

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



Volkswagen Financial Services AG

Fixed Income Investor Update, Amsterdam, 08 September 2016

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.

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.

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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



ŠKODA



BENTLEY



BUGATTI



PORSCHE



DUCATI

Remaining companies



Commercial
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

Included: MAN Financial Services

Financial Services

USA / Canada / Spain / Argentina

Scania Financial Services

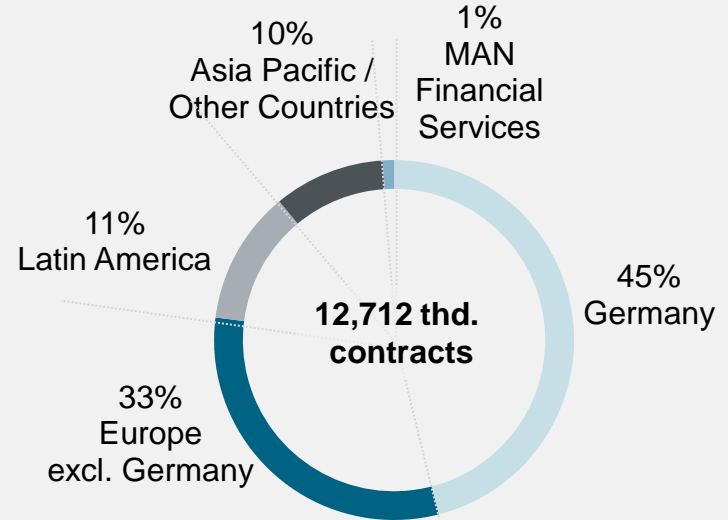
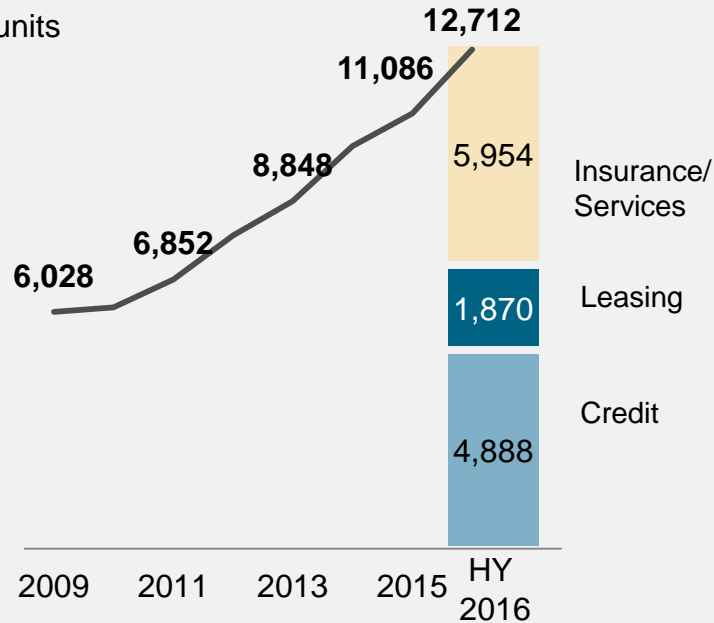
Porsche Holding Financial Services

Porsche Financial Services

Contract portfolio Volkswagen Financial Services AG

Continuous portfolio expansion

in '000 units



Diesel Issue | Effects on VW FS AG

Effects of Diesel Issue

1 Trust of Customers



2 Residual Values



3 Funding










4 Dealer Solvency





Diesel Issue | Potential Effects on VW FS AG: Confidence-building measures

| |  | |  | | |
|--|---|-----------|---|-----------|--|
| | New Cars | Used Cars | New Cars | Used Cars | |
|  Audi | ✓ | ✓ | ✓ | ✓ | |
|  | ✓ | ✓ | ✓ | ✓ | |
|  SEAT | ✓ | ✓ | ✓ | ✓ | |
|  | ✓ | ✓ | ✓ | | |
|  Nutzfahrzeuge | ✓ | | | | |









Legend

✓ Trust Campaign implemented



Diesel Issue | Potential Effects on VW FS AG: Residual Values

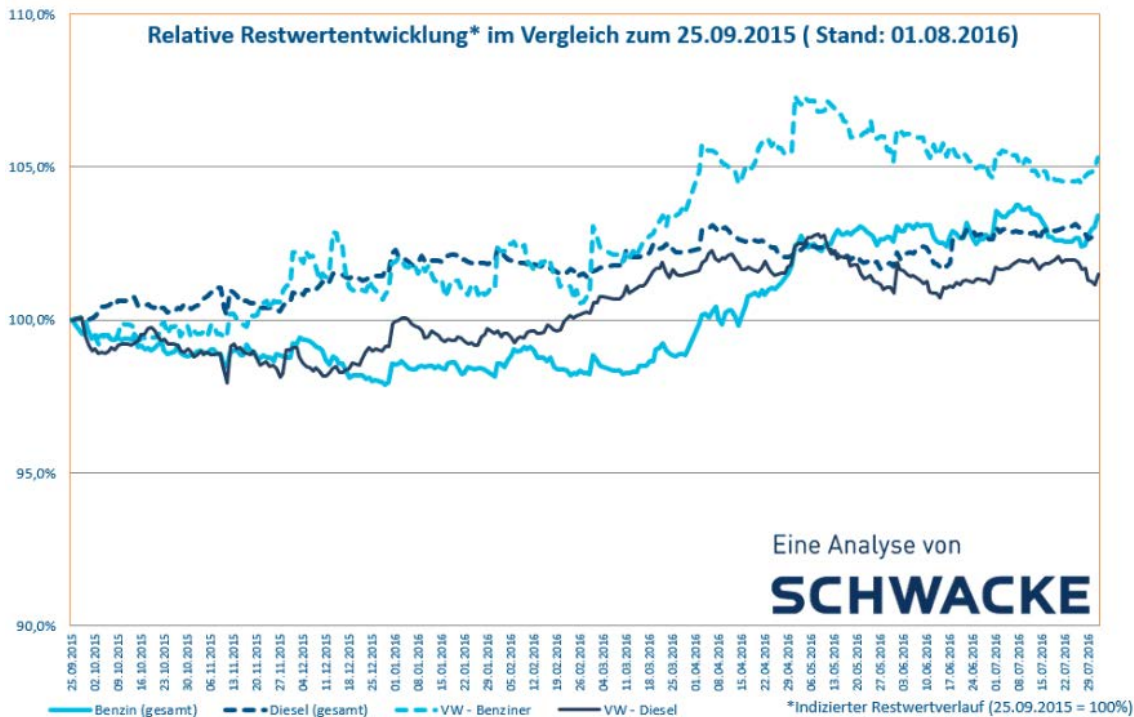
Used car prices EU

| | | |
|---|--|---|
|  | <ul style="list-style-type: none">• Offered online prices fluctuated in ordinary and expected range• Realized prices have recovered |  |
|  | <ul style="list-style-type: none">• Prices not affected by Diesel Issue |  |
|  | <ul style="list-style-type: none">• Prices not affected by Diesel Issue |  |
|  | <ul style="list-style-type: none">• Prices not affected by Diesel Issue |  |



Diesel Issue | Potential Effects on VW FS AG: Residual Values

Used car prices | Example Germany

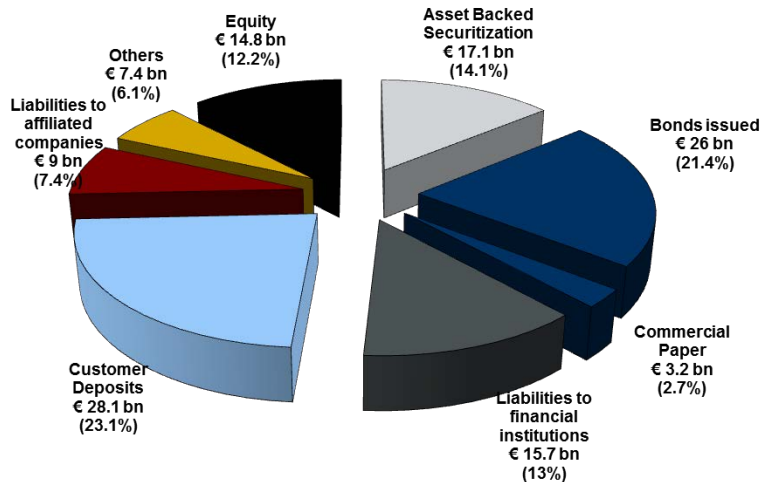




Diesel Issue | Potential Effects on VW FS AG: Funding

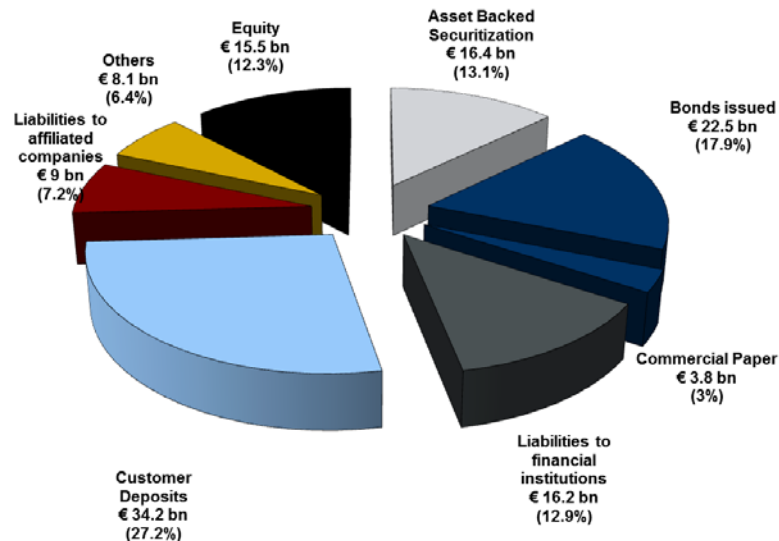
Funding structure Volkswagen Financial Services AG

As of 31 December 2015:
Total €121.3 bn



strategic funding allocation

As of 30 June 2016:
Total €125.7 bn

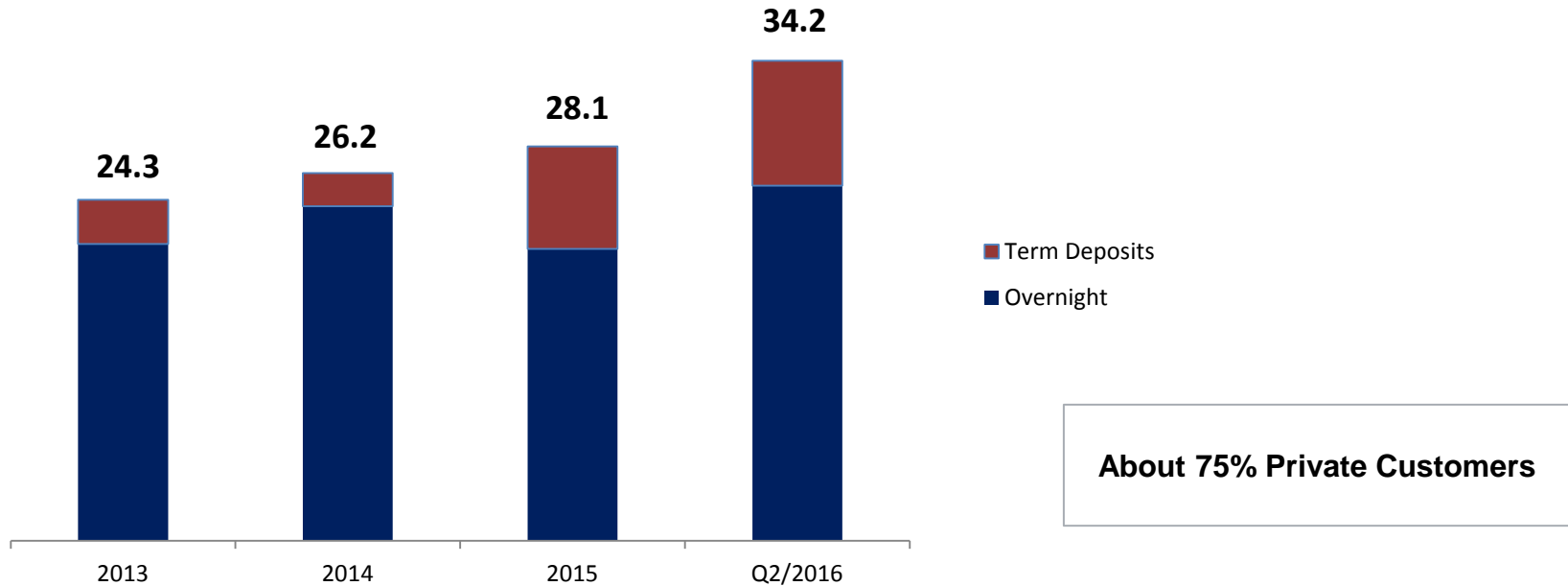


strategic funding allocation



Diesel Issue | Potential Effects on VW FS AG: Funding Development of Customer Deposits

in €bn





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



Sovereign Performance in European Banking Authority (EBA) Stress Test

With the publication of the results on 29 July 2016, Volkswagen Financial Services AG again successfully passed the bank stress test by EBA.

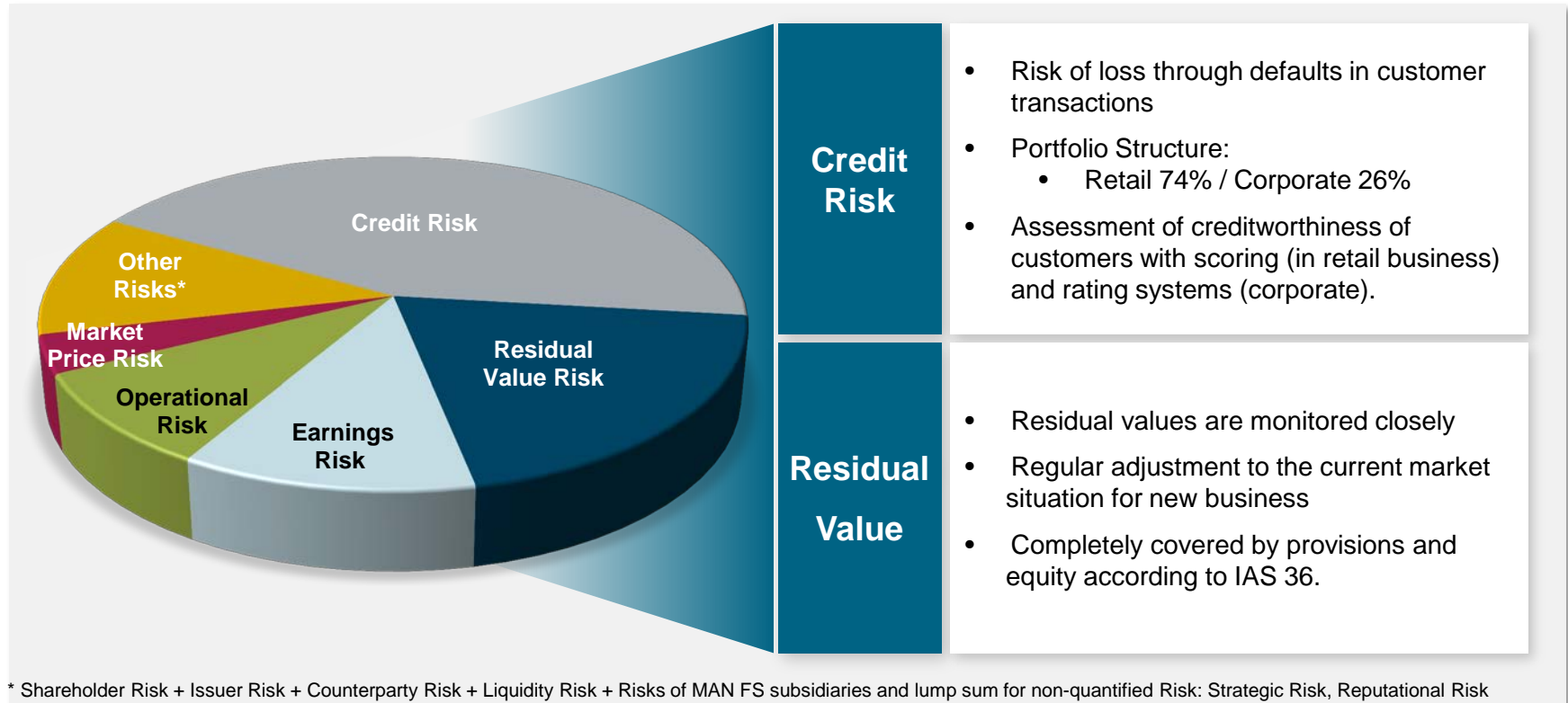
VW FS AG achieved for 2018 a capital ratio (CET 1) of 9.6% (12.0 percent starting point per 31.12.2015) in the stress test and therefore exceeded the supervisory threshold (pass mark) of 5.5% by a significant extent.

“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.)

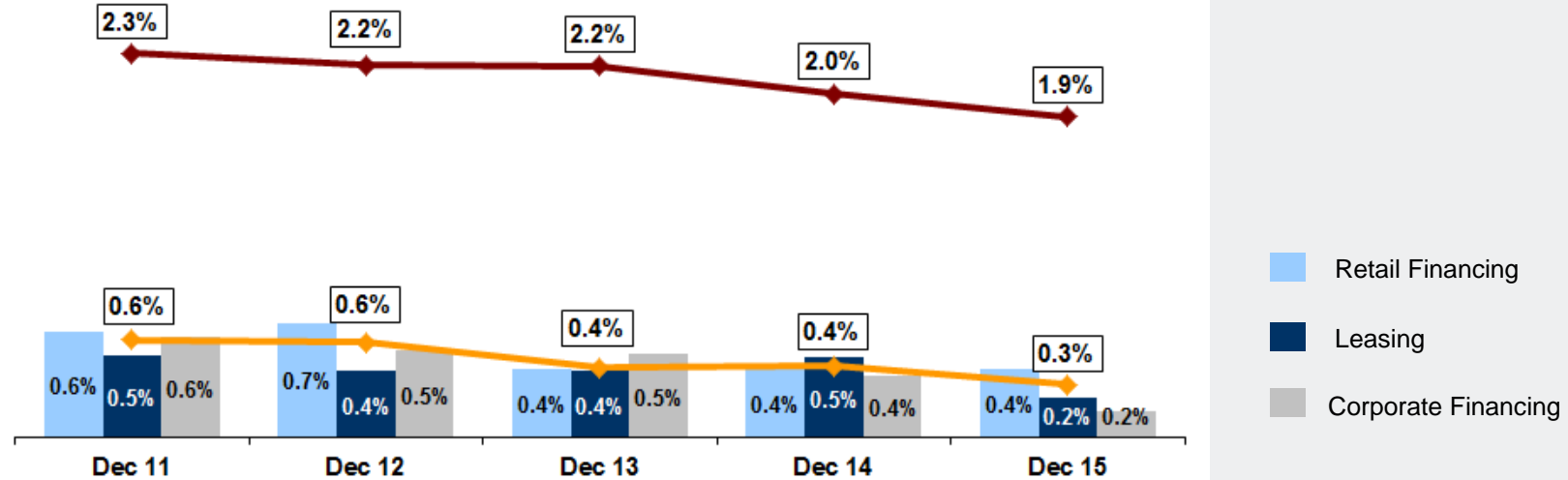


Risk Management



Volkswagen Financial Services AG – Credit risks

Credit risk remains at low level despite challenging market environment



◆◆ Total Provision Ratio

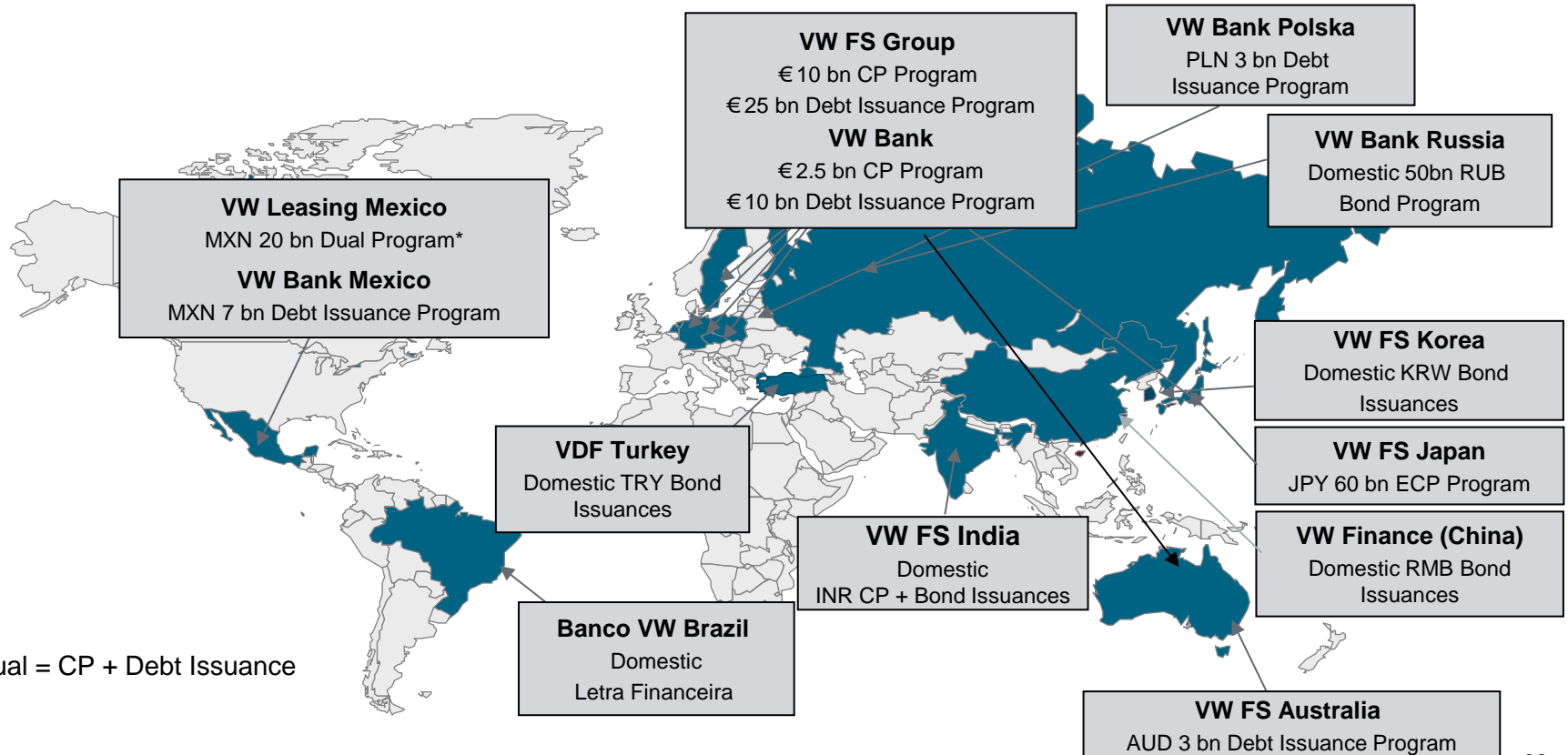
Total Provision Ratio according to IAS 39 = total provisions in proportion to the total receivables' volume at reporting date

◆◆ Ø Dynamic Loss Ratio

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

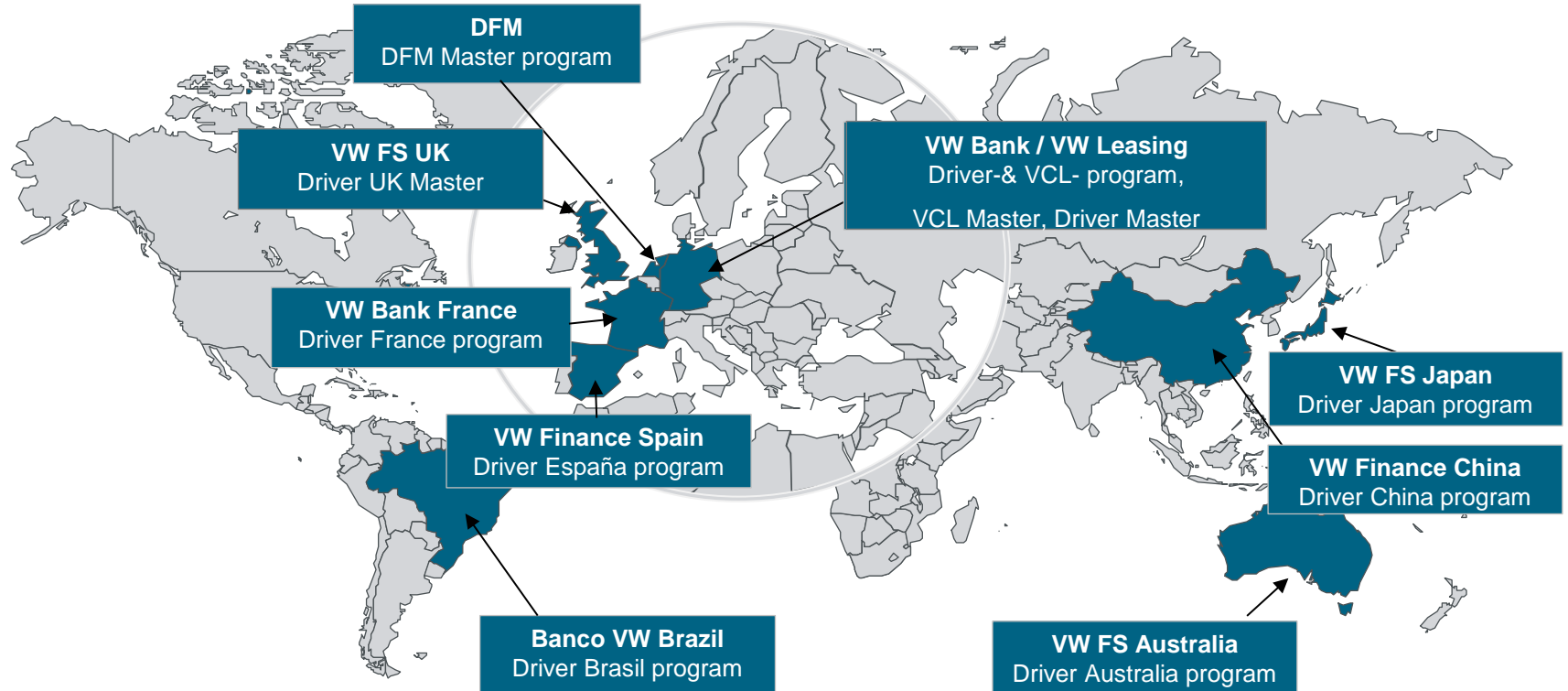
- Retail Financing
- Leasing
- Corporate Financing

Worldwide Capital Market Activities



*Dual = CP + Debt Issuance

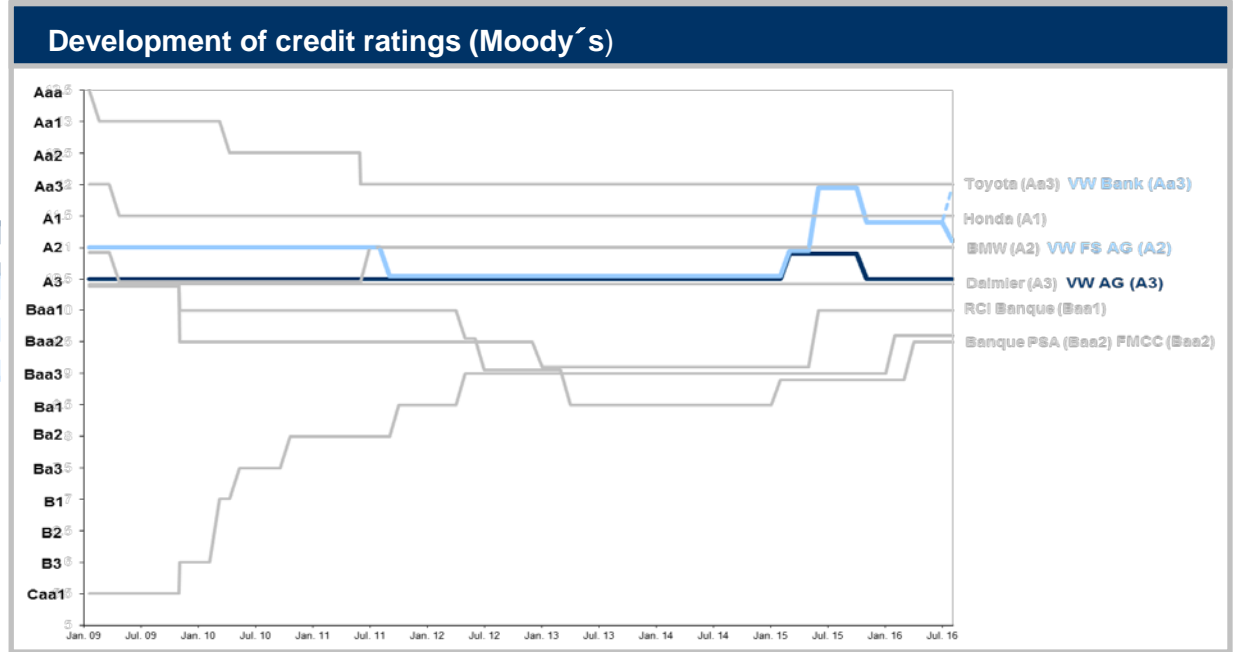
Worldwide ABS Activities



Rating History (08/04/2016) – Moody's

| | Moody's | S&P |
|--------------|-------------------|--------------------|
| Toyota | Aa3 | AA- |
| Honda | A1 | A+ |
| BMW | A2 | A+ |
| VW AG | A3 ¹⁾ | BBB+ ¹⁾ |
| VW Bank GmbH | Aa3 ¹⁾ | A- ¹⁾ |
| VW FS AG | A2 ¹⁾ | BBB+ ¹⁾ |
| Scania | -- | A- |
| Daimler | A3 | A- |
| RCI Banque | Baa1 | BBB |
| FMCC | Baa3 | BBB |
| Banque PSA | Baa2 | BB+ * |

¹⁾ 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

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Thank You.

Volkswagen Financial Services AG

Gifhorner Str. 57

38112 Braunschweig

Germany