

VOLKSWAGEN BANK

GMBH



Consolidated Interim Report

JANUARY – JUNE 2010

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The Volkswagen Bank GmbH Group at a glance

€ million	30.06.2010	31.12.2009	31.12.2008	31.12.2007
Total assets	33,979	34,193	33,497	26,539
Receivables from customers arising from				
Retail financing	17,619	17,421	15,481	14,078
Dealer financing	5,884	6,427	7,653	7,465
Leasing business	1,180	1,156	1,136	292
Customer deposits	18,740	18,266	12,829	9,620
Equity	4,258	4,095	3,318	3,379
€ million	1st half-year 2010	1st half-year 2009	1st half-year 2008	1st half-year 2007
Pre-tax result	188	144	216	224
Net income	144	119	166	159
%	30.06.2010	31.12.2009	31.12.2008	31.12.2007
Equity ratio	12.5	12.0	9.9	12.7
%	31.03.2010	31.12.2009	31.12.2008	31.12.2007
Core capital ratio ¹	15.0	14.9	12.8	14.2
Overall ratio ¹	17.8	18.0	18.8	20.8
Number	30.06.2010	31.12.2009	31.12.2008	31.12.2007
Employees	635	644	669	585

Rating as at 30.06.2010	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	short-term	long-term	outlook	short-term	long-term	outlook
Volkswagen Bank GmbH	A-2	A-	negative	Prime-1	A2 ²	stable ²
Volkswagen Financial Services AG	A-2	A-	negative	Prime-2	A3	stable

¹ The regulatory core capital ratio/overall ratio of Volkswagen Bank GmbH was calculated in accordance with the standardised approach to credit and operational risks based on the Solvency Regulations that took effect on 1 January 2007.

² Rating currently under review for possible downgrade pending final details around a combination with Porsche

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GLOBAL ECONOMY

The global economy showed a clearly positive development during the first half of 2010. Growth rates in the emerging countries – particularly China, India and Brazil – were robust. Whilst the United States and Japan also recovered more rapidly than expected, the sovereign debt crisis dampened developments in Western Europe.

Growth in this region remained weak from January to June 2010. Several Central and Eastern European countries recovered substantially in the year's first half, but the fact that they are highly dependent on Western Europe limits them to a slow pace of economic expansion.

The German economy lost much of its momentum during the winter but it stabilised substantially during the second quarter of 2010. Exports, especially to the Asian markets, continued to generate most of the impetus in this regard. Domestic demand remained muted although the labour market developed better than expected. Private consumption was undermined in particular by the expiration of governmental economic stimulus packages, the uncertainties arising from the sovereign debt crisis and low income growth.

FINANCIAL MARKETS

The easing of conditions in the international financial markets that set in during 2009 continued at the start of the current financial year. The benign picture was influenced by positive expectations for real economies, especially those in East Asian and Latin American emerging countries. The central banks maintained their policy of providing generous liquidity to the banking system in the first six months of 2010. Interest rates remained at a historically low level.

Tension and uncertainty returned to the financial markets with the onset of Greece's sovereign debt crisis in March 2010 and the resulting crisis of confidence in the

euro. However, these developments had only a negligible impact on Volkswagen Bank GmbH's ability to refinance because its diversified refinancing strategy has proved successful both at Volkswagen Financial Services AG and Volkswagen Bank GmbH.

Whilst the scrapping bonus gave both automobile sales and the vehicle financing segment an extraordinary boost in Germany the previous year, the customised mobility packages turned out to drive sales in the retail business during the first six months of 2010. Package deals for which there is an increasing demand among car buyers were offered with brand specific features. Together with the Group brands, Volkswagen Bank GmbH expanded this business in the used Group car segment in targeted ways at the European level.

AUTOMOBILE MARKETS

There was a substantial year-on-year increase in the number of new passenger car registrations worldwide during the first six months of 2010. Above-average growth rates in both Asia Pacific and the US market fuelled automotive demand. In Western Europe, the overall market was only slightly higher year on year because the scrapping bonus expired in a number of countries. Passenger car sales in Central and Eastern Europe even dipped below the weak comparative figure for the first six months of 2009.

In Western Europe, new passenger car registrations were slightly higher in the first six months of 2010. Whilst demand continued to grow by double digits in the first quarter thanks to the positive effects of the governmental stimulus packages, sales of passenger cars were lower year on year throughout the second quarter.

Following the expiration of the scrapping bonus that had been launched in January 2009, German consumers' anticipated reluctance between January and June 2010 to make new purchases led to the lowest number of new passenger car registrations since German reunification.

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Volkswagen Bank GmbH is a wholly-owned subsidiary of Volkswagen Financial Services AG, Brunswick, which in turn is a wholly-owned subsidiary of Volkswagen AG, Wolfsburg.

As a general principle, all companies and branches are fully consolidated in which Volkswagen Bank GmbH has the possibility, directly or indirectly, to determine the financial and business policy in such a way that the Volkswagen Bank GmbH Group benefits from the activities of these companies (subsidiaries).

Volkswagen Bank GmbH has an indirect stake in LeasePlan Corporation N.V., Amsterdam – Europe's largest provider of multi-brand fleet management – via its 50% interest in Global Mobility Holding B.V., Amsterdam. The bank also holds 60% of the shares of VOLKSWAGEN BANK POLSKA S.A., Warsaw. VOLKSWAGEN BANK POLSKA S.A. provides automotive financial services in Poland. Both companies are included at equity in the consolidated financial statements of Volkswagen Bank GmbH. The result from this equity investment as at 30 June 2010 was € 40 million (previous year: € 25 million).

The ABS transactions of Volkswagen Bank GmbH are handled by special purpose entities that are fully consolidated in the interim consolidated financial statements of Volkswagen Bank GmbH. These entities are: Driver One GmbH, Driver Two GmbH, Driver Three GmbH, Driver Four GmbH, Driver Five GmbH, Driver Six GmbH, Driver Seven GmbH as well as Private Driver 2007 GmbH, Private Driver 2008-1 GmbH, Private Driver 2008-2 GmbH, Private Driver 2008-3 GmbH and Private Driver 2008-4 GmbH (all with registered offices in Frankfurt/Main).

No other substantial changes occurred in the first half of 2010 relative to the description in the 2009 annual report.

Analysis of the business performance and position of the Volkswagen Bank GmbH Group

Volkswagen Bank GmbH maintained its strong market position in the first half of 2010, supported by an attractive product range and the loyalty of customers and dealers alike. In the retail financing segment, the bank continued its close collaboration with the brands of the Volkswagen Group. We succeeded in raising the retail financing

volume by 1.1% to € 17.6 billion since the start of the year, thanks also to our intensive collaboration with the Volkswagen Group's dealerships.

Volkswagen Bank GmbH's refinancing expenses fell during the year's first half because it used the capital market to its advantage. The deposit business continued to expand despite a lower level of interest rates.

RESULTS OF OPERATIONS

The notes on the results of operations concern changes relative to the same period the previous year.

Volkswagen Bank GmbH did well during the first six months of 2010 although higher risk premiums continue to reflect the fallout of the crisis in the financial markets.

The net income from lending and leasing transactions before risk provisions rose by more than 55% to € 525 million. Interest income from lending transactions before risk provisions in the amount of € 815 million (previous year: € 839 million) stems primarily from consumer financing, as well as from vehicle and investment financing for the dealers of the Volkswagen Group. The decline in the interest income from dealer financing before risk provisions in the amount of € 57 million was partially offset by the increase in interest income from retail financing before risk provisions in the amount of € 46 million.

Finance and operating leases contributed € 50 million before risk provisions (previous year: € 48 million) to net interest income.

Volkswagen Bank GmbH succeeded in lowering its interest expense by 38,2% to € 340 million thanks to the consistent execution of its diversified refinancing strategy, the flexible utilisation of its instruments and the developments in the capital market.

The allowances and provisions recognised in connection with the lending business take into account all impairments existing as at the balance sheet date. At € 203 million, the risk provision required for write-downs and bad debt allowances was higher than in the previous year. The risks specific to dealer financing were fully taken into account in this context.

Volkswagen Bank GmbH raised its net income after provisions for risks by 29,3% to € 322 million despite the substantial increase in such provisions. The net commission income declined year on year, from € 40 million to € 24 million. Larger dealer bonuses, which were rooted in the positive sales figures for the previous year, triggered an increase in commission expenses.

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ASSETS AND FINANCIAL POSITION

The notes on the assets and financial position concern changes relative to the balance sheet date 31 December 2009.

LENDING BUSINESS

The lending business of the Volkswagen Bank Group focuses on the provision of loans to private and commercial customers. The receivables shown in the balance sheet total € 27.8 billion (previous year: € 28.3 billion). The retail lending volume of the foreign branches increased to € 7.0 billion.

RETAIL FINANCING

As at 30 June 2010, the company had 1,891,000 retail financing contracts under management. The company continued to expand its profitable portfolio after the statutory scrapping bonus had given rise to one-off effects in the same period the previous year. Receivables in the same period rose by 1.1% to € 17.6 billion, among others as a result of growth recorded by the foreign branches.

DEALER FINANCING

Compared to the close of the previous year, receivables in the dealer financing segment fell by 8.4% to € 5.9 million even though they rose by 6.4% in the foreign markets.

LEASING BUSINESS

Volkswagen Bank GmbH offers finance leasing and operating leasing through its foreign branches. While the

French branch of Volkswagen Bank GmbH engages in both finance and operating leasing, the Italian branch continues to offer only finance leasing. At € 1.2 billion, receivables as at the end of the first six months of 2010 remained almost unchanged. This figure is to a large extent made up of receivables from finance leasing.

COMPANIES INCLUDED AT EQUITY

In the reporting period, Volkswagen Bank GmbH continued to hold its shares in Global Mobility Holding B.V., Amsterdam, and VOLKSWAGEN BANK POLSKA S.A., Warsaw.

DEPOSIT BUSINESS AND BORROWINGS

Besides equity, the main items under equity and liabilities are € 21.5 billion in liabilities to customers including the direct banking business (previous year: € 20.7 billion) and € 5.9 billion in securitised liabilities (previous year: € 6.8 billion).

Volkswagen Bank GmbH stimulated the European ABS market through its Driver Seven securitisation transaction. The tranche of € 519.1 million was successfully sold at the lower end of the price range. In addition, Volkswagen Bank GmbH issued a benchmark bond for € 1 billion at attractive terms at the end of the second quarter of 2010.

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DIRECT BANKING BUSINESS

The deposit business of Volkswagen Bank GmbH continued to develop along a positive trajectory despite declining interest rates and without offering special terms and conditions. At mid-year, the customer deposit volume reached € 18.7 billion, up 2.6% compared to 31 December 2009 (€ 18.3 billion). Volkswagen Bank GmbH succeeded in further expanding its market leadership among automotive direct banks thanks to this level of deposits. The number of customers remained virtually unchanged. The direct banking business thus makes a significant contribution to strengthening customer loyalty to the Volkswagen Group.

The share of direct banking in the refinancing mix of Volkswagen Bank GmbH was 55.2% (previous year: 53.4%).

Aside from offering statutory deposit insurance, Volkswagen Bank GmbH is also a member of the Deposit Insurance Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.).

EQUITY

The subscribed capital of Volkswagen Bank GmbH remained unchanged at € 0.3 billion in the first half of 2010.

The determination of the regulatory equity ratios has been made in accordance with the standardised approach to credit and operational risks.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial key performance indicators of the Volkswagen Bank Group are as follows:

%	30.06.2010	31.12.2009	31.12.2008	31.12.2007
Equity ratio ¹	12.5	12.0	9.9	12.7
%	31.03.2010	31.12.2009	31.12.2008	31.12.2007
Core capital ratio ²	15.0	14.9	12.8	14.2
Overall ratio (regulatory) ³	17.8	18.0	18.8	20.8

1 Equity ratio: Ratio between equity and total capital

2 Core capital ratio: Core capital ratio = Core capital / (Capital requirement for (credit risks + operational risks + market risks)*12.5)*100

3 Overall ratio = Own funds / (Capital requirement for (credit risks + operational risks + market risks)*12.5)*100

For non-financial key performance indicators, please see the 2009 personnel report.

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Risk report

RESIDUAL VALUE RISK

The French, German and Italian used car markets are each showing first positive signs despite the persistently difficult economic environment, which can help reduce both losses and drawdowns from existing provisions.

RISKS AT THE REFINANCING LEVEL

Towards the middle of the year, the lending premiums charged to Volkswagen Bank GmbH on the international money and capital markets in the wake of the "crisis of the euro" rose only temporarily compared to the preceding months.

The European Central Bank's collateral deposit account has turned out to be an efficient liquidity reserve for Volkswagen Bank GmbH.

There were no material changes in regards to the remaining risks and the risk management methods relative to the disclosures in the "Risk report" chapter of the 2009 annual report.

Opportunities

Relative to the chapter entitled "Opportunities for Volkswagen Bank GmbH" in the 2009 annual report, no major changes are expected for the second half of 2010 in terms of opportunities.

We continue to pursue our successful diversification strategy in refinancing. A Private Driver transaction serving to securitise credit receivables will be our first fixed interest bond. It is an innovation in the European automobile ABS market.

Personnel report

Given the structure of the German legal entities of the Volkswagen Financial Services AG Group, the employees of Volkswagen Financial Services AG work in the respective subsidiaries, among others.

As a result of this structure, 859 employees of Volkswagen Financial Services AG were working in Volkswagen Bank GmbH's business units at 30 June 2010.

Volkswagen Bank GmbH continues to employ certain staff directly due to regulatory requirements. At 30 June 2010, this staff numbered 635 (31.12.2009: 644), 124 of which are employed in Germany.

Report on the branches and branch offices

No changes occurred in the first half of 2010 relative to the description in the 2009 annual report. The branches of Volkswagen Bank GmbH had 511 employees as at 30 June 2010 (31.12.2009: 519).

Events after the balance sheet date

Aside from the events described above, no events of substantial significance occurred after completion of the consolidated interim report as at 30 June 2010.

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GLOBAL ECONOMY

We expect the global economy to weaken slightly in the next few months, after recovering substantially in the first half of 2010. Pronounced differences between economic developments in emerging countries and industrialised countries will continue. In Western Europe, both the planned austerity programmes and the persistent problems in the banking and financial sector will enable only moderate economic growth. The export sector will continue to drive growth whilst domestic demand will recover but slightly, especially in terms of private consumption. Uncertainty prevails in regards to stable and sustained growth even though most countries are in the process of recovering. We cannot preclude that global economic growth will contract to a stronger degree given the considerable risks that remain.

FINANCIAL MARKETS

The central banks' expansive monetary policies are not expected to change, given the fragility of the macroeconomic environment. The banking system's liquidity remains adequate as a result. In contrast, the scope of the regulatory and/or fiscal interventions in the banking system that are planned by the leading industrialised countries, which may have an impact on the banks' liquidity management and liquidity reserves, are difficult to foresee.

As before, both a solid capital base and an integrated business model remain essential in such a weak environment in order to prevail in the mobility services provider segment in the long term.

AUTOMOBILE MARKETS

The total volume of the global automobile markets is expected to surpass the previous year's low level in 2010, thanks especially to strong growth in the Chinese market. But the uncertainty surrounding economic developments could have a negative impact on demand. The major automobile markets will develop at very different rates. We expect demand to decline substantially in Western Europe – especially in Germany – during the year's second half. We also expect the overall market in Central and Eastern Europe to decline year on year. The year 2010 will pose a challenge to the automobile industry due to both fierce competition and ongoing economic problems.

DEVELOPMENT OF VOLKSWAGEN BANK GMBH

The outlook for both the global economy and automobile sales has improved compared to the annual report for 2009. The resulting positive effects on the financial services business along the automotive value chain are expected to be above the previous year's level.

We will continue to pursue our national and international activities, paying particular attention to our collaboration with the Group brands, the optimisation of our refinancing strategy and strict risk management in the second half of 2010.

The Board of Management of Volkswagen Bank GmbH expects earnings for the full 2010 financial year to surpass the previous year's level.

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Income statement of the Volkswagen Bank GmbH Group

€ million	Notes	01.01. – 30.06.2010	01.01. – 30.06.2009	Change %
Interest income from lending transactions before provisions for risks		815	839	-2.9
Net income from leasing transactions before provisions for risks		50	48	4.2
Interest expense		-340	-550	-38.2
Net income from lending and leasing transactions before provisions for risks	(1)	525	337	55.8
Provisions for risks arising from lending and leasing business		-203	-88	X
Net income from lending and leasing transactions after provisions for risks		322	249	29.3
Commission income		94	88	6.8
Commission expenses		-70	-48	45.8
Net commission income		24	40	-40.0
Result from derivative financial instruments		33	-7	X
Result from joint ventures accounted for at equity		40	25	60.0
Result from other financial assets		0	0	X
General administration expenses	(2)	-229	-210	9.0
Other operating result		-2	47	X
Pre-tax result		188	144	30.6
Taxes on income and earnings		-44	-25	76.0
Net income		144	119	21.0
Net income attributable to Volkswagen Financial Services AG		144	119	21.0

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€ million	01.01.– 30.06.2010	01.01.– 30.06.2009
Net income	144	119
Actuarial gains and losses	–6	0
deferred taxes thereon	2	0
Available-for-sale financial assets (securities):		
Fair value changes recognised in equity	1	7
Recognised in the income statement	–	–
deferred taxes thereon	0	–2
Cash flow hedges:		
Fair value changes recognised in equity	–9	–6
Recognised in the income statement	1	–5
deferred taxes thereon	–3	3
Currency translation differences	7	14
Income and expense of shares measured at equity, recognised directly in equity, after taxes	26	13
Income and expense recognised directly in equity	19	24
Comprehensive income	163	143
Comprehensive income attributable to Volkswagen Financial Services AG	163	143

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Balance sheet of the Volkswagen Bank GmbH Group

Assets (€ million)	Notes	30.06.2010	31.12.2009	Change %
Cash reserve		766	614	24.8
Receivables from financial institutions		1,593	1,501	6.1
Receivables from customers arising from				
Retail financing		17,619	17,421	1.1
Dealer financing		5,884	6,427	-8.4
Leasing business		1,180	1,156	2.1
Other receivables		3,076	3,304	-6.9
Receivables from customers in total		27,759	28,308	-1.9
Derivative financial instruments		225	207	8.7
Securities		1,399	1,420	-1.5
Joint ventures accounted for at equity		1,414	1,351	4.7
Other financial assets		0	0	X
Intangible assets	(3)	10	10	X
Property, plant and equipment	(3)	11	11	X
Leased assets	(3)	170	167	1.8
Investment property		2	2	X
Deferred tax assets		485	463	4.8
Income tax assets		44	55	-20.0
Other assets		101	84	20.2
Total		33,979	34,193	-0.6

Equity and liabilities (€ million)	Notes	30.06.2010	31.12.2009	Change %
Liabilities to financial institutions		441	713	-38.1
Liabilities to customers		21,516	20,703	3.9
Securitised liabilities		5,862	6,802	-13.8
Derivative financial instruments		274	295	-7.1
Provisions		105	81	29.6
Deferred tax liabilities		411	423	-2.8
Income tax obligations		23	22	4.5
Other liabilities		46	61	-24.6
Subordinated capital		1,043	998	4.5
Equity		4,258	4,095	4.0
Subscribed capital		318	318	X
Capital reserve		3,196	3,196	X
Retained earnings		744	581	28.1
Total		33,979	34,193	-0.6

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€ million	Subscribed capital	Capital reserve	Retained earnings including consolidated net retained profits						Total equity
			Accumulated profits	Currency translation reserve	Reserve for cash flow hedges	Reserve for actuarial gains and losses	Market valuation securities	Shares measured at equity	
Balance as at 01.01.2009	318	2,596	590	-51	-25	-5	0	-105	3,318
Payments into the capital reserve	-	600	-	-	-	-	-	-	600
Distributions/profit transfer to Volkswagen Financial Services AG	-	-	-126	-	-	-	-	-	-126
Comprehensive income	-	-	249	8	9	-1	3	35	303
Balance as at 31.12.2009 / 01.01.2010	318	3,196	713	-43	-16	-6	3	-70	4,095
Payments into the capital reserve	-	-	-	-	-	-	-	-	-
Distributions/profit transfer to Volkswagen Financial Services AG	-	-	-	-	-	-	-	-	-
Comprehensive income	-	-	144	7	-11	-4	1	26	163
Balance as at 30.06.2010	318	3,196	857	-36	-27	-10	4	-44	4,258

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€ million	01.01. – 30.06.2010	01.01. – 30.06.2009
Net income	144	119
Depreciation, value adjustments and write-ups	249	119
Changes in provisions	25	-4
Change in other non-cash items	-110	19
Result from the sale of financial assets and property, plant and equipment	0	1
Interest result and dividend income	-520	-333
Other adjustments	0	-
Change in receivables from financial institutions	-90	-1,920
Change in receivables from customers	407	-232
Change in leased assets	-28	-23
Change in other assets from operating activities	-17	8
Change in liabilities to financial institutions	-275	-2,124
Change in liabilities to customers	933	6,014
Change in securitised liabilities	-940	-1,464
Change in other liabilities from operating activities	-15	-11
Interest received	857	881
Dividends received	3	2
Interest paid	-340	-550
Income tax payments	-69	-22
Cash flow from operating activities	214	480
Cash inflows from the sale of investment property	-	-
Cash outflows from the purchase of investment property	-	-
Cash inflows from the sale of subsidiaries and joint ventures	-	-
Cash outflows from the purchase of subsidiaries and joint ventures	-	0
Cash inflows from the sale of other assets	0	1
Cash outflows from the purchase of other assets	-3	-2
Change in investments in securities	22	-768
Cash flow from investing activities	19	-769
Cash inflows from changes in capital	-	300
Profit transfer to Volkswagen Financial Services AG	-126	-134
Change in funds resulting from subordinated capital	45	-8
Cash flow from financing activities	-81	158
Cash and cash equivalents at the end of the previous period	614	694
Cash flow from operating activities	214	480
Cash flow from investing activities	19	-769
Cash flow from financing activities	-81	158
Effects from exchange rate changes	-	-
Cash and cash equivalents at the end of the period	766	563

Notes to the consolidated financial statements of the Volkswagen Bank GmbH Group as at 30.06.2010

General comments

Volkswagen Bank GmbH (VW Bank GmbH) is a limited liability company under German law. It has its head office in Gifhorner Strasse, Brunswick, and is registered in the Brunswick Register of Companies (under file number HRB 3790).

Volkswagen Financial Services AG, Brunswick, is the sole shareholder of Volkswagen Bank GmbH. A control and profit transfer agreement between these two companies is in place.

Group accounting principles

Volkswagen Bank GmbH prepared its consolidated financial statements for the 2009 financial year in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC), as well as supplementary provisions that are applicable under § 315 a Para. 1 German Commercial Code (HGB). Therefore, this consolidated interim report as at 30 June 2010 was also prepared in accordance with IAS 34.

This interim report has not been reviewed by an auditor.

Accounting policies

Volkswagen Bank GmbH has implemented all accounting standards that had to be applied starting in the 2010 financial year.

All other accounting standards to be applied for the first time in the 2010 financial year do not have a significant impact on the assets, financial position and results of operations of the Volkswagen Bank Group.

A discounting rate of 4.8% (31 December 2009: 5.4%) was applied to domestic provisions for pensions in the current interim financial statements. The reduction in the interest rate triggered an increase in the actuarial losses related to pension provisions recognised directly in equity.

Other than that, the same accounting policies and consolidation principles that were used in the consolidated financial statements for 2009 were applied to the preparation of the interim consolidated financial statements and the determination of the corresponding amounts for the previous year. A detailed description of these methods is contained in the notes to the consolidated financial statements of the 2009 annual report. It may be downloaded from our website at www.vwfs.com.

Basis of consolidation

As a general principle, all companies and branches are fully consolidated in which Volkswagen Bank GmbH has the possibility, directly or indirectly, to determine the financial and business policy in such a way that the Volkswagen Bank GmbH Group benefits from the activities of these companies (subsidiaries).

Notes to the consolidated financial statements

1 | Net income from lending and leasing transactions before provisions for risks

€ million	01.01.– 30.06.2010	01.01.– 30.06.2009
Interest income from lending and money market transactions	815	839
Income from leasing transactions	109	106
Expenses from leasing business	-34	-35
Depreciation and impairment losses on leased assets and investment property	-25	-23
Interest expense	-340	-550
Total	525	337

2 | General administration expenses

€ million	01.01.– 30.06.2010	01.01.– 30.06.2009
Staff costs	-33	-31
Non-staff costs	-185	-164
Costs of advertising, PR work and sales promotion	-7	-12
Depreciation of property, plant and equipment and amortisation of intangible assets	-3	-2
Other taxes	-1	-1
Total	-229	-210

3 | Development of selected assets

€ million	Net carrying amount 01.01.2010	Additions	Disposals/ other changes	Depreciation/ amortisation	Net carrying amount 30.06.2010
Intangible assets	10	2	0	2	10
Property, plant and equipment	11	2	1	1	11
Leased assets	167	47	19	25	170

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4 | Division by geographical markets

€ million	01.01. – 30.06.2010					Total
	Germany	Italy	France	Other branches	Consolidation	
Revenue from lending transactions with third parties	687	46	24	58	–	815
Revenue from intersegment lending transactions	60	0	0	0	–60	–
Segment revenue from lending transactions	747	46	24	58	–60	815
Revenue from leasing transactions	–	20	89	–	–	109
Commission income	65	15	11	3	–	94
Revenue	812	81	124	61	–60	1,018
Cost of sales from lending and leasing transactions	–	–4	–30	–	–	–34
Write-ups on leased assets and investment property	–	–	–	–	–	–
Depreciation and impairment losses on leased assets and investment property	–	–	–25	–	–	–25
of which impairment losses pursuant to IAS 36	–	–	–	–	–	–
Interest expense	–335	–25	–21	–19	60	–340
Provisions for risks arising from lending and leasing business	–156	–13	–16	–18	–	–203
Commission expenses	–54	–5	–9	–2	–	–70
Interest income not classified as revenue	0	–	–	–	–	0
Result from derivative financial instruments	33	–	–	–	–	33
Result from joint ventures accounted for at equity	40	–	–	–	–	40
Result from other financial assets	0	–	–	–	–	0
General administration expenses	–177	–18	–19	–15	0	–229
Other operating result	–2	0	0	0	0	–2
Pre-tax result	161	16	4	7	–	188
Taxes on income and earnings	–36	–5	–1	–2	–	–44
Net income	125	11	3	5	–	144
Net income attributable to Volkswagen Financial Services AG	125	11	3	5	–	144
Assets	18,058	2,068	2,235	2,615	9,003	33,979
Liabilities	27,714	2,166	1,874	2,376	–4,409	29,721

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The presentation for the previous year is as follows:

€ million	01.01. – 30.06.2009					Total
	Germany	Italy	France	Other branches	Consolidation	
Revenue from lending transactions with third parties	687	62	29	61	–	839
Revenue from intersegment lending transactions	91	0	0	0	–91	–
Segment revenue from lending transactions	778	62	29	61	–91	839
Revenue from leasing transactions	–	15	91	–	–	106
Commission income	63	15	8	2	–	88
Revenue	841	92	128	63	–91	1,033
Cost of sales from lending and leasing transactions	–	–1	–34	–	–	–35
Write-ups on leased assets and investment property	–	–	–	–	–	–
Depreciation and impairment losses on leased assets and investment property	–	–	–23	–	–	–23
of which impairment losses pursuant to IAS 36	–	–	–	–	–	–
Interest expense	–538	–44	–32	–27	91	–550
Provisions for risks arising from lending and leasing business	–72	–4	–6	–6	–	–88
Commission expenses	–35	–5	–7	–1	–	–48
Interest income not classified as revenue	–	–	–	–	–	–
Result from derivative financial instruments	–7	–	–	–	–	–7
Result from joint ventures accounted for at equity	25	–	–	–	–	25
Result from other financial assets	0	–	–	–	–	0
General administration expenses	–163	–19	–13	–15	0	–210
Other operating result	44	0	2	1	0	47
Pre-tax result	95	19	15	15	–	144
Taxes on income and earnings	–16	–8	–	–1	–	–25
Net income	79	11	15	14	–	119
Net income attributable to Volkswagen Financial Services AG	79	11	15	14	–	119
Assets	18,562	2,074	2,050	2,232	11,305	36,223
Liabilities	30,277	2,042	1,725	1,948	–3,530	32,462

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5 | Cash flow statement

The cash flow statement of the Volkswagen Bank GmbH Group documents the change in funds available due to the cash flows resulting from current operating activities, investing activities and financing activities. Cash and cash equivalents, narrowly defined, comprises only the cash reserve, which is made up of the cash in hand and deposits at central banks.

6 | Off-balance sheet obligations

€ million	30.06.2010	31.12.2009
Contingent liabilities		
Liabilities from surety and warranty agreements	131	104
Other obligations		
Irrevocable credit commitments	999	876

7 | Corporate bodies of Volkswagen Bank GmbH

Mr. Christian Klingler was appointed to the Supervisory Board of Volkswagen Bank GmbH effective 20 May 2010.

Mr. Detlef Wittig resigned from the Supervisory Board as of 19 May 2010.

8 | Events after the balance sheet date

There were no significant events up to 16 July 2010.

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9 | Responsibility statement of the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Brunswick, 16 July 2010
The Board of Management



Rainer Blank



Dr. Michael Reinhart



Torsten Zibell

Note regarding forward-looking statements

This report contains statements concerning the future business development of Volkswagen Bank GmbH. These statements include, among others, assumptions about the development of the global economy, as well as the financial and automobile markets. Volkswagen Bank GmbH has made these assumptions on the basis of available information and believes that they can be currently said to offer a realistic picture. These estimates necessarily include certain risks, and actual development may differ from these expectations.

Should actual development therefore deviate from these expectations and assumptions, or should unforeseen events occur that impact the business of Volkswagen Bank GmbH, then the business development will be accordingly affected.

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You will find the consolidated interim report 2010 at www.vwfs.com/hy10

This consolidated interim report is also available in German.