Volkswagen Financial Services AG

Fixed Income Investor Update, Amsterdam, 08 September 2016
The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast.

Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superceded. This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Disclaimer
Volkswagen Group – Leveraging the strength of the three pillars

<table>
<thead>
<tr>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td><strong>Volkswagen Financial Services</strong></td>
</tr>
<tr>
<td>Audi</td>
<td>Included: MAN Financial Services</td>
</tr>
<tr>
<td>ŠKODA</td>
<td>Financial Services</td>
</tr>
<tr>
<td>Bentley</td>
<td>USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td>Bugatti</td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td>Porsche</td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>Power Engineering</td>
<td>Financial Services</td>
</tr>
<tr>
<td>MAN</td>
<td>Remaining companies</td>
</tr>
</tbody>
</table>

Fixed Income, Amsterdam, 08 September 2016
Volkswagen Financial Services AG at a Glance (06/30/2016)

**Worldwide presence**

Volkswagen Financial Services conducts business in **49 countries**

**Key company figures**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 125.7 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 15.5 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 34.2 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 751 m</td>
</tr>
<tr>
<td>Employees</td>
<td>11,538</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>12.7 m</td>
</tr>
</tbody>
</table>

**Business Volume* € 101.1 bn**

- Leasing € 34.8 bn
- Credit € 51.9 bn
- Dealer financing € 14.4 bn

*Receivables + Leased Assets
Contract portfolio Volkswagen Financial Services AG

Continuous portfolio expansion

<table>
<thead>
<tr>
<th>Year</th>
<th>Credit</th>
<th>Leasing</th>
<th>Insurance/Services</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>4,888</td>
<td></td>
<td></td>
<td>6,028</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>1,870</td>
<td></td>
<td>6,852</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td>5,954</td>
<td>8,848</td>
</tr>
<tr>
<td>2015 HY</td>
<td></td>
<td></td>
<td></td>
<td>11,086</td>
</tr>
<tr>
<td>2015 HY</td>
<td></td>
<td></td>
<td></td>
<td>12,712</td>
</tr>
</tbody>
</table>

- Germany: 45%
- Europe excl. Germany: 33%
- Latin America: 11%
- Asia Pacific / Other Countries: 10%
- MAN Financial Services: 1%

Total contracts: 12,712 thd.

Fixed Income, Amsterdam, 08 September 2016
Diesel Issue | Effects on VW FS AG

Effects of Diesel Issue

1. Trust of Customers
2. Residual Values
3. Funding
4. Dealer Solvency

Fixed Income, Amsterdam, 08 September 2016
## Diesel Issue | Potential Effects on VW FS AG: Confidence-building measures

<table>
<thead>
<tr>
<th></th>
<th>New Cars</th>
<th>Used Cars</th>
<th>New Cars</th>
<th>Used Cars</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audi</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>SEAT</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Nutzfahrzeuge</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
</tbody>
</table>

### Legend

- ✔️ Trust Campaign implemented
Diesel Issue | Potential Effects on VW FS AG: Residual Values

Used car prices EU

- Offered online prices fluctuated in ordinary and expected range
- Realized prices have recovered

- Prices not affected by Diesel Issue

- Prices not affected by Diesel Issue

- Prices not affected by Diesel Issue
Diesel Issue | Potential Effects on VW FS AG: Residual Values

Used car prices | Example Germany
Diesel Issue | Potential Effects on VW FS AG: Funding
Funding structure Volkswagen Financial Services AG

As of 31 December 2015:
Total € 121.3 bn

As of 30 June 2016:
Total € 125.7 bn
Diesel Issue | Potential Effects on VW FS AG: Funding Development of Customer Deposits

in € bn

24.3 26.2 28.1 34.2


Term Deposits
Overnight

About 75% Private Customers
Diesel Issue | Potential Effects on VW FS AG: Dealer Solvency

Monthly monitoring dealer business

Cause:
- 4 VWFS AG markets have been identified where the current diesel issues might have a negative impact on the risks of the dealer portfolio (UK, FR, JP, KR)

Action:
- Monthly monitoring of portfolio data, differentiated by rating classes
- Additional information about significant changes (stocking days, credit line extensions, stock audit results, overdrafts)

Target:
- In case of negative development countermeasures can be prepared and implemented at an early stage
With the publication of the results on 29 July 2016, Volkswagen Financial Services AG again successfully passed the bank stress test by EBA.

VW FS AG achieved for 2018 a capital ratio (CET 1) of 9.6% (12.0 percent starting point per 31.12.2015) in the stress test and therefore exceeded the supervisory threshold (pass mark) of 5.5% by a significant extent.

“The gratifying result of the 2016 stress test again shows the robustness of our business model and adequate capital resources even in the turbulent times assumed for this simulation.”

(Dr. Michael Reinhart, Member of Board of Management of VW FS AG responsible for risk management.)
**Risk Management**

- **Credit Risk**
  - Risk of loss through defaults in customer transactions
  - Portfolio Structure:
    - Retail 74% / Corporate 26%
  - Assessment of creditworthiness of customers with scoring (in retail business) and rating systems (corporate).

- **Residual Value**
  - Residual values are monitored closely
  - Regular adjustment to the current market situation for new business
  - Completely covered by provisions and equity according to IAS 36.

* Shareholder Risk + Issuer Risk + Counterparty Risk + Liquidity Risk + Risks of MAN FS subsidiaries and lump sum for non-quantified Risk: Strategic Risk, Reputational Risk
Volkswagen Financial Services AG – Credit risks

Credit risk remains at low level despite challenging market environment

- **Dynamic Loss Ratio**: drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)
- **Total Provision Ratio** = total provisions in proportion to the total receivables’ volume at reporting date

Fixed Income, Amsterdam, 08 September 2016
Worldwide Capital Market Activities

**VW FS Japan**
- JPY 60 bn ECP Program

**VW Finance (China)**
- Domestic RMB Bond Issuances

**VW Leasing Mexico**
- MXN 20 bn Dual Program*

**VW Bank Mexico**
- MXN 7 bn Debt Issuance Program

**VDF Turkey**
- Domestic TRY Bond Issuances

**Banco VW Brazil**
- Domestic Letra Financeira

**VW FS India**
- Domestic INR CP + Bond Issuances

**VW FS Korea**
- Domestic KRW Bond Issuances

**VW Bank Polska**
- PLN 3 bn Debt Issuance Program

**VW Bank Russia**
- Domestic 50bn RUB Bond Program

**VW FS Japan**
- JPY 60 bn ECP Program

**VW FS Australia**
- AUD 3 bn Debt Issuance Program

**VW FS Group**
- €10 bn CP Program
- €25 bn Debt Issuance Program

**VW Bank**
- €2.5 bn CP Program
- €10 bn Debt Issuance Program

*Dual = CP + Debt Issuance*
Worldwide ABS Activities

- DFM
  - DFM Master program
- VW Bank France
  - Driver France program
- VW Finance Spain
  - Driver España program
- Banco VW Brazil
  - Driver Brasil program
- VW Bank / VW Leasing
  - Driver-& VCL- program,
    VCL Master, Driver Master
- VW FS Japan
  - Driver Japan program
- VW Finance China
  - Driver China program
- VW FS Australia
  - Driver Australia program
Rating History (08/04/2016) – Moody’s

<table>
<thead>
<tr>
<th></th>
<th>Moody’s</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toyota</td>
<td>Aa3</td>
<td>AA-</td>
</tr>
<tr>
<td>Honda</td>
<td>A1</td>
<td>A+</td>
</tr>
<tr>
<td>BMW</td>
<td>A2</td>
<td>A+</td>
</tr>
<tr>
<td>VW AG</td>
<td>A3&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>BBB+&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>VW Bank GmbH</td>
<td>Aa3&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>A-&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>VW FS AG</td>
<td>A2&lt;sup&gt;1)&lt;/sup&gt;</td>
<td>BBB+&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>Scania</td>
<td>--</td>
<td>A-</td>
</tr>
<tr>
<td>Daimler</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>RCI Banque</td>
<td>Baa1</td>
<td>BBB</td>
</tr>
<tr>
<td>FMCC</td>
<td>Baa3</td>
<td>BBB</td>
</tr>
<tr>
<td>Banque PSA</td>
<td>Baa2</td>
<td>BB+—*</td>
</tr>
</tbody>
</table>

<sup>1</sup) Outlook: negative  * withdrawn at bank’s request

Data Source: Reuters
Outlook

We expect the operating profit in the 2016 fiscal year to be at least at the previous year’s level.
Contact

Bernd Bode
Head of Group Treasury and Investor Relations
Volkswagen Financial Services AG
Tel.: +49 531 212 3807
bernd.bode@vwfs.com

More Information
https://www.vwfsag.de/en/home/investor_relations.html
Thank You.

Volkswagen Financial Services AG
Gifhorner Str. 57
38112 Braunschweig
Germany