Volkswagen Financial Services

Frank Witter
Chairman of the Board of Management, Volkswagen Financial Services AG
Volkswagen Investor Day, Frankfurt, 9 September 2013
Disclaimers

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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.

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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 Such statements are valid on the date of publication and can be superceded.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 – built on three strong pillars

<table>
<thead>
<tr>
<th>Automotive Division</th>
<th>Financial Services Division</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Passenger Cars</strong></td>
<td></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Volkswagen Financial Services</td>
</tr>
<tr>
<td>Škoda</td>
<td></td>
</tr>
<tr>
<td>Audi</td>
<td></td>
</tr>
<tr>
<td>SEAT</td>
<td></td>
</tr>
<tr>
<td>Bentley</td>
<td></td>
</tr>
<tr>
<td>Bugatti</td>
<td></td>
</tr>
<tr>
<td>Lamborghini</td>
<td></td>
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<tr>
<td>Porsche</td>
<td></td>
</tr>
<tr>
<td>Remaining companies</td>
<td></td>
</tr>
<tr>
<td><strong>Commercial Vehicles / Power Engineering</strong></td>
<td><strong>Financial Services</strong></td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Scania Financial Services</td>
</tr>
<tr>
<td>Commercial Vehicles</td>
<td>MAN Financial Services</td>
</tr>
<tr>
<td>Bugatti</td>
<td>Porsche Holding Financial Services</td>
</tr>
<tr>
<td>Ducati</td>
<td>Porsche Financial Services</td>
</tr>
</tbody>
</table>

Europe / Asia-Pacific / North and South America

USA / Canada / Spain / Argentina
Integrating Automotive and Financial Services

- Improving Customer Loyalty
- Maximizing Profit Potential

- New Mobility Business Models
  - Dealer Financing
  - Credit / Leasing
  - Insurance
  - Services

- Total Mobility
- Automotive Mobility
- Financial Mobility

Research & Development
Procurement
Production
Sales
After Sales
Creating Value / Our Customers

Dealers

Automotive Brands

Retail/Corporate Customers
Volkswagen Financial Services (30 June 2013)

Worldwide presence

Volkswagen Financial Services conducts business in **42 countries**

Key company figures (Jan – Jun 2013)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>€ 114.1 bn</td>
</tr>
<tr>
<td>Equity</td>
<td>€ 11.3 bn</td>
</tr>
<tr>
<td>Customer deposits</td>
<td>€ 25.6 bn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>€ 696 m</td>
</tr>
<tr>
<td>Employees</td>
<td>10,569</td>
</tr>
<tr>
<td>Contracts (units)</td>
<td>10.1 m</td>
</tr>
</tbody>
</table>

Receivables

- **Leasing**: €16 bn
- **Credit**: €50 bn
- **Wholesale**: €13 bn
Dynamics of Financial Services business (1/2)
Leasing / Credit

Portfolio 31 Dec 2011

5.6 m current contracts

1.8 m contracts ending in 2012

+ 2.6 m

= 6.4 m current contracts

New contracts in 2012

Portfolio 31 Dec 2012
Dynamics of Financial Services business (2/2)
Key drivers for performance within Financial Services

<table>
<thead>
<tr>
<th>Category</th>
<th>Drivers</th>
</tr>
</thead>
</table>
| Volume / pricing  | • Sales of Group Brands  
                   | • Penetration  
                   | • FS competition |
| Cost of funds     | • Diversification  
                   | • Access to capital markets  
                   | • Retail deposits |
| Risk costs        | • Credit  
                   | • Leasing |
| Fixed costs       | • IT  
                   | • Operations |
Operating income Volkswagen Financial Services

€ m

2001 2004 2007 2010 H1 2013

552 926 957 932 1,410 696
Operating income 2012 (regional split)

€1.41 bn

- Asia & Rest of World (5%)
- North America (30%)
- South America (14%)
- Europe (w/o Germany) (19%)
- Germany (32%)
Contract portfolio Volkswagen Financial Services

- Leasing
- Credit
- Insurance/Services

2001: 5.1 million units
2004: 5.9 million units
2007: 6.6 million units
2010: 7.5 million units
2012: 9.6 million units
2013 (H1): 10.1 million units

Total million units: 45.6
Penetration Volkswagen Financial Services

![Graph showing the penetration of Volkswagen Financial Services from 2008 to H1 2013 with and without China.](image)

**w/o China**
- 2008: 32.5%
- 2009: 32.9%
- 2010: 34.9%
- 2011: 36.3%
- 2012: 40.7%
- H1 2013: 43.0%

**with China**
- 2008: 26.4%
- 2009: 25.0%
- 2010: 24.7%
- 2011: 25.4%
- 2012: 27.5%
- H1 2013: 27.7%
Strong benefits for automotive through captive

- **Equipment**
  - Cash Payer: 100%
  - Captive Customer: 148%
  +48%

- **Turnover**
  - Holding Period (years)
  - Cash Payer: 7.2
  - Captive Customer: 4.8
  +33%

- **Brand Loyalty**
  - Switch to Competitor
    - Cash Payer: 36%
    - Captive Customer: 24%
    +19%
  - Stay Loyal
    - Cash Payer: 64%
    - Captive Customer: 76%

EU-5 markets
Growth dimensions

- Retail/Corporate Customers
- Fleet Management
- Used Cars
- After Sales & Insurance (Extended Warranty, Maintenance & Repair)
- New Mobility

- New Mobility
- After Sales & Insurance
- Leasing / Credit
- Used Car Management
- Fleet Management
Growth dimension countries

South America

Middle East

ASEAN
Growth dimension brands
Growth dimension product (1/2)

<table>
<thead>
<tr>
<th>Car Ownership</th>
<th>Car Usage</th>
<th>Total Flexibility (Bikes, Public Transportation, Planes etc.)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Leasing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Long-Term Rental</td>
<td></td>
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<tr>
<td></td>
<td>Short-Term Rental</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Car Sharing</td>
<td></td>
</tr>
</tbody>
</table>

- **Car Ownership**
  - 5 to 6 years
  - 1 to 3 years
  - 1 month to 1 year
  - 1 day to 1 month
  - 1 minute to 1 day

- **Car Usage**
  - Leasing
  - Long-Term Rental
  - Short-Term Rental
  - Car Sharing

- **Total Flexibility** (Bikes, Public Transportation, Planes etc.)
### Growth dimension product (2/2)

<table>
<thead>
<tr>
<th>Europe</th>
<th>China (B2B)</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Quicar" /></td>
<td><strong>Large office buildings</strong></td>
</tr>
<tr>
<td><img src="image" alt="EUROMOBIL" /></td>
<td>• Taxi service unreliable</td>
</tr>
<tr>
<td><img src="image" alt="GREENWHEELS" /></td>
<td>• Lack of parking space</td>
</tr>
<tr>
<td></td>
<td>• Traffic restrictions</td>
</tr>
<tr>
<td></td>
<td>• Approx. 4,300 buildings</td>
</tr>
</tbody>
</table>

**Industrial zones**

- Poor access to transportation
- Approx. 110 industrial zones (Top 4 cities)
Funding structure Volkswagen Financial Services (total €112.4 bn)

as of 30 June 2013

- Asset Backed Securities: €14.4 bn
- Capital Markets: €35.2 bn
- Deposits: €25.6 bn
- Banks: €11.2 bn
- Others: €14.7 bn
- Equity: €11.3 bn
Risk management

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

Provision Ratio

2.5% → 2.2% → 2.0%

Ø Dynamic Loss Ratio

Retail Financing
Leasing
Corporate Financing

2010
0.8% 0.7% 0.9%

2011
0.6% 0.4% 0.5%

2012
0.6% 0.3% 0.4%
Residual value risk

### Table

<table>
<thead>
<tr>
<th>Units</th>
<th>€ per Unit</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>845,481</td>
<td>540</td>
<td>397</td>
</tr>
<tr>
<td>917,662</td>
<td>548</td>
<td>456</td>
</tr>
<tr>
<td>1,008,279</td>
<td>482</td>
<td>431</td>
</tr>
<tr>
<td>1,097,390</td>
<td>489</td>
<td>503</td>
</tr>
<tr>
<td>1,187,659</td>
<td>517</td>
<td>403</td>
</tr>
<tr>
<td>400</td>
<td>536</td>
<td>486</td>
</tr>
<tr>
<td>400</td>
<td>567</td>
<td>536</td>
</tr>
<tr>
<td>400</td>
<td>645</td>
<td>517</td>
</tr>
<tr>
<td>400</td>
<td>657</td>
<td>517</td>
</tr>
</tbody>
</table>

### Chart

- **Residual Value Risk**
- **Provision**
- **Units**
- **RV Risk per car**
- **Provision per car**
Strategic challenges for Volkswagen Financial Services

- Dynamic Growth
- Internationalization
- Brands & Products
- Regulatory Requirements
- IT & Process Excellence
Implementing our Strategy WIR2018

<table>
<thead>
<tr>
<th>Vision</th>
<th>The best Automotive Financial Services Group in the world.</th>
</tr>
</thead>
<tbody>
<tr>
<td>What?</td>
<td>I. Customers • Most attractive Sales Supporter for Brands • Quality Leader for Customers and Dealers</td>
</tr>
<tr>
<td>How?</td>
<td>A living commitment to our customers</td>
</tr>
</tbody>
</table>

*) Normalized RoE based on 8% equity ratio
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