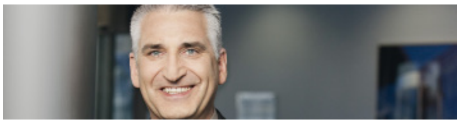
VOLKSWAGEN BANK

GMBH






The key to mobility.

CONSOLIDATED INTERIM REPORT JANUARY – JUNE 2013 (IFRS)





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The Volkswagen Bank GmbH at a glance

€ million	30.06.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Total assets	39,165	39,220	37,866	32,826	34,193
Receivables arising from					
Retail financing	20,049	19,557	17,939	17,696	17,421
Dealer financing	7,677	7,738	7,435	6,261	6,427
Leasing business	1,648	1,540	1,412	1,232	1,156
Customer deposits[1]	24,343	23,722	22,592	20,078	19,489
Equity	4,608	5,021	4,883	4,690	4,095

€ million	1st half-year 2013	1st half-year 2012	1st half-year 2011	1st half-year 2010	1st half-year 2009
Operating result	269	169	165	122	127
Pre-tax result	270	231	243	188	144
Income after taxes	153	181	197	144	119

%	30.06.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Equity ratio	11.8	12.8	12.9	14.3	12.0
Core capital ratio	13.9	13.5	14.4	15.6	14.9
Overall ratio	15.1	14.9	16.3	18.6	18.0

Number	30.06.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Employees	914	864	753	631	644

RATING (AS AT 30.06.2013)	STANDARD & POOR´S			MOODY´S INVESTORS SERVICE		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Bank GmbH	A–2	A–	positive	Prime–2	A3	positive
Volkswagen Financial Services AG	A–2	A–	Positive	Prime–2	A3	Positive

1 The year-end customer deposit figure for 2009 was adjusted to the customer deposit definition applicable from 2010 onwards.

Development of business

GLOBAL ECONOMY

The development of the global economy in the first six months of 2013 was still marked by uncertainty and disparate growth rates across regions. While structural obstacles clouded the economic situation in the industrialised countries, the economies of the emerging markets developed robustly on the whole.

The repercussions of the debt crisis continued to impact economic activity in Western Europe in the first six months of 2013. Southern Europe remained in recession, and few countries in Northern Europe showed growth rates in positive territory.

The German economy, which had proved comparatively resistant to the crisis in 2012, failed to generate growth in the reporting period. However, consumer sentiment and labour market conditions remained positive.

Although the crisis in the euro zone had a severe effect on the economic development of Central and Eastern Europe, the overwhelming majority of the countries in this region achieved positive growth rates. Russia, however, grew at a slower pace than in the preceding years.

FINANCIAL MARKETS

The global financial markets developed at different rates in the first half of 2013. In the industrialised countries, investments moved away from the bond markets towards the equity markets in varying degrees. This was motivated by the persistent low return on bonds as opposed to the attractive valuation of shares. Particularly strong growth was recorded by the US stock indices, fuelled by moderate economic growth as a consequence of strong consumer demand driven by the Federal Reserve Board's policy of low interest rates.

Markets in Europe were calmed by the extensive aid measures taken to finance national budgets in the southern EU countries, though they essentially remained nervous. The banking and sovereign debt crisis in Cyprus in particular generated debate in March about fundamental aspects of the security of deposits in the euro zone as well as investors' participation in losses.

Consistently low interest rates in the industrialised countries in the first half of the year provided further stimulus for corporate bond issues. According to Standard & Poor’s, corporate bonds totalling US$ 1.2 trillion (around € 900 billion) were issued worldwide in this period, 36% of which by European companies, 32% by US companies, 22% by companies in the emerging markets and 10% by companies in other industrialised nations. In the United States, the volume of new issues of corporate bonds actually reached a record level.

The issue volume in Germany also continued to rise. Since repayments increased at the same time, companies' capital market debt rose only slightly. The increase is solely attributable to non-financial companies because the banks repaid their net debt in the first half of 2013.

Europe's banking sector continued to benefit from the extremely low interest rates, underpinned by the European Central Bank's cutting of its key rate in May to the historically low level of 0.5%.

AUTOMOBILE MARKETS

Demand for passenger cars around the world between January and June 2013 was higher than in the prior-year period. The individual markets continued to develop unevenly, however. New passenger car registrations in Western Europe fell below the previous year's level, as expected. A decrease in volume was also registered in the markets in Central and Eastern Europe in the reporting period.

The passenger car market in Western Europe recorded substantial losses in the first six months of 2013. The last time a weaker overall market volume for the first half of a year was registered was in the 1980s. The unfavourable general conditions caused by the debt crisis in several euro zone countries led to double-digit decreases in unit sales in some of the large markets. New passenger car registrations in the United Kingdom rose substantially on the strength of high private sector demand.

The uncertainty among consumers caused by the weak economy in Western Europe also had a negative impact on Germany's passenger car market. New registrations fell to the second-lowest level in a first half-year since German reunification in 1990.

The overall passenger car market in Central and Eastern Europe also declined. Above all, the higher-than-average decrease in sales in Russia in the second quarter of 2013 dragged down the passenger car market volume in the reporting period to below the strong prior-year figure. This was primarily a consequence of the slowdown in economic activity.

OVERALL APPRAISAL OF THE DEVELOPMENT OF BUSINESS

In the view of the Board of Management of Volkswagen Bank GmbH, business has shown a satisfactory development so far in 2013. The pre-tax result for the first six months is higher than in 2012.

New business from consumer financing developed encouragingly in the first half of the year, though new business from vehicle and investment financing for the dealers of the Volkswagen Group recorded a slight decrease.

In the first half of 2013, Volkswagen Bank GmbH boosted its business volume year on year – especially in the United Kingdom and France.

The proportion of the total number of vehicles delivered by the Volkswagen Group accounted for by financed vehicles (penetration) in the countries in which the Volkswagen Bank Group operates rose to 17.5% (previous year: 16.5%) in the first half of the year with unchanged credit eligibility criteria. In Western and Southern Europe, the new passenger car business is declining due to the difficult macroeconomic situation. In this challenging market environment, the company nonetheless managed to improve its penetration.

In spite of the higher business volume, refinancing costs are down compared with the first half of 2012 due, among other things, to sustained low interest rates.

Although macroeconomic conditions in Europe remain difficult, the (credit) risk exposure increased moderately on the whole in the first six months of 2013. The ongoing crisis in Southern Europe led to further credit losses and rising risk costs as expected, even though countermeasures were initiated at an early stage. Most of the other European markets managed to avoid this negative trend, however, showing stable growth.

The 50% equity investment by Volkswagen Bank GmbH in Global Mobility Holding B.V., which holds 100% of LeasePlan Corporation N.V., was sold to Volkswagen AG effective 22 January 2013 as part of internal restructuring of the Group.

In the first half of 2013, Volkswagen Bank GmbH received a capital increase from Volkswagen Financial Services AG to strengthen its equity base. This measure serves to expand our business and supports the growth strategy we are pursuing together with the brands of the Volkswagen Group.

Analysis of the Group's business development and position

THE VOLKSWAGEN BANK GMBH GROUP

There were no changes compared to 31 December 2012 as regards the legal status of Volkswagen Bank GmbH under corporate law and the inclusion of the Volkswagen Bank GmbH Group into the consolidated financial statements of Volkswagen Financial Services AG and Volkswagen AG.

In addition to the companies listed as at the most recent balance sheet date, the consolidated financial statements of Volkswagen Bank GmbH also include the fully consolidated special purpose entities, Private Driver 2013-1 UG (haftungsbeschränkt), Private Driver 2013-2 UG (haftungsbeschränkt), Driver Ten GmbH and Driver Eleven GmbH, all domiciled in Frankfurt/Main, which were established for the execution of ABS transactions.

RESULTS OF OPERATIONS

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

The first half of 2013 was satisfactory for the entities of Volkswagen Bank GmbH. At € 270 million, pre-tax profit surpassed the previous year’s level (+16.9%). The net income from lending and leasing transactions before risk provisions was € 576 million, which is a 5.4% increase year on year.

At € 84 million, the provisions for risks were higher than in the year-earlier period. The Volkswagen Bank GmbH Group has taken its default risks arising from the crisis in a number of EU countries into account by recognising valuation allowances, which rose by € 53 million to € 260 million year on year.

General administration expenses increased by € 9 million to € 340 million. Volume effects arising from the expansion of business, the implementation of strategic projects and compliance with stricter regulatory requirements are the main drivers in this connection.

Both the commission income essentially resulting from insurance agency services and the commission expense mainly incurred for insurance premiums paid are higher than in the previous year, leading to virtually no change in net commission income.

Taking into account the result from the measurement of derivative financial instruments in the amount of € –22 million (previous year: € –13 million) and the remaining earnings components, income after taxes of the Volkswagen Bank GmbH Group was € 153 million (–15.5%).

Volkswagen Bank GmbH was successful in the saturated German market, making a substantial contribution to the earnings of the Volkswagen Bank GmbH Group. Accounting for about 64.7% of the contract portfolio, the German market remains the market with the highest volume.

In addition, Volkswagen Bank GmbH generated a pre-tax result of € 76 million in its branches, an increase of 3.9%.

ASSETS AND FINANCIAL POSITION

The notes on the assets and financial position concern changes relative to the balance sheet date 31 December 2012.

Lending business

Receivables from customers – which represent the core business of the Volkswagen Bank GmbH Group – amounted to € 34.0 billion, and thus accounted for approximately 86.8% of the consolidated total assets. The positive development is reflected in the expansion of business, particularly in the United Kingdom and France.

The loan volume from retail financing increased by € 0.5 billion or 2.5% to € 20.0 billion. A total of 384,000 new contracts were sold in the first half of 2013, an increase of 48,800 or 2.5% compared with 31 December 2012. This enabled the German market to maintain its position as the largest market for the Volkswagen Bank GmbH Group with 1,474,000 contracts (previous year: 1,468,000).

The loan volume in the dealer financing business – which consists of receivables from Group dealers in connection with the financing of vehicles in stock plus equipment and investment loans – fell slightly to € 7.7 billion (–0.8%).

Receivables from leasing transactions amounted to € 1.6 billion, which is an increase compared to the previous year (+7.0%). Leased assets saw growth of € 47 million, rising to € 303 million (+18.4%).

A total of 25,000 new leasing contracts were signed in the reporting period. Current contracts rose by 9,000 in the first half of 2013 to 112,000.

At € 39.2 billion, total assets of the Volkswagen Bank GmbH Group remained almost unchanged year on year (–0.1%). The € 1.6 billion decrease in equity investments as a result of the sale of Volkswagen Bank GmbH's 50% stake in Global Mobility Holding B.V. to Volkswagen AG effective 22 January 2013 was compensated in full by the expansion of business in the past reporting period.

in thousands[1]	VW Bank Group	of which Germany	of which Italy	of which France	other
Current contracts	2,279.5	1,473.9	303.5	320.1	182.0
Retail financing	2,022.7	1,473.9	203.2	177.5	168.1
Leasing business	111.9	–	32.5	77.8	1.6
Service/insurance	144.9	–	67.8	64.8	12.3
New contracts	470.8	255.1	65.6	93.0	57.1
Retail financing	384.0	255.1	39.5	36.7	52.7
Leasing business	24.8	–	4.3	19.0	1.5
Service/insurance	62.0	–	21.8	37.3	2.9
in € million					
Receivables from customers arising from					
Retail financing	20,048.7	15,906.5	1,761.3	1,205.8	1,175.0
Dealer financing	7,676.8	3,670.2	515.0	1,124.5	2,367.1
Leasing business	1,648.1	–	598.1	1,027.4	22.6
Leased assets	302.7	–	–	302.7	–
in %					
Penetration rates[2]	18.9	19.0	38.6	36.1	10.4

1 The individual figures are rounded, which may result in rounding differences when they are added.
2 Proportion of new contracts for new Group vehicles among deliveries based on the fully consolidated entities of Volkswagen Financial Services AG

Deposit business and borrowings

Significant items in liabilities and equity include liabilities to financial institutions in the amount of € 1.5 billion (–46.9%), liabilities to customers in the amount of € 26.7 billion (+5.3%), as well as securitised liabilities in the amount of € 4.5 billion (+10.9%).

Customer deposits reported as part of the liabilities to customers amounted to € 24.3 billion as at 30 June 2013, thus making a significant contribution to refinancing.

Aside from offering statutory deposit insurance, Volkswagen Bank GmbH also continues to be 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 € 318.3 million in the first half of 2013. In the first half of the year, Volkswagen Financial Services AG paid € 200 million into the capital reserve of Volkswagen Bank GmbH, which as at 30 June 2013 amounts to € 3,796 million.

The determination of the regulatory equity ratios has been made in accordance with the standardised approach to credit and operational risks.

Taking into account the transfer of profits to Volkswagen Financial Services AG, IFRS equity was € 4.6 billion (previous year: € 5.0 billion). This yields an equity ratio of 11.8% relative to the total equity and liabilities of € 39.2 billion,

FINANCIAL KEY PERFORMANCE INDICATORS

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

%	30.06.2013	31.12.2012	31.12.2011	31.12.2010	31.12.2009
Equity ratio[1]	11.8	12.8	12.9	14.3	12.0
Core capital ratio[2]	13.9	13.5	14.4	15.6	14.9
Overall ratio (regulatory)[3]	15.1	14.9	16.3	18.6	18.0

1 Equity ratio = Ratio of equity / total capital
2 Core capital ratio = Core capital / ((Capital requirement for credit risks + operational risks + market risks)*12.5)*100
3 Overall ratio (regulatory) = Own funds / ((Capital requirement for credit risks + operational risks + market risks)*12.5)*100

Opportunity and risk report

OPPORTUNITY REPORT

Macroeconomic opportunities

The management of Volkswagen Bank GmbH assumes that the automotive market on the whole will grow and the market share of the Volkswagen Group will remain stable in the second half of 2013, with regional markets showing disparate performances. The Volkswagen Bank GmbH Group supports this positive development through financial services products designed to boost sales.

Strategic opportunities

In addition to entering new markets, Volkswagen Bank GmbH sees further opportunities in all markets in the development of innovative products that are aligned with customers' changed mobility requirements. The Group's targeted rates of return as well as the sales promotion potential are relevant for making decisions in this connection. Activities along the automotive value chain will be expanded and intensified further.

RISK REPORT

Shareholder risk

The 50% equity investment by Volkswagen Bank GmbH in Global Mobility Holding B.V., which holds 100% of LeasePlan Corporation N.V., was sold effective 22 January 2013 as part of internal restructuring of the Group.

Summary

There were no material changes regarding the other risk types and our risk management methods in the past few months. Insofar, see the disclosures in the "Opportunity and risk report" chapter of the 2012 annual report.

EVENTS AFTER THE BALANCE SHEET DATE

Aside from the events described above, no events of substantial significance occurred after completion of the consolidated interim report as at 30 June 2013.

Personnel report

As at 30 June 2013, a total of 2,158 (31 December 2012: 1,892) employees of Volkswagen Financial Services AG were working in Volkswagen Bank GmbH's business units under staff leasing agreements.

Volkswagen Bank GmbH continues to employ certain staff directly due to regulatory requirements. At 30 June 2013, this staff numbered 178 in Germany (31 December 2012: 169). The branches of Volkswagen Bank GmbH had 736 employees (31 December 2012: 695) and VOLKSWAGEN BANK POLSKA S.A. had 306 employees (31 December 2012: 310).

Anticipated developments

GLOBAL ECONOMY

The global economy developed sluggishly in the first half of 2013. We expect the growth around the world to be sustained as the year progresses, though the uncertainty about the economy will not go away. The industrialised countries will probably achieve only low growth rates. We assume that the recession in Southern Europe will continue for the rest of the year.

FINANCIAL MARKETS

Developments in the global financial markets around the middle of the year were uneven. In the euro zone, following years of attempts by policy-makers to stabilise the banking system and solve the sovereign debt crisis, we are seeing signs of consolidation that help calm the markets. While a slight slowdown in Europe's economic performance is expected for 2013, economic output is projected to increase as early as 2014, largely driven by the growth of the German economy.

However, a possible decline in economic growth in China, coupled with an imminent credit crunch in this country, is being closely monitored in the financial markets. The markets are also feeling the effects of the Federal Reserve Board's publicly discussed abandonment of its expansionary monetary policy in the USA with the prospect of future interest rate hikes.

The prospect of higher interest rates may push up the volume of corporate bond issues in the second half of the year as well.

AUTOMOBILE MARKETS

Demand for passenger cars around the world in the reporting period increased at a slower rate than in the prior-year period. In 2013 overall, the global passenger car markets will probably also witness weaker growth than in 2012. We estimate that the negative trend in the entire Western European market will continue and that even the German market will fall short of 2012 levels. The automotive markets of Central and Eastern Europe are likely to decline on the whole.

DEVELOPMENT OF THE VOLKSWAGEN BANK GMBH GROUP

The stabilisation of the global economy that was seen in 2012 slowed down in the first half of 2013. Despite the market volatility, the business volume of the Volkswagen Bank GmbH Group is expected to be higher than in the previous year. This is due in particular to more intensive cooperation with the Group brands and dealers as well as to an expansion of the product range in the individual markets.

We are further pushing the expansion of our national and international activities in line with the WIR2018 strategy. In the second half of 2013 our main focus will be on further intensifying our sales activities jointly with the Volkswagen Group brands, launching new products in existing markets, continuing infrastructure measures for the further expansion of our competitive position and ensuring consistent risk management.

The Board of Management of Volkswagen Bank GmbH expects the operating result to continue its positive trend in the 2013 and 2014 financial years. Owing to the sale of Global Mobility Holding B.V. to Volkswagen AG and the resulting lack of income from the equity investment, the pre-tax result is projected to be lower than in 2012.

Income statement

of the Volkswagen Bank GmbH Group

€ million	Note	01.01. - 30.06.2013	01.01. – 30.06.2012	Change in %
Interest income from lending transactions before provisions for risks		718	819	–12.3
Net income from leasing transactions before provisions for risks		51	55	–7.3
Interest expense		–193	–327	–41.0
Net income from lending and leasing transactions before provisions for risks	1	576	547	5.3
Provisions for risks arising from lending and leasing business		–84	–50	68.0
Net income from lending and leasing transactions after provisions for risks		492	497	–1.0
Commission income		125	114	9.6
Commission expenses		–97	–85	14.1
Net commission income		28	29	–3.4
Result from derivative financial instruments		–22	–13	69.2
Result from available-for-sale assets		–1	–	X
Result from joint ventures accounted for using the equity method		6	62	–90.3
Result from other financial assets		4	4	0.0
General administration expenses	2	–340	–331	2.7
Other operating result		103	–17	X
Pre-tax result		**270**	**231**	**16.9**
Taxes on income and earnings		–117	–50	X
Income after taxes		**153**	**181**	**–15.5**
Income after taxes attributable to Volkswagen Financial Services AG		153	181	–15.5
Proportion of income attributable to Volkswagen Financial Services AG in case of a profit transfer		778	99	X

Statement of comprehensive income
of the Volkswagen Bank GmbH Group

€ million	01.01. - 30.06.2013	01.01. – 30.06.2012
Income after taxes	**153**	**181**
Actuarial gains and losses	5	– 11
deferred taxes thereon	– 2	3
Income/loss not reclassifiable[1]	**3**	**– 8**
Available-for-sale financial assets (securities):		
Fair value changes recognised in equity	10	– 12
Recognised in the income statement	22	0
deferred taxes thereon	– 9	4
Cash flow hedges:		
Fair value changes recognised in equity	– 19	2
Recognised in the income statement	9	1
deferred taxes thereon	3	– 1
Currency translation differences	– 11	8
Reclassifiable income and expense of shares measured using the equity method, after taxes	4	7
Reclassifiable income/loss[1]	**9**	**9**
Income and expense recognised directly in equity	**12**	**1**
Comprehensive income	**165**	**182**
Comprehensive income attributable to Volkswagen Financial Services AG	165	182

1 The presentation was adjusted due to the amendment of IAS 1.

Balance sheet
of the Volkswagen Bank GmbH Group

€ million	Note	30.06.2013	31.12.2012	Change in %
Assets				
Cash reserve		750	670	11.9
Receivables from financial institutions		707	548	29.0
Receivables from customers arising from				
Retail financing		20,049	19,557	2.5
Dealer financing		7,677	7,738	–0.8
Leasing business		1,648	1,540	7.0
Other receivables		4,609	4,082	12.9
Receivables from customers in total		33,983	32,917	3.2
Derivative financial instruments		105	148	–29.1
Securities		2,417	2,087	15.8
Joint ventures accounted for using the equity method		–	1,668	X
Other financial assets		2	2	0.0
Intangible assets	3	47	50	–6.0
Property, plant and equipment	3	15	15	0.0
Leased assets	3	303	256	18.4
Investment property		1	2	–50.0
Deferred tax assets		690	704	–2.0
Income tax assets		22	36	–38.9
Other assets		123	117	5.1
Total		**39,165**	**39,220**	**–0.1**

€ million	Note	30.06.2013	31.12.2012	Change in %
Equity and liabilities				
Liabilities to financial institutions		1,449	2,730	–46.9
Liabilities to customers		26,736	25,398	5.3
Securitised liabilities		4,500	4,058	10.9
Derivative financial instruments		98	167	–41.3
Provisions		322	364	–11.5
Deferred tax liabilities		570	561	1.6
Income tax obligations		52	33	57.6
Other liabilities		84	105	–20.0
Subordinated capital		746	783	–4.7
Equity		4,608	5,021	–8.2
Subscribed capital		318	318	–
Capital reserve		3,796	3,596	5.6
Retained earnings		517	1,139	–54.6
Other reserves		–23	–32	–28.1
Total		**39,165**	**39,220**	**–0.1**

Statement of changes in equity
of the Volkswagen Bank GmbH Group

€ million	Subscribed capital	Capital reserve	Retained earnings	OTHER RESERVES				Total equity
				Currency translation	Cash flow hedges	Market valuation securities	Equity-accounted investments	
Balance as at 31.12.2011 / 01.01.2012	**318**	**3,596**	**1,010**	**−36**	**11**	**−4**	**−12**	**4,883**
Income after taxes	–	–	181	–	–	–	–	181
Income and expense recognised directly in equity	–	–	−8	8	2	−8	7	1
Comprehensive income	–	–	173	8	2	−8	7	182
Payments into the capital reserve	–	–	–	–	–	–	–	–
Other changes[1]	–	–	−99	–	–	–	–	−99
Balance as at 30.06.2012[2]	**318**	**3,596**	**1,084**	**−28**	**13**	**−12**	**−5**	**4,966**
Balance as at 31.12.2012 / 01.01.2013	**318**	**3,596**	**1,139**	**−26**	**11**	**−13**	**−4**	**5,021**
Income after taxes	–	–	153	–	–	–	–	153
Income and expense recognised directly in equity	–	–	3	−11	−7	23	4	12
Comprehensive income	–	–	156	−11	−7	23	4	165
Payments into the capital reserve	–	200	–	–	–	–	–	200
Other changes[1]	–	–	−778	–	–	–	–	−778
Balance as at 30.06.2013	**318**	**3,796**	**517**	**−37**	**4**	**10**	**–**	**4,608**

1 The previous year's figure was adjusted. The figures represent the proportion of income attributable to Volkswagen Financial Services AG.
2 The previous year's period was adjusted.

Cash flow statement
of the Volkswagen Bank GmbH Group

€ million	01.01. – 30.06.2013	01.01. – 30.06.2012
Income after taxes	**153**	**181**
Depreciation, amortisation, value adjustments and write-ups	133	113
Change in provisions	– 41	51
Change in other non-cash items	162	– 7
Result from the sale of financial assets and property, plant and equipment	0	0
Interest result and dividend income	– 573	– 541
Other adjustments	4	0
Change in receivables from financial institutions	– 161	775
Change in receivables from customers	– 1,243	– 1,156
Change in leased assets	– 87	– 43
Change in other assets from operating activities	– 6	2
Change in liabilities to financial institutions	– 1,276	2,150
Change in liabilities to customers	876	– 153
Change in securitised liabilities	443	– 1,213
Change in other liabilities from operating activities	– 21	– 20
Interest received	763	864
Dividends received	3	4
Interest paid	– 193	– 327
Income tax payments	– 69	– 33
Cash flow from operating activities	**– 1,133**	**647**
Cash inflows from the sale of investment property	–	–
Cash outflows from the purchase of investment property	–	–
Cash inflows from the sale of subsidiaries and joint ventures	1,675	–
Cash outflows from the purchase of subsidiaries and joint ventures	– 1	– 26
Cash inflows from the sale of other assets	2	1
Cash outflows from the purchase of other assets	– 5	– 6
Change in investments in securities	– 330	– 180
Cash flow from investing activities	**1,341**	**– 211**
Cash inflows from changes in capital	200	–
Profit transfer to Volkswagen Financial Services AG	– 290	– 230
Change in funds resulting from subordinated capital	– 37	– 120
Cash flow from financing activities	**– 127**	**– 350**
Cash and cash equivalents at the end of the previous period	**670**	**644**
Cash flow from operating activities	– 1,133	647
Cash flow from investing activities	1,341	– 211
Cash flow from financing activities	– 127	– 350
Effects from exchange rate changes	– 1	0
Cash and cash equivalents at the end of the period	**750**	**730**

Notes

to the consolidated financial statements of the Volkswagen Bank GmbH Group as at 30 June 2013

General comments

Volkswagen Bank GmbH (VW Bank GmbH) is a limited liability company under German law. It has its head office at Gifhorner Strasse, Braunschweig, and is registered in the Braunschweig Register of Companies (under file number HRB 1819).

Volkswagen Financial Services AG, Braunschweig, is the sole shareholder of Volkswagen Bank GmbH. A profit transfer agreement between these two companies is in place.

Group accounting principles

Volkswagen Bank GmbH prepared its consolidated financial statements for the 2012 financial year in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), as well as supplementary provisions that are applicable under § 315a Para. 1 German Commercial Code (HGB). Therefore, this consolidated interim report as at 30 June 2013 was also prepared in accordance with IAS 34.

This interim report was not subjected to a review.

Accounting policies

Volkswagen Bank GmbH has implemented all accounting standards that were adopted by the EU and had to be applied from 1 January 2013.

The changes essentially concern IAS 1 with respect to the presentation of financial statements and IAS 19 with respect to the accounting for employee benefits.

IAS 1 (amended) leads to a revised presentation of the statement of comprehensive income. The amended standard sets out that items of other comprehensive income must be presented separately. A distinction must be made between line items that will not be reclassified subsequently to profit or loss and line items that will be reclassified subsequently to profit or loss when specific conditions are met. The related tax effects must also be allocated to these two groups. The statement of comprehensive income of Volkswagen Bank GmbH has been adjusted accordingly. The other amendments to IAS 1 have no effect on the presentation of the assets, financial position and results of operations of the Volkswagen Bank GmbH Group.

In this connection, the statement of changes in equity has also been amended. The retained earnings reported in the consolidated interim report comprised the accumulated profits and the reserve from actuarial gains and losses. The remaining items have been recognised as other reserves.

The amendments to IAS 19 have changed the accounting for employee benefits. This has the following effects in particular on the consolidated interim report of Volkswagen Bank GmbH:

- Step-up amounts for partial retirement agreements must be accrued for the block model used in the VW Group.
- Past service cost for pension commitments must be recognised in profit or loss.
- A standard rate of interest must be charged on the pension commitment and plan assets (net interest approach).

The adjustments caused by the amended IAS 19 must be applied retrospectively. The resulting effect on the carrying amount of the obligation under partial retirement agreements as at 31 December 2012 amounted to € 178 thousand. When measuring the obligation under partial retirement agreements, the amended IAS 19 in the first half of 2012 results in an increase of € 52 thousand in general administration expenses and a decrease of € 11 thousand in tax expenses. Since the figures in the consolidated interim report are presented in millions of euros, as a result of rounding this does not affect the presentation of the previous year's figures. The other amendments to IAS 19 have no material effects on the presentation of the assets, financial position and results of operations in the consolidated interim report of Volkswagen Bank GmbH.

IFRS 13 provides general guidance on the calculation of fair value in a separate standard. Volkswagen Bank GmbH implements the guidance in IFRS 13 when calculating fair value. This did not have a material effect on the assets, financial position and results of operations of the Volkswagen Bank GmbH Group.

All other accounting standards to be applied for the first time in the 2013 financial year do not have a significant impact on the assets, financial position and results of operations of the Volkswagen Bank GmbH Group. A detailed listing of these accounting standards is contained in the notes to the consolidated financial statements of the 2012 annual report.

A discounting rate of 3.6% (31 December 2012: 3.2%) was applied to domestic provisions for pensions in the current interim financial statements. The increase in the interest rate triggered a decrease in the actuarial losses related to pension provisions recognised directly in equity.

The income tax expense for the interim reporting period is determined in accordance with IAS 34, using the average tax rate expected for the financial year on the whole.

In view of the profit transfer agreement between Volkswagen Bank GmbH and Volkswagen Financial Services AG, the current interim report has been prepared for the first time after the appropriation of profit, following the approach taken in the annual financial statements. This provides additional information for the readers of the financial statements. As a consequence, the items in the prior-year statement of changes in equity were restated. This has no effects for the results of operations of the periods presented and the carrying amounts at 31 December 2012.

Other than that, the same accounting policies and consolidation principles that were used in the consolidated financial statements for 2012 are applied to the preparation of the interim report and the determination of the corresponding amounts for the previous year. A detailed description of these methods is contained in the notes to the consolidated financial statements of the 2012 annual report. These financial statements may be downloaded from our website at www.vwfs.com.

Basis of consolidation

As a general principle, all companies and branches are fully consolidated in which Volkswagen Bank GmbH has the possibility, directly or indirectly, to determine the financial and business policy in such a way that the Volkswagen Bank GmbH Group benefits from the activities of these companies (subsidiaries).

Global Mobility Holding B.V., Amsterdam was accounted for in the consolidated financial statements using the equity method. The 50% equity investment by Volkswagen Bank GmbH in Global Mobility Holding B.V., which holds 100% of LeasePlan Corporation N.V., was sold to Volkswagen AG effective 22 January 2013 as part of internal restructuring of the Group.

In connection with the securitisation transactions of Volkswagen Bank GmbH, the special purpose entities, Driver Ten GmbH, Private Driver 2013-1 UG (haftungsbeschränkt), Private Driver 2013-2 UG (haftungsbeschränkt) and Driver Eleven GmbH, all domiciled in Frankfurt/Main, were fully consolidated in the first half of 2013.

Notes to the consolidated financial statements

1 | Net income from lending and leasing transactions before provisions for risks

€ million	01.01. – 30.06.2013	01.01. – 30.06.2012
Interest income from lending and money market transactions	718	819
Income from leasing transactions	137	123
Expenses from leasing business	–47	–41
Depreciation on leased assets and investment property	–39	–27
Interest expense	–193	–327
Total	**576**	**547**

2 | General administration expenses

€ million	01.01. – 30.06.2013	01.01. – 30.06.2012
Staff costs	–55	–50
Non-staff costs	–271	–264
Costs of advertising, PR work and sales promotion	–8	–11
Depreciation of property, plant and equipment and amortisation of intangible assets	–5	–4
Other taxes	–1	–2
Total	**–340**	**–331**

3 | Development of selected assets

€ million	Net carrying amount 01.01.2013	Additions	Disposals/ Other changes	Depreciation/ Amortisation	Net carrying amount 30.06.2013
Intangible assets	50	2	2	3	47
Property, plant and equipment	15	3	1	2	15
Leased assets	256	108	22	39	303

4 | Classes of financial instruments

Financial instruments are classed as follows at Volkswagen Bank GmbH:

> Assets measured at fair value
> Assets measured at amortised cost
> Hedge accounting
> Other financial assets
> Liabilities measured at amortised cost
> Credit commitments
> Not subject to 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 AMORTISED COST		HEDGE ACCOUNTING		OTHER FINANCIAL ASSETS		NOT SUBJECT TO IFRS 7	
	30.06. 2013	31.12. 2012	30.06. 2013	31.12. 2012	30.06. 2013	31.12. 2012	30.06. 2013	31.12. 2012	30.06. 2013	31.12. 2012	30.06. 2013	31.12. 2012
Assets												
Cash reserve	750	670	–	–	750	670	–	–	–	–	–	–
Receivables from financial institutions	707	548	–	–	707	548	–	–	–	–	–	–
Receivables from customers	33,983	32,917	–	–	26,594	28,126	7,389	4,791	–	–	–	–
Derivative financial instruments	105	148	27	49	–	–	78	99	–	–	–	–
Securities	2,417	2,087	2,417	2,087	–	–	–	–	–	–	–	–
Joint ventures accounted for using the equity method	–	1,668	–	–	–	–	–	–	–	–	–	1,668
Other financial assets	2	2	–	–	–	–	–	–	2	2	–	–
Other assets	123	117	–	–	52	41	–	–	–	–	71	76
Total	**38,087**	**38,157**	**2,444**	**2,136**	**28,103**	**29,385**	**7,467**	**4,890**	**2**	**2**	**71**	**1,744**
Equity and liabilities												
Liabilities to financial institutions	1,449	2,730	–	–	1,449	2,730	–	–	–	–	–	–
Liabilities to customers	26,736	25,398	–	–	25,671	23,460	1,065	1,938	–	–	–	–
Securitised liabilities	4,500	4,058	–	–	4,500	4,058	–	–	–	–	–	–
Derivative financial instruments	98	167	28	34	–	–	70	133	–	–	–	–
Other liabilities	84	105	–	–	15	19	–	–	–	–	69	86
Subordinated capital	746	783	–	–	746	783	–	–	–	–	–	–
Total	**33,613**	**33,241**	**28**	**34**	**32,381**	**31,050**	**1,135**	**2,071**	**–**	**–**	**69**	**86**

5 | Fair value disclosures

The principles and methods used for the fair value measurement are essentially the same as those used in the previous year. Detailed explanations on the measurement principles and methods can be found in the 2012 Annual Report.

The fair value generally corresponds to the market value or quoted market price (level 1). If no active market exists, the fair value is calculated using actuarial methods. Fair values in level 2, e.g. for derivatives, are determined based on market data such as foreign exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that do not take directly observable factors in an active market into account.

The following table shows how the financial instruments measured at fair value are categorised in this three level class hierarchy.

	LEVEL 1		LEVEL 2		LEVEL 3	
€ million	30.06.2013	31.12.2012	30.06.2013	31.12.2012	30.06.2013	31.12.2012
Assets						
Measured at fair value						
Derivative financial instruments	–	–	27	49	–	–
Securities	1,732	1,587	685	500	–	–
Hedge accounting						
Derivative financial instruments	–	–	78	99	–	–
Total	**1,732**	**1,587**	**790**	**648**	**–**	**–**
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	–	–	28	34	–	–
Hedge accounting						
Derivative financial instruments	–	–	70	133	–	–
Total	**–**	**–**	**98**	**167**	**–**	**–**

There were no shifts between the different levels of the financial instruments measured at fair value in the first half of 2013.

The following table contains an overview of the fair values of the financial instruments:

€ million	Fair value 30.06.2013	Fair value 31.12.2012	Carrying amount 30.06.2013	Carrying amount 31.12.2012	Difference 30.06.2013	Difference 31.12.2012
Assets						
Measured at fair value						
Derivative financial instruments	27	49	27	49	–	–
Securities	2,417	2,087	2,417	2,087	–	–
Measured at amortised cost						
Cash reserve	750	670	750	670	–	–
Receivables from financial institutions	707	548	707	548	–	–
Receivables from customers	27,477	27,762	26,594	28,126	883	−364
Other assets	52	41	52	41	–	–
Hedge accounting						
Receivables from customers	7,389	4,791	7,389	4,791	–	–
Derivative financial instruments	78	99	78	99	–	–
Other financial assets	2	2	2	2	–	–
Equity and liabilities						
Measured at fair value						
Derivative financial instruments	28	34	28	34	–	–
Measured at amortised cost						
Liabilities to financial institutions	1,501	2,712	1,449	2,730	52	−18
Liabilities to customers	25,790	23,503	25,671	23,460	119	43
Securitised liabilities	4,504	4,066	4,500	4,058	4	8
Other liabilities	15	19	15	19	–	–
Subordinated capital	822	820	746	783	76	37
Hedge accounting						
Liabilities to customers	1,065	1,938	1,065	1,938	–	–
Derivative financial instruments	70	133	70	133	–	–

Segment reporting

6 | Division by geographical markets

01.01. - 30.06.2013	Germany	Italy	France	United Kingdom	Other	Consoli-dation	Total
€ million							
Revenue from lending transactions with third parties	526	57	39	25	62	–	709
Revenue from intersegment lending transactions	39	0	0	–	0	–39	–
Segment revenue from lending transactions	565	57	39	25	62	–39	709
Revenue from leasing transactions	–	25	112	–	0	–	137
Commission income	74	19	26	–	6	–	125
Revenue	**639**	**101**	**177**	**25**	**68**	**–39**	**971**
Cost of sales from lending and leasing transactions	–	–12	–34	–	–1	–	–47
Write-ups on leased assets and investment property	–	–	–	–	–	–	–
Depreciation and impairment losses on leased assets and investment property	–	–	–39	–	–	–	–39
of which impairment losses pursuant to IAS 36	–	–	–	–	–	–	–
Interest expense (part of the operating result)	–183	–11	–19	–4	–15	39	–193
Provisions for risks arising from lending and leasing business	–56	–13	–8	–1	–6	–	–84
Commission expenses	–52	–11	–31	–	–3	–	–97
Result from derivative financial instruments (part of the operating result)	–6	–	–	–	–	–	–6
Result from available-for-sale assets	–	–	–	–1	–	–	–1
General administration expenses (part of the operating result)	–241	–26	–32	–5	–34	0	–338
Other operating result	96	1	2	1	3	0	103
Segment result (Operating result)	**197**	**29**	**16**	**15**	**12**	**–**	**269**
Interest income not classified as revenue	9	–	–	–	–	–	9
Interest expense (not part of the operating result)	0	–	–	–	–	–	0
Result from derivative financial instruments (not part of the operating result)	–16	–	–	–	–	–	–16
Result from joint ventures accounted for using the equity method	6	–	–	–	–	–	6
Result from other financial assets	0	–	–	–	4	–	4
General administration expenses (not part of the operating result)	–2	–	–	0	–	–	–2
Pre-tax result	**194**	**29**	**16**	**15**	**16**	**–**	**270**
Taxes on income and earnings	–94	–11	–5	–4	–3	–	–117
Income after taxes	**100**	**18**	**11**	**11**	**13**	**–**	**153**
Income after taxes attributable to Volkswagen Financial Services AG	100	18	11	11	13	–	153
Segment assets	**19,673**	**2,874**	**3,660**	**1,627**	**2,023**	**–3**	**29,854**
of which non-current assets	**11,589**	**1,445**	**1,759**	**40**	**641**	**–**	**15,474**
Segment liabilities	**30,996**	**2,823**	**3,232**	**1,456**	**1,939**	**–8,417**	**32,029**

The presentation for the previous year is as follows:

01.01. – 30.06.2012	Germany	Italy	France	United Kingdom	Other branches	Consoli-dation	Total
€ million							
Revenue from lending transactions with third parties	616	61	42	25	65	–	809
Revenue from intersegment lending transactions	60	0	0	–	0	–60	–
Segment revenue from lending transactions	676	61	42	25	65	–60	809
Revenue from leasing transactions	–	26	97	–	–	–	123
Commission income	75	12	22	–	5	–	114
Revenue	**751**	**99**	**161**	**25**	**70**	**–60**	**1,046**
Cost of sales from lending and leasing transactions	–	–11	–30	–	–	–	–41
Write-ups on leased assets and investment property	–	–	–	–	–	–	–
Depreciation and impairment losses on leased assets and investment property	–	–	–27	–	–	–	–27
of which impairment losses pursuant to IAS 36	–	–	–	–	–	–	–
Interest expense (part of the operating result)	–313	–22	–23	–5	–24	60	–327
Provisions for risks arising from lending and leasing business	–28	–7	–9	2	–8	–	–50
Commission expenses	–54	–11	–19	–	–1	–	–85
General administration expenses (part of the operating result)	–238	–24	–32	–5	–31	0	–330
Other operating result	–18	0	0	0	1	0	–17
Segment result (Operating result)	**100**	**24**	**21**	**17**	**7**	**–**	**169**
Interest income not classified as revenue	10	–	–	–	–	–	10
Interest expense (not part of the operating result)	–	–	–	–	–	–	–
Result from derivative financial instruments	–13	–	–	–	–	–	–13
Result from joint ventures accounted for using the equity method	62	–	–	–	–	–	62
Result from other financial assets	0	–	–	–	4	–	4
General administration expenses (not part of the operating result)	–1	–	–	0	0	–	–1
Pre-tax result	**158**	**24**	**21**	**17**	**11**	**–**	**231**
Taxes on income and earnings	–29	–8	–4	–4	–5	–	–50
Income after taxes	**129**	**16**	**17**	**13**	**6**	**–**	**181**
Income after taxes attributable to Volkswagen Financial Services AG	129	16	17	13	6	–	181
Segment assets	**19,126**	**2,762**	**3,246**	**1,443**	**2,057**	**–**	**28,634**
of which non-current assets	**10,879**	**1,376**	**1,499**	**34**	**607**	**–**	**14,395**
Segment liabilities	**31,316**	**2,884**	**2,714**	**1,274**	**1,962**	**–7,896**	**32,254**

Other notes

7 | Cash flow statement

The cash flow statement of the Volkswagen Bank GmbH Group documents the change in funds available due to the cash flows resulting from current operating activities, investing activities and financing activities. Cash and cash equivalents, narrowly defined, comprises only the cash reserve, which is made up of the cash in hand and deposits at central banks.

8 | Off-balance sheet obligations

€ million	30.06.2013	31.12.2012
Contingent liabilities		
Liabilities from surety agreements	187	199
Other financial obligations		
Purchase obligations and other	11	8
Other obligations		
Irrevocable credit commitments	1,482	1,173

The contingent liabilities in the amount of € 187 million (previous year: € 199 million) solely comprise guarantees. Of the guarantees, € 4 million (previous year: € 3 million) are attributable to affiliated companies.

9 | Corporate bodies of Volkswagen Bank GmbH

Dr. Heidrun Zirfas was appointed to the Board of Management of Volkswagen Bank GmbH effective 1 January 2013.

10 | Events after the balance sheet date

There were no significant events in the period from the reporting date to 18 July 2013.

11 | Responsibility statement of the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial 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 for the remaining months of the financial year.

Braunschweig, 18 July 2013
The Board of Management

Anthony Bandmann

Torsten Zibell

Dr. Heidrun Zirfas

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 also find the consolidated interim report 2013 at www.vwfsag.com/hy13

This consolidated interim report is also available in German.

We apologise to our readers for using the masculine grammatical form solely for purposes of linguistic convenience.

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