

# VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



ANNUAL FINANCIAL STATEMENTS (HGB)  
OF VOLKSWAGEN BANK GMBH

# 2013

# Balance sheet

## AS AT 31 DECEMBER 2013 OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG

€ 000		31.12.2013	31.12.2012
<b>Assets</b>			
1. Cash reserve			
a) Cash in hand	849		924
b) Deposits with central banks	204,392		659,163
of which:			
at the Deutsche Bundesbank € 199,123,000			(654,627)
c) Deposits with post giro offices	21		92
		205,262	660,179
2. Receivables from financial institutions			
a) Payable on demand	370,567		155,241
b) Other receivables	88,592		176,541
		459,159	331,782
3. Receivables from customers		31,482,150	31,274,746
4. Debentures and other fixed-income securities			
a) Bonds and debentures			
aa) By public-sector issuers	1,455,782		1,541,460
of which:			
eligible as collateral at the Deutsche Bundesbank € 1,394,561,000			(1,478,873)
ab) By other issuers	5,460,039		4,669,927
of which:			
eligible as collateral at the Deutsche Bundesbank € 5,460,039,000			(4,669,927)
		6,915,821	6,211,387
5. Shares and other non-fixed-income securities		503	503
6. Equity investments		59	1,063,933
of which:			
in financial institutions € 29,000			(29)
7. Investments in affiliated companies		52,824	52,026
of which:			
in financial institutions € 52,824,000			(52,026)
8. Intangible assets			
b) Purchased concessions, industrial and similar rights and assets, and licenses in such rights and assets	8,187		6,706
c) Goodwill	833		1,000
d) Advance payments made	0		749
		9,020	8,455
9. Tangible fixed assets		12,291	13,050
10. Leased assets		548,282	442,992
11. Other assets		235,696	226,722
12. Prepaid expenses		11,426	16,578
13. Excess of plan assets over pension liability		68	956
<b>Total assets</b>		<b>39,932,561</b>	<b>40,303,309</b>

**ANNUAL FINANCIAL STATEMENTS**  
Balance sheet

€ 000	31.12.2013	31.12.2012
<b>Equity and liabilities</b>		
1. Liabilities to financial institutions		
a) Payable on demand	49,393	133,623
b) With agreed repayment period or period of notice	1,998,310	2,320,755
	2,047,703	2,454,378
2. Liabilities to customers		
a) Other liabilities		
aa) Payable on demand	19,312,166	18,261,412
ab) With agreed repayment period or period of notice	5,258,797	6,710,773
	24,570,963	24,972,185
3. Securitised liabilities		
a) Debentures issued	2,991,727	2,604,420
b) Other securitised liabilities	314,533	242,872
of which:		
Money market papers € 314,533,000		(242,872)
		3,306,260
4. Other liabilities		4,460,212
5. Deferred income		486,728
6. Provisions		
a) Provisions for pensions and similar obligations	58,443	57,286
b) Tax provisions	42,754	27,447
c) Other provisions	313,907	357,649
		415,104
7. Special tax-allowable reserve		1,343
8. Subordinated liabilities		479,000
9. Fund for general banking risks		25,565
10. Equity		
a) Subscribed capital	318,279	318,279
b) Capital reserves	3,795,800	3,595,800
c) Revenue reserves		
ca) Other revenue reserves	25,604	25,604
		4,139,683
<b>Total equity and liabilities</b>	<b>39,932,561</b>	<b>40,303,309</b>
1. Contingent liabilities		
a) Liabilities from surety and warranty agreements		109,552
of which:		
to affiliated companies		2,941
2. Other obligations		
a) Irrevocable credit commitments		1,367,158
of which:		
to affiliated companies		189,664
		182,016

# Income statement

OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG,  
FROM 01.01. TO 31.12.2013

€ 000			2013	2012
1. Interest income from				
a) Lending and money market transactions	1,342,062			1,383,319
b) Fixed-income securities and book-entry securities	95,241			98,856
		1,437,303		1,482,175
2. Interest expense		253,366		444,402
			1,183,937	1,037,773
3. Current income from				
a) Shares and other non-fixed-income securities		20		18
b) Equity investments		1		2,457
			21	2,475
4. Income from leasing transactions		307,731		268,139
5. Expenses from leasing transactions		113,562		103,495
			194,169	164,644
6. Commission income		327,413		303,511
7. Commission expenses		357,969		308,096
			-30,556	-4,585
8. Other operating income			261,874	315,748
9. Income from the reversal of the special tax-allowable reserve			70	70
10. General administration expenses				
a) Personnel expenses				
aa) Wages and salaries	82,000			76,868
ab) Social security costs and expenses for pensions and support	18,748			18,361
of which:		100,748		95,229
for pension schemes € 6,155,000				(6,091)
b) Other administration expenses		601,933		554,404
			702,681	649,633
11. Depreciation, amortisation and valuation allowances on intangible and tangible fixed assets and leased assets				
a) Depreciation, amortisation and valuation allowances on intangible and tangible fixed assets		6,711		7,466
b) Depreciation on leased assets		170,537		133,408
			177,248	140,874
12. Other operating expenses			61,185	158,012
13. Amortisation and valuation allowances on receivables and certain securities, as well as transfers to provisions for lending business			249,880	128,342
14. Income from reversals of write-downs of equity investments, shares in affiliated companies and securities classified as fixed assets			614,720	19
15. Result from ordinary business activities			1,033,241	439,283
16. Taxes on income and earnings			182,423	147,560
of which:				
Expenditure from the change in deferred taxes € 0				(20)
17. Other taxes, unless shown under Item 12			1,342	1,475
18. Profit transferred on the basis of a profit and loss transfer agreement			849,476	290,248
19. Net income			0	0
20. Net retained profits			0	0

# Notes

## OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG, AS AT 31 DECEMBER 2013

### I. General comments regarding the annual financial statements

The annual financial statements were drawn up according to the stipulations of the German Commercial Code (HGB) and the Ordinance on Accounting for Banks (RechKredV).

A profit transfer agreement concluded with Volkswagen Financial Services AG came into effect on 01 January 2002.

Under § 285 no. 21 German Commercial Code (HGB), Volkswagen Bank GmbH must disclose material transactions with related parties that are not conducted at prevailing market terms. All transactions with related parties were conducted at prevailing market terms.

### II. Accounting policies

Assets and liabilities are measured in accordance with the provisions of §§ 252 ff. HGB, supplemented by the provisions of §§ 340 ff. HGB. Unless indicated otherwise, accounting methods and measurement are based on the same principles as in the previous year.

Foreign currency transactions within the non-trading portfolio are measured in accordance with § 340h in conjunction with § 256a HGB. In accordance with the risk strategy of Volkswagen Bank GmbH, the portfolio of assets, liabilities or futures that is hedged in accordance with § 340h HGB comprises all material foreign currency transactions. They are measured at the reporting date middle spot rate. Income and expenses from the translation of foreign currency items hedged through foreign currency items in the same currency are accounted for in the income statement.

Pursuant to § 256a sentence 1 HGB, foreign currency assets and liabilities not subject to special hedge accounting in the same currency are translated at the reporting date middle spot rate, taking the acquisition cost and imparity principle into account. If the residual term is one year or less, the gains and losses from currency translation are fully recognised through profit and loss in accordance with § 256a sentence 2 HGB.

Unsettled forward exchange transactions within the non-trading portfolio that serve to hedge interest-bearing balance sheet items are measured by applying the split forward rate method. This involves splitting up the forward exchange transactions into its components, spot rate and swap rate (premium/discount). Premium and discount are accrued pro rata temporis like interest over the term of the forward exchange transaction. The transaction is accounted for by contrasting its spot basis with the reporting date middle spot rate. Positive and negative spot rate differences within the same currency are offset. The net amount is shown as an adjustment item under "Other assets" or "Other liabilities".

The interest rate and currency derivatives concluded by Volkswagen Bank GmbH are part of general economic hedging relationships. Use is not made of the explicit option to perform hedge accounting.

Volkswagen Bank GmbH repurchased all or some of the securities from its ABS transactions Private Driver 2010-1 fixed, Private Driver 2011-2, Private Driver 2011-3, Private Driver 2012-1, Private Driver 2012-2, Private-Driver 2012-3, Private Driver 2013-1 and Private Driver 2013-2. As there was no transfer of the economic ownership of the receivables underlying the ABS transactions based on the principles of IDW RS HFA 8, these are still reported in the balance sheet of Volkswagen Bank GmbH. They are balanced by other liabilities in the amount of the purchase price received. These liabilities are reduced proportionately through the transfer of the cash receipts from the underlyings (in this case: customer financing). The difference between these and the payments received is recognised as interest expense. The repurchased securities are not measured because they securitise own receivables and counterparty credit risk is already taken into account in the receivables' measurement.

Tangible fixed assets and intangible assets with a limited period of use are depreciated using the straight-line method based on the useful lives defined in the tax depreciation tables.

The vehicles shown under Leased assets are depreciated using the straight-line method. Write-downs to the lower fair value are recognised in cases of a likely permanent impairment for the balance sheet items, tangible fixed assets, intangible assets and leased assets. Upon disposal of vehicles classified as leased assets, the proceeds are recognised under

income from leasing transactions, while the residual carrying amounts of the disposals are reported under expenses from leasing transactions.

Equity investments are recognised at cost and receivables at their nominal value less provisions for risks. In dealer financing, specific valuation allowances were determined on a contract-by-contract basis. Risks associated with non-impaired dealer receivables are addressed by recognising global valuation allowances. In customer financing, collective specific valuation allowances are applied. The model we used for determining these allowances was derived from the Basel II risk quantification method. Liabilities are recognised at their settlement amount. Differences between net loan proceeds and nominal value are transferred to prepaid expenses/deferred income and reversed according to schedule. Stock and shares in affiliated companies are measured at the lower of fair value or cost. The cash reserve is shown at nominal value.

The measurement of provisions is based on the best estimate of the necessary settlement value.

Dr. Klaus Heubeck's current mortality tables from 2005 were used in the measurement of the pension obligations. The provisions for pension obligations are discounted using the average market interest rate for the last seven years. The residual term of the obligations is generally assumed to be 15 years. The pension provisions comprise the sum of the pension liabilities and the attendant plan assets recognised at fair value. If plan assets exceed pension provisions, the difference is shown as excess of plan assets over pension liability.

Pursuant to § 253 Para. 2 HGB, other provisions with a residual term of more than one year were discounted based on their residual term. The discount rates published by Deutsche Bundesbank for the residual terms were applied, and the mark-up contains the expected inflation rate for the corresponding terms.

Volkswagen Bank GmbH's banking book was examined in accordance with IDW RS BFA 3 to determine whether it was necessary to recognise provisions for anticipated losses; the net present value method was applied for this purpose. Risk costs still expected to arise plus a risk cost premium and administrative costs were recognised by way of inclusion in the rate used to discount cash flows, and the present value calculated in this way was compared to the carrying amount of the assets in the banking book in accordance with the German Commercial Code. There were no grounds for recognising a provision for anticipated losses.

Loans involving securities are measured based on the securities' fair value at the transaction date. For securities in the liquidity reserves, which are measured based on market-related parameters, the strict lower-of-cost-or-market principle is applied.

For all discernible risks, adequate precautions have been taken in the annual financial statements by means of specific valuation allowances and by recognising provisions. The deferred risk in the lending business is covered by global valuation allowances.

In the reporting year, the gains on interest rate swaps were reported in the same income statement item as the hedged item for the first time. To facilitate comparability, we adjusted the previous year's interest income and interest expense accordingly. This reduced interest income from lending and money market transactions as well as interest expense by € 61,196,000 in each case.

### III. Notes to the balance sheet

#### RECEIVABLES FROM FINANCIAL INSTITUTIONS

Receivables from financial institutions include receivables from affiliated companies amounting to € 89,481,000 (previous year: € 196,906,000) and receivables from investees amounting to € 6,966,000 (previous year: € 2,440,000).

Of the receivables from financial institutions, maturity breaks down as follows:

- > Payable on demand € 370,567,000 (previous year: € 155,241,000)
- > Up to three months € 1,443,000 (previous year: € 176,541,000)
- > More than three months and up to one year € 4,413,000 (previous year: € 0)
- > More than one year and up to five years € 82,736,000 (previous year: € 0)
- > more than five years € 0 (previous year: € 0)

All receivables from financial institutions are unsecuritised.

#### RECEIVABLES FROM CUSTOMERS

This item includes receivables from affiliated companies amounting to € 861,141,000 (previous year: € 1,272,897,000) and receivables from investees amounting to € 1,813,963,000 (previous year: € 1,860,735,000).

The maturity of the total receivables from customers, all of which are unsecuritised, breaks down as follows:

- > Up to three months € 6,264,293,000 (previous year: € 6,035,060,000)
- > More than three months and up to one year € 6,322,983,000 (previous year: € 6,420,756,000)
- > More than one year and up to five years € 16,126,509,000 (previous year: € 15,829,592,000)
- > more than five years € 413,127,000 (previous year: € 397,502,000)

The item "Receivables from customers" contains receivables with an indefinite maturity (under § 9 Para. 3 No.1 Ordinance on Accounting for Banks) amounting to € 2,355,238,000 (previous year: € 2,591,836,000).

The balance sheet item "Receivables from customers" includes subordinated receivables of € 673,372,000 (previous year: € 483,121,000), of which € 183,910,000 (previous year: € 129,290,000) are attributable to subordinated receivables from the ABS transactions executed by Volkswagen Bank GmbH.

Receivables from the leasing business total € 1,569,587,000 (previous year: € 1,327,166,000), of which € 940,570,000 (previous year: € 737,192,000) are attributable to the French bank branch and € 580,289,000 (previous year: € 589,595,000) are attributable to the Italian bank branch.

The French bank branch accounts for receivables from retail financing totalling € 800,296,000 (previous year: € 1,164,531,000).

#### RECEIVABLES FROM SHAREHOLDERS

Receivables from our sole shareholder, Volkswagen Financial Services AG, Braunschweig, as at the balance sheet date amounted to € 4,864,000 (previous year: € 9,499,000).

#### DEBENTURES AND OTHER FIXED-INCOME SECURITIES

To ensure the supply of liquidity, Volkswagen Leasing GmbH, Dealers Financierings Maatschappij N.V., Amersfoort, and VOLKSWAGEN FINANCE S.A., Madrid, executed ABS transactions. Not all of the securities issued by the acquiring special purpose entities were sold to investors. Instead, some were purchased by Volkswagen Bank GmbH and pledged as collateral for its participation in the open market operations of Deutsche Bundesbank. The overall portfolio of these securities amounts to € 1,367,891,000 (previous year: € 484,738,000). These securities are fully allocated to the liquidity reserve; they are measured according to the strict lower-of-cost-or-market principle. Given the lack of a market, we used our own measurement model to determine the value of these securities, which are marketable and listed. The cash flows were discounted in that connection using a uniform interest rate swap curve of the Volkswagen Group plus a credit spread. The credit spread was validated by indirect means based on various banks' indicative prices.

This item also contains the securities that Volkswagen Bank GmbH acquired from 2010 to 2013 as part of ABS transactions. These securities worth € 4,092,147,000 (previous year: € 4,181,936,000) securitise the company's own receivables and are not measured because the counterparty credit risk is already taken into account in the receivables' measurement. The debentures are recognised at cost less repayments received during the term of the transactions.

The Bank repeatedly purchased highly rated European government bonds in the amount of € 1,455,782,000 (previous year: € 1,541,460,000) in order to create collateral for participating in the open market operations and to meet future requirements in accordance with the liquidity coverage ratio. These securities have been allocated to current assets and are measured at the strict lower-of-cost-or-market principle.

This item does not contain other debentures (previous year: € 3,253,000).

The securities and debentures shown in this balance sheet item concern € 6,915,821,000 (previous year: € 6,211,387,000) in marketable and listed securities.

The securities in the portfolio in the amount of € 5,766,779,000 (previous year: € 6,042,228,000) were deposited with Deutsche Bundesbank. They serve as collateral for funding transactions. There were open market loans amounting to € 1,750,000,000 (previous year: € 2,200,000,000) as at the balance sheet date.

A nominal amount of € 2,925,486,000 (previous year: € 1,957,219,000) of these debentures and other fixed-income securities will be due in the financial year following the balance sheet date.

The debentures and other fixed-income securities include securities totalling € 659,625,000 (previous year: € 0) concerning affiliated companies and € 81,908,000 (previous year: € 0) concerning investors or investees.

#### SHARES AND OTHER NON-FIXED-INCOME SECURITIES

A total of € 503,000 in marketable and listed shares in VISA Inc., USA (previous year: € 503,000) were recognised by applying the strict lower-of-cost-or-market principle.

#### EQUITY INVESTMENTS AND SHARES IN AFFILIATED COMPANIES

A list of equity investments and information on shares in affiliated companies can be found in the "Shareholdings" section under "Other notes".

Volkswagen Bank GmbH's shares in the equity investments and shares in affiliated companies are neither marketable nor listed.

#### INTANGIBLE ASSETS

Intangible assets increased by € 1,314,000 to € 9,020,000 (previous year: € 7,706,000).

#### TANGIBLE FIXED ASSETS

The total value of the buildings and land used for our own activities is € 3,516,000 (previous year: € 4,396,000). The share of operating and office equipment in the tangible fixed assets is € 6,324,000 (previous year: € 6,728,000).

#### LEASED ASSETS

This item comprises € 548,282,000 (previous year: € 442,992,000) in leased vehicles related to the operating leasing business of Volkswagen Bank GmbH's French branch.

#### OTHER ASSETS

The item contains receivables from interest rate hedging transactions amounting to € 40,553,000 (previous year: € 58,551,000), commissions due from insurance agency services amounting to € 8,975,000 (previous year: € 259,000) and tax receivables amounting to € 82,827,000 (previous year: € 68,609,000), of which € 21,000,000 arise from the Italian bank branch's input tax credit. It mainly contains € 27,546,000 in claims against the special purpose ABS entities related to returns of collateral provided that are not yet due, fees for services and interest and prepayments for monthly pass-through obligations (previous year: € 33,732,000).

Forward exchange transactions executed to hedge currency translation risks resulted in an equalisation item under other assets amounting to € 9,770,000 (previous year: € 0). In the previous year, the equalisation item was shown under other liabilities in the amount of € 24,597,000.



**DEFERRED INCOME**

The item includes accrued discounts amounting to € 3,856,000 (previous year: € 1,626,000) and insurance premiums paid in advance amounting to € 334,000 (previous year: € 421,000) as well as prepaid commission due to the growth in new business at the Italian bank branch amounting to € 6,106,000 (previous year: € 13,692,000).

**LIABILITIES TO FINANCIAL INSTITUTIONS**

The maturity of the total liabilities to financial institutions, all of which are unsecured, breaks down as follows:

- > Payable on demand € 49,393,000 (previous year: € 133,623,000)
- > Up to three months € 1,912,823,000 (previous year: € 227,076,000)
- > More than three months and up to one year € 24,050,000 (previous year: € 14,992,000)
- > More than one year and up to five years € 41,174,000 (previous year: € 2,050,952,000)
- > more than five years € 20,263,000 (previous year: € 27,735,000)

The liabilities to financial institutions contain liabilities to affiliated companies in the amount of € 215,000 (previous year: € 66,000) and liabilities to investors and investees in the amount of € 4,000 (previous year: € 4,000).

To collateralise liabilities vis-à-vis Deutsche Bundesbank in the amount of € 1,750,000,000 (previous year: € 2,200,000,000), securities in the same amount were deposited as collateral.

**LIABILITIES TO CUSTOMERS**

The item includes unsecured liabilities to affiliated companies amounting to € 3,162,242,000 (previous year: € 3,524,039,000).

Customer deposits (including direct bank deposits) amount to € 22,817,659,000 (previous year: € 23,408,572,000).

In addition to this, there are liabilities still to be settled vis-à-vis dealers, customers and other creditors.

The maturity of sub-item “ab) with agreed repayment period or period of notice”, is as follows:

- > Up to three months € 3,354,847,000 (previous year: € 2,768,632,000)
- > More than three months and up to one year € 1,340,873,000 (previous year: € 2,183,860,000)
- > More than one year and up to five years € 397,624,000 (previous year: € 1,589,017,000)
- > more than five years € 165,453,000 (previous year: € 169,264,000)

As in the previous year, the liabilities to customers do not contain any liabilities to investors and investees.

**LIABILITIES TO SHAREHOLDERS**

Liabilities to our sole shareholder, Volkswagen Financial Services AG, Braunschweig, as at the balance sheet date amounted to € 1,130,694,000 (previous year: € 498,386,000).

**SECURITISED LIABILITIES**

The securitised liabilities comprise commercial paper and debentures.

The item, “a) Debentures issued”, comprises the following: Debentures: € 2,991,727,000 (previous year: € 2,604,420,000)

Remaining maturity:

- > Up to three months € 16,727,000 (previous year: € 74,420,000)
- > More than three months and up to one year € 1,275,000,000 (previous year: € 1,530,000,000)
- > More than one year and up to five years € 1,700,000,000 (previous year: € 1,000,000,000)

The item, “b) other securitised liabilities”, comprises the following: Commercial paper: € 314,533,000 (previous year: € 242,872,000).

Remaining maturity:

- > Up to three months € 85,120,000 (previous year: € 203,000,000)
- > More than three months and up to one year € 229,413,000 (previous year: € 39,872,000)

The securitised liabilities do not contain any liabilities to affiliated companies or investors and investees.

Of the debentures issued, € 1,275,000,000 becomes due in the following year.

#### OTHER LIABILITIES

Of the liabilities, € 4,168,169,000 (previous year: € 4,364,768,000) is collateralised. These liabilities stem from ABS transactions where Volkswagen Bank GmbH retains economic ownership of the receivables sold.

This item also includes interest and principal payable under ABS transactions amounting to € 227,348,000 (previous year: € 114,140,000), liabilities from interest rate hedging transactions amounting to € 18,767,000 (previous year: € 20,664,000), liabilities to the German Tax Office amounting to € 22,410,000 (previous year: € 33,007,000) and liabilities from accrued interest for subordinated bonds and for participation right liabilities amounting to € 3,767,000 (previous year: € 4,805,000).

#### DEFERRED INCOME

This item essentially comprises accrued amounts from manufacturer and partner participation in sales promotion campaigns in the amount of € 432,016,000 (previous year: € 430,534,000), which are recognised over the term of the respective contracts.

#### PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The pension obligations are determined annually by an independent actuary according to the projected unit credit method.

The material actuarial principles and measurement assumptions applied by Volkswagen Bank GmbH are:

	Germany	Abroad
Discount rate	4.89%	3.50% – 4.89%
Expected rate of salary increases	3.32%	2.00% – 3.00%
Expected rate of pension increases	1.80%	2.00% – 2.20%
Employee turnover rate	0.75%	5.00%

In Germany the discount rate as at 30 November 2013 was used since there was no material change at the balance sheet date.

For reasons of materiality, actuarial assumptions made for countries outside Germany are shown in ranges.

Securities-based investment funds totalling a settlement amount of € 20,083,000 were offset against pension obligations and comparable obligations. These securities were purchased at a cost of € 20,660,000, and their fair value as at the balance sheet date was € 20,083,000. The securities were measured at their balance sheet date closing price.

A total of € 10,000 in expenses from the fair value obligation of the securities-based investment fund were offset against € 10,000 in interest income related to provisions in connection with the netting of the fair value obligation and the respective securities-based investment funds.

#### OTHER PROVISIONS

A total of € 44,154,000 (previous year: € 85,364,000) were recognised in other provisions during the reporting year in connection with risks from a change in court rulings. In addition, provisions of € 22,020,000 were recognised for indirect residual value risks and the lending business (previous year: € 25,820,000).

#### SPECIAL TAX-ALLOWABLE RESERVE

The special tax-allowable reserve was recognised on the basis of § 3 of the Law for the Promotion of the Economy of the Border Regions (Zonen-RFG). The reversal of this reserve in the reporting period increased net income for the year by € 70,000 (previous year: € 70,000).

**SUBORDINATED LIABILITIES**

The total portfolio of subordinated liabilities amounts to € 479,000,000 (previous year: € 565,000,000).

Subordinated liabilities amounting to € 208,825,000 (previous year: € 411,162,000) are a component of liable capital under the stipulations of the German Banking Act (§ 10 Para. 5a).

The total amount includes subordinated bonds placed on the public capital market amounting to € 50,000,000 (previous year: € 136,000,000) and subordinated borrower's note loans amounting to € 134,000,000 (previous year: € 134,000,000).

There are no early repayment obligations for the subordinated liabilities.

A conversion into capital or other form of debt has not been agreed, nor is it planned. Derivative transactions were undertaken in order to hedge interest rate risks. The expenses in connection with the raising of subordinated loans and bonds amounted to € 12,216,000 (previous year: € 14,558,000).

The expenses in connection with the raising of subordinated borrower's note loans amounted to € 6,947,000 (previous year: € 6,954,000).

The subordinated liabilities to affiliated companies amounted to € 295,000,000 (previous year: € 295,000,000). This item includes € 125,000,000 in liabilities to our sole shareholder (previous year: € 125,000,000) and € 170,000,000 in liabilities to other affiliated companies (previous year: € 170,000,000). There are no subordinated liabilities to other investees or investors.

**SUBORDINATED BONDS**

AS AT:	31.12.2013		LISTED		New interest rate agreement based on	Due date
	€ million	Interest rate	Valid until			
Beginning of term						
26.09.2003	20.0	5.40000%	26.09.2023	Fixed interest rate		26.09.2023
07.06.2004	10.0	5.50000%	07.06.2024	Fixed interest rate		07.06.2024
18.08.2004	20.0	5.12500%	18.08.2014	Fixed interest rate		18.08.2014

No subordinated bond exceeds 10% of the total amount of subordinated liabilities. In the event of the issuer's dissolution, liquidation or insolvency, obligations under these bonds will be subordinated to the claims of all unsubordinated creditors of the issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the issuer shall have been satisfied in full. No subsequent agreement may limit the subordination or shorten the term of these bonds. Early redemption of the bonds shall be possible no earlier than five years after their issue and shall require the redemption of the respective bond by the issuer. A redemption is conditional upon a replacement of the early redemption amount by paying in other liable capital of at least equivalent status within the meaning of the German Banking Act or prior approval of the Federal Financial Supervisory Authority to such redemption. Furthermore, the issuer may redeem the bonds due to changes in the tax laws or regulations of the Federal Republic of Germany or any change in the official interpretation of such laws and regulations.

## SUBORDINATED BORROWER'S NOTE LOANS

AS AT:	31.12.2013				
	€ million	Interest rate	Valid until	New interest rate agreement based on	Due date
Beginning of term					
20.07.2004	5.0	5.27000%	21.07.2014	Fixed interest rate	21.07.2014
20.07.2004	5.0	5.27000%	21.07.2014	Fixed interest rate	21.07.2014
22.07.2004	20.0	5.22000%	22.07.2014	Fixed interest rate	22.07.2014
06.08.2004	10.0	5.19700%	06.08.2014	Fixed interest rate	06.08.2014
11.08.2004	10.0	5.16000%	11.08.2014	Fixed interest rate	11.08.2014
16.08.2004	10.0	5.07000%	15.08.2014	Fixed interest rate	15.08.2014
25.08.2004	10.0	5.07000%	25.08.2014	Fixed interest rate	25.08.2014
17.08.2004	10.0	5.07000%	18.08.2014	Fixed interest rate	18.08.2014
04.08.2004	2.5	5.21000%	04.08.2014	Fixed interest rate	04.08.2014
04.08.2004	10.0	5.21000%	04.08.2014	Fixed interest rate	04.08.2014
04.08.2004	5.0	5.21000%	04.08.2014	Fixed interest rate	04.08.2014
04.08.2004	2.5	5.21000%	04.08.2014	Fixed interest rate	04.08.2014
19.08.2004	2.0	5.10000%	19.08.2014	Fixed interest rate	19.08.2014
19.08.2004	12.0	5.10000%	19.08.2014	Fixed interest rate	19.08.2014
28.07.2004	10.0	5.08000%	28.07.2014	Fixed interest rate	28.07.2014
13.08.2004	10.0	5.20000%	13.08.2014	Fixed interest rate	13.08.2014

## SUBORDINATED LOANS

AS AT:	31.12.2013				
	€ million	Interest rate	Valid until	New interest rate agreement based on	Due date
Beginning of term					
10.11.2009	15.0	1.96800%	14.02.2014	3-month Euribor plus 175 basis points	14.11.2014
22.12.2009	90.0	2.04300%	24.03.2014	3-month Euribor plus 175 basis points	22.01.2015
01.07.2010	20.0	2.72500%	06.01.2014	3-month Euribor plus 250 basis points	06.07.2015
28.09.2010	170.0	2.22400%	06.01.2014	3-month Euribor plus 200 basis points	05.10.2015

The subordinated loans in the amount of €90,000,000 and €170,000,000 exceed 10% of the total amount of subordinated liabilities. In the event of the issuer's dissolution, liquidation or insolvency, obligations will be subordinated to the claims of all unsubordinated creditors of the issuer so that in any such event no amounts shall be payable under such obligations until the claims of all unsubordinated creditors of the issuer shall have been satisfied in full. No subsequent agreement may limit the subordination or shorten the term of these loans. Early repayment of the loans shall be possible and shall require the termination of the respective loan by the debtor. A redemption is conditional upon a replacement of the early redemption amount by paying in other liable capital of at least equivalent status within the meaning of the German Banking Act or prior approval of the Federal Financial Supervisory Authority to such redemption. Furthermore,

the debtor may terminate and repay the loans due to changes in the tax laws or regulations of the Federal Republic of Germany or any change in the official interpretation of such laws and regulations.

Notwithstanding § 11 Ordinance on Accounting for Banks, the deferred interest for subordinated liabilities is shown in the balance sheet item “Other liabilities”, since interest is not offset in regulatory liable capital.

#### EQUITY

In the 2013 financial year, Volkswagen Financial Services AG paid € 200,000,000 into the capital reserves of Volkswagen Bank GmbH. This lifted the capital reserves of Volkswagen Bank GmbH to € 3.8 billion as at 31 December 2013 (previous year: € 3.6 billion).

#### DEVELOPMENT OF THE FIXED ASSETS OF VOLKSWAGEN BANK GMBH, BRAUNSCHWEIG, FOR THE PERIOD FROM 01 JANUARY TO 31 DECEMBER 2013

€ 000	GROSS CARRYING AMOUNT					Balance 31.12.2013
	Brought forward 01.01.2013	Additions	Disposals	Reclassification	Foreign currency translation	
Debentures and other fixed-income securities	0	0	0	0	0	0
Equity investments	1,063,933	0	1,063,874	0	0	59
Investments in affiliated companies	52,026	798	0	0	0	52,824
Concessions and similar rights acquired free of charge	33,321	5,318	19	0	-96	38,524
Goodwill	144,482	0	0	0	0	144,482
Advance payments made on intangible assets	749	0	749	0	0	0
Land, similar rights and buildings on land owned by others	24,408	75	0	0	0	24,483
Other plant, operational and office equipment	17,827	3,076	4,029	0	0	16,874
Advance payments made and assets under construction	415	417	0	0	0	832
Leased assets	641,054	355,846	197,190	0	0	799,710
<b>Total fixed assets</b>	<b>1,978,215</b>	<b>365,530</b>	<b>1,265,861</b>	<b>0</b>	<b>-96</b>	<b>1,077,788</b>

€ 000	VALUATION ALLOWANCES					NET CARRYING AMOUNTS		
	Brought forward 01.01.2013	Additions	Disposals	Write-ups	Foreign currency translation	Balance 31.12.2013	Balance 31.12.2013	Balance 31.12.2012
Debentures and other fixed-income securities	0	0	0	0	0	0	0	0
Equity investments	0	0	0	0	0	0	59	1,063,933
Investments in affiliated companies	0	0	0	0	0	0	52,824	52,026
Concessions and similar rights acquired free of charge	26,615	3,837	19	0	-96	30,337	8,187	6,706
Goodwill	143,482	167	0	0	0	143,649	833	1,000
Advance payments made on intangible assets	0	0	0	0	0	0	0	749
Land, similar rights and buildings on land owned by others	18,501	847	0	0	0	19,348	5,135	5,907
Other plant, operational and office equipment	11,099	1,860	2,409	0	0	10,550	6,324	6,728
Advance payments made and assets under construction	0	0	0	0	0	0	832	415
Leased assets	198,062	170,537	117,171	0	0	251,428	548,282	442,992
<b>Total fixed assets</b>	<b>397,759</b>	<b>177,248</b>	<b>119,599</b>	<b>0</b>	<b>-96</b>	<b>455,312</b>	<b>622,476</b>	<b>1,580,456</b>

#### IV. Notes to the income statement

##### INTEREST INCOME FROM LENDING AND MONEY MARKET TRANSACTIONS

The proportion of interest income generated at the foreign branches is 34.3% (previous year: 30.9%). The branches in Italy and France account for the largest share of this amount.

The interest income from lending and money market transactions contains € 103,323,000 in income from finance leasing (previous year: € 94,044,000).

##### INCOME FROM LEASES

The income from leasing transactions comprises earnings from operating leasing that are generated by the bank's branch in France. The total amount was € 307,731,000 (previous year: € 268,139,000).

##### EXPENSES FROM LEASES

Expenses from leases amounted to € 113,562,000 (previous year: € 103,495,000).

##### NET COMMISSION INCOME

The proportion of commission income generated at the foreign branches is 3.7% (previous year: 7.2%). The branch in Greece accounts for the largest share of this amount.

Commission income essentially results from selling insurance, especially residual debt insurance, from the administration and collection of receivables sold through the ABS transactions, and from other fees earned in the private customer business.

Commission income includes an income of € 620,000 (previous year: 760,000) which is not related to the accounting period and which essentially results from special compensation for residual debt insurance, Euro-Cash as well as from the credit card business.

Commission expenses essentially comprise dealer commissions in the consumer lending business.

**OTHER OPERATING INCOME**

The proportion of other operating income generated at the foreign branches is 14.2% (previous year: 12.6%). The branches in Italy and France account for the largest share of this amount.

The item contains € 99,969,000 (previous year: € 103,038,000) in income not related to the accounting period, of which € 7,538,000 (previous year: € 2,975,000) is in connection with the internal cost apportionment of the Volkswagen Financial Services AG Group and € 80,821,000 (previous year: € 87,444,000) is income from the reversal of provisions. The other operating income also contains € 2,389,000 in income from currency translation (previous year: € 7,894,000) and € 143,000 in effects from the discounting of provisions (previous year: € 46,000).

**GENERAL ADMINISTRATION EXPENSES**

The general administration expenses totalled € 702,681,000 (previous year: € 649,633,000). Aside from the personnel expenses of € 100,748,000 (previous year: € 95,229,000), allocated Group company costs of € 291,496,000 (previous year: € 265,649,000) accounted for a substantial portion of these expenses. These essentially concerned personnel leases.

**DEPRECIATION, AMORTISATION AND VALUATION ALLOWANCES ON INTANGIBLE AND TANGIBLE FIXED ASSETS AND LEASED ASSETS**

Depreciation on leased assets amounting to € 170,537,000 (previous year: 133,408,000) is shown as a separate sub-item of this item.

The depreciation of the leased assets recognises the decline in the value of the leased vehicles belonging to the French branch. The straight-line method is used in that connection.

**OTHER OPERATING EXPENSES**

This item essentially results from a large number of individual items. It includes an amount of € 5,804,000 (previous year: € 11,890,000) in expenses not related to the accounting period, of which € 4,034,000 (previous year: € 4,655,000) concern the Italian branch and € 1,079,000 (previous year: € 732,000) concern the French branch. The other operating expenses also contain € 3,814,000 in expenses from currency translation (previous year: € 5,741,000) and € 4,963,000 in effects from the discounting of provisions (previous year: € 4,300,000).

**INCOME FROM REVERSALS OF WRITE-DOWNS OF EQUITY INVESTMENTS, SHARES IN AFFILIATED COMPANIES AND SECURITIES CLASSIFIED AS FIXED ASSETS**

The sale of the 50% share in Global Mobility Holding B.V., Amsterdam, to Volkswagen AG generated income of € 614,720,000.

**TAXES ON INCOME AND EARNINGS**

This item comprises domestic and foreign taxes on income. Volkswagen Financial Services AG, as the parent company, debited the domestic income tax of € 130,862,000 (previous year: € 113,974,000) for the current year to Volkswagen Bank GmbH within the framework of the consolidated tax group.

This item contains expenses of € 19,000 (previous year: € 99,000) not related to the accounting period and tax refunds received for previous years amounting to € 1,098,000 (previous year: € 812,000).

Solely € 116,682,000 (previous year: € 84,584,000) in the branches' deferred tax assets and € 2,537,000 (previous year: € 31,817,000) in their deferred tax liabilities were offset under the deferred taxes.

Offsetting tax assets and tax liabilities yields an excess of € 114,145,000 in tax assets (previous year: € 52,767,000), which will not be capitalised, given the option under § 274 German Commercial Code.

The determination was made individually at the tax rates applicable in the given countries. The deferred tax liabilities arise only in the French branch in the amount of € 2,537,000 (previous year: € 31,817,000) and result almost exclusively from the differences in the leased assets' useful lives.

For the most part, deferred tax assets arise in the company's Greek, Italian and Spanish branches, basically due to variations in the recognition of intangible assets as well as to the valuation allowances.

## V. Other notes

### CONSOLIDATION ACCOUNTING

The annual financial statements of Volkswagen Bank GmbH are included in the consolidated financial statements of Volkswagen Bank GmbH, Braunschweig, which are drawn up according to the International Financial Reporting Standards. The consolidated financial statements of Volkswagen Bank GmbH, in turn, are included in the consolidated financial statements of Volkswagen AG, Wolfsburg. Both the annual financial statements of Volkswagen Bank GmbH and the consolidated financial statements of Volkswagen Bank GmbH and Volkswagen AG are published in the Federal Gazette.

### SHAREHOLDINGS

As at 31 December 2013, Volkswagen Bank GmbH held a 100% stake in VOLKSWAGEN BANK POLSKA S.A., Warsaw. The profit of VOLKSWAGEN BANK POLSKA S. A. for the 2012 financial year amounts to PLN 19,101,000 after PLN 25,698,000 in 2011. The company's equity as at 31 December 2012 was PLN 259,113,000. The company holds a Polish banking licence.

The 50% equity investment by Volkswagen Bank GmbH in Global Mobility Holding B.V., which holds 100% of LeasePlan Corporation N.V., was sold to Volkswagen AG effective 22 January 2013 as part of internal restructuring of the Group.

As at the balance sheet date, Volkswagen Bank GmbH held a 0.01% stake in Society for Worldwide Interbank Financial Telecommunication SCRL (S.W.I.F.T. SCRL), La Hulpe, Belgium. The company's nominal capital pursuant to the SWIFT Group's IFRS consolidated financial statements as at 31 December 2012 was € 13,868,000. The company's equity as at 31 December 2012 was € 252,362,000. No obligations arise from this equity investment.

Volkswagen Bank GmbH holds a share of € 40,000 (0.02%) in Liquiditäts-Konsortialbank GmbH, Frankfurt am Main. From this equity investment there arises an obligation to make further contributions as well as a joint liability to make up for deficits. The company's equity as at 31 December 2012 was € 230,104,000. Its net income for the 2012 financial year was € 1,646,000.

Volkswagen Bank GmbH has an equity investment of € 10 in the € 1,054 nominal capital of VISA Europe Limited, London. This equity investment was bestowed upon Volkswagen Bank GmbH on 01 July 2004 at no charge. No obligations arise from this equity investment. The equity of VISA Europe Limited as at 30 September 2012 was € 320,156,000. According to its consolidated financial statements, VISA Europe Limited posted profits of € 169,590,000 in the 2011/2012 financial year.

Furthermore, Volkswagen Bank GmbH holds a 1% stake in its affiliate, Limited Liability Company Volkswagen Bank RUS. The entity is domiciled in Moscow, Russian Federation. The company's equity as at 31 December 2012 was RUB 5,869,819,000. Its loss in the 2012 financial year amounted to RUB 272,494,000 (previous year: RUB 151,316,000). The company holds a Russian banking licence.

### CONTINGENT LIABILITIES AND OTHER OBLIGATIONS

Aside from one individual credit commitment in the amount of € 150 million to a subsidiary, all irrevocable credit commitments are related to the regular banking business. They can be utilised at any time. These loans are subject to general credit monitoring rules and regulations if they are used.

The contingent liabilities in the amount of € 109,552,000 (previous year: € 198,808,000) solely comprise guarantees. Of these guarantees, € 94,543,000 concern international third-party customers (previous year: € 185,828,000); € 85,575,000 (previous year: € 128,672,000) of this amount is hedged through contributions of Volkswagen Financial Services AG so that Volkswagen Bank GmbH does not incur a loss risk if they are utilised. All other guarantees essentially concern the hedging of risk from liabilities in connection with domestic dealer financing. The probability that guarantees which are not rehedged will be utilised is currently deemed low.

### OFF-BALANCE SHEET TRANSACTIONS AND OTHER FINANCIAL OBLIGATIONS

#### Derivative financial instruments

Derivative transactions were undertaken in order to hedge interest rate and currency risks. This involved interest rate swaps, currency swaps cross-currency interest rate swaps and forward exchange transactions purely for hedging purposes. Based on the market swap rates, the market values of the interest rate swaps, currency swaps and foreign exchange transactions were determined using suitable IT-based valuation methods (discounted cash flow method). They are not shown in the balance sheet. Interest on interest rate swaps is accrued according to their maturity.



Pursuant to § 285 No. 19 HGB, the derivative financial instruments break down as follows:

€ MILLION	NOMINAL VALUE		MARKET VALUES <sup>1</sup> POSITIVE		MARKET VALUES <sup>1</sup> NEGATIVE	
	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013
	Interest rate risks					
Interest rate swaps	10,241.0	11,430.4	144.3	55.3	109.8	60.7
Currency risks						
Forward exchange transactions	1,657.8	176.4	2.5	4.4	16.9	0.0
Spot exchange transactions	0.0	12.0	0.0	0.0	0.0	0.0
Currency swaps	331.8	483.6	1.6	43.4	17.6	7.9
Cross-currency interest rate risks						
Cross-currency interest rate swap	0.0	1,326.9	0.0	0.0	0.0	28.6
Derivative transactions total	12,230.6	13,429.3	148.4	103.1	144.3	97.2

1 The market value including accrued interest is shown for all contracts.

The maturity of the derivatives breaks down as follows:

Nominal values	Interest rate risks		Currency risks		Cross-currency interest rate risks	
	31.12.2012	31.12.2013	31.12.2012	31.12.2013	31.12.2012	31.12.2013
Residual terms						
<= 3 months	895.0	1,145.8	1,491.8	222.8	0.0	0.0
<= 1 year	2,380.0	4,798.0	236.2	205.4	0.0	1,326.9
<= 5 years	6,934.3	5,486.5	261.6	243.8	0.0	0.0
> 5 years	31.7	0.1	0.0	0.0	0.0	0.0

#### OTHER FINANCIAL OBLIGATIONS

Other financial obligations concern sponsorship agreements and a purchase commitment in an amount that is non-material for the assessment of the company's financial position.

#### FOREIGN CURRENCIES

The total of assets in foreign currency on the balance sheet date amounted to € 2,377,079,000 (previous year: € 2,288,007,000). Foreign currency liabilities amounted to € 227,815,000 (previous year: € 107,132,000).

The volume of open forward exchange deals in foreign currencies as at the reporting date was € 176,382,000 (previous year: € 1,657,767,000). The nominal value of the currency swaps was € 483,587,000 (previous year: € 331,808,000).

#### INFORMATION ON CORPORATE BODIES

Two members of the Board of Management were paid by Volkswagen Bank GmbH. Their total compensation was € 1,155,000 (previous year: € 1,614,000); the remainder of the total compensation paid to the members of the Board of Management was borne by Volkswagen Financial Services AG. The pro rata provisions recognised for this group of people in connection with current pensions and entitlements amount to € 703,000 (previous year: € 597,000).

The Board of Management is comprised as follows:

**ANTHONY BANDMANN**

Spokesman of the Board of Management  
Strategy & Marketing  
Sales Individual Customers & Corporate Customers  
Customer Service & Process Management Individual Customers  
International

**TORSTEN ZIBELL**

Direct bank  
Treasury

**DR. HEIDRUN ZIRFAS**

Finance, Risk Management  
Market Support, Dealer Restructuring  
Human Resources, Organisation

On 15 May 2012, the shareholders' meeting resolved to establish an Audit Committee in accordance with § 324 HGB for Volkswagen Bank GmbH in its capacity as a corporation as defined by § 264d HGB. The Audit Committee has the following members:

**DR. ARNO ANTLITZ**

Chairman  
Member of the Board of Management Volkswagen Brand  
Controlling and Accounting

**WALDEMAR DROSDZIOK**

Deputy Chairman  
Chairman of the Joint Works Council of Volkswagen Financial Services AG  
and Volkswagen Bank GmbH

**DR. JÖRG BOCHE**

Executive Vice President of Volkswagen AG  
Group Treasurer

**JÖRG THIELEMANN**

Head of Customer Service Retail North/East of Volkswagen Bank GmbH

A total of € 3,753,000 (previous year: € 3,802,000) was recognised as provisions for pensions and similar obligations to former members of the Board of Management or their surviving dependants. In financial year 2013, payments to these individuals amounted to € 324,000 (previous year: € 281,000).

The assets include receivables amounting to € 2,000 (previous year: € 8,000) from loans falling under § 15 Para. 1 No. 1 and 3 of the German Banking Act. This includes € 2,000 (previous year: € 7,000) in receivables from members of the Audit Committee and € 0 (previous year: € 1,000) in receivables from members of the Board of Management.

Average number of employees during the financial year:

	2013	2012
Salaried employees	909	834
of which senior management	61	59
of which part time staff	50	44
Trainees	8	7

#### BRANCHES AND BRANCH OFFICES

##### Branches

Audi Bank, Braunschweig
SEAT Bank, Braunschweig
ŠKODA Bank, Braunschweig
AutoEuropa Bank, Braunschweig
ADAC FinanzService, Braunschweig
Ducati Bank, Braunschweig from 14.11.2013

##### Branch offices

Volkswagen Bank, Berlin
Volkswagen Bank, Braunschweig
Volkswagen Bank, Emden
Volkswagen Bank, Hanover
Volkswagen Bank, Kassel
Volkswagen Bank, Salzgitter
Volkswagen Bank, Wolfsburg
Volkswagen Bank, Zwickau
Audi Bank, Ingolstadt
Audi Bank, Neckarsulm

##### Branches outside Germany

Volkswagen Bank GmbH, St. Denis-Paris, France
Volkswagen Bank GmbH, Glyfada-Athens, Greece
Volkswagen Bank GmbH, Milton Keynes, United Kingdom
Volkswagen Bank GmbH, Dublin, Ireland
Volkswagen Bank GmbH, Milan, Italy
Volkswagen Bank GmbH, Verona, Italy
Volkswagen Bank GmbH, Amersfoort, the Netherlands
Volkswagen Bank GmbH, Lisbon, Portugal
Volkswagen Bank GmbH, Alcobendas-Madrid, Spain

## Seats on supervisory bodies – information disclosed in accordance with § 340a (4) HGB

### TORSTEN ZIBELL

- > Volkswagen Bank S.A. Institución de Banca Múltiple, Puebla/Pue., Mexico
- > Deputy member of the Consejo de Administración
- > VOLKSWAGEN BANK POLSKA S.A., Warsaw, Poland
- > Volkswagen Leasing Polska Sp. z o.o., Warsaw, Poland
- > Member of the Supervisory Board of each
- > Volkswagen Group Partner Services GmbH des Volkswagen Konzerns, Wolfsburg, Germany
- > Member of the Advisory Board

### NORBERT DORN

- > VOLKSWAGEN BANK POLSKA S.A., Warsaw, Poland
- > Volkswagen Leasing Polska Sp. z o.o., Warsaw, Poland
- > Chairman of the Supervisory Board of each
- > VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, Slovakia
- > Member of the Supervisory Board
- > VOLKSWAGEN DOĞUŞ TÜKETİCİ FINANSMANI A.Ş., Istanbul, Turkey
- > VDF Servis ve Ticaret A.Ş., Istanbul, Turkey
- > Member of the Board of Directors of each
- > Volkswagen Bank RUS, Moscow, Russian Federation (Russia)
- > Member of the Supervisory Board
- > Volkswagen Møller BilFinans AS, Oslo, Norway
- > Deputy member of the Representantskapet

### JENS LEGENBAUER

- > VOLKSWAGEN HOLDING FINANCIERE S.A., Villers-Cotterêts, France
- > Chairman of the Conseil de Surveillance
- > Volkswagen Møller BilFinans AS, Oslo, Norway
- > Chairman of the Styre
- > Volkswagen Financial Services (UK) Ltd., Milton Keynes, United Kingdom
- > VOLKSWAGEN INSURANCE SERVICE Ltd., Milton Keynes, United Kingdom
- > Volkswagen D'Ieteren Finance S.A., Brussels, Belgium
- > D'Ieteren Lease S.A. / N.V., Brussels, Belgium
- > Chairman of the Board of Directors of each
- > Volkswagen Financial Services Schweiz AG, Wallisellen, Switzerland
- > Chairman of the Board of Directors
- > Volkswagen Finance Belgium S.A., Brussels, Belgium
- > Member of the Conseil d'Administration
- > VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Madrid, Spain
- > Volkswagen Renting S.A., Madrid, Spain
- > Member of the Consejo de Administración of each

### CHRISTIAN LÖBKE

- > Volkswagen Bank S.A. Institución de Banca Múltiple, Puebla/Pue., Mexico
- > Deputy member of the Consejo de Administración

### MARTIN MEHRGOTT

- > Volkswagen Finans Sverige AB, Södertälje, Sweden
- > Volkswagen Service Sverige AB, Södertälje, Sweden
- > Chairman of the Board of Directors of each
- > Volkswagen D'Ieteren Finance S.A., Brussels, Belgium
- > D'Ieteren Lease S.A. / N.V., Brussels, Belgium
- > Member of the Board of Directors of each

- > Volkswagen Møller BilFinans AS, Oslo, Norway
- > Member of the Styre
- > Volkswagen Pon Financial Services B.V., Amersfoort, The Netherlands
- > VVS VERZEKERINGS-SERVICE N.V., Diemen, The Netherlands
- > Member of the Raad van Commissarissen of each

**GABRIELE DE NEIDELS**

- > Volkswagen Financial Services South Africa (Pty) Ltd., Sandton, South Africa
- > Member of the Board of Directors
- > Volkswagen Møller BilFinans AS, Oslo, Norway
- > Member of the Representantskapet

**FERNANDO ORTIZ-CAÑAVATE**

- > VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Madrid, Spain
- > Volkswagen Renting S.A., Madrid, Spain
- > Member of the Consejo de Administración of each

**JÖRG THIELEMANN**

- > Volkswagen Financial Services AG, Braunschweig, Germany
- > Member of the Supervisory Board

**PATRICK WELTER**

- > VOLKSWAGEN BANK POLSKA S.A., Warsaw, Poland
- > Volkswagen Leasing Polska Sp. z o.o., Warsaw, Poland
- > VOLKSWAGEN Finančné služby Slovensko s.r.o., Bratislava, Slovakia
- > Member of the Supervisory Board of each
- > Volkswagen Møller BilFinans AS, Oslo, Norway
- > Member of the Styre
- > Volkswagen Financial Services (UK) Ltd., Milton Keynes, United Kingdom
- > VOLKSWAGEN DOĞUŞ TÜKETİCİ FİNANSMANI A.Ş., Istanbul, Turkey
- > VDF Servis ve Ticaret A.Ş., Istanbul, Turkey
- > Volkswagen Finans Sverige AB, Södertälje, Sweden
- > VW Credit, Inc., Auburn Hills, Michigan (VCI), USA
- > VOLKSWAGEN FINANCIAL SERVICES JAPAN LTD., Tokyo, Japan
- > Volkswagen Financial Services Australia Pty Ltd., Botany, Australia
- > Volkswagen Service Sverige AB, Södertälje, Sweden
- > Member of the Board of Directors of each
- > Volkswagen Pon Financial Services B.V., Amersfoort, The Netherlands
- > Member of the Raad van Commissarissen

**LUTZ WITKOWSKI**

- > Volkswagen Renting S.A., Madrid, Spain
- > Chairman of the Consejo de Administración
- > VOLKSWAGEN FINANCE, S.A. – ESTABLECIMIENTO FINANCIERO DE CRÉDITO, Madrid, Spain
- > Member of the Consejo de Administración

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Bank GmbH, and the management report includes a fair review of the development and performance of the business and the position of Volkswagen Bank GmbH, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Bank GmbH.

Braunschweig, 06 February 2014  
The Board of Management



Anthony Bandmann



Torsten Zibell



Dr. Heidrun Zirfas

# *Independent Auditors' Report*

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes – including the accounting, and the management report of Volkswagen Bank Gesellschaft mit beschränkter Haftung, Braunschweig, for the financial year from 01 January to 31 December 2013. The accounting and preparation of the annual financial statements and management report according to German commercial law and the supplementary provisions of the Articles of Association are the responsibility of the Company's Managing Directors. Our responsibility is to express an opinion on the annual financial statements, including the accounting, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Managing Directors, as well as evaluating the overall presentation of the annual financial statements and the management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements the supplementary provisions of the Articles of Association and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the principles of proper accounting. The management report is consistent with the annual financial statements, provides a suitable understanding of the company's situation and suitably presents the risks of future development.

Hanover, 07 February 2014

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

Ralf Schmitz  
Auditor

ppa. Georg Lange  
Auditor

# *Report of the Audit Committee*

## OF VOLKSWAGEN BANK GMBH

Volkswagen Bank GmbH is a publicly traded company within the meaning of § 264d of the HGB. The company established an Audit Committee pursuant to the provisions of § 324 HGB whose principal tasks are described in § 107 Para. 3 Sentence 2 German Stock Corporation Act (AktG).

The Audit Committee consists of four members; its composition has not changed compared to the previous year.

The Audit Committee convened for three regular meetings in the financial year; there were no extraordinary meetings. In the reporting period there were no urgent matters to be resolved in writing by means of a circular memorandum. All members of the Audit Committee attended all of the meetings.

At its meeting on 27 February 2013, the Audit Committee examined the annual financial statements and the management report, the consolidated financial statements and the Group management report of Volkswagen Bank GmbH for the 2012 financial year as well as the proposal on the appropriation of profit. At the same time, the reports on the audit of the annual financial statements and the management report, the consolidated financial statements and the Group management report of Volkswagen Bank GmbH as well as important matters and issues concerning the accounting were discussed with the auditors. The Audit Committee reported on the audit to the sole shareholder.

Furthermore, the Committee requested explanations of the extent to which relationships of a professional, financial or other nature exist between the auditor of the financial statements and the company or its corporate bodies in order to assess the independence of the auditor. In this context, the Audit Committee obtained information about the services performed for the company by the auditor in addition to auditing activities and about grounds for exclusion or indications of bias. After extensive review of the auditor's independence, the Audit Committee of the sole shareholder issued a recommendation on appointment of the auditor and prepared the resolution of the shareholders' meeting on issuing the audit engagement.

At its second meeting on 12 June 2013, the Audit Committee concerned itself with the material business transactions in the first six months of 2013 and work in connection with the half-yearly financial reporting. The Audit Committee also dealt with assessing the effectiveness of the internal control system (ICS), the risk management system and compliance issues. The Audit Committee asked the head of Group Risk Management & Methods, the head of Internal Audit and the Chief Compliance Officer to explain, among other things, material changes in the regulatory and statutory environment and the status of the work performed on these topics during the financial year.



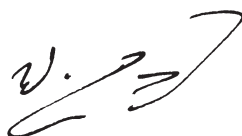
At its final meeting in the reporting year on 14 November 2013, the Audit Committee asked the head of Internal Audit to report on the processing status of the audit programme and the findings of the audits performed. Furthermore, the material business transactions of the 2013 financial year and the planning for the audit of the annual and consolidated financial statements for 2013 were discussed with the auditor of the financial statements.

Braunschweig, 26 February 2014

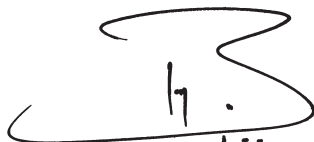
The Audit Committee



Dr. Arno Antlitz  
Chairman



Waldemar Drosdziok  
Deputy Chairman



Dr. Jörg Boche  
Member



Jörg Thielemann  
Member

**VOLKSWAGEN BANK GMBH**

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