The Key to Mobility
Creating Value with Financial Services

BayernLB Fixed Income Conference 2014 – Volkswagen Financial Services AG

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Volkswagen Group – leveraging the power of three strong pillars

<table>
<thead>
<tr>
<th>Automotive Division</th>
<th>Financial Services Division</th>
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<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td><strong>Volkswagen Financial Services</strong></td>
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<td>Bugatti</td>
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Volkswagen Financial Services offers the whole range of services under one roof

- Retail Finance
- Dealer Finance
- Factoring
- Deposits
- Instalment Loans
- Investment Products
- Finance Lease
- Operating Leasing
- Automotive
- Payment Protection
- Industry
- Fleet Management
- Tyre
- Wear & Tear
- Long-term rent
- Short-term rent
- Carsharing
Strong Benefits for Automotive through Captive

**Equipment**
- + 26%
- Cash Payer: 100%
- Captive Customer: 126%

**Turnover**
- + 34%
- Cash Payer: 7.2 years
- Captive Customer: 4.8 years

**Brand Loyalty**
- + 17%
- Switch to Competitor: 34% Cash Payer, 23% Captive Customer
- Stay Loyal: 66% Cash Payer, 76% Captive Customer
Volkswagen Financial Services at a Glance

Worldwide presence

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

Key figures 2013

<p>| | |</p>
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<tr>
<td>Total assets</td>
<td>€ 115.1 bn</td>
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<td>Equity</td>
<td>€ 11.6 bn</td>
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<td>Customer deposits</td>
<td>€ 24.3 bn</td>
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<td>Operating profit</td>
<td>€ 1.6 bn</td>
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<td>Employees</td>
<td>10,945</td>
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<td>Contracts (units)</td>
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Receivables

- **Leasing**
  - € 16.2 bn
- **Credit**
  - € 50.7 bn
- **Wholesale**
  - € 13.2 bn
Operating Income 2013 (regional split)

Growing international share

€1.614 bn

Asia & Rest of World (7%)
North America (22%)
South America (13%)
Europe (w/o Germany) (21%)
Germany (37%)
Penetration Rates

Rising penetration rates

2008  2009  2010  2011  2012  2013

26.4%  25.0%  24.7%  25.4%  27.5%  27.7% with China

32.5%  32.9%  34.9%  36.3%  40.7%  43.0% w/o China
3 Growth Dimensions
Risk Management

* Liquidity Risk, Strategic Risk, Reputational Risk, Market Price Risk, Shareholder Risk + Issuer Risk + Counterparty Risk

Portfolio Structure

- Credit Risk
- Operational Risk
- Earnings Risk
- Residual Value Risk
- Other Risks*

Portfolio Structure:
- Retail 75%
- Corporate 25%

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Credit risk remains at low level despite challenging market environment

Provision Ratio

Ø Dynamic Loss Ratio

2010 | 2011 | 2012 | 2013
---|---|---|---
Retail Financing: 0.8% | 0.6% | 0.6% | 0.4%
Leasing: 0.7% | 0.9% | 0.5% | 0.4%
Corporate Financing: 0.6% | 0.6% | 0.3% | 0.4%

2010: 2.5% | 2011: 2.2% | 2012: 2.0% | 2013: 2.0%
Volkswagen Financial Services – Residual Value

Residual value risks well covered by provisions

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Funding Structure Volkswagen Financial Services AG

**Funding**

- **Liabilities to financial institutions**: €11 bn (12.1%)
- **Commercial Paper**: €3.3 bn (3.6%)
- **Others**: €4.8 bn (5.3%)
- **Liabilities to affiliated companies**: €4.5 bn (4.9%)
- **Customer Deposits**: €24.3 bn (26.7%)
- **Equity**: €8.9 bn (9.8%)
- **Asset Backed Securitization**: €9.1 bn (10%)
- **Bonds issued**: €25.1 bn (27.6%)
- **Total**: €91 bn

**Refinancing Strategy**

- **Deposits**
- **ABS**
- **Bonds**

**Deposits in bn €**

*strategic allocation = not consistent with accounting logic*
Volkswagen Financial Services’ Worldwide Capital Market Activities

- **VW Credit Canada Inc.**
  - €25 bn Debt Issuance Program (VW Group)
  - CAD 1 bn CP Program

- **VW Credit Inc. (USA)**
  - $4 bn CP Program (VWoA + VW Credit Inc.)
  - €10 bn CP Program (VW Group)
  - €25 bn Debt Issuance Program (VW Group)
  - 144a Bond issuances via VIF

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

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

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

- **VW FS Group**
  - €10 bn CP Program
  - €18 bn Debt Issuance Program

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

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

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

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

- **VW FS Korea**
  - Project phase

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

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

- **VW Leasing Mexico**
  - MXN 15 bn Dual Program*

- **VDF Turkey**
  - Domestic TRY bond issuances

- **VW Finance China**
  - Feasibility study

- **VW FS Canada**
  - Domestic 4 bn CP Program (VWoA + VW Credit Inc.)

- **VW Credit Inc. (USA)**
  - €10 bn CP Program (VW Group)

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

- **Banco VW Brazil**
  - Domestic Letra Financeira

- **VW Credit Canada Inc.**
  - Domestic TRY bond issuances

*Dual = CP + Debt Issuance
DCM Activities in 2013 / 2014 Worldwide

- **Germany: VW FS AG**
  - 2 Issuances: 300 m EUR, tenor: 1.5 to 2 years

- **Germany: VW Leasing**
  - 6 Issuances: 3,325 m EUR, tenor: 2 to 10 years

- **Germany: VW Bank**
  - 16 Issuances: 3,850 m EUR, tenor: 1 to 5 years

- **Australia: VW FS Australia**
  - 1 Issuance: 250 m AUD, tenor: 4 years

- **Japan: VW FS Japan**
  - 9 Issuances: 25,000 m JPY, tenor: 3 to 5 years

- **India: VW FS India**
  - 4 Issuances: 6,000 m INR, tenor: 2 to 3 years

- **Mexico: VW Bank/Leasing**
  - 3 Issuances: 6,000 m MXN, tenor: 2.5 to 4 years

- **Brasil: Banco VW**
  - 6 Issuances: 880 m BRL, tenor: 2 years

- **International: VW FS N.V.**
  - 26 Issuances: 3,375 m EUR*, tenor: 1 to 5.5 years

- **Turkey: VDF**
  - 1 Issuance: 100 m TRY, tenor: 1.5 years

* Issuances in various currencies (NOK, SEK, GBP, EUR, TRY)
Security for Investors – Three Layer of Protection

1. Solvency and Creditworthiness of the Issuer
   (VW Leasing GmbH, VW FS NV Amsterdam, VW Bank RUS…)
   Irrevocable and Unconditional Guarantee for Issuers Payment Obligations

2. Solvency and Creditworthiness of the Guarantor
   (Volkswagen Financial Services AG)
   S&P Rating: A- positive / Moody’s: A3 positive
   Control & Profit / Loss Transfer Agreement

3. Solvency and Creditworthiness of Ultimate Parent
   (Volkswagen AG)
   S&P Rating: A- positive / Moody’s: A3 positive

One Risk – One Price!
Investor’s Risk Evaluation - Bond Curve Volkswagen AG compared to Volkswagen Financial Services AG

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Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters

Rating History

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<th>Moody's</th>
<th>S&amp;P</th>
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<tr>
<td>BMW</td>
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</tr>
<tr>
<td>Banque PSA</td>
<td>Ba1</td>
<td>BB</td>
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1) Outlook: positive  
2) Rating withdrawn at company’s request as of Dec. 2012
Standard & Poor’s Statements regarding Volkswagen Financial Services AG, “RatingsDirect” July 31, 2013

“We consider VW FS to be core to its ultimate parent VW AG and equalize our ratings on VW FS with those on VW AG.”

“As a core entity of VW AG, any rating action on the parent – positive or negative - would translate in a similar action on VW FS.”

“(…) positive outlook (…) mirrors that on its parent, Volkswagen AG (A-/Positive/A-2). It reflects our view that captive finance operations will remain integral to the VW group’s overall corporate strategy.”

“We consider VW FS’ corporate strategy to be prudent, well-executed, and focused on its core business in which it has expertise.”

“In our view, VW FS’ earnings generated by moderate growth, steady margins and solid risk costs are relatively predictable and stable.”

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Annual Report Volkswagen Financial Services AG:  
http://www.vwfsag.de/de/home/investor_relations/geschaeftsberichte/gb2013.html

Memorandum of Clifford Chance concerning the „Domination and Profit and Loss Transfer Agreement VWAG – VWFSAG“  
http://www.vwfsag.de/en/home/investor_relations/bgav.html
Thank you for your attention!
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BACK-UP
Volkswagen Financial Services’ worldwide ABS Activities

- Volkswagen Financial Services AG

**DFM**
- DFM Master program

**Volkswagen Financial Services UK**
- Driver UK Master, Driver UK program

**Volkswagen Bank France**
- Driver France program

**Volkswagen Finance Spain**
- Driver España program

**Banco VW Brazil**
- Driver Brasil program

**Volkswagen Finance Mexico**
- Project Phase

**Volkswagen Finance China**
- Project Phase

**Volkswagen Finance Australia**
- Driver Australia program

**Volkswagen Financial Services Japan Ltd.**
- Driver Japan program

**VCI/ VCCI**
- VALET program, VALT program
Contract Portfolio Volkswagen Financial Services

Growing contract portfolio

- Leasing
- Credit
- Insurance/Services

- Million units

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<th>Year</th>
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