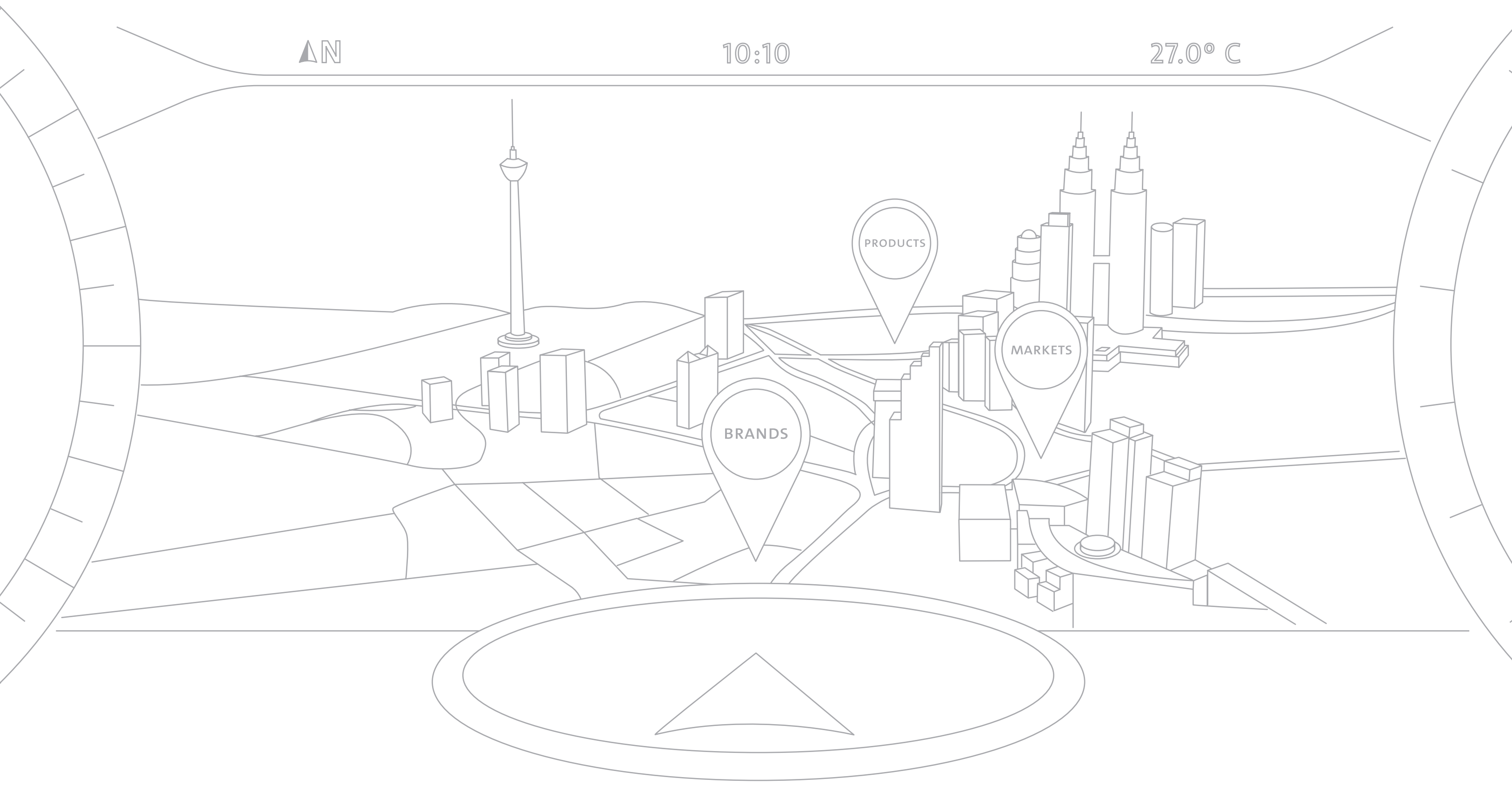
VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



GROUP INTERIM REPORT

OF VOLKSWAGEN BANK GMBH

JANUARY – JUNE

2015

Key Figures

€ million	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Total assets	44,955	42,947	39,378	39,220	37,866
Receivables from customers attributable to					
Retail financing	22,589	21,779	20,431	19,557	17,939
Dealer financing	9,946	8,928	7,973	7,738	7,435
Leasing business	2,334	2,108	1,789	1,540	1,412
Customer deposits	25,052	25,252	23,140	23,722	22,592
Equity	4,923	4,864	4,699	5,021	4,883

€ million	H1 2015	H1 2014	H1 2013	H1 2012	H1 2011
Operating profit	293	263	269	169	165
Profit before tax	308	273	270	231	243
Profit after tax	223	189	153	181	197

%	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Equity ratio[1]	10.9	11.3	11.9	12.8	12.9
Common Equity Tier 1 capital ratio[2]	12.5	13.2	–	–	–
Tier 1 capital ratio[2]	12.5	13.2	14.0	13.5	14.4
Total capital ratio[2]	12.6	13.4	14.7	14.9	16.3

Number	June 30, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2011
Employees[3]	1,153	1,123	1,241	1,174	753

RATING (AS OF JUNE 30, 2015)	STANDARD & POOR'S			MOODY'S INVESTORS SERVICE		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Volkswagen Bank GmbH	A–1	A	stable	Prime-1	Aa3	stable
Volkswagen Financial Services AG	A–1	A	stable	Prime-1	Aa3	stable

1 Equity divided by total assets.
2 The regulatory capital ratios for the years 2011 to 2013 were calculated in accordance with the Solvabilitätsverordnung (German Solvency Regulation). Since January 1, 2014, these ratios have been calculated in accordance with Article 92 of the Capital Requirements Regulation (CRR). In line with the terminology used in the CRR, the Common Equity Tier 1 capital ratio is now disclosed as an additional ratio and the designation "overall ratio" has been amended to "total capital ratio".
3 Since 2012 including Volkswagen Bank Polska S.A., Warsaw.

Report on Economic Position

GENERAL ECONOMIC DEVELOPMENT

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn continued in many industrialized nations, growth in some emerging economies remained below average. Although the comparatively low energy and raw materials prices had a negative impact on individual countries' economies, their effect on the global economy as a whole was supportive.

In Western Europe, the economic recovery continued in the reporting period. The northern European countries saw solid growth and there were increasing signs that the recession is coming to an end in most of the southern European countries.

The German economy continued to benefit from positive consumer sentiment and the strong labor market; the pace of growth rose slightly over the course of the year.

FINANCIAL MARKETS

The global financial markets recorded moderately positive growth in the first half of 2015 against the background of geopolitical tensions and a slight economic recovery, underpinned by continuing expansionary monetary policy.

Price increases were very subdued despite a minor upward revision in the inflation rate forecast for the eurozone. The downward trend in government bond yields accelerated sharply to start with as the European Central Bank (ECB) began its government bond-buying program; where the Federal Reserve and Bank of England debt purchase programs were concerned, an increase in yields for longer maturities was evident. In these countries, increasing medium-term inflation forecasts gave rise to the prospect that the extremely loose monetary policy could be reviewed, with resulting leeway for the central banks to raise interest rates. Market participants remained nervous about the expected interest rate hike in the USA, and the continuing discussions about Greece's ability to repay its debts led to uncertainties across global financial markets in the first half of 2015.

A robust increase in yields in the European bond markets also affected corporate bonds, which benefitted from lower risk premiums due to the continuing positive economic outlook.

The favorable economic situation in Germany had a positive impact on public finances, and competitiveness tended to be buoyed by the euro's devaluation. Moves towards consolidation were visible in the German equity market midway through the year, driven by the significant corrections in bunds and the euro exchange rate.

TRENDS IN THE PASSENGER CAR MARKETS

In the period from January to June 2015, global new passenger car registrations were up 2.6% year-on-year, although demand varied from region to region. The growth drivers were the Asia-Pacific region, North America and Western Europe. In contrast, new passenger car registrations in Eastern Europe and South America declined drastically in some areas compared with the prior-year period.

The passenger car market in Western Europe benefited from the improved macroeconomic environment, positive consumer sentiment and lower fuel prices, and continued to recover in the first half of 2015. In June, the number of new registrations increased year-on-year for the 22nd time in a row. Demand for passenger cars in Italy and Spain saw double-digit percentage growth; however, market volumes were still down substantially on the pre-crisis levels in both countries. The Spanish market continued to benefit from government stimulus measures. In the United Kingdom and France, growth rates were more moderate in the year to date.

In Germany, the number of new passenger car registrations in the first six months of 2015 was higher than in the prior-year period. Whereas private demand continued to decline, new business vehicle registrations saw a significant increase.

OVERALL ASSESSMENT OF THE COURSE OF BUSINESS

The Management of Volkswagen Bank GmbH considers the course of business in the year to date to have been positive. Profit before tax in the first half of the year was up on the 2014 figure.

Both new consumer financing business and vehicle and investment financing for Volkswagen Group dealers recorded positive growth in the first six months of the year.

Volkswagen Bank GmbH recorded a year-on-year increase in the volume of business in the first half of 2015, especially in Germany, the United Kingdom and France.

Based on unchanged credit eligibility criteria, the ratio of financed vehicles to deliveries by the Volkswagen Group (penetration rate) decreased slightly to 17.4% (previous year: 18.9%) in the first half of the year in those countries in which the Volkswagen Bank Group operates. The penetration rates at the key French and Italian branches were over 36% in each case.

The increase in funding costs lagged behind the higher business volumes, due among other things to the favorable interest rates.

Overall, credit risk stabilized in the first six months of fiscal year 2015. With the exception of Greece, slight signs of recovery were visible in the Southern European markets, which had been hard hit by the euro crisis.

THE VOLKSWAGEN BANK GMBH GROUP

There has been no change compared with December 31, 2014 in the legal position of Volkswagen Bank GmbH under company law and the inclusion of the Volkswagen Bank GmbH Group in the consolidated financial statements of Volkswagen Financial Services AG and Volkswagen AG.

In addition to the companies listed as of the previous reporting date, the consolidated financial statements of Volkswagen Bank GmbH include the consolidated special purpose entities Driver Thirteen UG (haftungsbeschränkt) and Private Driver 2015-1 UG (haftungsbeschränkt), both of which are registered in Frankfurt am Main, Compartment 1 of Driver Master S.A., which is registered in Luxembourg, and Compartment Driver France Two of Driver France FCT, which is registered in Paris, all of which were established to execute ABS transactions.

RESULTS OF OPERATIONS

The following disclosures on the results of operations refer to the changes compared with the same period of the previous year.

The first half of 2015 saw the Volkswagen Bank GmbH companies on a positive track. Profit before tax was up significantly on the prior-year period to €308 million (+12.8%). Net income from lending and leasing transactions before provisions for risks was 2.0% higher year-on-year, at €617 million.

Buoyed by the continuing positive economic trend, the risk provisions required were lower than in the prior-year period. They amounted to €31 million, down €22 million on the prior-year figure.

General and administrative expenses rose by €38 million to €389 million. This was mainly the result of distribution expenses due to the increase in business and compliance with stricter regulatory requirements.

Both fee and commission income – mainly from insurance broking – and fee and commission expenses – primarily for sales commissions paid – were higher than in the previous year. In total, net fee and commission income remained level year-on-year at €31 million.

Including the net gain on the measurement of derivative financial instruments in the amount of €3 million (previous year: net loss of €1 million) and the other components of profit or loss, the Volkswagen Bank GmbH Group recorded profit after tax of €223 million (+18.0%).

Volkswagen Bank GmbH continued to operate successfully in the saturated German market and hence made a significant contribution to the results of the Volkswagen Bank GmbH Group. The German market remained the highest-volume market, accounting for around 58.4% of all contracts and profit before tax of €158 million (–2.9%).

Volkswagen Bank GmbH generated profit before tax of €143 million at its branches (+34.4%). Volkswagen Bank Polska S.A. contributed €7.3 million (+74.1%) to profit before tax.

NET ASSETS AND FINANCIAL POSITION

The following disclosures on the net assets and financial position refer to changes compared with December 31, 2014.

Lending business

At €38.9 billion in total (previous year: €37.3 billion), receivables from customers – which make up the core business of the Volkswagen Bank GmbH Group – accounted for approximately 87% of the Group's total assets. The higher volume of receivables is due to the increase in business, particularly in Germany, the United Kingdom and France.

The volume of retail financing lending rose by €0.8 billion or 3.7% to €22.6 billion in the first half of 2015. A total of 350 thousand new contracts were signed, as a result of which the total number of contracts increased by 8 thousand or 0.4% versus December 31, 2014. Germany was once again the largest market for the Volkswagen Bank GmbH Group, at 1,530 thousand contracts (previous year: 1,512 thousand).

The lending volume in dealer financing – which comprises receivables from dealers in connection with financing for inventory vehicles, as well as working capital and investment loans – increased by 11.4% to €9.9 billion.

Receivables from leasing transactions were up 10.7% on the prior-year figure to €2.3 billion. Lease assets recorded growth of €52 million to €539 million (+10.7%).

A total of 40 thousand new leasing contracts were signed in the reporting period. As a result, the total number of contracts grew by 17 thousand to 171 thousand contracts in the first half of 2015.

Credit risks to which the Volkswagen Bank GmbH Group is exposed as a result of the crisis in some eurozone countries were accounted for by recognizing valuation allowances, which increased by €11.0 million versus the prior-year reporting date to €404 million.

Compared with the end of the previous year, the Volkswagen Bank GmbH Group's total assets rose by €2.0 billion or 4.7% to €45.0 billion.

KEY FIGURES BY SEGMENT AS OF JUNE 30, 2015[1]

in thousands	VW Bank Group	Of which Germany	Of which Italy	Of which France	Other
Current contracts	2,652	1,550	440	466	197
Retail financing	2,117	1,530	248	163	177
Leases	171	–	36	124	11
Service/insurance	364	20	157	179	9
New contracts	521	249	102	122	48
Retail financing	350	248	45	23	34
Leases	40	–	5	29	5
Service/insurance	132	1	52	69	9
€ million					
Receivables from customers attributable to					
Retail financing	22,589	18,118	1,972	1,078	1,422
Dealer financing	9,946	4,441	583	1,324	3,599
Leasing business	2,334	–	621	1,557	156
Lease assets	539	–	–	539	–
%					
Penetration rates[2]	17.4	14.7	37.6	36.5	10.1

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Ratio of new contracts for new Group vehicles to deliveries of Group vehicles, based on Volkswagen Financial Services AG's consolidated entities.

Deposit business and borrowings

The significant liability items are liabilities to customers in the amount of €27.8 billion (+3.6%) and securitized liabilities amounting to €7.6 billion (+0.4%).

Customer deposits reported within liabilities to customers amounted to €25.1 billion as of June 30, 2015 and thus continued to make a large contribution to funding.

In addition to the cover provided by statutory deposit insurance, Volkswagen Bank GmbH also continues to be a member of the Deposit Protection Fund of the Bundesverband deutscher Banken e. V. (Association of German Banks).

Equity

Volkswagen Bank GmbH's subscribed capital remained unchanged at €318.3 million in the first six months of 2015. At €3,946 million, there was no change in Volkswagen Bank GmbH's capital reserves as of June 30, 2015.

The regulatory capital ratios were calculated using the Credit Risk Standardized Approach (CRSA) and the Standardized Approach for operational risk.

Net of the profit transfer to Volkswagen Financial Services AG, equity in accordance with IFRSs was €4.9 billion (previous year: €4.9 billion). This results in an equity ratio of 10.9% based on the total equity and liabilities of €45.0 billion.

Report on Opportunities and Risks

REPORT ON OPPORTUNITIES

Macroeconomic opportunities

With deliveries to customers of the Volkswagen Group projected to record a slight increase year-on-year, the Management of Volkswagen Bank GmbH is expecting further economic growth to lead to the sustained expansion of sales of financial services products in the European markets.

Strategic opportunities

As well as continuing its concentrated international focus by tapping new markets, the Volkswagen Bank GmbH Group believes that developing innovative products that are tailored to customers' changing mobility requirements offers additional opportunities. Growth areas are being systematically leveraged and expanded. Further opportunities may be created by launching established products in markets in which they have not previously been offered.

RISK REPORT

There were no other material changes in the reporting period compared with the disclosures in the report on opportunities and risks contained in the 2014 Annual Report.

The current negative market interest rates do not have any significant impact on interest rate risk, which is continuously monitored by risk management irrespective of the prevailing interest rate situation.

Report on Post-Balance Sheet Date Events

There were no significant events after June 30, 2015.

Human Resources Report

As of June 30, 2015, 2,615 employees (December 31, 2014: 2,600) of Volkswagen Financial Services AG worked in Volkswagen Bank GmbH's business units under personnel leasing arrangements.

Due to banking supervision requirements, other staff are employed directly by Volkswagen Bank GmbH. These employees numbered 5 in Germany as of June 30, 2015 (December 31, 2014: 6). The branches of Volkswagen Bank GmbH employed 858 staff (December 31, 2014: 833) and Volkswagen Bank Polska S.A. employed 290 staff (December 31, 2014: 284).

Report on Expected Developments

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn held steady in many industrialized nations, some emerging economies continued to record below-average growth. The Volkswagen Group's Board of Management expects the global economy to record the same level of growth in 2015 as in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. In addition, growth prospects are being hurt by geopolitical tensions and conflicts. The emerging economies in Asia will probably record the highest growth rates. While we expect to see an economic upturn in the major industrialized nations, the rates of expansion will remain moderate.

Further substantial movements in the financial markets cannot be ruled out due to the current instabilities driven by geopolitical tensions and uncertainties surrounding future developments in the eurozone. Despite the falling prices in the market for bunds, the majority of factors point towards a further drop in yields in the eurozone in the short and medium term. The weak global economic data is accompanied by concerns about an economic slowdown.

In the eurozone, the ECB'S overnight deposit rate is forecast to remain in negative territory, although no further reduction is expected. The uncertainties are numerous, primarily in light of the exchange rate trends, and the period between exchange rate movements and their impact on inflation can be long and varied. The ECB again views structural reform as the pressing challenge, and it places critical emphasis on the low macroeconomic growth potential.

In the period from January to June 2015, global new passenger car registrations were up year-on-year, although demand varied from region to region. We also expect trends in the passenger car markets in the individual regions to be mixed for the full year. Overall, growth in global demand for new vehicles will probably be slower than in the previous year. We anticipate a slight increase in demand for automobiles in Western Europe and expect to see slight growth in the German market as well.

We are expecting to see a continuation in the trend towards growth in the number of new contracts and the portfolio of existing contracts seen in previous years. In addition, we assume that the penetration rate will remain stable in 2015 in a vehicle market that is experiencing overall growth. We expect that the volume of business will continue to grow in 2015. Deposits at Volkswagen Bank GmbH are expected to increase year-on-year in 2015, despite the persistently low interest rates.

Operating profit and the return on equity are expected to exceed the prior-year level on the back of a year-on-year decline in extraordinary effects.

Assuming stable margins, the cost/income ratio should also remain level year-on-year.

This report contains forward-looking statements on the business development of the Volkswagen Bank GmbH Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions in terms of the global economy and of the financial and automotive markets, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in the key sales markets of the Volkswagen Group will have a corresponding impact on the development of our business. The same applies in the event of material changes in exchange rates against the euro. In addition, expected business development may vary if the assessments of the key performance indicators and of risks and opportunities presented in the 2014 Annual Report develop in a way other than we are currently expecting, or additional risks and opportunities or other factors emerge that affect the development of our business.

Interim Consolidated Financial Statements (Condensed)

INCOME STATEMENT OF THE VOLKSWAGEN BANK GMBH GROUP

€ million	Note	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014	Change in percent
Interest income from lending transactions before provisions for risks		653	672	−2.8
Net income from leasing transactions before provisions for risks		67	60	11.7
Interest expense		−102	−127	−19.7
Net income from lending and leasing transactions before provisions for risks	1	617	605	2.0
Provisions for risks from lending and leasing business		−31	−53	−41.5
Net income from lending and leasing transactions after provisions for risks		586	552	6.2
Fee and commission income		143	136	5.1
Fee and commission expenses		−112	−105	6.7
Net fee and commission income		31	31	0.0
Net gain/loss on the measurement of derivative financial instruments and hedged items		3	−1	X
Net gain/loss on marketable securities and miscellaneous financial assets		5	4	25.0
General and administrative expenses	2	−389	−351	10.8
Net other operating income/expense		72	38	89.5
Profit before tax		**308**	**273**	**12.8**
Income tax expense		−86	−84	2.4
Profit after tax		**223**	**189**	**18.0**
Profit after tax attributable to Volkswagen Financial Services AG		223	189	18.0
German GAAP profit attributable to Volkswagen Financial Services AG in the event of profit transfer		171	182	−6.0

STATEMENT OF COMPREHENSIVE INCOME OF THE VOLKSWAGEN BANK GMBH GROUP

€ million	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
Profit after tax	**223**	**189**
Pension plan remeasurements recognized in other comprehensive income	3	–9
Deferred taxes relating to pension plan remeasurements	–1	3
Items that will not be reclassified to profit or loss	**2**	**–7**
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	–18	1
Transferred to profit or loss	–	–
Deferred taxes relating to available-for-sale financial assets	5	0
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	0	1
Transferred to profit or loss	–3	–3
Deferred taxes relating to cash flow hedges	1	0
Exchange differences on translating foreign operations	19	5
Items that may be reclassified subsequently to profit or loss	**4**	**5**
Other comprehensive income, net of tax	**6**	**–1**
Total comprehensive income	**229**	**188**
Total comprehensive income attributable to Volkswagen Financial Services AG	229	188

BALANCE SHEET OF THE VOLKSWAGEN BANK GMBH GROUP

€ million	Note	June 30, 2015	Dec. 31, 2014	Change in percent
Assets				
Cash reserve		253	386	−34.5
Receivables from credit institutions		853	940	−9.3
Receivables from customers attributable to				
Retail financing		22,589	21,779	3.7
Dealer financing		9,946	8,928	11.4
Leasing business		2,334	2,108	10.7
Other receivables		4,043	4,437	−8.9
Total receivables from customers		38,912	37,251	4.5
Derivative financial instruments		80	130	−38.5
Marketable securities		2,915	2,308	26.3
Miscellaneous financial assets		3	3	0.0
Intangible assets	3	44	46	−4.3
Property, plant and equipment	3	11	12	−8.3
Lease assets	3	539	487	10.7
Investment property		1	1	0.0
Deferred tax assets		993	999	−0.6
Current tax assets		37	43	−14.0
Other assets		313	339	−7.7
Total		**44,955**	**42,947**	**4.7**

€ million	Note	June 30, 2015	Dec. 31, 2014	Change in percent
Equity and Liabilities				
Liabilities to credit institutions		2,849	1,760	61.9
Liabilities to customers		27,822	26,844	3.6
Securitized liabilities		7,577	7,550	0.4
Derivative financial instruments		73	116	−37.1
Provisions		337	373	−9.7
Deferred tax liabilities		821	816	0.6
Current tax liabilities		40	36	11.1
Other liabilities		127	124	2.4
Subordinated capital		387	465	−16.8
Equity		4,923	4,864	1.2
Subscribed capital		318	318	–
Capital reserves		3,946	3,946	–
Retained earnings		657	602	9.1
Other reserves		2	−2	X
Total		**44,955**	**42,947**	**4.7**

STATEMENT OF CHANGES IN EQUITY OF THE VOLKSWAGEN BANK GMBH GROUP

				OTHER RESERVES			
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Cash flow hedges	Fair value measurement of marketable securities	Total equity
Balance at Jan. 1, 2014	**318**	**3,796**	**600**	**–29**	**4**	**10**	**4,699**
Profit after tax	–	–	189	–	–	–	189
Other comprehensive income, net of tax	–	–	–7	5	–1	1	–1
Total comprehensive income	–	–	182	5	–1	1	188
Appropriation to capital reserves	–	150	–	–	–	–	150
Other changes[1]	–	–	–182	–	–	–	–182
Balance at June 30, 2014	**318**	**3,946**	**601**	**–24**	**3**	**11**	**4,855**
Balance at Jan. 1, 2015	**318**	**3,946**	**602**	**–22**	**2**	**17**	**4,864**
Profit after tax	–	–	223	–	–	–	223
Other comprehensive income, net of tax	–	–	2	19	–2	–12	6
Total comprehensive income	–	–	225	19	–2	–12	229
Appropriation to capital reserves	–	–	–	–	–	–	–
Other changes[1]	–	–	–171	–	–	–	–171
Balance at June 30, 2015	**318**	**3,946**	**657**	**–3**	**0**	**5**	**4,923**

1 German GAAP profit attributable to Volkswagen Financial Services AG in the event of loss absorption/profit transfer.

CASH FLOW STATEMENT OF THE VOLKSWAGEN BANK GMBH GROUP

€ million	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
Profit after tax	**223**	**189**
Depreciation, amortization, impairment losses and reversals of impairment losses	96	104
Change in provisions	−36	13
Change in other noncash items	−92	99
Gain/loss on disposal of financial assets and items of property, plant and equipment	0	0
Net interest income and dividend income	−606	−594
Other adjustments	1	0
Change in receivables from credit institutions	89	−461
Change in receivables from customers	−1,461	−1,886
Change in lease assets	−113	−101
Change in other assets attributable to operating activities	27	−38
Change in liabilities to credit institutions	1,081	−1,668
Change in liabilities to customers	1,078	2,306
Change in securitized liabilities	27	1,564
Change in other liabilities attributable to operating activities	3	−3
Interest received	703	718
Dividends received	5	4
Interest paid	−102	−127
Income taxes paid	−58	−68
Cash flows from operating activities	**864**	**51**
Proceeds from disposal of investment property	–	–
Acquisition of investment property	–	–
Proceeds from disposal of subsidiaries and joint ventures	–	–
Acquisition of subsidiaries and joint ventures	–	0
Proceeds from disposal of other assets	1	0
Acquisition of other assets	−2	−4
Change in investments in securities	−615	444
Cash flows from investing activities	**−616**	**440**
Proceeds from changes in capital	–	150
Profit transfer to Volkswagen Financial Services AG	−303	−850
Change in cash funds attributable to subordinated capital	−78	11
Cash flows from financing activities	**−381**	**−689**
Cash and cash equivalents at end of previous period	**386**	**216**
Cash flows from operating activities	864	51
Cash flows from investing activities	−616	440
Cash flows from financing activities	−381	−689
Effect of exchange rate changes	0	0
Cash and cash equivalents at end of period	**253**	**18**

Notes to the Interim Consolidated Financial Statements

OF THE VOLKSWAGEN BANK GMBH GROUP FOR THE PERIOD ENDED JUNE 30, 2015

General information

Volkswagen Bank GmbH (VW Bank GmbH) is a limited liability company under German law. It has its registered office at Gifhorner Strasse, Braunschweig, Germany, and is registered in the Braunschweig commercial register (HRB 1819).

Volkswagen Financial Services AG, Braunschweig, is the sole shareholder of Volkswagen Bank GmbH.

Volkswagen Financial Services AG and Volkswagen Bank GmbH have entered into a control and profit and loss transfer agreement.

Basis of preparation

Volkswagen Bank GmbH prepared its consolidated financial statements for fiscal year 2014 in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and the Interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), as well as the additional disclosures required by German commercial law under section 315a(1) of the Handelsgesetzbuch (HGB – German Commercial Code). This Group Interim Report for the period ended June 30, 2015 was therefore also prepared in accordance with IAS 34.

All amounts are given in millions of euros (€ million) and are rounded, so minor discrepancies may arise from addition of these amounts.

This Interim Report has not been reviewed by an auditor.

Accounting policies

Volkswagen Bank GmbH has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2015.

A number of amendments to International Financial Reporting Standards resulting from the Annual Improvements Project 2013 became effective on January 1, 2015. These relate to changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40, and do not materially affect the Volkswagen Bank GmbH Group's net assets, financial position and results of operations.

IFRIC 21 has also been required to be applied since January 1, 2015. IFRIC 21 governs the accounting for levies that do not fall within the scope of IAS 12 "Income Taxes". In particular, it provides guidance on when a liability has to be recognized for payment of a levy. This Interpretation also does not materially affect the Volkswagen Bank GmbH Group's net assets, financial position and results of operations.

A discount rate of 2.6% (December 31, 2014: 2.3%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The increase in the discount rate reduced the actuarial losses for pension provisions that are recognized in retained earnings.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2014 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the policies and methods applied is published in the notes to the consolidated financial statements in the 2014 Annual Report. This can also be accessed on the Internet at www.vwfs.com.

Basis of consolidation

In addition to Volkswagen Bank GmbH, the consolidated financial statements comprise all significant German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen Bank GmbH. This is the case if Volkswagen Bank GmbH obtains power over potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and it is able to use its power over the subsidiaries to affect the amount of those variable returns.

In connection with Volkswagen Bank GmbH's securitization transactions, the special purpose entities Driver Thirteen UG (haftungsbeschränkt) and Private Driver 2015-1 UG (haftungsbeschränkt), both of which are registered in Frankfurt am Main, Compartment 1 of Driver Master S.A., which is registered in Luxembourg, and Compartment Driver France Two of Driver France FCT, which is registered in Paris, were initially consolidated in the first six months of 2015.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

€ million	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
Interest income from lending and money market transactions	653	672
Income from leasing transactions	207	163
Expenses from leasing transactions	−79	−57
Depreciation of and impairment losses on lease assets and investment property	−61	−47
Interest expense	−102	−127
Total	**617**	**605**

2. General and administrative expenses

€ million	Jan. 1 – June 30, 2015	Jan. 1 – June 30, 2014
Personnel expenses	−43	−49
Non-staff operating expenses	−328	−276
Advertising, public relations and sales promotion expenses	−12	−20
Depreciation of property, plant and equipment, amortization of intangible assets	−5	−5
Other taxes	0	−1
Total	**−389**	**−351**

3. Changes in selected assets

€ million	Carrying amount at Jan. 1, 2015	Additions	Disposals/ Other changes	Depreciation, amortization and impairment losses	Carrying amount at June 30, 2015
Intangible assets	46	1	−1	4	44
Property, plant and equipment	12	1	1	1	11
Lease assets	487	155	42	61	539

4. Classes of financial instruments

Financial instruments are divided into the following classes in the Volkswagen Bank GmbH Group:

- Financial assets measured at fair value
- Financial assets measured at amortized cost
- Hedge accounting
- Miscellaneous financial assets
- Financial liabilities measured at amortized cost
- Credit commitments
- Not within scope of IFRS 7

The following table shows the reconciliation of the balance sheet items to the classes of financial instruments.

	BALANCE SHEET ITEM		MEASURED AT FAIR VALUE		MEASURED AT AMORTIZED COST		HEDGE ACCOUNTING		MISCELLANEOUS FINANCIAL ASSETS		NOT WITHIN SCOPE OF IFRS 7	
€ million	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Assets												
Cash reserve	253	386	–	–	253	386	–	–	–	–	–	–
Receivables from credit institutions	853	940	–	–	853	940	–	–	–	–	–	–
Receivables from customers	38,912	37,251	–	–	36,283	34,203	2,629	3,048	–	–	–	–
Derivative financial instruments	80	130	9	13	–	–	72	117	–	–	–	–
Marketable securities	2,915	2,308	2,915	2,308	–	–	–	–	–	–	–	–
Miscellaneous financial assets	3	3	–	–	–	–	–	–	3	3	–	–
Other assets	313	339	–	–	244	278	–	–	–	–	69	61
Total	**43,330**	**41,358**	**2,924**	**2,321**	**37,633**	**35,808**	**2,701**	**3,165**	**3**	**3**	**69**	**61**
Liabilities												
Liabilities to credit institutions	2,849	1,760	–	–	2,849	1,760	–	–	–	–	–	–
Liabilities to customers	27,822	26,844	–	–	27,822	26,589	–	255	–	–	–	–
Securitized liabilities	7,577	7,550	–	–	7,577	7,550	–	–	–	–	–	–
Derivative financial instruments	73	116	12	17	–	–	61	99	–	–	–	–
Other liabilities	127	124	–	–	19	18	–	–	–	–	108	106
Subordinated capital	387	465	–	–	387	465	–	–	–	–	–	–
Total	**38,835**	**36,859**	**12**	**17**	**38,654**	**36,382**	**61**	**354**	**–**	**–**	**108**	**106**

The "Credit commitments" class contains obligations under irrevocable credit commitments amounting to €1,451 million (December 31, 2014: €1,200 million).

5. Fair value disclosures

The principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the 2014 Annual Report.

Level 2 fair values are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. These include derivatives and receivables from/liabilities to customers.

Level 3 fair values are measured using valuation techniques that incorporate inputs that are not directly observable in active markets. Most of the receivables from customers are allocated to Level 3 because their fair value is measured using inputs that are not observable in active markets.

The following table shows the allocation of financial instruments measured at fair value to this three-level fair value hierarchy by class:

	LEVEL 1		LEVEL 2		LEVEL 3	
€ million	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Assets						
Measured at fair value						
Derivative financial instruments	–	–	9	13	–	–
Marketable securities	2,466	1,448	449	861	–	–
Hedge accounting						
Receivables from customers	–	–	–	–	2,629	3,048
Derivative financial instruments	–	–	72	117	–	–
Total	**2,466**	**1,448**	**529**	**991**	**2,629**	**3,048**
Liabilities						
Measured at fair value						
Derivative financial instruments	–	–	12	17	–	–
Hedge accounting						
Liabilities to customers	–	–	–	255	–	–
Derivative financial instruments	–	–	61	99	–	–
Total	**–**	**–**	**73**	**371**	**–**	**–**

There were no transfers of financial instruments between the levels of the fair value hierarchy in the first six months of 2015.

The following table contains an overview of the fair values of financial instruments:

€ million	FAIR VALUE		CARRYING AMOUNT		DIFFERENCE	
	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Assets						
Measured at fair value						
Derivative financial instruments	9	13	9	13	–	–
Marketable securities	2,915	2,308	2,915	2,308	–	–
Measured at amortized cost						
Cash reserve	253	386	253	386	–	–
Receivables from credit institutions	853	940	853	940	–	–
Receivables from customers	37,277	35,019	36,283	34,203	993	816
Other assets	244	278	244	278	–	–
Hedge accounting						
Receivables from customers	2,629	3,048	2,629	3,048	–	–
Derivative financial instruments	72	117	72	117	–	–
Miscellaneous financial assets	3	3	3	3	–	–
Liabilities						
Measured at fair value						
Derivative financial instruments	12	17	12	17	–	–
Measured at amortized cost						
Liabilities to credit institutions	2,794	1,731	2,849	1,760	−55	−29
Liabilities to customers	27,889	26,702	27,822	26,589	67	113
Securitized liabilities	7,591	7,565	7,577	7,550	15	15
Other liabilities	19	18	19	18	–	–
Subordinated capital	401	480	387	465	14	15
Hedge accounting						
Liabilities to customers	–	255	–	255	–	–
Derivative financial instruments	61	99	61	99	–	–

SEGMENT REPORTING

6. Breakdown by geographical markets

JAN. 1 – JUNE 30, 2015 € million	GERMANY	ITALY	FRANCE	OTHER	CONSOLI-DATION	TOTAL
Revenue from lending transactions with third parties	463	52	28	105	–	647
Intersegment revenue from lending transactions	33	0	0	0	−33	–
Total segment revenue from lending transactions	496	52	28	105	−33	647
Revenue from leasing transactions	–	22	183	2	–	207
Fee and commission income	81	27	27	8	–	143
Revenue	**577**	**101**	**237**	**115**	**−33**	**997**
Cost of sales attributable to lending and leasing transactions	–	−16	−62	−1	–	−79
Reversals of impairment losses on lease assets and investment property	–	–	–	–	–	–
Depreciation of and impairment losses on lease assets and investment property	–	–	−61	–	–	−61
of which impairment losses in accordance with IAS 36	–	–	–	–	–	–
Interest expense (component of operating profit or loss)	−97	−8	−12	−18	33	−102
Provisions for risks from lending and leasing business	−21	1	−18	6	–	−31
Fee and commission expenses	−65	−18	−24	−5	–	−112
Net gain/loss on derivative financial instruments (component of operating profit or loss)	−2	–	–	–	–	−2
General and administrative expenses (component of operating profit or loss)	−275	−27	−43	−44	1	−388
Net other operating income/expense	63	−2	9	2	−1	72
Segment profit or loss (operating profit or loss)	**182**	**31**	**25**	**55**	**–**	**293**
Interest income not classified as revenue	5	–	–	–	–	5
Interest expense (not a component of operating profit or loss)	0	–	–	–	–	0
Net gain/loss on derivative financial instruments (not a component of operating profit or loss)	5	–	0	–	–	5
Net gain/loss on marketable securities and miscellaneous financial assets	0	–	–	5	–	5
General and administrative expenses (not a component of operating profit or loss)	−1	–	–	0	–	−1
Profit before tax	**191**	**31**	**26**	**61**	**–**	**308**
Income tax expense	−58	−12	−4	−11	–	−86
Profit after tax	**133**	**19**	**21**	**50**	**–**	**223**
Profit after tax attributable to Volkswagen Financial Services AG	133	19	21	50	–	223
Segment assets	**22,643**	**3,176**	**4,497**	**5,294**	**–**	**35,611**
of which noncurrent	**13,617**	**1,614**	**2,287**	**1,082**	**–**	**18,600**
Segment liabilities	**35,946**	**2,931**	**3,826**	**5,088**	**−10,310**	**37,481**

The segment reporting for the previous year is shown in the following table:

JAN. 1 – JUNE 30, 2014 € million	GERMANY	ITALY	FRANCE	OTHER	CONSOLI-DATION	TOTAL
Revenue from lending transactions with third parties	481	55	36	94	–	665
Intersegment revenue from lending transactions	36	0	0	0	–36	–
Total segment revenue from lending transactions	517	55	36	94	–36	665
Revenue from leasing transactions	–	22	139	1	–	163
Fee and commission income	77	25	28	6	–	136
Revenue	**594**	**102**	**203**	**102**	**–36**	**964**
Cost of sales attributable to lending and leasing transactions	–	–14	–42	–1	–	–57
Reversals of impairment losses on lease assets and investment property	–	–	–	–	–	–
Depreciation of and impairment losses on lease assets and investment property	–	–	–47	–	–	–47
of which impairment losses in accordance with IAS 36	–	–	–	–	–	–
Interest expense (component of operating profit or loss)	–118	–10	–16	–19	36	–127
Provisions for risks from lending and leasing business	–19	–16	–13	–5	–	–53
Fee and commission expenses	–60	–16	–26	–4	–	–105
Net gain/loss on derivative financial instruments (component of operating profit or loss)	–1	–	–	–	–	–1
General and administrative expenses (component of operating profit or loss)	–245	–27	–38	–40	1	–350
Net other operating income/expense	41	–6	–1	4	–1	38
Segment profit or loss (operating profit or loss)	**192**	**13**	**20**	**37**	**–**	**263**
Interest income not classified as revenue	7	–	–	–	–	7
Interest expense (not a component of operating profit or loss)	–	–	–	–	–	–
Net gain/loss on derivative financial instruments (not a component of operating profit or loss)	1	–	0	–	–	1
Net gain/loss on marketable securities and miscellaneous financial assets	0	–	–	4	–	4
General and administrative expenses (not a component of operating profit or loss)	–1	–	–	0	–	–1
Profit before tax	**199**	**13**	**21**	**40**	**–**	**273**
Income tax expense	–60	–6	–11	–8	–	–84
Profit after tax	**139**	**8**	**10**	**32**	**–**	**189**
Profit after tax attributable to Volkswagen Financial Services AG	139	8	10	32	–	189
Segment assets	**20,758**	**3,008**	**4,137**	**4,335**	**–**	**32,238**
of which noncurrent	**12,555**	**1,469**	**2,047**	**854**	**–**	**16,925**
Segment liabilities	**32,441**	**2,878**	**3,549**	**4,005**	**–8,919**	**33,954**

OTHER DISCLOSURES

7. Cash flow statement

Volkswagen Bank GmbH's cash flow statement documents changes in cash and cash equivalents attributable to cash flows from operating, investing and financing activities. The narrow definition of cash and cash equivalents comprises only the cash reserve, which consists of cash-in-hand and central bank balances.

8. Off-balance-sheet liabilities

€ million	June 30, 2015	Dec. 31, 2014
Contingent liabilities		
Contingent liabilities from guarantees and indemnity agreements	34	68
Other contingent liabilities	1	–
Other financial obligations		
Purchase commitments and other obligations	8	20
Other obligations		
Irrevocable credit commitments	1,451	1,200

9. Governing bodies of Volkswagen Bank GmbH

The members of the Management are listed in the following:

ANTHONY BANDMANN
Spokesman of the Management
Sales and Marketing
Customer Service Individual Customers
International

TORSTEN ZIBELL
Direct Bank
Corporate Development

DR. HEIDRUN ZIRFAS
Finance/Company Steering
Back Office/Dealer Restructuring/Risk Management
Human Resources

The members of the Audit Committee are as follows:

DR. JÖRG BOCHE
Chairman
Executive Vice President of Volkswagen AG
Head of Group Treasury

WALDEMAR DROSDZIOK
Deputy Chairman
Chairman of the Joint Works Council of Volkswagen Financial Services AG,
Volkswagen Bank GmbH and Euromobil Autovermietung GmbH

DR. ARNO ANTLITZ
Member of the Volkswagen Brand Board of Management
Controlling and Financial Accounting

GABOR POLONYI
Head of Fleet Customer Management, Volkswagen Bank GmbH

10. Events after the balance sheet date

There were no significant events between the end of the interim reporting period and July 17, 2015.

11. Responsibility statement

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 fiscal year.

Braunschweig, July 17, 2015

The Management

Anthony Bandmann

Torsten Zibell

Dr. Heidrun Zirfas

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This Group Interim Report is also published in German.

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