profit or loss were attributable to loans to and receivables from customers held as of the reporting date.

The risk variables relevant to the fair value of the loans to and receivables from customers are risk-adjusted interest rates. A sensitivity analysis is used to quantify the impact from changes in risk-adjusted interest rates on profit or loss after tax. If risk-adjusted interest rates as of June 30, 2018 had been 100 basis points higher, profit after tax would have been €1 million lower. If risk-adjusted interest rates as of June 30, 2018 had been 100 basis points lower, profit after tax would have been €1 million higher.

The following table shows the changes in the derivative financial instruments in connection with the risk of early termination measured at fair value based on Level 3 inputs.

€ million	2018
Balance as of Jan. 1	**192**
Foreign exchange differences	1
Changes in basis of consolidation	–
Measured at fair value through profit or loss	–43
Balance as of June 30	**150**

The measurements through profit or loss recognized in net gain/loss on the measurement of derivative financial instruments amounted to a net gain of €43 million. The net gain was attributable entirely to derivative financial instruments held as of the reporting date.

Risks of early termination may arise from country-specific consumer protection legislation that confers a right to return used vehicles under leases that have already been entered into. The impact on earnings arising from market-related fluctuations in residual values and interest rates is borne by the Volkswagen Bank GmbH Group.

The market prices of used vehicles are the main risk variable in the fair value of derivatives in connection with the risk of early termination. A sensitivity analysis is used to quantify the effects of changes in used vehicle prices on profit after tax. If used vehicle prices for the vehicles taken into account in the derivatives in connection with the risk of early termination had been 10% higher as of June 30, 2018, profit after tax would have been higher by €81 million. If used vehicle prices for the vehicles taken into account in the derivatives in connection with the risk of early termination had been 10% lower as of June 30, 2018, profit after tax would have been lower by €106 million.

The table below shows an overview of the fair values of the financial instruments.

€ million	FAIR VALUE June 30, 2018	FAIR VALUE Dec. 31, 2017	CARRYING AMOUNT June 30, 2018	CARRYING AMOUNT Dec. 31, 2017	DIFFERENCE June 30, 2018	DIFFERENCE Dec. 31, 2017
Assets						
Measured at fair value						
Loans to and receivables from customers	1,251	–	1,251	–	–	–
Derivative financial instruments	99	52	99	52	–	–
Marketable securities	2,757	2,509	2,757	2,509	–	–
Miscellaneous financial assets	0	0	0	0	–	–
Measured at amortized cost						
Cash reserve	2,788	1,866	2,788	1,866	–	–
Loans to and receivables from banks	975	970	975	970	–	–
Loans to and receivables from customers	68,429	66,130	67,345	64,912	1,084	1,218
Current tax assets[1]	3	3	3	3	–	–
Other assets	631	512	631	512	–	–
Derivative financial instruments designated as hedges	229	236	229	236	–	–
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	180	230	180	230	–	–
Measured at amortized cost						
Liabilities to banks	7,377	7,919	7,435	8,032	–59	–113
Liabilities to customers	42,824	41,087	42,791	41,066	32	21
Notes, commercial paper issued	17,455	13,451	17,446	13,446	9	6
Current tax liabilities[1]	83	162	83	162	–	–
Other liabilities	132	184	132	184	–	–
Subordinated capital	2,101	1,730	2,093	1,721	8	10
Derivative financial instruments designated as hedges	5	47	5	47	–	–

1 Revised presentation as a result of including financial instruments in “current tax assets” and “current tax liabilities”.

Due to the short maturity and the variable interest rate linked to the market interest rate, the fair value of irrevocable credit commitments is not material. The fair value of financial guarantees is not material either.

Segment Reporting

5. Breakdown by Geographical Market

The reportable segments in accordance with IFRS 8 are presented on the basis of the internal management and reporting structure of the Volkswagen Bank GmbH Group and are broken down by the geographical markets in which the Volkswagen Bank GmbH Group operates.

Operating profit or loss is reported as the primary key performance indicator to the chief operating decision-makers. The information made available to management for management purposes is based on the same accounting policies as those used for external financial reporting. In contrast to the approach in the 2017 reporting year, operating profit now also includes net gain or loss on hedges, net gain or loss on financial instruments measured at fair value and net gain or loss on the measurement of foreign currency loans/receivables and liabilities.

All business transactions between the segments – where such transactions take place – are conducted on an arm's-length basis.

BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE F IRST HALF OF 2017:

	JAN. 1 – JUNE 30, 2017[1]							
€ million	Germany	Italy	France	United Kingdom	Sweden	Other	Consolidation	Total
Interest income from lending transactions and marketable securities in respect of third parties	567	58	23	45	–	64	–	757
Intersegment interest income from lending transactions and marketable securities	41	–	–	–	–	–	–41	–
Income from leasing transactions with third parties	–	48	281	–	–	24	–	353
Depreciation, impairment losses and other expenses from leasing transactions	–	–37	–196	–	–	–1	–	–234
of which impairment losses in accordance with IAS 36	–	–	–7	–	–	–	–	–7
Net income from leasing transactions	–	11	85	–	–	23	–	119
Interest expense	–76	–8	–12	–19	–	–11	41	–85
Net income from service contracts	–	0	3	–	–	–	–	3
Provision for credit loss risks	15	–7	–6	3	–	5	–	9
Net fee and commission income	7	21	–3	–	–	2	–	28
Net gain or loss on hedges	–7	–	–	–	–	–	–	–7
Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income	–	–	–	–	–	–	–	–
General and administrative expenses	–328	–29	–50	–5	–	–41	1	–453
Other operating income	147	4	4	1	–	7	–1	162
Other operating expenses	–119	–2	–1	–	–	–10	–	–132
Net other operating income/expenses	28	2	3	1	–	–3	–1	30
Operating profit/loss	**248**	**47**	**44**	**24**	**–**	**39**	**–**	**401**
Noncurrent assets	15,703	2,075	2,971	93	–	1,318	–	22,160

1 Previous year restated as explained in the disclosures on the leasing business in the Ireland Branch of the Bank and on the revised presentation of the income statement in the section entitled "Restated Prior-Year Figures".

BREAKDOWN BY GEOGRAPHICAL MARKET FOR THE F IRST HALF OF 2018:

	JAN. 1 – JUNE 30, 2018							
€ million	Germany	Italy	France	United Kingdom	Sweden	Other	Consolidation	**Total**
Interest income from lending transactions and marketable securities in respect of third parties	460	67	24	43	11	97	–	703
Intersegment interest income from lending transactions and marketable securities	46	–	–	7	–	–	–52	–
Income from leasing transactions with third parties	–	44	340	1,108	1,883	185	–	3,561
Depreciation, impairment losses and other expenses from leasing transactions	–	–30	–254	–654	–1,857	–165	–	–2,960
of which impairment losses in accordance with IAS 36	–	–	–10	–17	–5	–	–	–33
Net income from leasing transactions	–	15	86	454	27	20	–	601
Interest expense	–60	–6	–9	–135	–3	–17	52	–178
Net income from service contracts	–	0	2	15	–	1	–	19
Provision for credit loss risks	–44	–8	6	–41	–3	–3	–1	–95
Net fee and commission income	10	20	–3	–38	2	–6	–	–14
Net gain or loss on hedges	–2	–	–	18	–	–	–	16
Net gain or loss on financial instruments measured at fair value and on derecognition of financial assets measured at fair value through other comprehensive income	13	0	0	47	58	–	–8	111
General and administrative expenses	–254	–33	–63	–74	–20	–47	4	–488
Other operating income	39	5	6	154	1	4	–4	205
Other operating expenses	–47	–2	–1	–199	–59	–3	–	–312
Net other operating income/expenses	–8	2	5	–46	–58	0	–4	–107
Operating profit/loss	**160**	**57**	**48**	**251**	**14**	**46**	**–9**	**567**
Noncurrent assets	17,591	2,574	3,312	13,178	2,955	2,289	–	41,900

The following table shows the reconciliation to consolidated revenue, consolidated operating profit and consolidated profit before tax.

€ million	**Jan. 1 – June 30, 2018**	Jan. 1 – June 30, 2017
Segment revenue	**4,672**	**1,303**
Other companies	–	–
Consolidation	–52	–41
Group revenue	**4,620**	**1,262**
Segment profit or loss (operating profit or loss)	**575**	**401**
Other companies	–	–
Consolidation	–9	–
Operating profit	**567**	**401**
Share of profits and losses of equity-accounted joint ventures	4	–
Net gain or loss on miscellaneous financial assets	7	8
Other financial gains or losses	–3	2
Profit before tax	**575**	**412**

Other Disclosures

6. Cash Flow Statement

The Volkswagen Bank GmbH Group's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. The narrow definition of cash and cash equivalents comprises only the cash reserve, which consists of cash-in-hand and central bank balances.

7. Off-Balance-Sheet Liabilities

OTHER FINANCIAL OBLIGATIONS

€ million	DUE 2018	DUE 2019 – 2022	DUE from 2023	TOTAL 31.12.2017
Purchase commitments in respect of				
property and equipment	–	–	–	–
intangible assets	–	–	–	–
investment property	–	–	–	–
Obligations from				
irrevocable credit and leasing commitments to customers	3,072	0	0	3,072
long-term leasing and rental contracts	6	14	36	56
Miscellaneous financial obligations	10	–	–	10

€ million	DUE by June 30, 2019	DUE July 1, 2019 – June 30, 2023	DUE from July 1, 2023	TOTAL June 30, 2018
Purchase commitments in respect of				
property and equipment	–	–	–	–
intangible assets	–	–	–	–
investment property	–	–	–	–
Obligations from				
irrevocable credit and leasing commitments to customers	2,428	0	–	2,428
long-term leasing and rental contracts	6	14	34	54
Miscellaneous financial obligations	12	–	–	12

Drawdowns on irrevocable credit commitments are possible at any time.

8. Governing Bodies of Volkswagen Bank GmbH

The members of the Management are as follows:

DR. MICHAEL REINHART
Chairman of the Board of Management
Corporate Management of Volkswagen Bank GmbH

HARALD HEßKE
Chief Financial Officer of Volkswagen Bank GmbH

CHRISTIAN LÖBKE
Risk Management, Volkswagen Bank GmbH

DR. VOLKER STADLER
Operations, Volkswagen Bank GmbH

The members of the Supervisory Board are as follows:

DR. JÖRG BOCHE
Chairman
Executive Vice President of Volkswagen AG
Head of Group Treasury

DR. INGRUN-ULLA BARTÖLKE
Deputy Chairwoman
Head of Group Accounting and External Reporting at Volkswagen AG

WALDEMAR DROSDZIOK
Deputy Chairman
Chairman of the Joint Works Council of Volkswagen Financial Services AG,
Volkswagen Bank GmbH and Euromobil Autovermietung GmbH

MARKUS BIEBER
General Secretary of the General Works Council of Volkswagen AG

BIRGIT DIETZE
Board Member of IG Metall Berlin
Member of the Supervisory Board of Volkswagen AG

FRANK FIEDLER
Member of the Board of Management of Volkswagen Financial Services AG
Finance and Purchasing

PROF. DR. SUSANNE HOMÖLLE
Chair of Banking and Finance, University of Rostock

THOMAS KÄHMS
Member of the Joint Works Council of Volkswagen Financial Services AG,
Volkswagen Bank GmbH and Euromobil Autovermietung GmbH

LUTZ MESCHKE
Deputy Chairman of the Board of Management and member of the Board of Management of
Dr. Ing. h.c. F. Porsche AG
Finance and IT

DR. HANS-JOACHIM NEUMANN
Head of the Back Office of Volkswagen Bank GmbH

LARS HENNER SANTELMANN
Chairman of the Board of Management of Volkswagen Financial Services AG

SILVIA STELZNER
Member of the Joint Works Council of Volkswagen Financial Services AG, Volkswagen Bank GmbH and Euromobil Autovermietung GmbH

As of June 30, 2018, the Supervisory Board of Volkswagen Bank GmbH maintained the following committees:

MEMBERS OF THE AUDIT COMMITTEE
Dr. Ingrun-Ulla Bartölke (Chairwoman)
Prof. Dr. Susanne Homölle (Deputy Chairwoman)
Frank Fiedler
Dr. Hans-Joachim Neumann

MEMBERS OF THE RISK COMMITTEE
Prof. Dr. Susanne Homölle (Chairwoman)
Dr. Jörg Boche (Deputy Chairman)
Frank Fiedler
Silvia Stelzner

MEMBERS OF THE NOMINATION COMMITTEE
Dr. Ingrun-Ulla Bartölke (Chairwoman)
Waldemar Drosdziok (Deputy Chairman)
Lars Henner Santelmann

MEMBERS OF THE REMUNERATION COMMITTEE
Dr. Jörg Boche (Chairman)
Dr. Ingrun-Ulla Bartölke (Deputy Chairwoman)
Waldemar Drosdziok
Lars Henner Santelmann

9. Events After the Balance Sheet Date

There were no significant events between the end of the reporting period and July 18, 2018.

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Responsibility Statement

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

Braunschweig, July 18, 2018

Volkswagen Bank GmbH
The Management

Dr. Michael Reinhart | Harald Heßke
Christian Löbke | Dr. Volker Stadler

PUBLISHED BY
Volkswagen Bank GmbH
Gifhorner Strasse 57
38112 Braunschweig, Germany
Telephone +49 (0) 531 212-0
info@vwfs.com
www.vwfs.com

INVESTOR RELATIONS
Telephone +49 (0) 531 212-30 71
ir@vwfs.com

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VOLKSWAGEN BANK GMBH

Gifhorner Strasse 57 · 38112 Braunschweig · Germany · Phone +49 (0) 531 212-0
info@vwfs.com · www.vwfs.com · www.facebook.com/vwfsde
Investor Relations: Phone +49 (0) 531 212-30 71 · ir@vwfs.com