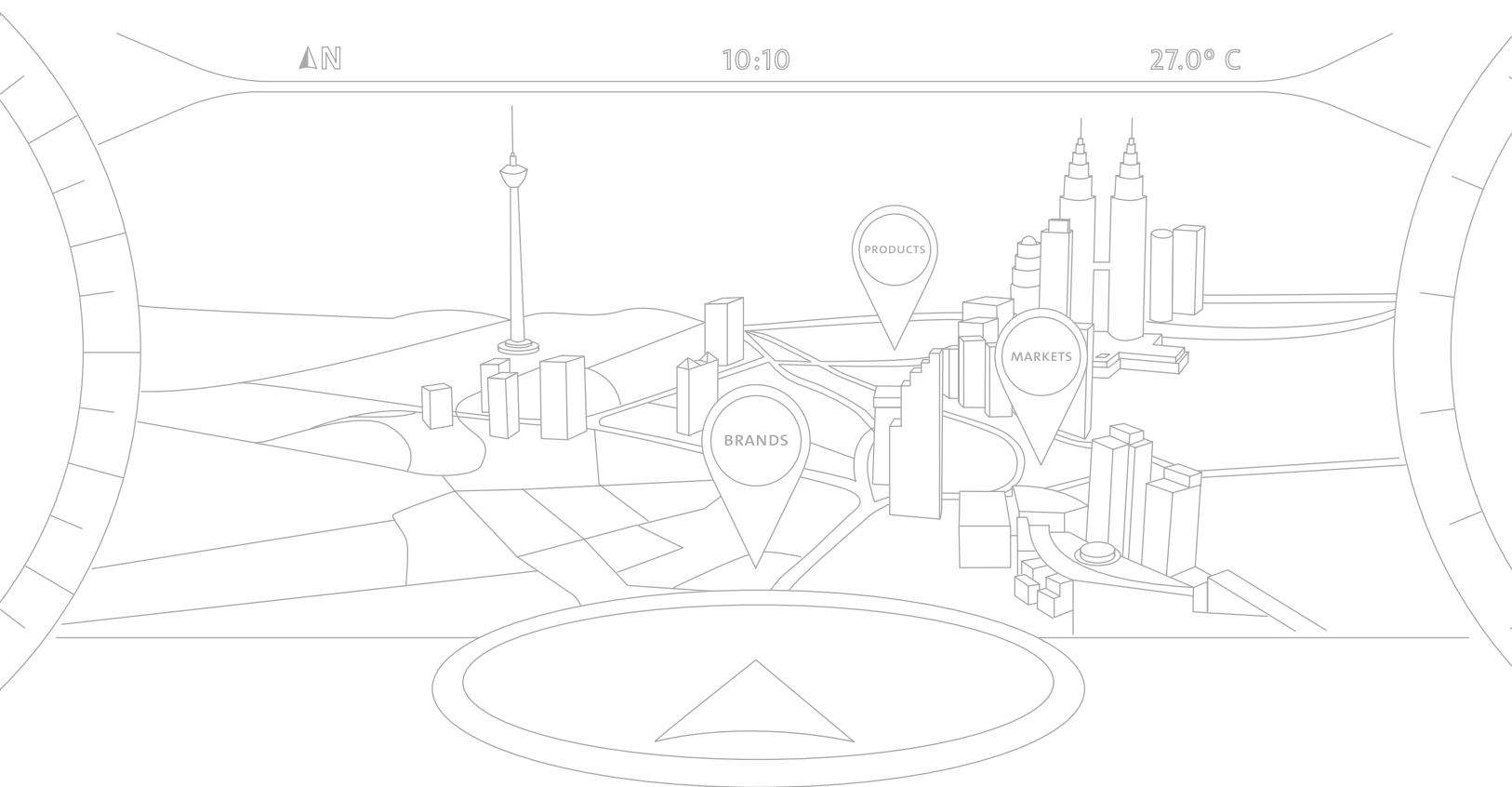


VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



HALF-YEARLY FINANCIAL REPORT
OF VOLKSWAGEN LEASING GMBH
JANUARY – JUNE

2015

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Key figures

€ million	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Lease assets	20,185	19,206	17,940	16,776	15,179
Total assets	23,312	21,744	19,354	18,229	17,043

€ million	H1 2015	H1 2014	H1 2013	H1 2012	H1 2011
Investments in lease assets	6,774	5,975	5,049	5,229	4,763
Lease income	7,098	6,369	5,833	5,284	4,853

Vehicles in thousands	H1 2015	H1 2014	H1 2013	H1 2012	H1 2011
New contracts	276	257	213	221	240
Current contracts	1,132	1,079	969	920	844

Report on Economic Position

GENERAL ECONOMIC DEVELOPMENT

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn continued in many industrialized nations, growth in some emerging economies remained below average. Although the comparatively low energy and raw materials prices had a negative impact on individual countries' economies, their effect on the global economy as a whole was supportive.

In Western Europe, the economic recovery continued in the reporting period. The northern European countries saw solid growth and there were increasing signs that the recession is coming to an end in most of the southern European countries.

The German economy continued to benefit from positive consumer sentiment and the strong labor market; the pace of growth rose slightly over the course of the year.

Economic growth was also positive in Central Europe in the first six months of 2015. The conflict between Russia and Ukraine contributed substantially to the recessionary trend in both of these economies and had a negative impact on the situation in Eastern Europe overall.

FINANCIAL MARKETS

Price increases were very subdued despite a minor upward revision in the inflation rate forecast for the eurozone. The downward trend in government bond yields accelerated sharply to start with as the European Central Bank (ECB) began its government bond-buying program; where the Federal Reserve and Bank of England debt purchase programs were concerned, an increase in yields for longer maturities was evident. In these countries, increasing medium-term inflation forecasts gave rise to the prospect that the extremely loose monetary policy could be reviewed, with resulting leeway for the central banks to raise interest rates. Market participants remained nervous about the expected interest rate hike in the USA, and the continuing discussions about Greece's ability to repay its debts led to uncertainties across global financial markets in the first half of 2015.

A robust increase in yields in the European bond markets also affected corporate bonds, which benefitted from lower risk premiums due to the continuing positive economic outlook.

The favorable economic situation in Germany had a positive impact on public finances, and competitiveness tended to be buoyed by the euro's devaluation. Moves towards consolidation were visible in the German equity market midway through the year, driven by the significant corrections in bunds and the euro exchange rate.

TRENDS IN THE PASSENGER CAR MARKETS

In the period from January to June 2015, global new passenger car registrations were up 2.6% year-on-year, although demand varied from region to region. The growth drivers were the Asia-Pacific region, North America and Western Europe. In contrast, new passenger car registrations in Eastern Europe and South America declined drastically in some areas compared with the prior-year period.

The passenger car market in Western Europe benefited from the improved macroeconomic environment, positive consumer sentiment and lower fuel prices, and continued to recover in the first half of 2015. In June, the number of new registrations increased year-on-year for the 22nd time in a row. Demand for passenger cars in Italy saw double-digit percentage growth; however, market volumes were still down substantially on the pre-crisis level.

In Germany, the number of new passenger car registrations in the first six months of 2015 was higher than in the prior-year period. Whereas private demand continued to decline, new business vehicle registrations saw a significant increase.

The passenger car market as a whole in Central and Eastern Europe declined sharply overall in the reporting period. Trends in the individual markets were very mixed: while the EU markets in Central Europe mainly recorded positive rates of change, there was a slump in passenger car sales in the Eastern European markets.

Global demand for light commercial vehicles was slightly below the prior-year level in the first half of 2015.

The economic stabilization in Western Europe made itself felt: new vehicle registrations significantly exceeded the prior-year figure.

In the Central and Eastern European markets, registrations were down considerably year-on-year in the first six months of 2015.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS AND THE COMPANY'S POSITION

The Management of Volkswagen Leasing GmbH considers the course of business in the year to date to have been positive. Volkswagen Leasing GmbH continued its positive growth in the first six months of 2015.

The number of contracts increased by 53 thousand or 4.9% on the figure at the end of the first half of 2014. As a result, Volkswagen Leasing GmbH achieved a new record figure of 1,132,000 contracts. The penetration rate based on all new Volkswagen Bank GmbH and Volkswagen Leasing GmbH financing and leasing contracts in the German market declined to 54.7% (December 31, 2014: 59.4%).

MANAGEMENT

Volkswagen Leasing GmbH is included in Volkswagen Financial Services AG's IFRS consolidated financial statements. The internal financial management of the Group companies is therefore based on the IFRS data. For more information, please see Volkswagen Leasing GmbH's management report as of December 31, 2014.

RESULTS OF OPERATIONS

The disclosures on the results of operations refer to changes compared with the prior-year period.

Lease income rose by €0.7 billion to €7.1 billion in the first half of 2015. Specifically, €0.6 billion of the income growth is attributable to increased revenue from the sale of ex-lease vehicles. The larger portfolio of contracts will lift sales in the coming years.

Lease expenses amounted to €4.0 billion, an increase of €0.5 billion. This item mainly includes the net carrying amounts of vehicles disposed of and service lease expenses.

Depreciation of lease assets rose to €2.3 billion (previous year: €2.1 billion) due to volume-related factors.

Volkswagen Leasing GmbH continued to benefit from the sustained low interest rates in the first half of 2015. Interest expense incurred to refinance the leasing business declined by €25 million year-on-year to €136 million despite the increase in the number of contracts.

The result from ordinary activities declined from €56 million in the prior-year period to €40 million in the first half of 2015.

At €171 million, operating profit in accordance with IFRSs was down €10 million on the first half of 2014. The reduction in profit was due in particular to higher residual value risk.

NET ASSETS AND FINANCIAL POSITION

The disclosures on the net assets and financial position refer to changes compared with December 31, 2014.

Volkswagen Leasing GmbH expanded its business activities again in the first half of 2015. It lifted the gross carrying amount of its lease assets from €26.6 billion to €27.8 billion. The net carrying amount was €20.2 billion (December 31, 2014: €19.2 billion), an increase of €1.0 billion or 5.2%.

Portfolio figures were also on a positive track: the number of leased vehicles rose from 1,110,000 as of December 31, 2014 to 1,132,000 units. Of this figure, the Italian branch in Milan accounted for approximately 25,000 vehicles and the Polish branch for approximately 36,000 vehicles. The increase in the portfolio is due to the addition of 276,000 new units in the first half of 2015, which were partly offset by the disposal of 254,000 vehicles in the same period.

The Company primarily obtains its funding by issuing Volkswagen Leasing GmbH bonds and via loans from affiliated companies. The volume of issued bonds amounted to €7.8 billion as of the end of June 2014 (December 31, 2014: €8.2 billion). Loans from affiliated companies amounted to €5.7 billion as of June 30, 2015, compared with €4.8 billion as of December 31, 2014.

The Company has also placed seven asset-backed securities transactions (ABS transactions) in the market at present to fund its lending business. The volume of future leasing receivables received in advance amounted to €3.4 billion as of June 30, 2015 (December 31, 2014: €3.4 billion).

This package of measures ensured that Volkswagen Leasing GmbH had adequate liquidity at all times during the first half of 2015. Volkswagen Leasing GmbH has a stable liquidity base.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic opportunities

With deliveries to customers of the Volkswagen Group projected to record a slight increase year-on-year, the Management of Volkswagen Leasing GmbH is expecting further economic growth to lead to the sustained expansion of sales of financial services products in the European markets.

Strategic opportunities

As well as continuing its international focus by tapping new markets, Volkswagen Leasing GmbH believes that developing innovative products that are tailored to customers' changing mobility requirements offers additional opportunities. Growth areas such as new mobility products and service offerings (long-term rental, car sharing) are being systematically leveraged and expanded. Further opportunities may be created by launching established products in markets in which they have not previously been offered.

RISK REPORT

There were no other material changes in the reporting period compared with the disclosures in the report on opportunities and risks contained in the 2014 Annual Report.

The current negative market interest rates do not have any significant impact on interest rate risk, which is continuously monitored by risk management irrespective of the prevailing interest rate situation.

Report on Post-Balance Sheet Date Events

Other than the matters described above, there were no significant events following the reporting date for the half-yearly interim report as of June 30, 2015.

Human Resources Report

The structure of the German legal entities of the Volkswagen Financial Services AG Group means that employees of Volkswagen Financial Services AG also work at the relevant subsidiaries. As a result of this structure, 1,258 employees of Volkswagen Financial Services AG worked in Volkswagen Leasing GmbH's business units as of June 30, 2015.

Because of national legal requirements, the employees at the branches in Milan and Verona (Italy) continue to be employed by Volkswagen Leasing GmbH. A total of 78 employees currently work at these locations. Two employees worked at the Polish leasing branch as of June 30, 2015.

Report on Expected Developments

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn held steady in many industrialized nations, some emerging economies continued to record below-average growth. The Volkswagen Group's Board of Management expects the global economy to record the same level of growth in 2015 as in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. In addition, growth prospects are being hurt by geopolitical tensions and conflicts. The emerging economies in Asia will probably record the highest growth rates. While we expect to see an economic upturn in the major industrialized nations, the rates of expansion will remain moderate.

Further substantial movements in the financial markets cannot be ruled out due to the current instabilities driven by geopolitical tensions and uncertainties surrounding future developments in the eurozone. Despite the falling prices in the market for bunds, the majority of factors point towards a further drop in yields in the eurozone in the short and medium term. The weak global economic data is accompanied by concerns about an economic slowdown.

In the eurozone, the ECB's overnight deposit rate is forecast to remain in negative territory, although no further reduction is expected. The uncertainties are numerous, primarily in light of the exchange rate trends, and the period between exchange rate movements and their impact on inflation can be long and varied. The ECB again views structural reform as the pressing challenge, and it places critical emphasis on the low macroeconomic growth potential.

In the period from January to June 2015, global new passenger car registrations were up year-on-year, although demand varied from region to region. We also expect trends in the passenger car markets in the individual regions to be mixed for the full year. Over-

all, growth in global demand for new vehicles will probably be slower than in the previous year. We anticipate a slight increase in demand for automobiles in Western Europe and expect to see slight growth in the German market as well. The Central and Eastern European markets are likely to be down sharply year-on-year due primarily to the substantial fall in demand in Russia.

Global demand for light commercial vehicles will probably see a moderate increase in 2015. We expect trends to vary from region to region.

The aforementioned factors and market trends produce the following overall picture: earnings expectations are based on the assumption that funding costs will remain stable and that there will continue to be considerable uncertainty as regards overall conditions in the real economy, as well as about its effects on risk costs, among other factors.

We expect a slight year-on-year decline in new contracts and a significant drop in operating profit in accordance with IFRSs in the German market for fiscal year 2015. With a slight increase in vehicle deliveries, we forecast a moderate decline in the penetration rate in the German market and for the Volkswagen Leasing GmbH legal entity. A slight year-on-year increase in the number of contracts is anticipated.

In Italy, we expect a significant year-on-year decline in both new contracts and operating profit in accordance with IFRSs. The total number of contracts is forecast to decrease slightly. We predict a moderate reduction in the penetration rate. By contrast, we anticipate modest growth in both new contracts and total contracts in Poland, with a significant year-on-year increase in operating profit in accordance with IFRSs. We expect a sharp increase in the penetration rate there.

Balance Sheet

OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, FOR THE PERIOD ENDED JUNE 30, 2015

€ thousand	June 30, 2015	Dec. 31, 2014
Assets		
1. Receivables from credit institutions		
a) Payable on demand	686,492	5,572
b) Other receivables	52,015	41,655
	738,507	47,227
2. Receivables from customers		
a) Payable on demand	224,099	286,139
b) Other receivables	1,065,362	1,038,008
	1,289,461	1,324,147
3. Shares in affiliated companies	8,651	8,651
4. Intangible fixed assets	2,586	2,222
5. Tangible fixed assets		
a) Lease assets	20,185,434	19,206,087
b) Land and buildings	38,525	34,661
c) Operating and office equipment	1,452	998
	20,225,411	19,241,746
6. Other assets	568,013	787,261
7. Prepaid expenses	479,597	332,683
Total assets	23,312,226	21,743,937

HALF-YEARLY FINANCIAL REPORT 2015
Balance Sheet

€ thousand	June 30, 2015	Dec. 31, 2014
Equity and Liabilities		
1. Liabilities to credit institutions		
a) Payable on demand	91,566	320,791
b) With agreed maturity or notice period	539,745	420,369
	631,311	741,160
2. Liabilities to customers		
a) Payable on demand	3,944,872	2,976,652
b) With agreed maturity or notice period	5,693,610	4,637,608
	9,638,482	7,614,260
3. Securitized liabilities		
a) Debt instruments issued	7,769,376	8,179,214
b) Commercial paper	25,000	0
	7,794,376	8,179,214
4. Other liabilities	26,563	22,374
5. Deferred income	4,261,379	4,162,786
6. Provisions		
a) Provisions for taxes	11,305	16,940
b) Other provisions	705,526	774,747
	716,831	791,687
7. Special tax-allowable reserves	1,404	1,447
8. Equity		
a) Subscribed capital	76,004	76,004
b) Capital reserves	154,357	154,356
c) Net accumulated losses (previous year: net retained profits)	11,519	649
	241,880	231,009
Total equity and liabilities	23,312,226	21,743,937
Other obligations		
Irrevocable credit commitments	1,912,152	1,689,914

Income Statement

OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG, FOR THE PERIOD JANUARY 1 TO JUNE 30, 2015

€ thousand	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
1. Lease income	7,097,669	6,369,250
2. Lease expenses	4,012,889	3,456,826
	3,084,780	2,912,424
3. Interest income from lending and money market transactions	13,029	3,991
4. Interest expense	136,482	161,163
of which: unwinding of discounts on provisions	1,055	923
	-123,453	-157,172
5. Income from profit and loss transfer agreements	4,844	0
6. Fee and commission income	225	224
7. Fee and commission expenses	214,052	196,377
	-213,827	-196,153
8. Other operating income	89,775	82,053
9. Income from reversal of special tax-allowable reserves	42	53
10. General and administrative expenses		
a) Personnel expenses		
aa) Wages and salaries	2,095	4,816
ab) Social security, post-employment and other employee benefit costs	703	583
	2,798	5,399
b) Other administrative expenses	176,134	159,605
	178,932	165,004
11. Depreciation, amortization and writedowns		
b) of intangible and tangible fixed assets	1,313	1,023
a) of lease assets	2,330,417	2,142,709
	2,331,730	2,143,732
12. Other operating expenses	24,639	44,031
13. Writedowns of and valuation allowances on receivables and additions to provisions in the leasing business	339,829	287,146
14. Income from reversals of writedowns of and valuation allowances on receivables and from the reversal of provisions in the leasing business	84,145	54,219
15. Cost of loss absorption	11,143	0
16. Result from ordinary activities	40,033	55,511
17. Extraordinary expenses	0	56,483
18. Income tax expense	29,163	72,931
19. Net income for the fiscal year (previous year: net loss for the fiscal year)	10,870	-73,903
20. Retained profits brought forward	649	649
21. Net retained profits (previous year: net accumulated losses)	11,519	-73,254

Notes to the Interim Financial Statements

OF VOLKSWAGEN LEASING GMBH, BRAUNSCHWEIG,
FOR THE PERIOD ENDED JUNE 30, 2015

General information

Volkswagen Leasing GmbH prepared its annual financial statements for fiscal year 2014 in accordance with the requirements of the Handelsgesetzbuch (HGB – German Commercial Code) and the Verordnung über die Rechnungslegung der Kreditinstitute (RechKredV – German Regulation on Accounting by Credit Institutions). These interim financial statements were therefore also prepared on the same basis. The accompanying interim financial statements have not been reviewed by an auditor.

Accounting policies

The same accounting policies that were used for the 2014 annual financial statements were generally applied to the preparation of the interim financial statements and the measurement of the prior-year comparatives. A detailed description of these policies is published in the notes to the annual financial statements in the 2014 Annual Report.

In accordance with section 256a sentence 1 of the HGB, foreign currency assets and liabilities are translated at the middle spot rate at the reporting date and in compliance with the historical cost convention and the principle of imparity. In the case of maturities of one year or less, currency translation gains and losses are recognized in their entirety in profit or loss in accordance with section 256a sentence 2 of the HGB.

Income and expenses from profit and loss transfer agreements with subsidiaries are presented for the first time for the period ended June 30, 2015 (in items 5 and 15, respectively, of the income statement). To this extent, this represents a change in accounting policies in accordance with section 284 of the HGB in the half-yearly financial statements, because the income and expenses for the period are attributable to Volkswagen Leasing GmbH and this approach gives an improved view of the earnings position of Volkswagen Leasing GmbH.

STATEMENT OF CHANGES IN FIXED ASSETS OF VOLKSWAGEN LEASING GMBH
FOR THE PERIOD JANUARY 1 TO JUNE 30, 2015

€ thousand	Net carrying amount at Dec. 31, 2014	Additions	Disposals/ Other changes	Depreciation, amortization and writedowns	Currency translation differences	Net carrying amount at June 30, 2015
I. Intangible fixed assets						
Software	2,208	666	0	416	-23	2,435
Prepayments	14	137	0	0	0	151
	2,222	803	0	416	-23	2,586
II. Tangible fixed assets						
Land and buildings	27,794	4,622	-6,835	705	-23	38,523
Operating and office equipment	998	494	-185	191	-34	1,452
Assets under construction	6,867	-30	6,835	0	0	2
	35,659	5,086	-185	896	-57	39,977
III. Lease assets						
Vehicles, technical equipment and machinery	19,146,703	6,774,115	3,404,361	2,330,417	-606	20,185,434
Prepayments	59,384	0	59,384	0	0	0
	19,206,087	6,774,115	3,463,745	2,330,417	-606	20,185,434
IV. Financial assets						
Shares in affiliated companies	8,651	0	0	0	0	8,651
Total fixed assets	19,252,619	6,780,004	3,463,560	2,331,729	-686	20,236,648

RECEIVABLES FROM CREDIT INSTITUTIONS CAN BE BROKEN DOWN AS FOLLOWS:

€ thousand	June 30, 2015	Dec. 31, 2014
1. Receivables from credit institutions	738,507	47,227
(of which to affiliated companies: €738,013 thousand; previous year: €41,936 thousand)		
Total	738,507	47,227

RECEIVABLES FROM CUSTOMERS CAN BE BROKEN DOWN AS FOLLOWS:

€ thousand	June 30, 2015	Dec. 31, 2014
1. Trade receivables	464,804	425,556
2. Receivables from affiliated companies	815,840	887,981
(of which from the shareholder: €751,365 thousand; previous year: €839,585 thousand)		
(of which trade receivables: €59,632 thousand; previous year: €45,680 thousand)		
3. Other receivables	8,817	10,610
Total	1,289,461	1,324,147

LIABILITIES ARE COMPOSED OF THE FOLLOWING ITEMS:

€ thousand	June 30, 2015	Dec. 31, 2014
1. Liabilities to credit institutions	631,311	741,160
(of which to affiliated companies: €255,355 thousand; previous year: €448,607 thousand)		
2. Liabilities to customers	9,638,482	7,614,260
(of which to affiliated companies: €6,275,160 thousand; previous year: €5,096,683 thousand)		
(of which to the shareholder: €359,185 thousand; previous year: €385,068 thousand)		
(of which trade receivables: €521,090 thousand; previous year: €474,547 thousand)		
3. Securitized liabilities	7,794,376	8,179,214
4. Other liabilities	26,563	22,374
Total	18,090,732	16,557,008

NET INTEREST INCOME CAN BE BROKEN DOWN AS FOLLOWS:

€ thousand	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
1. Interest income from lending and money market transactions (of which from affiliated companies: €3,589 thousand; previous year: €3,256 thousand)	13,029	3,991
2. Interest expense (of which to affiliated companies: €20,872 thousand; previous year: €30,311 thousand)	136,482	161,163
Total	-123,453	-157,172

CLASSIFICATION OF INCOME BY REGION:

€ thousand				JAN. 1 – JUNE 30, 2015	JAN. 1 – JUNE 30, 2014
	Germany	Italy	Poland	Total	Total
1. Lease income					
Leases	2,326,155	62,006	8,080	2,396,241	2,384,065
Maintenance and service contracts	453,413	47,719	6,563	507,695	443,457
Used vehicle sales	3,902,676	50,931	1,510	3,955,117	3,319,471
Other	224,229	8,381	6,006	238,616	222,257
	6,906,473	169,037	22,159	7,097,669	6,369,250
3. Interest income from lending and money market transactions	4,088	13	8,928	13,029	3,991
6. Fee and commission income	223	-	2	225	224
8. Other operating income	79,344	558	9,873	89,775	82,053
9. Income from reversal of special tax-allowable reserves	42	-	-	42	53
14. Income from reversals of writedowns of and valuation allowances on receivables and from the reversal of provisions in the leasing business	66,855	15,903	1,387	84,145	54,219
Total	7,057,025	185,511	42,349	7,284,885	6,509,790

Management of Volkswagen Leasing GmbH

GERHARD KÜNNE

Spokesman of the Management
Sales Fleet Customers

THOMAS RENNEBAUM

Middle Office Leasing

DR. HEIDRUN ZIRFAS

Back Office Leasing

Audit Committee of Volkswagen Leasing GmbH

The members of the Audit Committee are as follows:

DR. JÖRG BOCHE

Chairman
Executive Vice President of Volkswagen AG
Head of Group Treasury

WALDEMAR DROSDZIOK

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

DR. ARNO ANTLITZ

Member of the Volkswagen Brand Board of Management
Controlling and Financial Accounting

GABOR POLONYI

Head of Fleet Customer Management, Volkswagen Leasing GmbH

Responsibility statement

To the best of our knowledge, the interim financial statements of Volkswagen Leasing GmbH give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Leasing GmbH, and the interim management report includes a fair review of the development and performance of the business and the position of Volkswagen Leasing GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Leasing GmbH for the remaining months of the fiscal year.

Braunschweig, July 17, 2015
The Management



Gerhard Künne



Thomas Rennebaum



Dr. Heidrun Zirfas

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