
Financial report 2013

Volkswagen Financial Services N.V.

Amsterdam

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Management report

Volkswagen Financial Services N.V. ('FSNV') is one of the funding vehicles of Volkswagen Financial Services AG ('FSAG') and its subsidiaries. FSNV raises funds from the capital markets by issuing notes and lends the proceeds on to Group and joint venture companies. Basis for the issuing activities are the EUR 18 billion Debt Issuance Programme ('DIP') that adheres to the European Prospective Directive Standards and is regularly updated, as well as the EUR 10 billion Commercial Paper ('CP') Programme. All issues are guaranteed by FSAG. Therefore, the FSNV rating by Moody's and Standard&Poor's is derived from the FSAG rating. According to Moody's, FSAG's rating is set to P-2 (short-term) and A3 (long-term) with a positive outlook. Standard&Poor's assessed FSAG's creditworthiness as A-2 (short-term) and A- (long-term) with a positive outlook.

In 2013 FSNV placed issues under the DIP with a total EUR equivalent volume of 1.8 billion (2012: 1.5 billion), and under the CP Programme with a total EUR equivalent volume of 3 billion (2012: 4 billion). The proceeds of these issues have been granted to the Volkswagen Financial Services Group companies.

FSNV redeemed DIP issues with a total EUR equivalent volume of 709 million (2012: 1.4 billion) and CP issues with a total EUR equivalent volume of 3.8 billion (2012: 3.4 billion).

FSNV's balance sheet increased by EUR 100 million to EUR 5,5 billion. Due to a repayment in capital available for the financing of Group companies the interest result decreased by EUR 8,6 million to EUR 22,4 million. The result after taxation amounts to EUR 16,7 million.

Given the adequate capitalization and profitability and the fact that issuances under the DIP and CP-programmes are guaranteed by FSAG, the financial position of FSNV is sound.

The main business risks of FSNV are interest rate risks, currency risks, liquidity risks and credit risks. The Supervisory Board has set limits to restrict those risks. FSNV uses adequate tools to assess and to monitor these risks. Further information on the risk management of the company is included in note 4 to the financial statements.

In line with the long-term business strategy, the Volkswagen Financial Services Group plans to develop new markets and to improve its competitive position in other markets. We expect that FSAG will keep FSNV's capital reserve on an adequate level, as several companies are going to use the attractive European funding for their benefit. Based on this assumption we expect a moderate increase in total business volume for FSNV in 2014. Taking into account the expected growth in business volume and comparable capital reserves, results should to be at a similar level as in previous years.

Currently, there are no female directors in the company. The company will investigate how to deal with this in the future.

Amsterdam, 17 March 2014

Original has been signed by
T. Fries

Original has been signed by
B. Bode

Financial statements

Balance sheet as at 31 December 2013

(after proposed appropriation of profit)

	Ref.	31 December 2013		31 December 2012	
		EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Fixed assets					
Tangible fixed assets	5	-		1	
Financial fixed assets:	6				
Shares in participations		1		1	
Loans to Volkswagen Group companies		2,925,268		2,120,709	
Loans to joint ventures of the Volkswagen Group		615,416		337,893	
Loans to external parties		-		500	
Total fixed assets			3,540,685		2,459,104
Current assets					
Receivables due from Volkswagen Group companies	7	1,029,120		1,613,680	
Receivables due from joint ventures of the Volkswagen Group	7	885,532		1,297,275	
Loans to external parties	8	500		-	
Other assets	9	41,058		39,308	
Prepaid and deferred charges	10	13,825		12,697	
Cash at banks and in hand		804		928	
Total current assets			1,970,839		2,963,888
Total assets			5,511,524		5,422,992

The accompanying notes are an integral part of these financial statements.

<i>Liabilities</i>		31 December 2013		31 December 2012	
		Ref.	EUR'000	EUR'000	EUR'000
<i>Shareholder's equity and liabilities</i>					
Shareholder's equity	11				
Share capital		454		454	
Share premium reserve		520,000		725,000	
Retained earnings		85,940		69,270	
Total shareholder's equity			606,394		794,724
Long-term liabilities					
Bonds	12	2,979,383		2,116,908	
Liabilities to Volkswagen Group companies	12	108,624		130,528	
Total long-term liabilities			3,088,007		2,247,436
Current liabilities					
Bonds	13	947,426		742,486	
Commercial papers		691,000		1,488,000	
Liabilities to banks		-		-	
Liabilities to Volkswagen Group companies	13	102,718		81,078	
Other liabilities	14	65,618		60,994	
Deferred income		10,361		8,274	
Total current liabilities			1,817,123		2,380,832
Total shareholder's equity and liabilities			5,511,524		5,422,992

The accompanying notes are an integral part of these financial statements.

Income statement 2013

		2013		2012	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Income					
Interest and similar income	16	131,867		147,558	
Other operating income	17	209		11	
Total income			132,076		147,569
Expenses					
Interest and similar expenses	16	(109,450)		(116,607)	
Other operating expenses	18	(15)		(20)	
General and administrative expenses	19	(1,037)		(837)	
Depreciation and amortisation expenses	20	(1)		(1)	
Total expenses			(110,503)		(117,465)
Result before taxation			21,573		30,104
Taxation	25		(4,903)		(6,641)
Result after taxation			16,670		23,463

The accompanying notes are an integral part of these financial statements.

Cash flow statement 2013

		2013		2012	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Operating profit			21,573		30,104
Cash flow from operating activities					
Loans granted	6/7	(89,855)		(430,863)	
Loans taken	12	271,308		529,899	
<i>Net cash flow from lending activities</i>			181,453		99,036
Interest received	7/16	135,806		144,944	
Interest paid	14/16	(105,184)		(110,164)	
<i>Net cash flow from interest</i>			30,622		34,780
Other operating activities	9/17	210		11	
Paid expenses	18/19/20	(1,210)		(836)	
Corporate income tax paid	25	(6,199)		(5,856)	
<i>Net cash other operating activities</i>			(7,199)		(6,681)
Cash flow from other operating activities			204,876		127,135
Cash flow from financing Activities			(205,000)		(128,000)
Net cash flow			(124)		(865)
Cash and cash equivalents at beginning of the year			928		1,793
Cash and cash equivalents at end of the year			804		928

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 General

1.1 Activities

Volkswagen Financial Services N.V. ('FSNV' or 'the company') is a 100% subsidiary of Volkswagen Financial Services AG ('FSAG').

FSNV's registered office is located in Amsterdam, the Netherlands.

The main purpose of the company is the financing of and participation in group companies. FSNV has access to several funding sources such as bond loans, note loans and Euro Medium Term Loans as well as inter-company loans.

All external issues are guaranteed by FSAG. FSNV has lent the proceeds of these borrowings almost entirely to group companies or joint ventures.

1.2 Consolidation and shares in participations

FSNV holds one share in VW Finance Belgium SA, Brussels, Belgium with a cost price of EUR 500. The issued share is less than 20% of the total shares of VW Finance Belgium SA.

FSNV is part of the Volkswagen Group. The ultimate parent company of this group is Volkswagen AG Wolfsburg, Germany. The consolidation, including the investment in VW Finance Belgium SA, Brussels, is performed at Volkswagen AG level. These consolidated financial statements can be obtained from the company.

1.3 Note to the cash-flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are included in the respective amounts. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities.

1.4 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgements, including the related assumptions, is disclosed in the notes to the financial statement items in question. Estimates used for accounting of financial fixed assets and impairment of assets are disclosed under note 2,6 and.

2 Principles of valuation of assets and liabilities

2.1 General

The financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in EUR.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to the prior year.

2.3 Foreign currencies

Functional currency

Items in the financial statements of group companies are stated with due observance of the currency of the primary economic environment in which the respective group company operates (the functional currency). The financial statements are denominated in EUR, i.e. the functional and reporting currency of FSNV.

Transactions, receivables and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date. Investments in participations are stated at the historical exchange rate.

Transactions denominated in foreign currencies in the reporting year are recognised in the financial statements at exchange rate ruling at the transaction date.

In respect of any positions in the balance sheet that are covered by cross currency interest rate swaps or by foreign exchange forward contracts, the differences in values calculated at mid-rates at the end of the year and contract rates are allocated to the respective principals of the loans. If the loan taken is denominated in a currency other than EUR, the respective correction is allocated to this loan. Otherwise the respective loan granted is corrected.

2.4 Intangible fixed assets

Intangible fixed assets are carried at historical cost less amortisation. Any impairment as at the balance sheet date is taken into account; impairment exists if the carrying amount of the asset (or the cash-generating unit to which it belongs) exceeds its recoverable amount. For determining whether an impairment charge in respect of an intangible fixed asset applies, reference is made to note 2.7.

Computer software

Software licences acquired are capitalised at acquisition cost and amortised over the estimated economic life of three years. Expenditures incurred for the production of identifiable software products that are tailor-made for the group are capitalised. Expenditure in connection with

maintenance of computer software and expenses related to research activities are recognised in the income statement.

2.5 *Tangible fixed assets*

Fixed assets are valued at acquisition or production cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower. Directly attributable production costs include the costs of the raw materials and consumables, and also include installation costs.

For computer hardware a depreciation period of 3 years is used.

2.6 *Financial fixed assets*

Shares in participations

The investment in the group company is valued at the lower of cost and net realisable value.

The share in the group company is specified in note 1.2.

Loans to Volkswagen Group companies and joint ventures of the Volkswagen Group and to third parties

Loans to Volkswagen Group companies, other participating interests and third parties are loans with an original term of more than one year. Receivables disclosed under financial fixed assets are recognised initially at fair value of the amount owed net of any provisions considered necessary. These receivables are subsequently measured at amortised cost. The main rule is that amortised cost equals the carrying amount of the asset net of any repayments on the principal and plus, or net of, the accumulated amortisation, calculated using the effective interest method, of the difference between the amount upon initial recognition (including transaction costs) and the repayments. Straight-line amortisation in determining amortised cost is allowed as an alternative if straight-line amortisation does not lead to significant discrepancies with the effective interest method. If loans are issued at a discount or premium, the discount or premium is recognised through profit or loss over the maturities of the loans using the effective interest method. Also transaction costs are included in the initial valuation and recognised in profit or loss as part of the effective interest method. Impairment losses are deducted from amortised cost and expensed in the income statement.

Receivables from joint ventures of the Volkswagen Group

Interest receivables from joint ventures of the Volkswagen Group are receivables with an original term of more than one year and are valued at their nominal value.

2.7 *Impairment of fixed assets*

On each balance sheet date, the company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable value; the recoverable value is the higher of the net realisable value and the value in use.

Net realisable value is determined based on the active market. An impairment is directly recognised as an expense in the income statement.

If it is established that a previously recognised impairment no longer applies or has declined, the increased carrying amount of the assets in question is not set higher than the carrying amount that would have been determined had no asset impairment been recognised.

2.8 Current assets

Receivables due from Volkswagen Group companies and joint ventures of the Volkswagen Group

The receivables due from Volkswagen Group companies and joint ventures of the Volkswagen Group are valued at their amortised cost value. All receivables will be received within one year.

Other assets

The swap interest receivables and income tax receivables are shown under other assets and are valued at their amortised cost value.

Prepayments and deferred charges

Accrued income is amortised over the remaining life of the bonds.

Cash at banks and in hand

Cash and bank balances are valued at nominal value and balances denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date.

All cash balances are at the free disposal of the company.

2.9 Equity

The company has no statutory reserve.

2.10 Long-term liabilities

Bonds

The bonds are initially valued at fair value with subsequent measurement at their amortised cost value. All long-term bonds have a maturity of over one year. No assets were pledged as collateral by the company.

Liabilities to banks

The liabilities to banks are initially valued at fair value with subsequent measurement at their amortised cost value. All liabilities have a maturity of over one year.

Liabilities to Volkswagen Group companies

The liabilities to Volkswagen Group companies are initially valued at fair value with subsequent measurement at their amortised cost value. All liabilities have a maturity of over one year.

Other liabilities

The swap interest payables with a run-off period of more than one year are shown under other liabilities and are valued at their amortised cost value.

2.11 Current liabilities

Bonds

The bonds are *initially valued at fair value with subsequent measurement* valued at their amortised cost value. All short-term bonds are payable within one year.

Liabilities to banks

The liabilities to banks are initially valued at fair value with subsequent measurement valued at their amortised cost value. All liabilities are payable within one year.

Liabilities to Volkswagen Group companies

The liabilities to affiliated companies are *initially valued at fair value with subsequent measurement* valued at their amortised cost value. All liabilities are payable within one year.

Other liabilities

The swap interest payables with a run-off period within one year are shown under other liabilities and are valued at their nominal value.

Deferred income

The deferred income concerns premiums and compensations and is amortized over the remaining life of the loans taken.

Deferred income tax

Deferred tax liabilities are recognised to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date or the rates that will apply in the future, insofar as these have been set down by law.

Current income tax

The current Dutch nominal tax rate of 25% has been applied.

Trade payables

The trade payables are valued at their amortized cost value and are payable within one year.

Other accrued liabilities

The accruals are stated at the amount required, based on sound business judgement and valued at the expected costs.

2.12 Financial instruments

Securities included in financial and current assets, as well as liabilities and derivative financial instruments, are stated at cost. The company applies hedge accounting to hedging interest and currency risk on borrowings and lendings. Both the derivative and the hedged item are stated at cost. The gain or loss relating to the ineffective portion is recognised in the income statement within finance cost. For more information about the value of the assets see note 6 and 7, of the liabilities see notes 12 and 13, and of the financial instruments see note 22. The company has no derivative financial instruments other than the ones used for hedging.

Cost price hedge

The company applies cost price hedge accounting to hedging fixed-interest risk and FX-risk on borrowings. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- if the hedged item is recognised at cost in the balance sheet, the derivative instrument is also stated at cost;
- as long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured (this applies, for instance, to hedging currency risks on future transactions);
- if the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in the income statement.

3 Principles of determination of result

3.1 General

Result is determined as the difference between the realisable value of services rendered and the costs and other charges for the year. Results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

3.2 Revenue recognition

Revenue from interest income is allocated to the reporting year in which it occurs. Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the period that they arise

3.3 Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the year that they arise unless hedged (notes 15 and 16).

3.4 Interest income and similar income and interest expenses and similar expenses

Interest income and expenses are recognised on a pro-rated basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognising the interest charges, the transaction cost on the loans received is taken into account.

3.5 Other operating income and expenses

Other operating income and expenses include income and expenses that are not directly attributable to the interest income and expenses.

3.6 General and administrative expenses

These expenses include expenses such as personnel expenses, office expenses, consulting and audit fees and depreciation and amortisation..

Depreciation

Intangible fixed assets are amortised and tangible fixed assets are depreciated over their expected useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

Gains and losses upon the sale of tangible fixed assets are included in other operating income or other operating expenses respectively.

Labour and other costs third party

Services performed by Volkswagen International Finance N.V. ('VIF') for FSNV are charged at a fixed amount. These costs include for example salaries, rental costs and general costs.

3.7 *Taxation*

Profit tax is calculated on the profit before taxation in the income statement, Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

4 **Financial instruments and risks**

4.1 *Market risk*

Currency risk

To avoid risk, the loans to Volkswagen Group companies and to joint ventures of the Volkswagen Group and related funding are generally matched in currency terms. If not, correcting swaps are executed to achieve the matched basis. The small exchange rate exposures during and at the end of 2013 were within the limits set by the Supervisory Board.

Interest rate risk

To avoid risk, the loans to Volkswagen Group companies and to joint ventures of the Volkswagen Group and related funding are generally matched in interest terms. If not, correcting swaps are executed to achieve the matched basis. The small interest rate exposures during and at the end of 2013 were within the limits set by the Supervisory Board.

4.2 *Credit risk*

The risk of default arising from financial assets and derivative financial instruments involves the risk of default by counterparties. The maximum loss from derivative instruments equals their positive fair value. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies.

4.3 *Liquidity risk*

The Supervisory Board has set certain liquidity risk limits. The company monitors the limits on a regular basis. Against the background of the comparatively narrow limits and the strong financial solidity of the Volkswagen Group the liquidity risk is remote. In 2013 no limits were exceeded.

5 Tangible fixed assets

	Tangible fixed assets (other installations, business and office equipment)
	<u>EUR'000</u>
Purchase cost	191
Additions	-
Amortisation/depreciation (accumulated)	(191)
	<hr/>
Book value as at 31 December 2013	0
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Book value as at 31 December 2012	1
	<hr/>
Amortisation/depreciation current year	1
	<hr/>

6 Financial fixed assets

Shares in participations

The company's interests in other companies comprise the following:

Company	Local (original) currency (LC)	Share in issued capital as %	31 December 2013	31 December 2012
			<u>EUR'000</u>	<u>EUR'000</u>
VW Finance Belgium SA, Brussels.	EUR	< 5	1	1
			<hr/>	<hr/>

Loans to Volkswagen Group companies and joint ventures of the Volkswagen Group included in fixed assets

A breakdown of the loans to Volkswagen Group companies and joint ventures of the Volkswagen Group is as follows:

	Original currency	Weighted average interest rate (%)	31 December 2013	
			Book value	Market value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen Group companies	EUR	1.214	761,376	775,996
	GBP	1.573	1,662,332	1,699,031
	SEK	1.497	223,953	227,908
	RUB	7.616	22,607	22,731
	KRW	2.947	255,000	254,795
			2,925,268	2,980,461
Fixed asset loans to joint ventures of the Volkswagen Group	EUR	1.569	103,772	112,248
	TRY	7.847	123,027	109,796
	NOK	2.230	388,617	395,825
			615,416	617,869
Total loans to Volkswagen Group companies and joint ventures of the Volkswagen Group			3,540,684	3,598,330

The market values are determined on the basis of discounted cash flows. Credit spreads were not included in the model used to determine the market value. Since all loans are to Volkswagen Group companies and joint ventures of the Volkswagen Group the credit spread applicable to these loans is equal to the credit spread for the Volkswagen Group. As at December 31 the following credit spreads were applicable to the Volkswagen Group:

	31 Dec 2013	31 Dec 2012
	BPS	BPS
For amounts payable within one year:	0.75	1.67
For amounts payable between one year and five years:	31.75	37.60
For amounts payable after five years	64.40	72.20

For comparison the overview of 2012:

	Original currency	Weighted average interest rate (%)	31 December 2012	
			Book value	Market value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen Group companies	GBP	2.141	1,143,207	1,188,555
	EUR	1.201	726,100	744,235
	SEK	2.020	116,523	117,664
	RUB	8.099	9,879	10,326
	KRW	3.255	125,000	125,929
				2,120,709
Fixed asset loans to joint ventures of the Volkswagen Group	TRY	10.204	136,386	153,800
	NOK	2.355	102,064	103,689
	EUR	2.136	99,443	113,759
				337,893
Total loans to Volkswagen Group companies and joint ventures of the Volkswagen Group			2,458,602	2,557,957
<i>Prepaid and deferred charges</i>			31 Dec 2013	31 Dec 2012
			EUR'000	EUR'000
Other prepaid and deferred charges			5,582	4,687

7 Receivables due from Volkswagen Group companies and joint ventures of the Volkswagen Group

	Original currency	Weighted average interest rate (%)	31 December 2013	
			Book value	Market value
			EUR'000	EUR'000
Current asset receivables due from Volkswagen Group companies excluding interest	EUR	1.097	380,574	383,413
	GBP	2.366	397,728	430,454
	RUB	7.213	112,635	114,461
	SEK	1.591	112,878	113,137
	CZK	0.338	9,987	9,440
Accrued and other receivables			15,318	15,316
			<u>1,029,120</u>	<u>1,066,221</u>
Current asset receivables due from joint ventures of the Volkswagen Group excluding interest	NOK	1.787	370,841	363,415
	EUR	0.455	338,624	339,529
	TRY	9.143	158,035	148,715
Accrued and other receivables			18,032	18,032
			<u>885,532</u>	<u>869,691</u>
Total receivables due from Volkswagen group companies and joint ventures of the Volkswagen group			<u>1,914,652</u>	<u>1,935,912</u>

For the determination of the market values see note 6.

As mentioned in note 2.12 all outstanding loans to Volkswagen Group companies and joint ventures of the Volkswagen Group are hedged with cross-currency interest rate swaps, interest rate swaps and forwards to the bonds and loans from Volkswagen Group companies used to fund the financing activities. As a result the company has principally no exposure to interest rate risk and currency risk.

For comparison the overview of 2012:

	Original currency	Weighted average interest rate (%)	31 December 2012	
			Book value	Market value
			EUR'000	EUR'000
Current asset receivables due from Volkswagen Group companies excluding interest	EUR	2.797	497,369	508,411
	GBP	2.499	606,806	622,803
	RUB	7.115	99,306	103,627
	CZK	0.736	78,812	79,021
	SEK	1.681	207,684	210,097
	AUD	6.660	100,000	116,576
Accrued and other receivables			23,703	23,703
			1,613,680	1,664,238
Current asset receivables due from joint ventures of the Volkswagen Group excluding interest	EUR	0.467	451,041	452,115
	TRY	8.456	116,603	122,927
	NOK	2.019	715,909	725,097
Accrued and other receivables			13,722	13,722
			1,297,275	1,313,861
Total receivables due from Volkswagen group companies and joint ventures of the Volkswagen group			2,910,955	2,978,099

8 Loans to external parties

This balance sheet position contains loans to

Company	Original currency	Weighted average interest rate	Amount In EUR	Maturity
Pon Auto Import Nederland BV, Leusden	EUR	2.116	200,000	24 June 2014
Pon Automotive BV, Leusden	EUR	2.116	150,000	24 June 2014
Pon Holdings BV, Almere	EUR	2.116	150,000	24 June 2014

These Dutch companies do not belong to the Volkswagen Group. The loans are not guaranteed by FSAG.

9 Other assets

	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>
	EUR'000	EUR'000
Swap interest receivables from banks	32,465	30,241
Income tax receivable	8,593	9,067
	<u>41,058</u>	<u>39,308</u>

10 Prepaid and deferred charges

	<u>31 Dec 2013</u>	<u>31 Dec 2012</u>
	EUR'000	EUR'000
Prepaid and deferred charges	13,825	12,697
	<u>13,825</u>	<u>12,697</u>

The prepaid and deferred charges mainly consist of deferred emission costs.

11 Shareholder's equity

	Issued and paid-up share capital	Share premium reserve	Retained earnings	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
Balance as at 1 January 2012	454	853,000	45,807	899,261
Repayment of Contribution to FSAG	-	(128,000)	-	(128,000)
Result for the year 2012	-	-	23,463	23,463
Balance as at 1 January 2013	454	725,000	69,270	794,724
Repayment of Contribution to FSAG	-	(205,000)	-	(205,000)
Result for the year 2013	-	-	16,670	16,670
Balance as at 31 December 2013	454	520,000	85,940	606,394

The Shareholder's equity breaks down as follows:

Share capital

On 31 December 2013 the subscribed capital of the company amounted to EUR 2,270,000 of which an amount of EUR 454,000 was paid-up. 454 registered shares of EUR 1,000 each have been issued.

Share premium reserve

In 2013, FSNV repaid part of the 2012 contribution to the share premium reserve to FSAG, for an amount of EUR 605 million. On the other hand, an amount of EUR 400 million was newly contributed by FSAG, which balanced out to a net decrease of EUR 205 million. The balance of the share premium reserve at the end of 2013 amounted to EUR 520 million.

Retained earnings

At the end of 2013 the total retained earnings amounted to EUR 85.9 million; - the total equity to EUR 606.4 million.

12 Long-term liabilities

	31 Dec 2013	31 Dec 2012
	EUR'000	EUR'000
Bonds listed	2,849,580	1,962,642
Bonds unlisted	129,803	154,266
	2,979,383	2,116,908

A breakdown of the long-term bonds is as follows:

	Original currency	Average interest rate in percentage	31 December 2013	
			Book value	Market value
Maturity within 1 to 5 years				
Bonds listed	EUR	0.782	425,000	444,932
Bonds listed	SEK	1.658	342,964	355,113
Bonds listed	AUD	6.250	120,416	105,440
Bonds listed	CAD	2.313	153,306	141,349
Bonds listed	GBP	1.563	1,199,472	1,213,547
Bonds listed	NOK	2.770	583,088	584,286
Bonds listed	TRY	8.375	25,334	24,524
Bonds unlisted	NOK	3.500	129,803	127,472
Total long-term bonds			2,979,383	2,996,663

Liabilities to Volkswagen Group companies excluding interest

A breakdown of the long-term liabilities to Volkswagen Group companies is as follows:

			31 Dec 2013	31 Dec 2012
	Original currency	Average interest rate in percentage		
		%	EUR'000	EUR'000
Maturity longer than 5 years				
Volkswagen Financial Services AG	EUR	1.263	92,624	97,915
Maturity within 1 to 5 years				
Volkswagen Group Services	EUR	0.620	16,000	32,613
			<u>108,624</u>	<u>130,528</u>

13 Current liabilities

	31 Dec 2013	31 Dec 2012
	EUR'000	EUR'000
Bonds listed	927,965	716,448
Bonds unlisted	19,461	26,038
	<u>947,426</u>	<u>742,486</u>

A breakdown of the current bonds is as follows:

			31 December 2013	
	Original currency	Average interest rate in percentage	Book value	Market value
		%	EUR'000	EUR'000
Maturity less than 1 year				
Bonds listed	EUR	0.470	200,000	223,445
Bonds listed	SEK	2.075	189,590	194,139
Bonds listed	NZD	4.625	72,170	76,043
Bonds listed	GBP	0.714	59,974	60,109
Bonds listed	TRY	8.750	40,534	42,592
Bonds listed	CAD	2.000	77,942	69,283
Bonds listed	NOK	4.250	209,255	217,535
Bonds listed	AUD	5.125	78,500	67,053
Bonds unlisted	JPY	0.520	19,461	17,353
Total current bonds			<u>947,426</u>	<u>967,552</u>

Liabilities to Volkswagen Group companies

A breakdown of the current liabilities, including accrued interest to Volkswagen Group companies is as follows:

	Original currency	Average interest rate in percentage	31 Dec 2013	31 Dec 2012
			EUR'000	EUR'000
Volkswagen Group Services	EUR	0.918	101,613	-
Volkswagen FSAG	EUR	0.685	500	-
Volkswagen AG	EUR		-	71,017
VIF	EUR	0.918	-	8,299
Accrued interest	EUR		605	1,762
			102,718	81,078

14 Other liabilities

	2013	2012
	EUR'000	EUR'000
Loan interest payable	33,516	31,828
Swap interest payable	22,320	17,457
Current income tax	9,020	9,996
Withholding tax payable	700	1,493
Accrued liabilities	62	220
	65,618	60,994

15 Commitments not included in the balance sheet

There are no commitments not included in the balance sheet.

16 Financial income and expenses

Interest and similar income

	2013	2012
	EUR'000	EUR'000
Interest and similar income	131,867	147,558
Interest and similar expenses	109,450	116,607
	22,417	30,951

17 Other operating income

	2013	2012
	EUR'000	EUR'000
Translation gains	27	11
Miscellaneous income previous years	182	-
	<u>209</u>	<u>11</u>

18 Other operating expenses

	2013	2012
	EUR'000	EUR'000
Bank charges	15	20
	<u>15</u>	<u>20</u>

19 General and administrative expenses

	2013	2012
	EUR'000	EUR'000
Labour and other costs third party	655	655
Consulting and auditing fees	99	89
EDP expenses	66	75
SAP FI Project	200	9
General office expenses	4	-
D&O insurance	13	9
	<u>1,037</u>	<u>837</u>

The labour and other costs third party is a charge from VIF for services rendered to FSNV.

20 Depreciation and amortisation expenses

Depreciation and amortisation expenses can be broken down as follows:

	2013	2012
	EUR'000	EUR'000
Depreciation tangible fixed assets (note 5)	1	1
	<u>1</u>	<u>1</u>

21 Independent auditor's fees

The following fees, based on invoices and estimated work orders for accounting and tax services from PricewaterhouseCoopers Accountants N.V., occurred in the reporting year:

	<u>2013</u>	<u>2012</u>
	EUR'000	EUR'000
Audit of the financial statements	35	36
	<u>35</u>	<u>36</u>

No other services were rendered by PwC.

22 Related parties

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

All loans are granted to other group companies. The interest income is mainly derived from these group companies.

For receivables due from Volkswagen Group companies see note 6 and 7.

For liabilities to Volkswagen Group companies see note 12 and 13.

23 Average number of employees

The employees are supplied by VIF. The costs regarding the work performed for FSNV are included in the service charges of EUR 655,200 which are shown under the general and administrative expenses.

24 Financial instruments

The company's policy is to fully hedge its interest rate and exchange rate exposures.

The financial instruments of the company had the following notional amounts:

	Interest swaps	Interest/ currency swaps	FX contracts	Total
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2013	1,850,967	1,935,335	495,717	4,282,019
31 December 2012	730,963	2,060,827	1,044,407	3,836,197

The financial instruments of the company had the following positive or negative market values:

	Interest swaps	Interest/ currency swaps	FX contracts	Total
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2013	-8,693	-51,767	13,420	-47,040
31 December 2012	-6,480	-10,235	-6,010	-22,725

25 Taxation

The taxation on the result of T EUR 4,903 can be specified as follows:

	2013	2012
	EUR'000	EUR'000
Result before taxation	21,573	30,104
Taxation on result	4,903	6,641
Effective tax rate	22,7%	22,1%
Applicable tax rate	25%	25%

The difference between these rates has occurred because of tax returns for previous years.

26 Directors and supervisory directors

On July 1, 2013, Mr. B. Bätge resigned from the Management Board and was replaced by Mr. T. Fries.

Management Board:

- Thomas Fries, Amsterdam
- Bernd Bode, Hannover

Supervisory Board:

- Frank Fiedler, Braunschweig

The Management and Supervisory Board have not received any remuneration for 2013.

The Management Board has declared that to the best of its knowledge:

1. the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and
2. the management report gives a true and fair view of the company's situation on the balance sheet date, the events that occurred during the year and the risks to which the company is exposed.

Amsterdam, 17 March 2014

Management Board

Supervisory Board

Original has been signed by
T. Fries

Original has been signed by
F. Fiedler

Original has been signed by
B. Bode

Other information

Profit appropriation according to the Articles of Association

The company's Articles of Association provide that appropriation of accrued profit is subject to the decision of the shareholders at the general meeting of shareholders. The company can only make distributions to the shareholders and other persons entitled up to an amount which does not exceed the amount of the distributable reserves. The general meeting may resolve to pay dividends from legally distributable reserves.

Proposed appropriation of profit

Management proposes to retain the 2013 profit of EUR 16,670,200.10 .

Post balance sheet events

No post balance sheet events occurred.



Independent auditor's report

To the general meeting of Shareholders of Volkswagen Financial Services N.V.

Report on the financial statements

We have audited the accompanying financial statements 2013 of Volkswagen Financial Services N.V., Amsterdam, which comprise the balance sheet as at 31 December 2013, the income statement for the year then ended, the cash flow statement and the notes, comprising a summary of accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Volkswagen Financial Services N.V. as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

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Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Rotterdam, 17 March 2014
PricewaterhouseCoopers Accountants N.V.

Original has been signed by: M.P.A. Corver RA