The Key to Mobility - Creating Value with Financial Services

Debut Financial Bond Issuance Volkswagen Finance (China) Co., Ltd., Beijing/Shanghai

Bernd Bode, Head of Group Treasury & Investor Relations, Volkswagen Financial Services AG
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 Such statements are valid on the date of publication and can be superceded.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.
### 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>Passenger Cars</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>Included: MAN Financial Services</td>
</tr>
<tr>
<td>Power Engineering</td>
<td>Volkswagen Financial Services USA / Canada / Spain / Argentina</td>
</tr>
<tr>
<td></td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td></td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td></td>
<td>Porsche Financial Services</td>
</tr>
</tbody>
</table>

- Volkswagen Financial Services
- MAN Financial Services
- Scania Financial Services
- Porsche Holding Financial Services
- Porsche Financial Services
Volkswagen Financial Services AG at a glance (06/30/2015)

**Worldwide presence**

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

**Key company figures**

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 114.2 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 13.5 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 25.6 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 704 m</td>
</tr>
<tr>
<td>Employees</td>
<td>11,611</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>10.6 m</td>
</tr>
</tbody>
</table>

**Business Volume* € 95.7 bn**

- Leasing: € 31.2 bn
- Credit: € 50.4 bn
- Wholesale: € 14.1 bn

*Receivables + Leased Assets
Contract portfolio

Continuous portfolio expansion

- Germany: 44%
- Europe excl. Germany: 32%
- Latin America: 12%
- Asia Pacific / Other Countries: 11%
- MAN Financial Services: 1%

In ‘000 units:
- 6,028 in 2009
- 6,852 in 2011
- 8,848 in 2013
- 10,568 in HY 2015

- Credit: 4,633
- Leasing: 1,620
- Insurance/Services: 4,315

- 2009
- 2011
- 2013
- HY 2015

- 44% Germany
- 32% Europe excl. Germany
- 12% Latin America
- 11% Asia Pacific / Other Countries
- 1% MAN Financial Services

10,568 tsd Contracts
Risk management

- Credit Risk
  - Risk of loss through defaults in customer transactions
  - Portfolio Structure:
    - Retail 75% / Corporate 25%
  - 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 + lump sum for non-quantified Risk: Liquidity Risk, Strategic Risk, Reputational Risk
Credit Risk Volkswagen Financial Services AG (only fully consolidated)

- **Dynamic Loss Ratio**
  - Drawsings 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

- **Total Provision Ratio according to IAS 39**
  - Calculated according to International Accounting Standard 39

- **Dynamic Loss Ratio**
  - A measure of losses expected from the portfolio of loans and advances

The diagram illustrates the trend of these ratios from December 2011 to June 2015, showing a downward trend for both total provision and dynamic loss ratios.
Residual Value Risk Volkswagen Financial Services AG (only fully consolidated)

- Units: 680,493, 767,936, 851,727, 963,668, 1,039,537
- Provision per car in €: 309, 242, 212, 208, 278, 345
- Risk per car in €: 165, 68, 66, 193, 281
- In € m: 210, 163, 177, 268, 358

1) retroactive inclusion of contracts from employee/staff car leasing and long-term rentals
Funding structure Volkswagen Financial Services AG
Total € 114.2 bn

Strategic Funding Sources

- **ABS**
- **Deposits**
- **Capital Markets**

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<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset backed Securitization</td>
<td>€ 14.9 bn</td>
<td>13%</td>
</tr>
<tr>
<td>Bonds issued</td>
<td>€ 26.5 bn</td>
<td>23%</td>
</tr>
<tr>
<td>Commercial Paper</td>
<td>€ 3.9 bn</td>
<td>3%</td>
</tr>
<tr>
<td>Others</td>
<td>€ 6 bn</td>
<td>5%</td>
</tr>
<tr>
<td>Liabilities to affiliated companies</td>
<td>€ 10.2 bn</td>
<td>9%</td>
</tr>
<tr>
<td>Customer Deposits</td>
<td>€ 25.6 bn</td>
<td>23%</td>
</tr>
<tr>
<td>Liabilities to financial institutions</td>
<td>€ 13.6 bn</td>
<td>12%</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 13.5 bn</td>
<td>12%</td>
</tr>
</tbody>
</table>

as of Juni 2015

*strategic funding allocation*
Development of Customer Deposits in bn Euro

Direct banking activities – a stable and strategic source

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>9.6</td>
<td>12.8</td>
<td>19.5</td>
<td>20.1</td>
<td>23.8</td>
<td>24.9</td>
<td>24.3</td>
<td>26.2</td>
<td>25.3</td>
<td>26.6</td>
<td>xx.x</td>
</tr>
</tbody>
</table>
Worldwide Capital Market Activities

VW Leasing Mexico
MXN 20 bn Dual Program*

VW Bank Mexico
MXN 7 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

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 Finance (China)
Debut Financial Bond Issuance

VW FS Japan
JPY 60 bn ECP Program

VDF Turkey
Domestic TRY Bond Issuances

Banco VW Brazil
Domestic Letra Financeira

VW FS India
Domestic INR CP + Bond Issuances

VW FS Australia
AUD 3 bn Debt Issuance Program

*Dual = CP + Debt Issuance
Worldwide ABS Activities

- DFM
  - DFM Master program

- VW FS UK
  - Driver UK Master

- 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
Outlook 2015

Lars Henner Santelmann, Chairman of the Board of Volkswagen Financial Services AG:
"In financial terms, we expect to achieve an operating result above the previous year's level".

Frank Fiedler, CFO of Volkswagen Financial Services AG:
"For the 2015 financial year, we expect Volkswagen Financial Services AG to achieve an operating result above the previous year's level".
Contact

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Volkswagen Financial Services AG
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bernd.bode@vwfs.com

Next Dates
Publication Annual Report 2015 of Volkswagen Financial Services AG:
March 15, 2015
http://www.vwfsag.com/ar15
Thank You.
Volkswagen Financial Services AG
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38112 Braunschweig
Germany
The Key to Mobility Creating Value with Financial Services

Debut Financial Bond Issuance Volkswagen Finance (China) Co., Ltd., Beijing/Shanghai

Harald Mueller, General Manager, Volkswagen Finance (China) Co., Ltd.
Volkswagen Finance (China) Co., Ltd. Backgrounder

• We are Volkswagen Finance (China) Co., Ltd.

• We are “2012/2013/2014/2015 Best Auto Finance Company”

• We are “2013/2014/2015/2016 Top Employer in China”

• We have over 800 employees working together
Company History

- **Start Retail Business**: 2004
- **Start Wholesale Business**: 2005
- **Issue first ABS**: 2006
- **Earning assets RMB35.4 billion**: 2007
- **2475 dealers**
- **308 cities**
Shareholder Structure

Volkswagen AG

Automotive Division

Volkswagen Financial Services AG

Financial Services Division

Volkswagen (China) Investment Co., Ltd

100%

Volkswagen Group Import (China) Co., Ltd

100%

SAIC Volkswagen Automotive Company Limited

50%

FAW-Volkswagen Automotive Co., Ltd.

40%

Volkswagen Finance (China) Co., Ltd

100%

Volkswagen New Mobility Services Investment Co., Ltd.

100%
Volkswagen Financial Services in China – A true VOLKSWAGEN company

VOLKSWAGEN FINANCE

C H I N A  C O M P A N Y  L I M I T E D

Retail Finance. Wholesale Finance.

VOLKSWAGEN NEW MOBILITY SERVICES

I N V E S T M E N T  C O M P A N Y  L I M I T E D

Leasing. Insurance. After Sales. New Mobility.

CBRC regulated

MofCom regulated
Volkswagen Financial Services in China

<table>
<thead>
<tr>
<th>BANK</th>
<th>LEASING</th>
<th>INSURANCE</th>
<th>MOBILITY</th>
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<tr>
<td>Bank</td>
<td>Direct Bank</td>
<td>Leasing</td>
<td>Services</td>
</tr>
<tr>
<td>• Retail Finance</td>
<td>• Deposits</td>
<td>• Finance Lease</td>
<td>• Fleet Management</td>
</tr>
<tr>
<td>• Dealer Finance</td>
<td>• Instalment Loans</td>
<td>• Operating Leasing</td>
<td>• Service &amp; Maintenance</td>
</tr>
<tr>
<td>• Factoring</td>
<td>• Investment Products</td>
<td></td>
<td>• Tyres</td>
</tr>
<tr>
<td>• Deposits</td>
<td>• Automotive</td>
<td>• Payment Protection</td>
<td>• Long-term rent</td>
</tr>
<tr>
<td>• Instalment Loans</td>
<td>• Operating Leasing</td>
<td>• Industry</td>
<td>• Short-term rent</td>
</tr>
<tr>
<td>• Investment Products</td>
<td></td>
<td></td>
<td>• Carsharing</td>
</tr>
<tr>
<td>• Finance Lease</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Operating Leasing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Industry</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Fleet Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Service &amp; Maintenance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tyres</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Gaining Share in an Expanding Retail Financing Market

Volkswagen Finance (China) Co., Ltd. retail finance penetration in the Volkswagen Group China network (% of deliveries to customers)

2007
- Cash: 90%
- Finance: 10%
- VW FS: 2.3%
- Others: 7.7%

2015
- Cash: 70%
- Finance: 30%
- VW FS: 9.2%
- Others: 20.8%
Risk Management

- **Credit Risk**: • Risk of loss through defaults in customer transactions. • Assessment of creditworthiness of customers with scoring (in retail business) and rating systems (corporate).

- **Operational Risk**: • Operational Risk are monitored and controlled closely via annual self assessment, process control and case study for loss events, etc. • The actual operational loss in 2015 is CNY 22 million, which is in line with company strategy.

- **Market Price Risk**: • The market price risk are consist of interest rate risk only in China. • The long-term funding sources are limited due to regulatory reasons in China.

* Shareholder Risk, Issuer Risk, Counterparty Risk, Liquidity Risk, Strategic Risk, Reputational Risk, etc.
Volkswagen Finance (China) Co., Ltd. – Credit risks

Credit risk remains at low level despite challenging market environment

- Retail Provision Ratio: 1.31%, 1.59%, 1.31%, 1.27%, 1.07%
- Corporate Provision Ratio: 3.07%, 1.80%, 1.82%, 1.27%, 1.18%
- NPL Ratio: 0.37%, 0.93%, 0.45%, 0.48%, 0.38%
## Volkswagen Finance (China) Co., Ltd. Key Data
### 2010 – 2015 (PRC)

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portfolio (‘000 unit)</td>
<td>136</td>
<td>227</td>
<td>346</td>
<td>562</td>
<td>645</td>
</tr>
<tr>
<td>Retail receivables (RMB mn)</td>
<td>9,325</td>
<td>15,773</td>
<td>22,756</td>
<td>32,533</td>
<td>32,731</td>
</tr>
<tr>
<td>Wholesale receivables (RMB mn)</td>
<td>1,374</td>
<td>1,367</td>
<td>2,205</td>
<td>2,891</td>
<td>2,627</td>
</tr>
<tr>
<td>Employees</td>
<td>406</td>
<td>489</td>
<td>603</td>
<td>742</td>
<td>770</td>
</tr>
<tr>
<td>PRC profit before tax (CNY mn)</td>
<td>128</td>
<td>229</td>
<td>475</td>
<td>682</td>
<td>984</td>
</tr>
<tr>
<td>Capital adequacy ratio</td>
<td>10.10%</td>
<td>19.46%</td>
<td>16.87%</td>
<td>16.74%</td>
<td>17.94%</td>
</tr>
<tr>
<td>NPL ratio</td>
<td>0.37%</td>
<td>0.93%</td>
<td>0.45%</td>
<td>0.48%</td>
<td>0.38%</td>
</tr>
</tbody>
</table>
Volkswagen Finance (China) Co., Ltd. Key Data (continued)

2010 – 2015

**Profit before Tax & Total Assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Profit before Tax</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7,125</td>
<td>99</td>
</tr>
<tr>
<td>2011</td>
<td>11,320</td>
<td>128</td>
</tr>
<tr>
<td>2012</td>
<td>19,326</td>
<td>229</td>
</tr>
<tr>
<td>2013</td>
<td>475</td>
<td>475</td>
</tr>
<tr>
<td>2014</td>
<td>682</td>
<td>682</td>
</tr>
<tr>
<td>2015</td>
<td>37,529</td>
<td>984</td>
</tr>
</tbody>
</table>

**Equity & Bank Loan**

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity</th>
<th>Bank Loan</th>
<th>Capital Adequacy Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3,185</td>
<td>5,033</td>
<td>15.1%</td>
</tr>
<tr>
<td>2011</td>
<td>3,532</td>
<td>5,749</td>
<td>10.1%</td>
</tr>
<tr>
<td>2012</td>
<td>5,846</td>
<td>6,685</td>
<td>19.5%</td>
</tr>
<tr>
<td>2013</td>
<td>14,540</td>
<td>18,635</td>
<td>16.9%</td>
</tr>
<tr>
<td>2014</td>
<td>24,105</td>
<td>22,200</td>
<td>16.7%</td>
</tr>
<tr>
<td>2015</td>
<td>34,105</td>
<td>24,105</td>
<td>17.9%</td>
</tr>
</tbody>
</table>
Volkswagen Finance (China) Co., Ltd. Key Data (continued)
2010 – 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>New Contract (in '000 Unit)</th>
<th>Portfolio (in '000 Unit)</th>
<th>Penetration (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>51</td>
<td>89</td>
<td>2.6%</td>
</tr>
<tr>
<td>2011</td>
<td>89</td>
<td>136</td>
<td>3.4%</td>
</tr>
<tr>
<td>2012</td>
<td>136</td>
<td>149</td>
<td>5.3%</td>
</tr>
<tr>
<td>2013</td>
<td>149</td>
<td>227</td>
<td>7.0%</td>
</tr>
<tr>
<td>2014</td>
<td>227</td>
<td>406</td>
<td>11.2%</td>
</tr>
<tr>
<td>2015</td>
<td>406</td>
<td>645</td>
<td>9.2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Retail Loan (in Million RMB)</th>
<th>Wholesale Loan (in Million RMB)</th>
<th>Employee (in Million RMB)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6,596</td>
<td>1,284</td>
<td>333</td>
</tr>
<tr>
<td>2011</td>
<td>10,699</td>
<td>9,325</td>
<td>406</td>
</tr>
<tr>
<td>2012</td>
<td>17,140</td>
<td>15,773</td>
<td>489</td>
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<tr>
<td>2013</td>
<td>24,961</td>
<td>22,756</td>
<td>603</td>
</tr>
<tr>
<td>2014</td>
<td>35,424</td>
<td>32,533</td>
<td>742</td>
</tr>
<tr>
<td>2015</td>
<td>35,358</td>
<td>32,731</td>
<td>770</td>
</tr>
</tbody>
</table>
Funding Structure of Volkswagen Finance (China) Co., Ltd.

**Strategic Funding Sources**
- Bank lines
- Capital markets
- ABS

**Actual Funding Allocation**
- Equity RMB 6.3bn (16.2%)
- Liabilities to affiliated companies RMB 8.0bn (20.6%)
- Dealer Deposits RMB 0.3bn (0.8%)
- Others RMB 1.0bn (2.4%)
- Liabilities to financial institutions RMB 22.2bn (56.9%)
- ABS RMB 1.2bn (3.1%)

as of Dec 31, 2015
Capital Market Award-Winning Practice

- China Securitization Forum Awards 2014: Top Ten Securitization Issue of the Year (Credit Assets)
- The Banker: Deals of the year 2015
- IFLR Asia Awards: Structured Finance and Securitization Deal of the Year

- IFR Asia Awards 2014: Structured Finance Issue of the Year
- Global Capital Asia capital markets awards
- The Asset: Triple A Regional Awards 2014
- Structured Finance and ABS Forum Awards 2016: the Best Innovative ABS Originator