VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

The Key to Mobility

Creating Value with Financial Services

Meeting Citi – 11 May 2017

Frank Fiedler, CFO Volkswagen Financial Services AG

Disclaimer

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. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, 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 Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

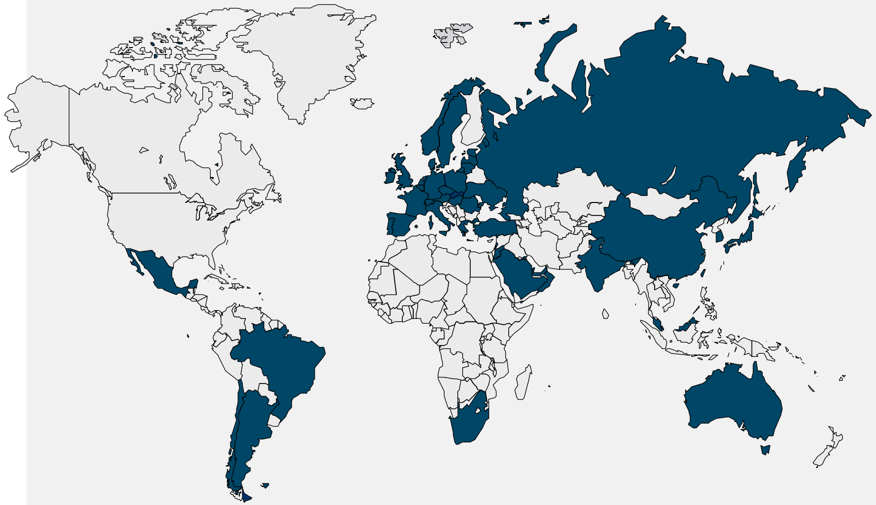
Volkswagen Group – Leveraging the strength of the three pillars

VOLKSWAGEN
AKTIENGESELLSCHAFT

Automotive Division		Financial Services Division
Passenger Cars	**Commercial Vehicles / Power Engineering**	**Volkswagen Financial Services**
Audi, SEAT, ŠKODA, BENTLEY, BUGATTI, LAMBORGHINI, PORSCHE, DUCATI	Commercial Vehicles, SCANIA, MAN	VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT
		Financial Services USA / Canada / Spain Incl. Porsche Financial Services
Remaining companies		Scania Financial Services Porsche Holding Financial Services

Volkswagen Financial Services AG at a Glance (12/31/2016)

Worldwide presence

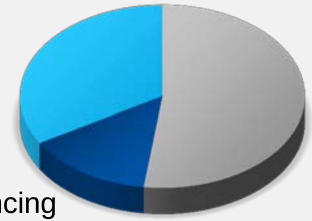


Volkswagen Financial Services conducts business in **49 countries**

Key company figures

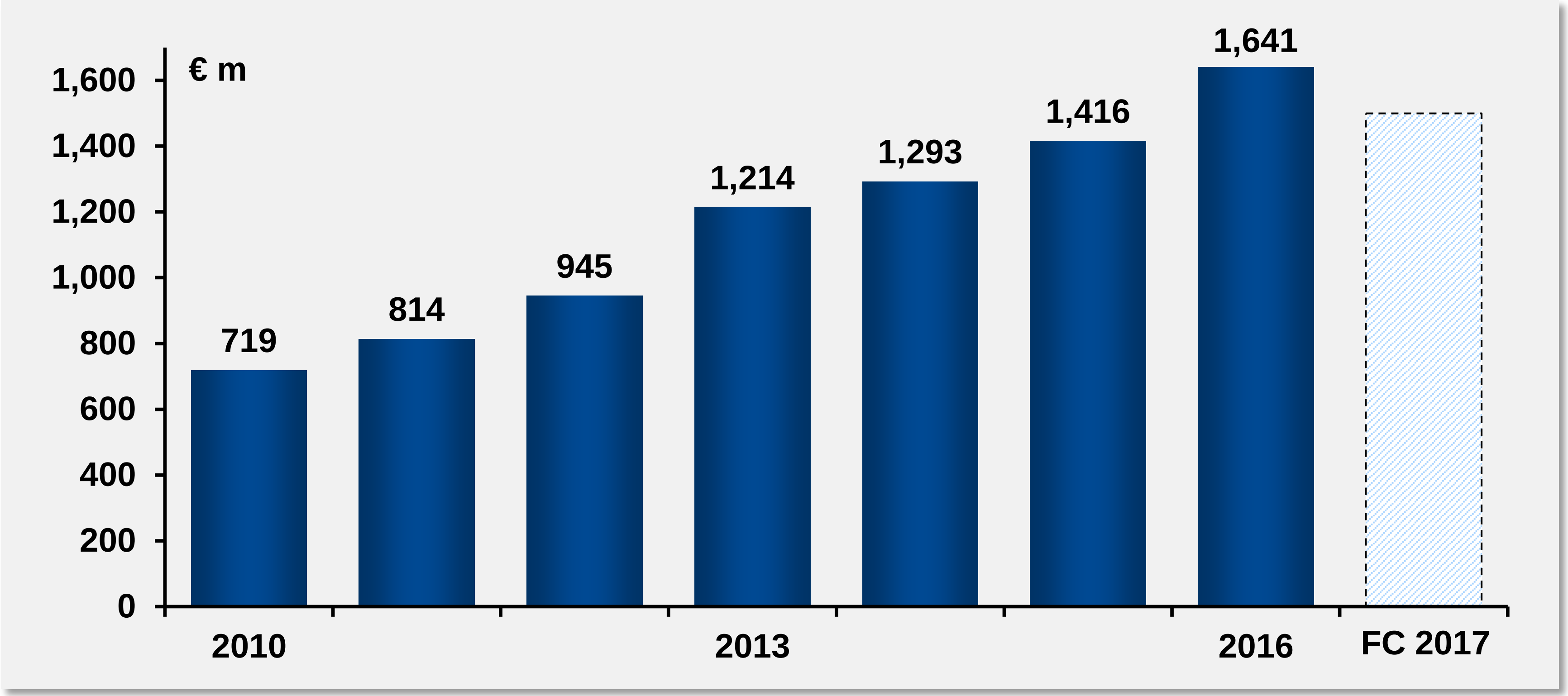
Total assets	€ 130.1 bn
Equity	€ 16.95 bn
Customer deposits	€ 36.1 bn
Operating profit	€ 1.6 bn
Employees	11,819
Contracts (units)	13.2 m

Business Volume* € 105.3 bn



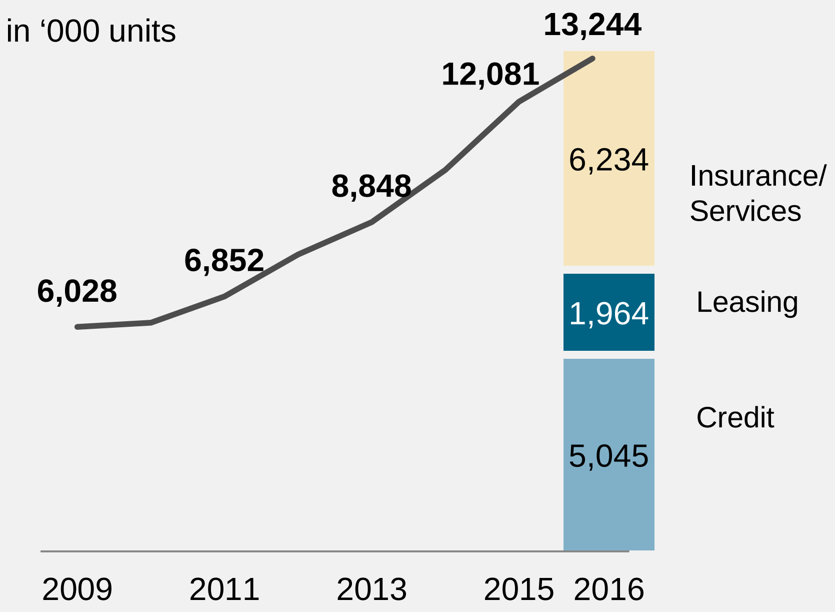
*Receivables + Leased Assets

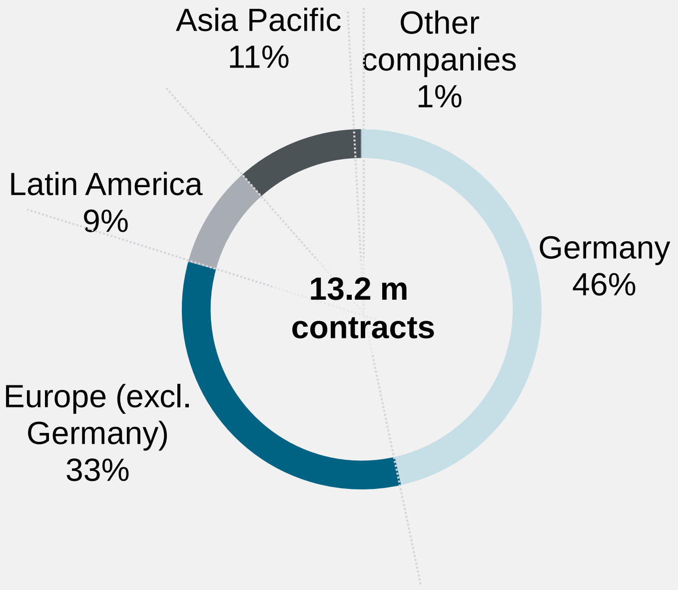
Operating Income Volkswagen Financial Services AG



Contract portfolio Volkswagen Financial Services AG

Continuous portfolio expansion





We offer the whole range of services under one roof*

Volkswagen Financial Services

BANK

Bank
- Retail Finance
- Dealer Stock Finance
- Factoring

Direct Bank
- Deposits
- Instalment Credit
- Investment Products

LEASING

Leasing
- Finance Lease
- Operating Lease

INSURANCE

Insurance
- Motor Insurance
- Warranty
- Credit Protection
- GAP Insurance
- Industry

MOBILITY

Services
- Fleet Management
- Service & Maintenance
- Tyres
- Fuel & Service Card and Charge & Fuel Card

Rental
- Long-term rental
- Short-term rental
- Carsharing

Parking
- On- and off-street solution

PAYMENT

Payment
- Payment platform
- Mobile Payments
- Mobile Wallet
- Toll services

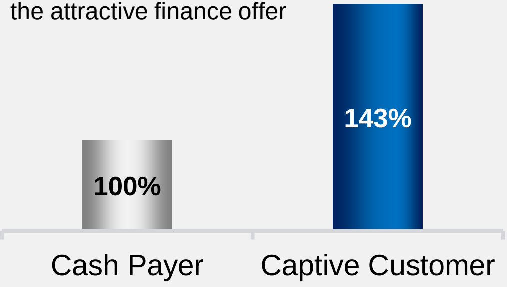
*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

Strong Benefits for Automotive through Captive

Equipment

+ 43%

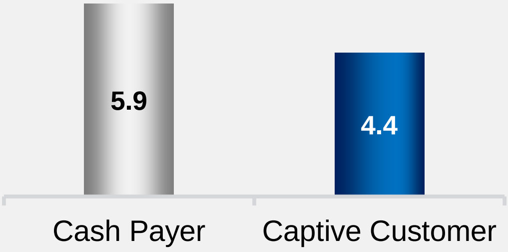
Decision to buy a better equipped car due to the attractive finance offer



Turnover

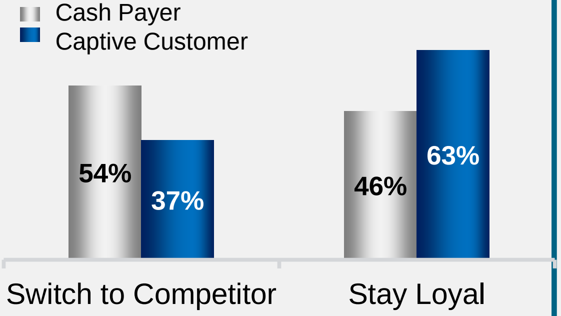
+ 25%

Length of ownership (years)



Brand Loyalty

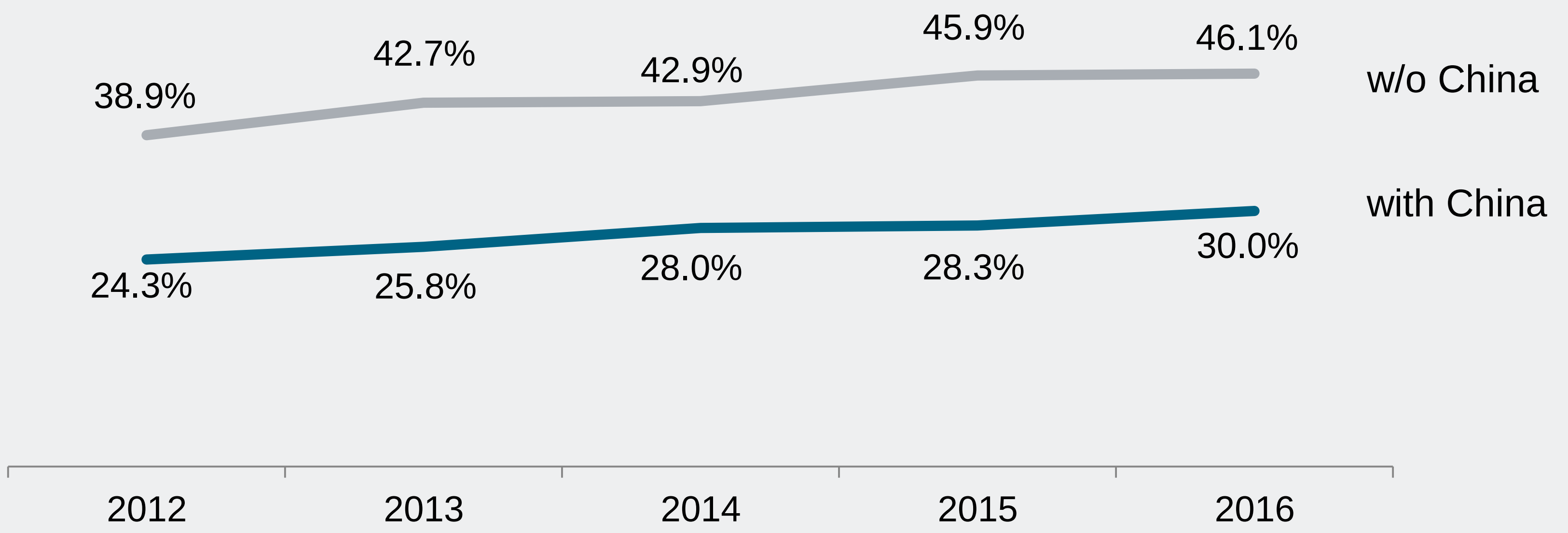
+ 37%



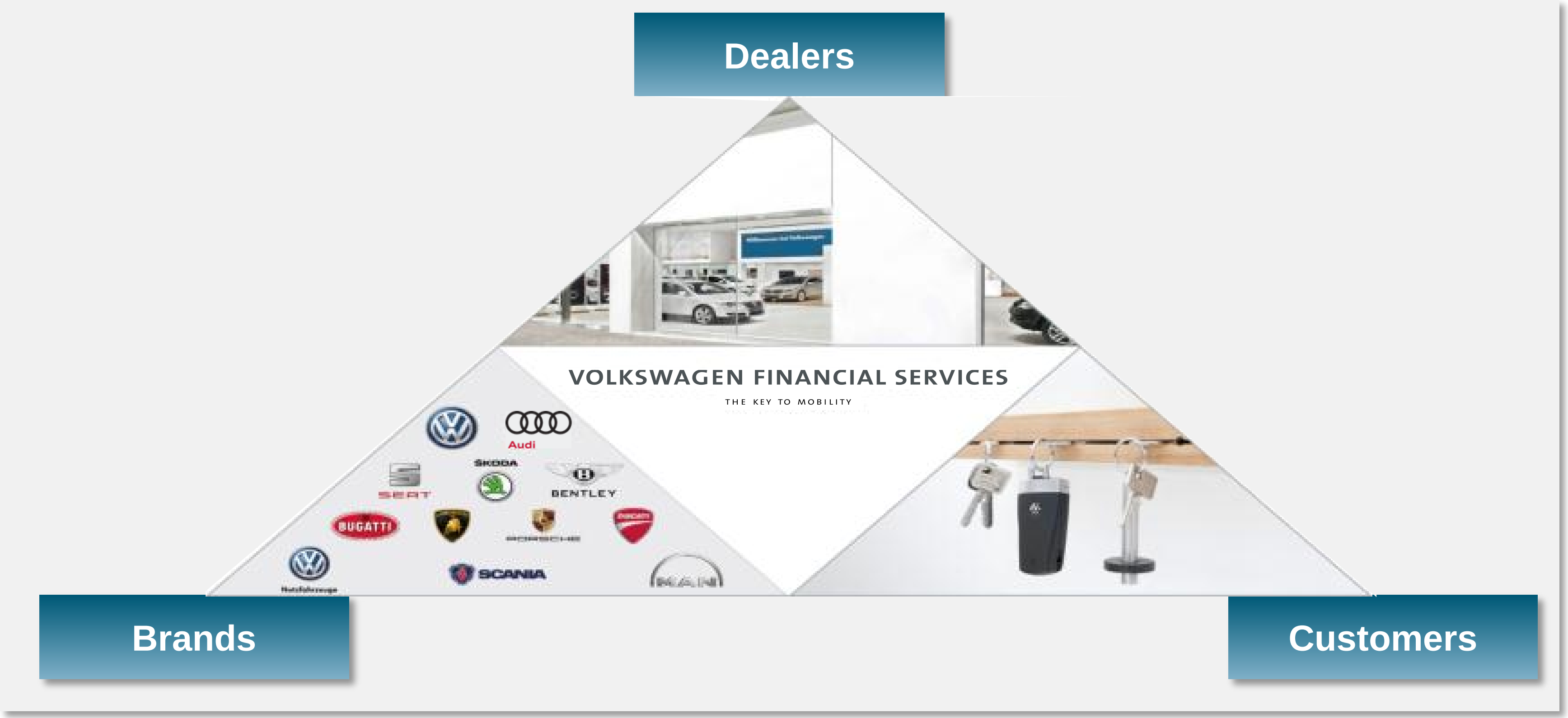
Source: AKA – Automobilbanken 2016, Study of puls Marktforschung GmbH

Penetration Volkswagen Financial Services AG

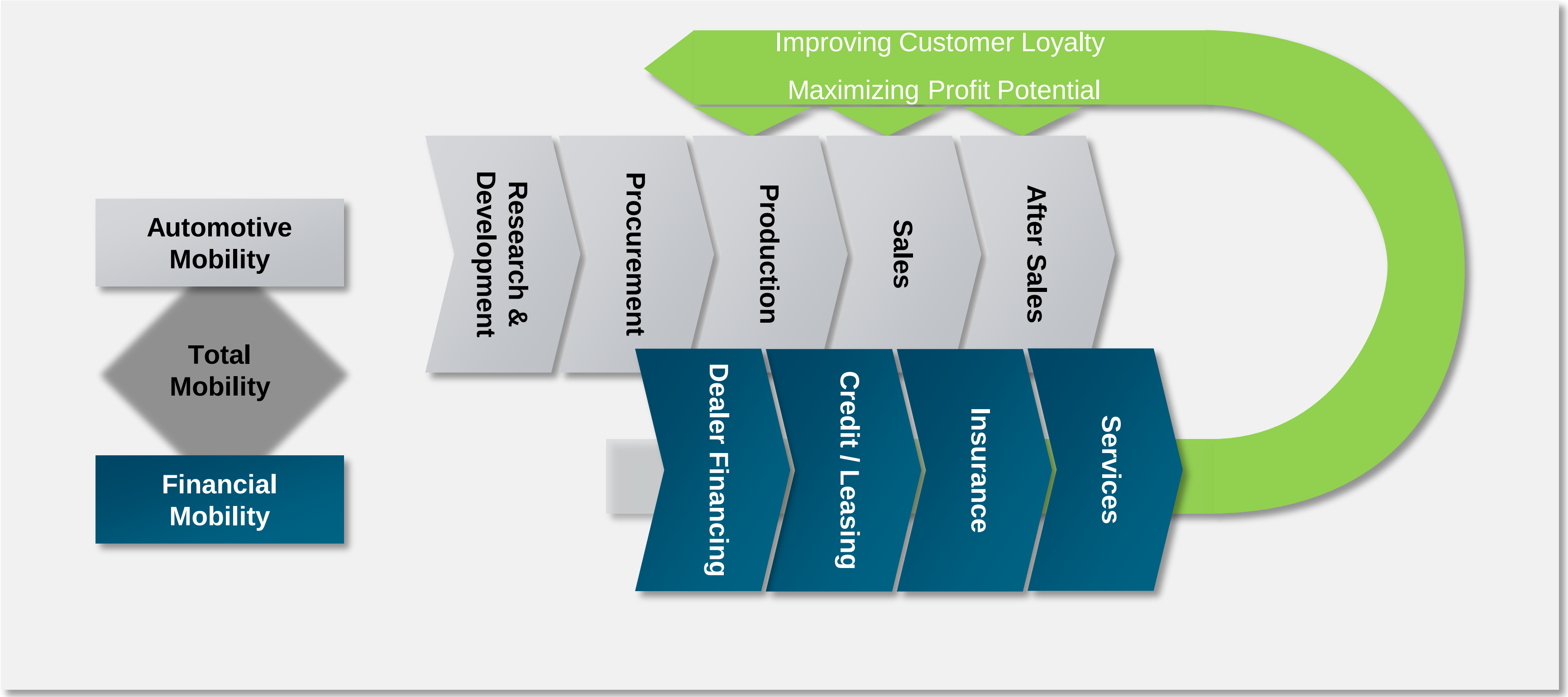
Rising penetration rates



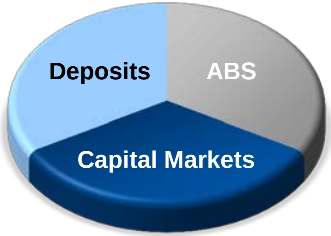
Creating Value



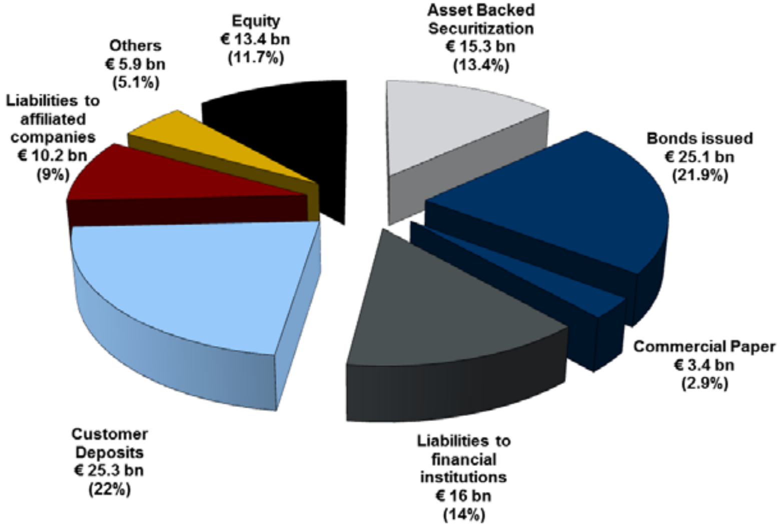
Integrating Automotive and Financial Services



Funding structure Volkswagen Financial Services AG*



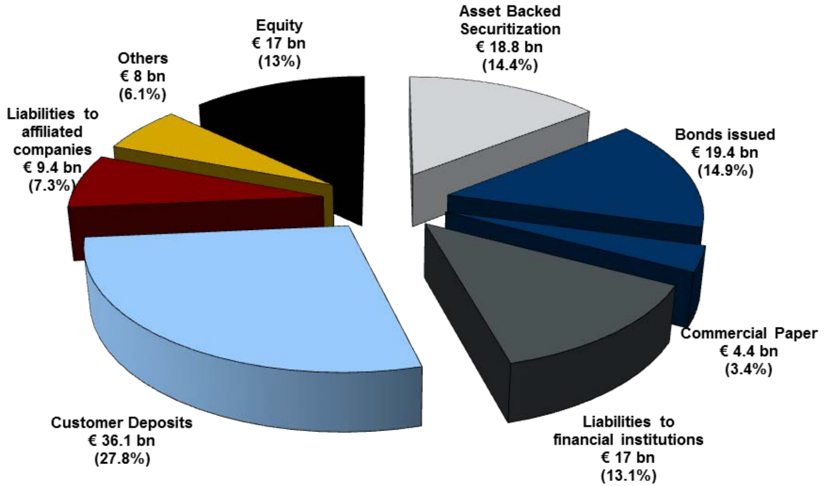
Total € 114.6 bn



* strategic funding allocation

as of 30 September 2015

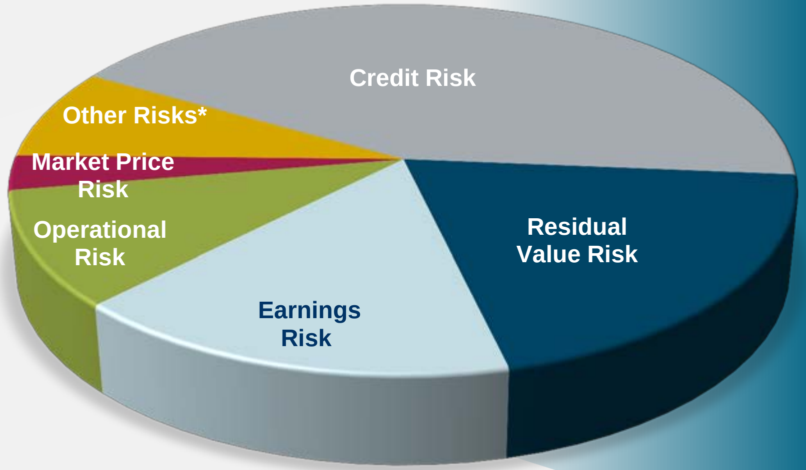
Total € 130.1 bn



* strategic funding allocation

as of 31 Dezember 2016

Risk management



Credit Risk

- Risk of loss through defaults in customer transactions
- Portfolio Structure:
  - Retail 73% / Corporate 27%
- Assessment of creditworthiness of customers with scoring (in retail business) and rating systems (corporate).

Residual Value

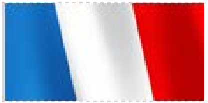
- Residual values are monitored closely
- Regular adjustment to the current market situation for new business
- Completely covered by provisions and equity according to IAS 36.

* Shareholder Risk + Issuer Risk + Counterparty Risk + Liquidity Risk + Risks of MAN FS subsidiaries and lump sum for non-quantified Risk: Strategic Risk, Reputational Risk

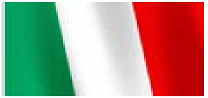
Development of residual values in EU5

Still no significant impact with respect to emissions issue, neither at Volkswagen group nor at other OEMs. Diesel residual value development still in normal range.

No significant residual value impact in UK by emission issue.



Development of Diesel residual values within the normal range. Market share of Diesel cars is decreasing.



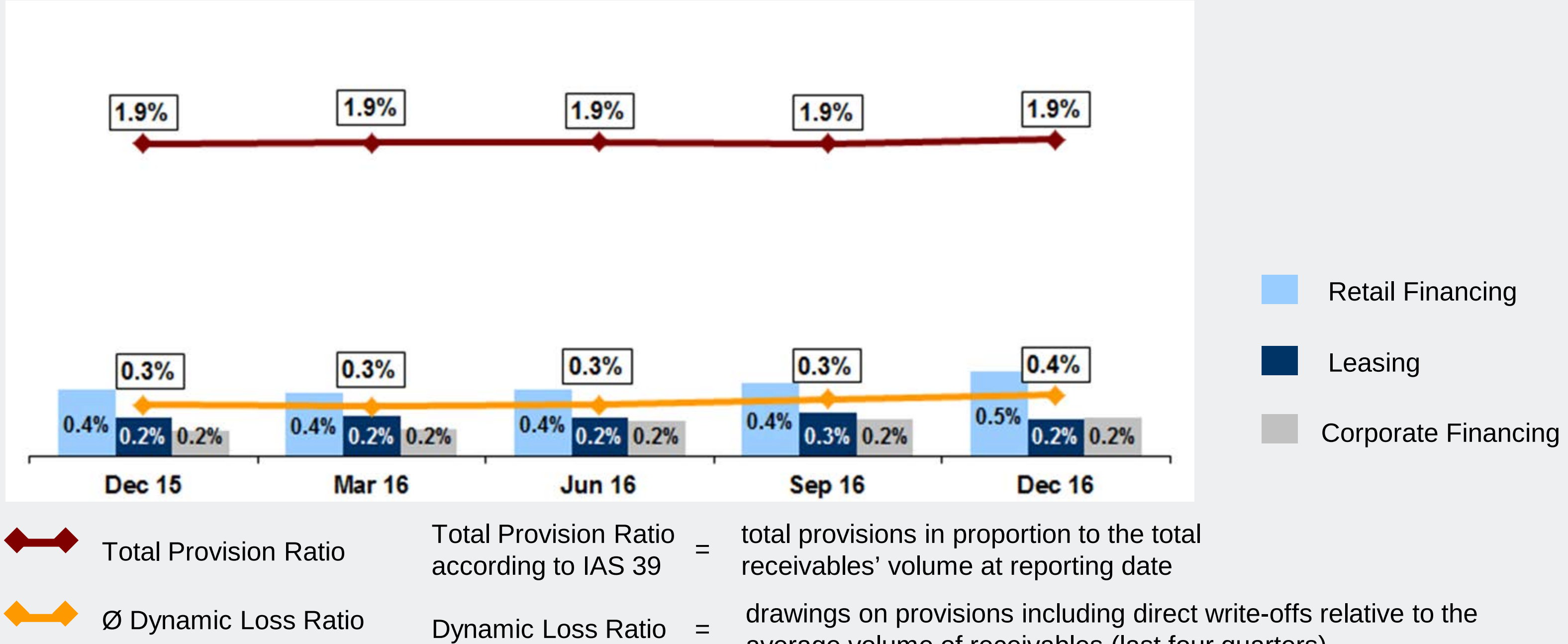
Used car market stable, but overall low residual value level in comparison with other Euorpean markets. Slightly increasing residual value level in the coming years expected.

Diesel residual value development within the normal range.

In 2016, there was no direct impact on residual values of used vehicles from the Diesel Issue in Europe. The markets in Germany, France, UK, Italy and Spain moved within their usual bandwidths.

Volkswagen Financial Services AG – Credit risks

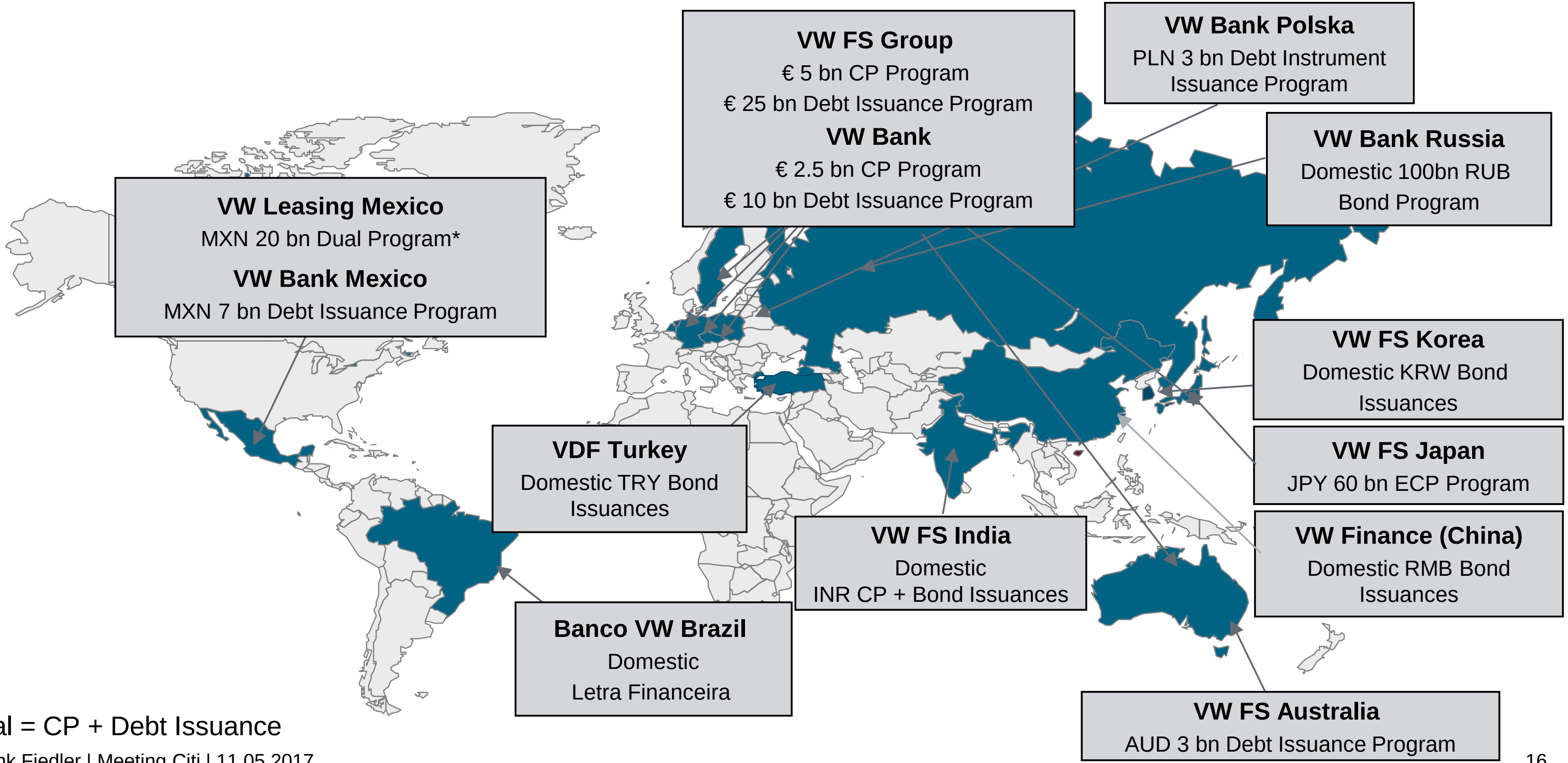
Credit risk remains at low level despite challenging market environment



Total Provision Ratio according to IAS 39 = total provisions in proportion to the total receivables' volume at reporting date

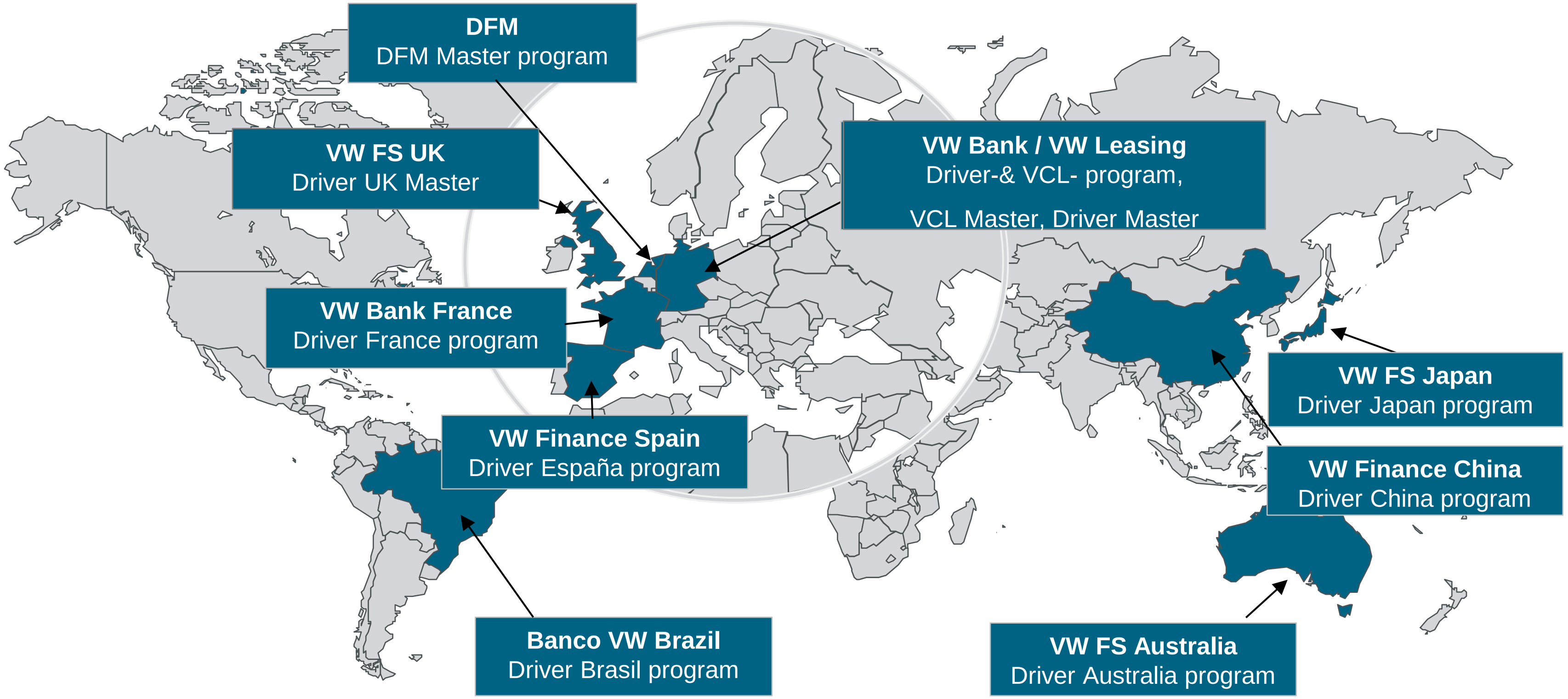
Dynamic Loss Ratio = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)

Worldwide Capital Market Activities



*Dual = CP + Debt Issuance

Worldwide ABS Activities



ROUTE 2025

VISION

WE ARE THE KEY TO MOBILITY

WHAT

	CUSTOMERS	EMPLOYEES	OPERATIONAL EXELLENCE	PROFITABILITY	VOLUME
STRATEGIC DIMENSIONS					
STRATEGIC TARGETS	• Satisfied Customers	• Top Employer • Top Employees	• Compliance& Governance • Process Efficiency • IT-Excellence	• Total Operating Income • 20% ROE • 50% CIR	• 30M Contracts • 50% Extended Penetration

The world keeps turning | Focus on additional topics

Digitalisation

Used Car Business

Operational Excellence

Growth Market China

Digitalisation: Our target

Project Panda | Objectives

+ **Reduction of regulatory supervision**

+ **Reduce equity requirements**

+ **Agile for new business models**

Outlook

Assuming that margins remain stable in the coming year, the operating profit in fiscal year 2017 would be at least at the level achieved in fiscal year 2015.

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Thank You.

Volkswagen Financial Services AG
Gifhorner Str. 57
38112 Braunschweig
Germany