

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



The Key to Mobility

Creating Value with Financial Services

Meeting Citi – 11 May 2017

Frank Fiedler, CFO Volkswagen Financial Services AG

Disclaimer

The following presentations contain forward-looking statements and information on the business development of the Volkswagen Group. These statements may be spoken or written and can be recognized by terms such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words with similar meaning. These statements are based on assumptions relating to the development of the economies of individual countries, and in particular of the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given involve a degree of risk, and the actual developments may differ from those forecast. The Volkswagen Group currently faces additional risks and uncertainty related to pending claims and investigations of Volkswagen Group members in a number of jurisdictions in connection with findings of irregularities relating to exhaust emissions from diesel engines in certain Volkswagen Group vehicles. The degree to which the Volkswagen Group may be negatively affected by these ongoing claims and investigations remains uncertain.

Consequently, a negative impact relating to ongoing claims or investigations, any unexpected fall in demand or economic stagnation in our key sales markets, such as in Western Europe (and especially Germany) or in the USA, Brazil or China, will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna.

If any of these or other risks occur, or if the assumptions underlying any of these statements prove incorrect, the actual results may significantly differ from those expressed or implied by such statements.

We do not update forward-looking statements retrospectively. Such statements are valid on the date of publication and can be superseded.

This information does not constitute an offer to exchange or sell or an offer to exchange or buy any securities.

Volkswagen Group – Leveraging the strength of the three pillars

VOLKSWAGEN

AKTIENGESELLSCHAFT

Automotive Division

Financial Services Division

Passenger Cars

Commercial Vehicles / Power Engineering

Volkswagen Financial Services



ŠKODA



BENTLEY



BUGATTI



PORSCHE



DUCATI

Remaining companies



Commercial
Vehicles



SCANIA



VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

Financial Services

USA / Canada / Spain

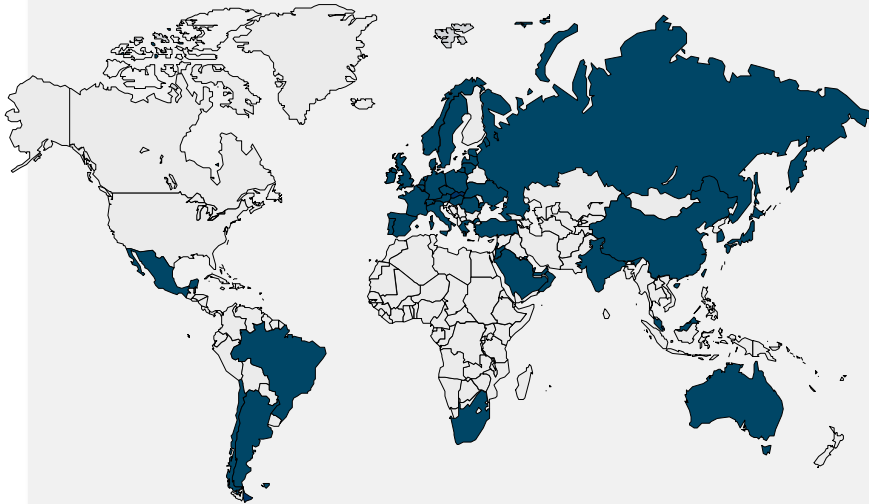
Incl. Porsche Financial Services

Scania Financial Services

Porsche Holding Financial Services

Volkswagen Financial Services AG at a Glance (12/31/2016)

Worldwide presence

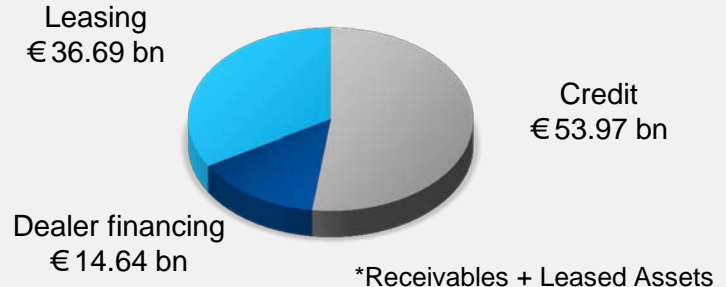


Volkswagen Financial Services
conducts business in **49 countries**

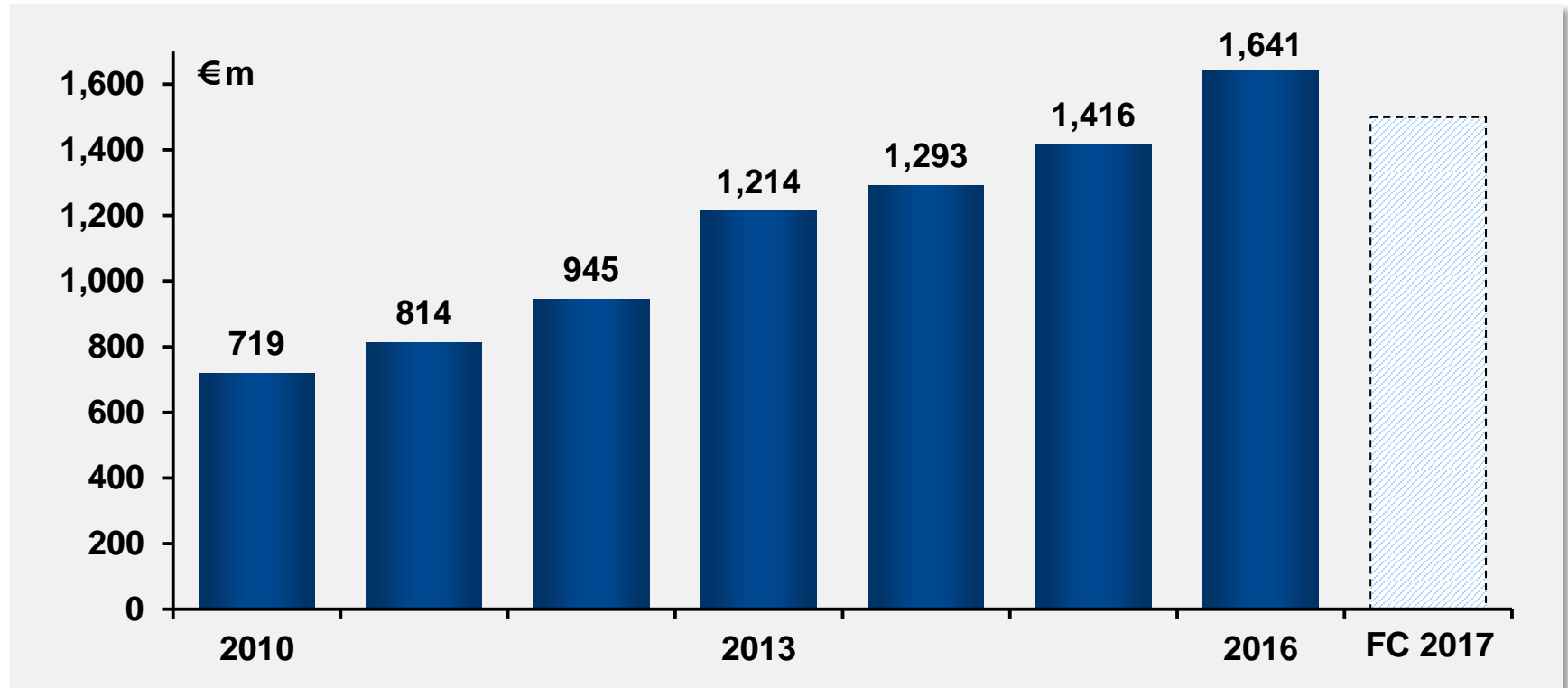
Key company figures

Total assets	€ 130.1 bn
Equity	€ 16.95 bn
Customer deposits	€ 36.1 bn
Operating profit	€ 1.6 bn
Employees	11,819
Contracts (units)	13.2 m

Business Volume* € 105.3 bn

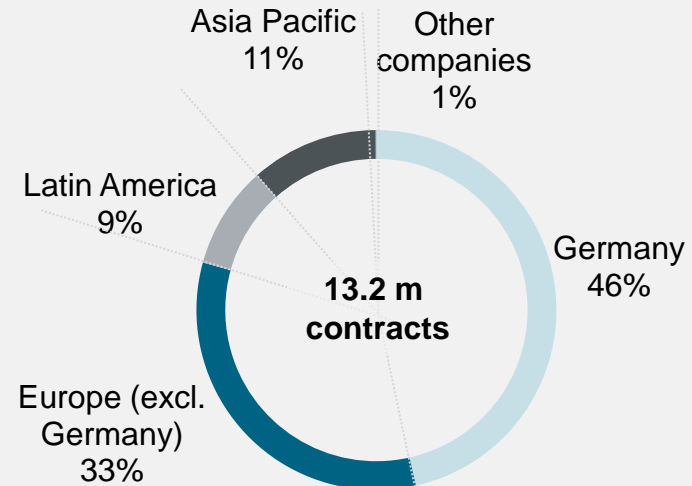
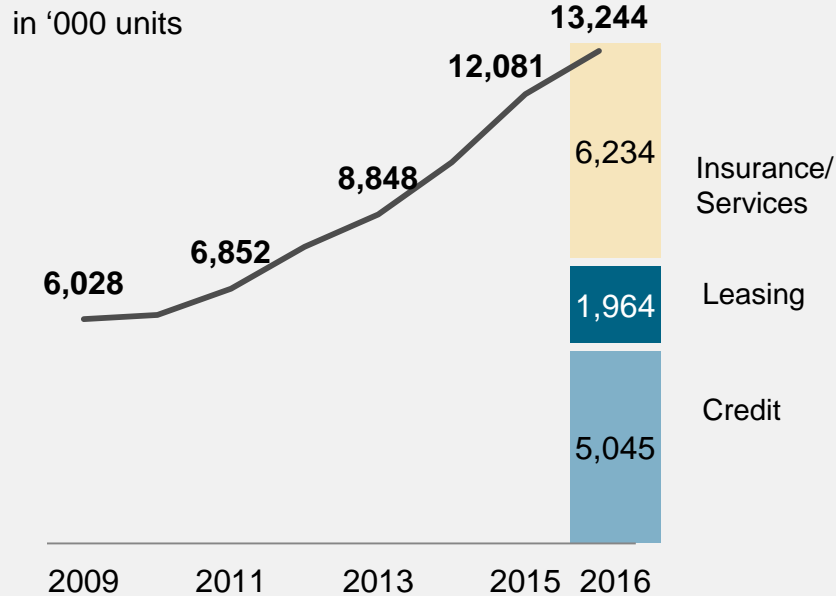


Operating Income Volkswagen Financial Services AG











Contract portfolio Volkswagen Financial Services AG

Continuous portfolio expansion



We offer the whole range of services under one roof*

Volkswagen Financial Services

BANK		LEASING	INSURANCE	MOBILITY			PAYMENT
Bank	Direct Bank	Leasing	Insurance	Services	Rental	Parking	Payment
							
<ul style="list-style-type: none"> • Retail Finance • Dealer Stock Finance • Factoring 	<ul style="list-style-type: none"> • Deposits • Instalment Credit • Investment Products 	<ul style="list-style-type: none"> • Finance Lease • Operating Lease 	<ul style="list-style-type: none"> • Motor Insurance • Warranty • Credit Protection • GAP Insurance • Industry 	<ul style="list-style-type: none"> • Fleet Management • Service & Maintenance • Tyres • Fuel & Service Card and Charge & Fuel Card 	<ul style="list-style-type: none"> • Long-term rental • Short-term rental • Carsharing 	<ul style="list-style-type: none"> • On- and off-street solution 	<ul style="list-style-type: none"> • Payment platform • Mobile Payments • Mobile Wallet • Toll services

*Displayed portfolio depends on the market; products offered or mediated by different operative subsidiaries.

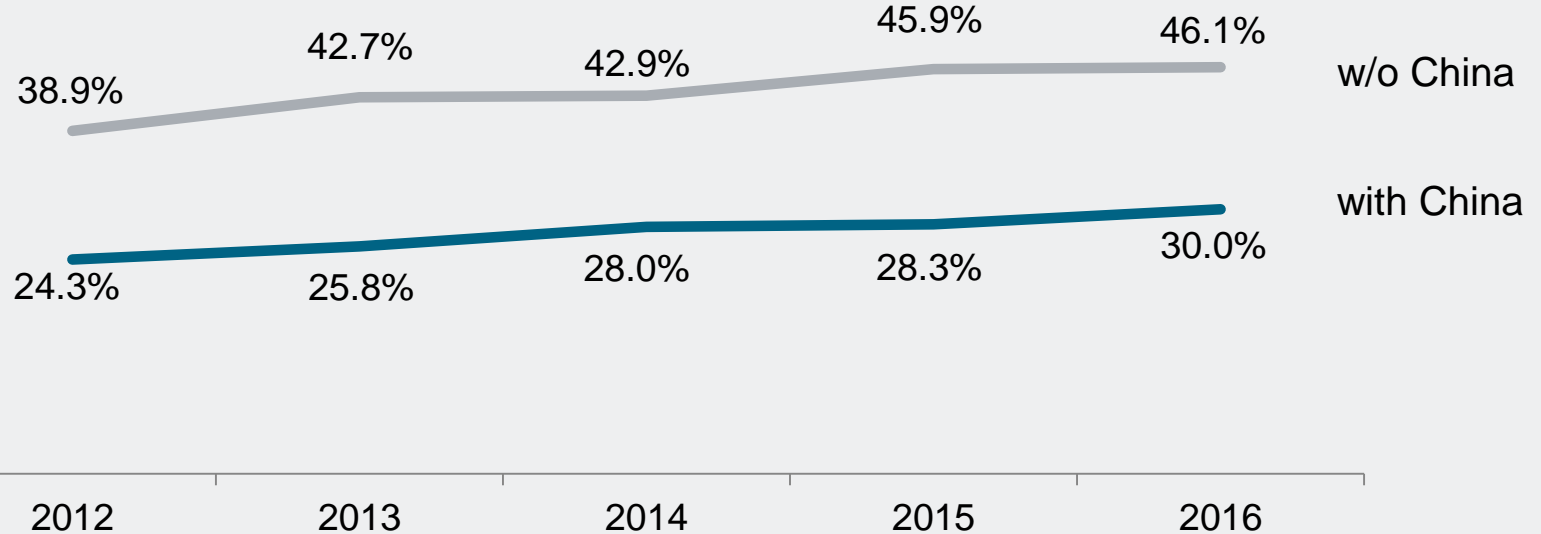
Strong Benefits for Automotive through Captive



Source: AKA – Automobilbanken 2016, Study of puls Marktforschung GmbH

Penetration Volkswagen Financial Services AG

Rising penetration rates



Creating Value

Dealers



VOLKSWAGEN FINANCIAL SERVICES

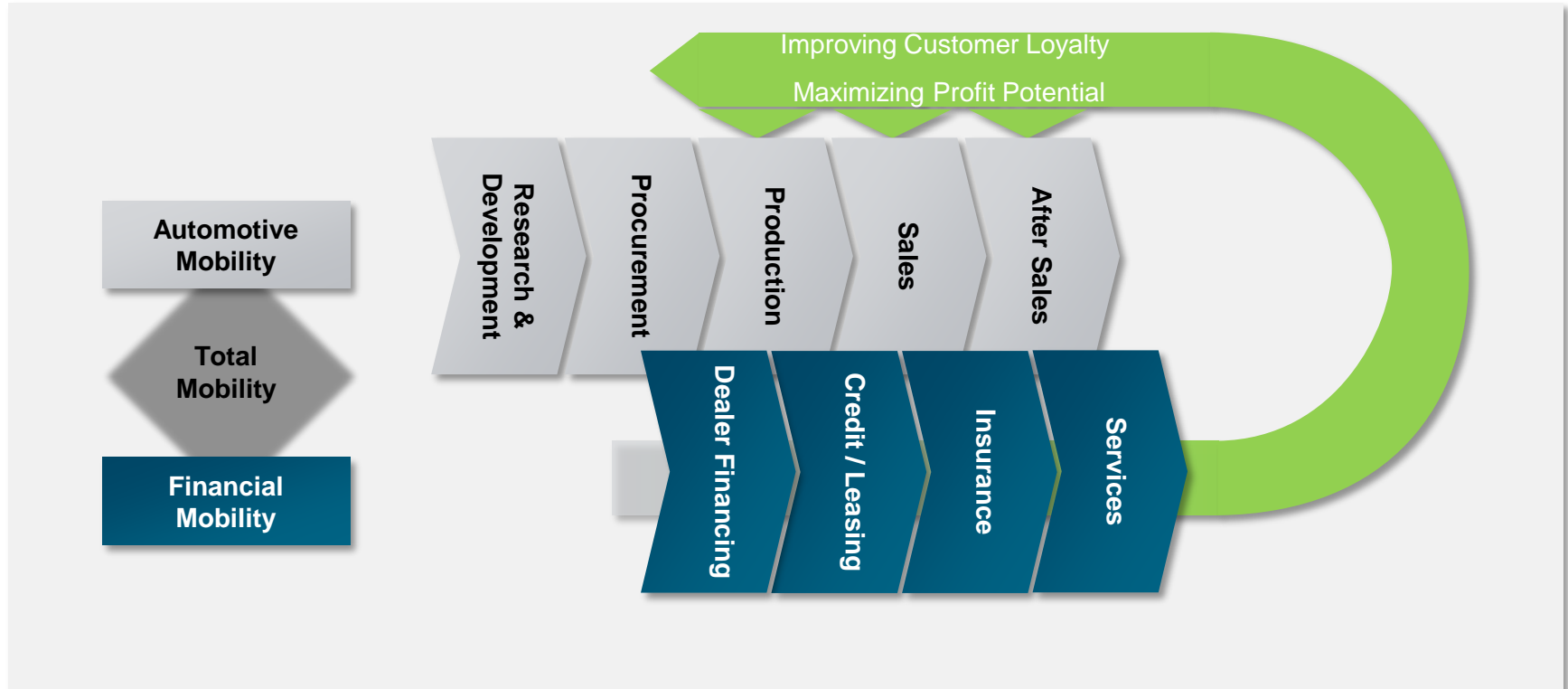
THE KEY TO MOBILITY



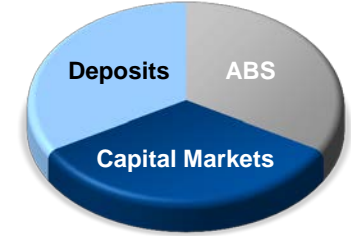
Brands

Customers

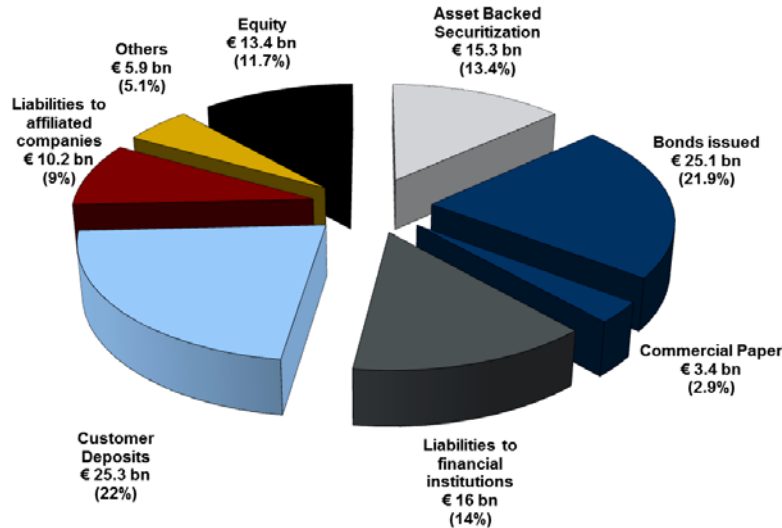
Integrating Automotive and Financial Services



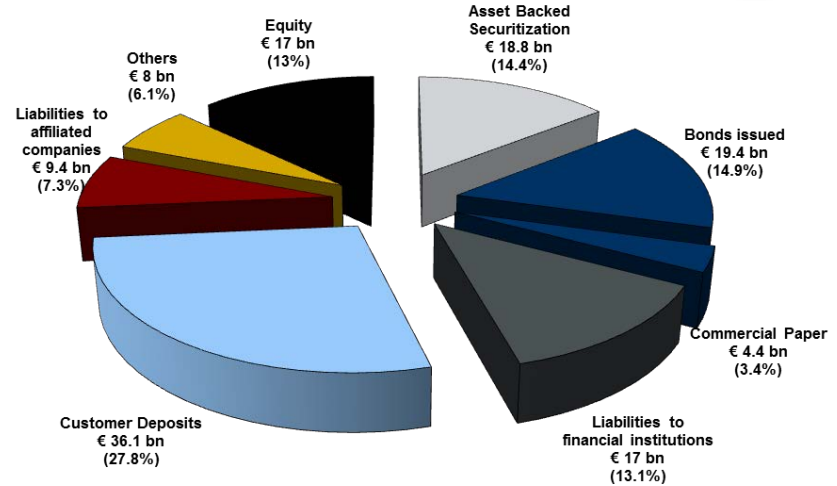
Funding structure Volkswagen Financial Services AG*



Total €114.6 bn



Total €130.1 bn



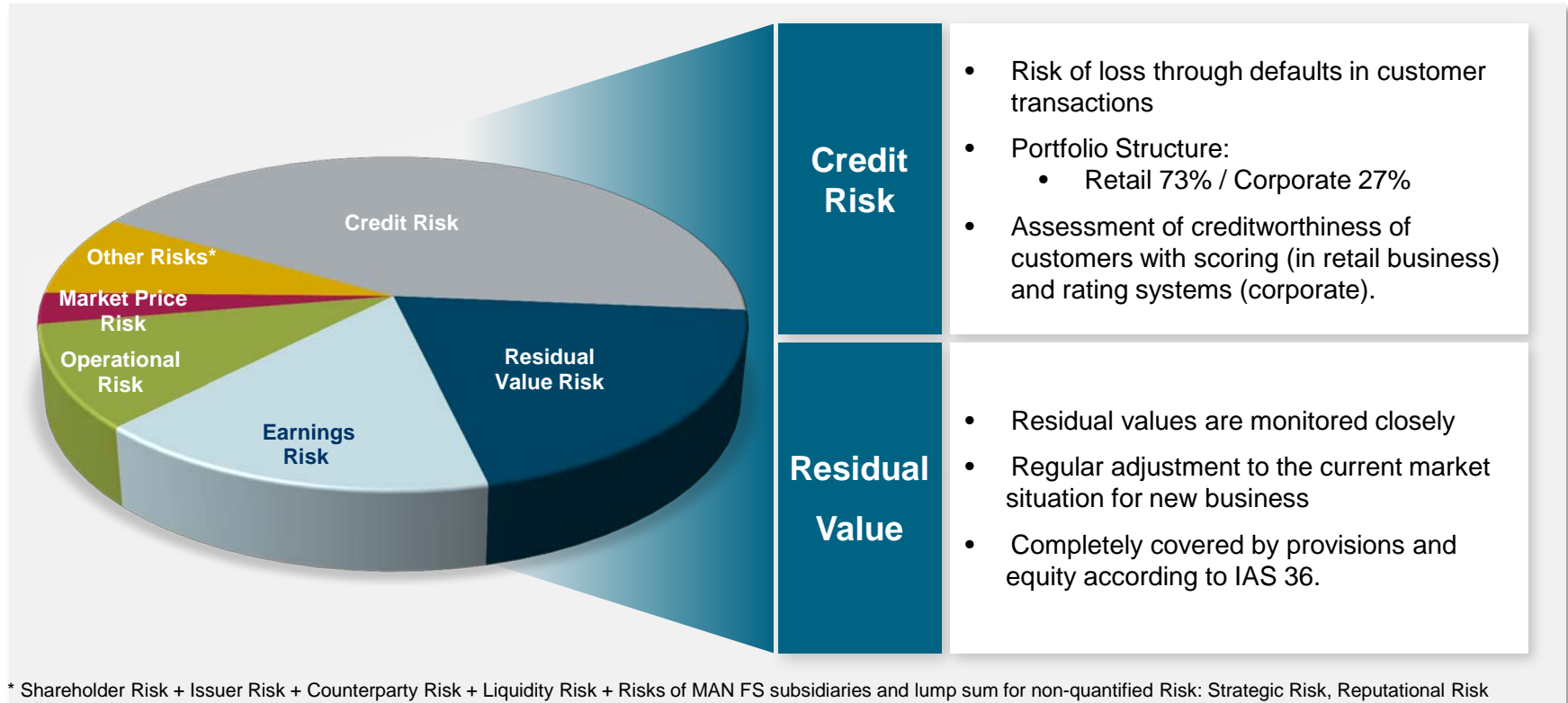
* strategic funding allocation

as of 30 September 2015

* strategic funding allocation

as of 31 Dezember 2016

Risk management



Development of residual values in EU5



Still no significant impact with respect to emissions issue, neither at Volkswagen group nor at other OEMs. Diesel residual value development still in normal range.



No significant residual value impact in UK by emission issue.



Development of Diesel residual values within the normal range. Market share of Diesel cars is decreasing.



Used car market stable, but overall low residual value level in comparison with other European markets. Slightly increasing residual value level in the coming years expected.

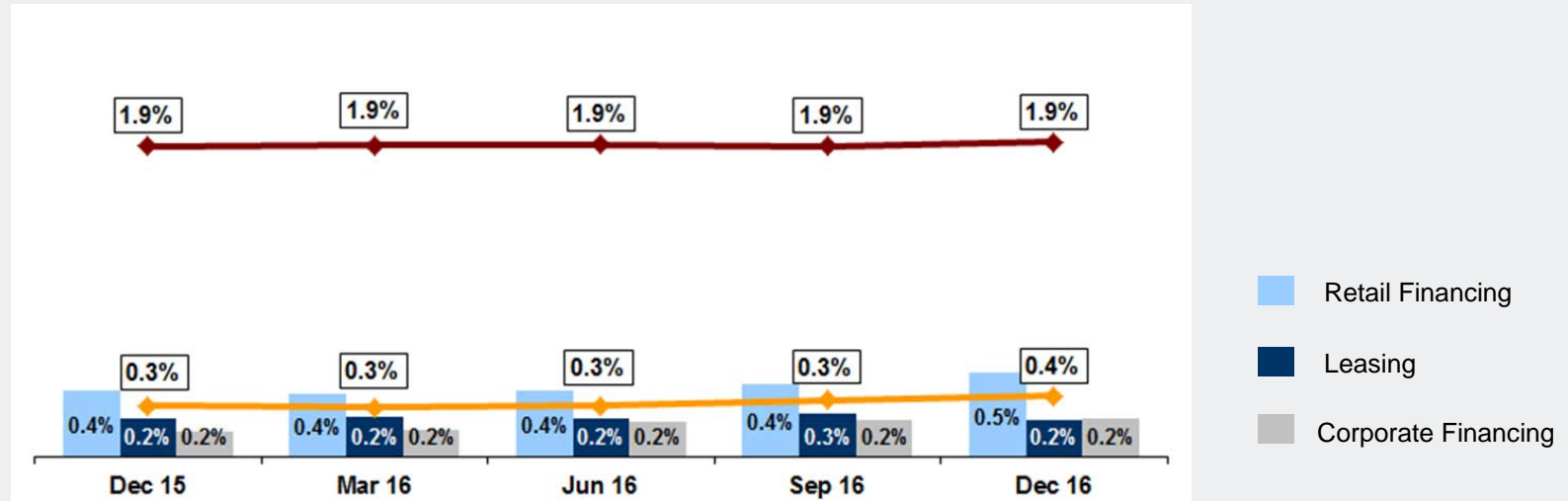


Diesel residual value development within the normal range.

In 2016, there was no direct impact on residual values of used vehicles from the Diesel Issue in Europe. The markets in Germany, France, UK, Italy and Spain moved within their usual bandwidths.

Volkswagen Financial Services AG – Credit risks

Credit risk remains at low level despite challenging market environment



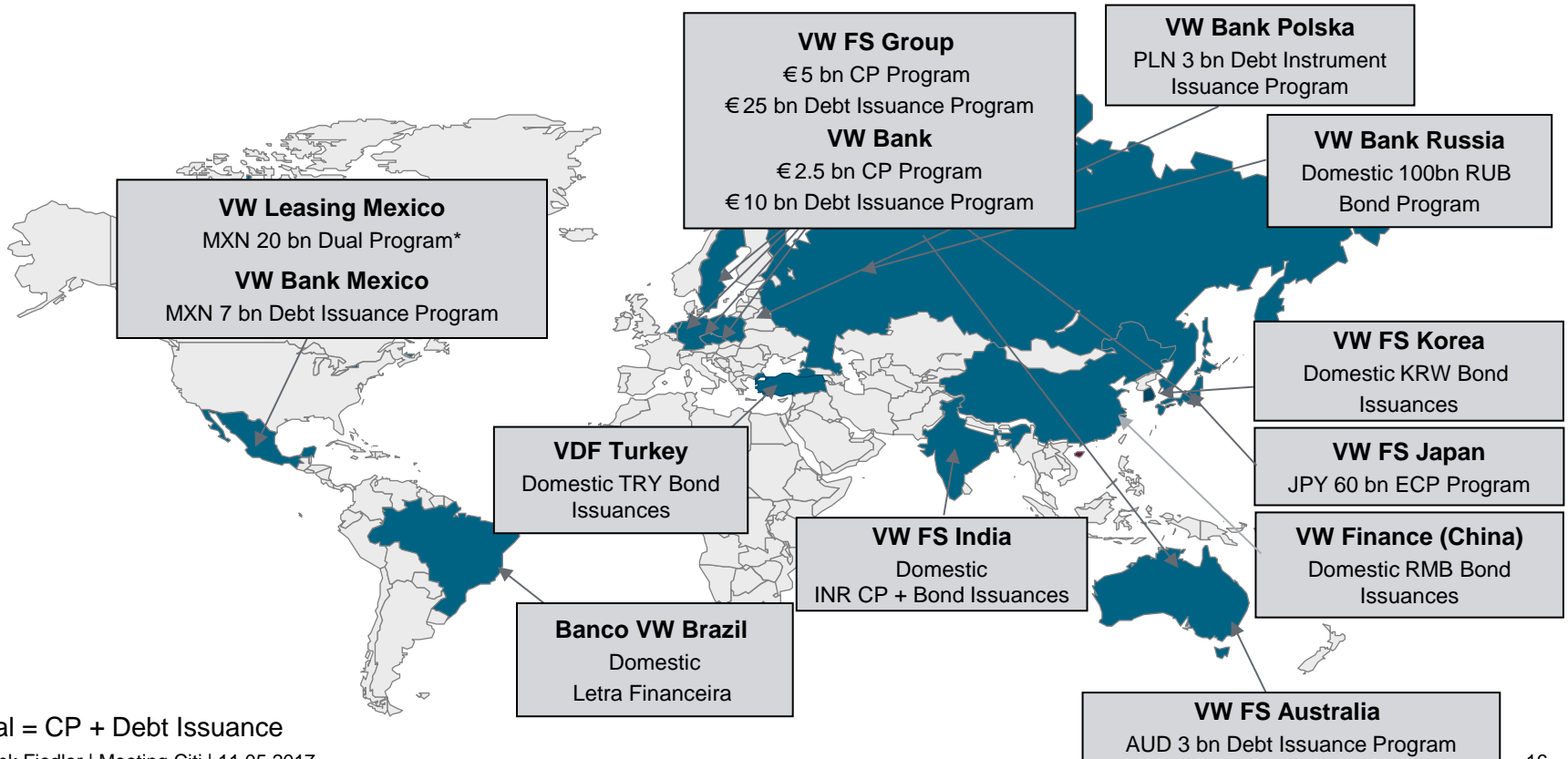
◆◆ Total Provision Ratio

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

◆◆ Ø Dynamic Loss Ratio

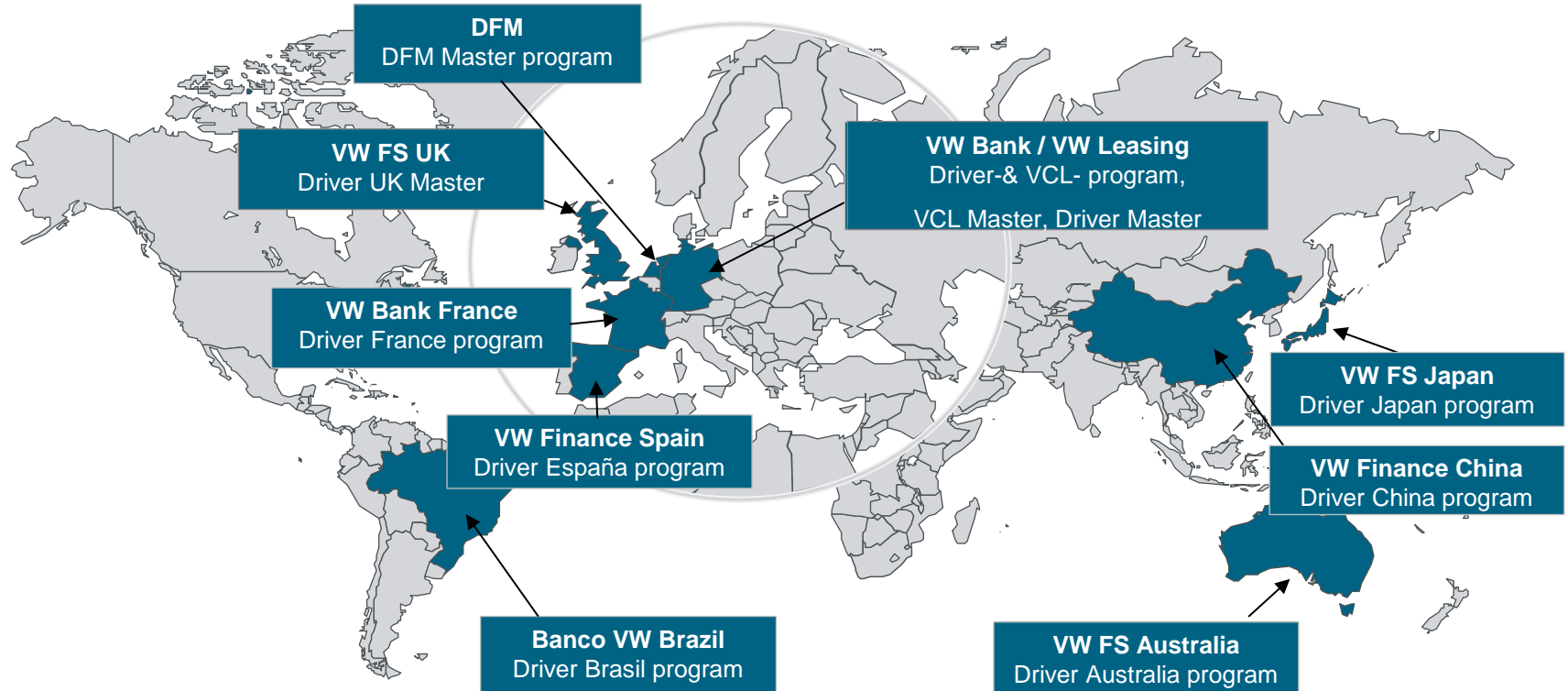
Dynamic Loss Ratio = drawings on provisions including direct write-offs relative to the average volume of receivables (last four quarters)

Worldwide Capital Market Activities



*Dual = CP + Debt Issuance

Worldwide ABS Activities





VISION

WE ARE THE KEY TO MOBILITY

WHAT

CUSTOMERS

EMPLOYEES

**OPERATIONAL
EXCELLENCE**

PROFITABILITY

VOLUME

STRATEGIC
DIMENSIONS



STRATEGIC
TARGETS

- Satisfied Customers

- Top Employer
- Top Employees

- Compliance & Governance
- Process Efficiency
- IT-Excellence

- Total Operating Income
- 20% ROE
- 50% CIR

- 30M Contracts
- 50% Extended Penetration

The world keeps turning | Focus on additional topics

Digitalisation



Used Car Business



Operational Excellence

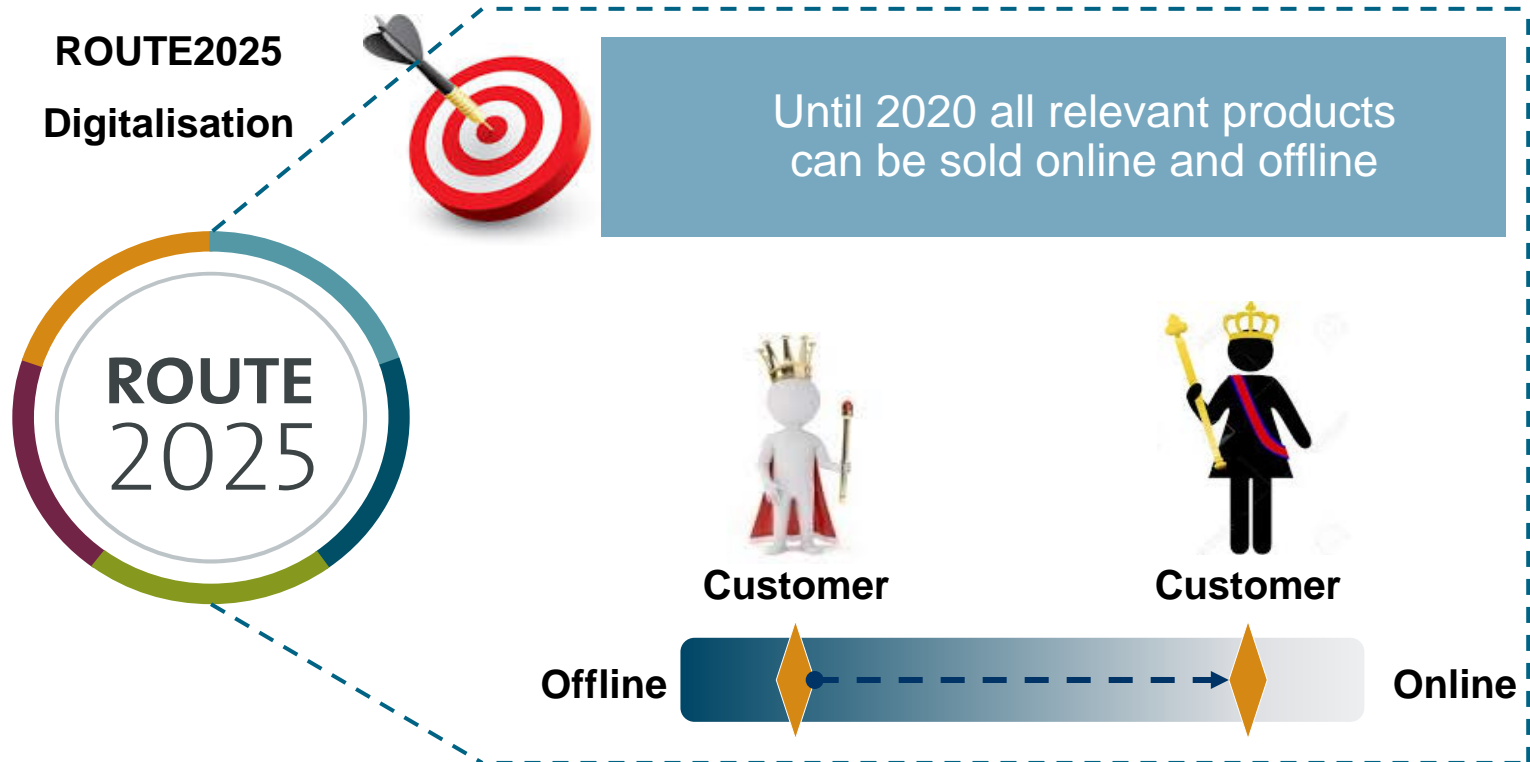


Growth Market China





Digitalisation: Our target



Project Panda | Objectives



Reduction of regulatory supervision



Reduce equity requirements



Agile for new business models

Outlook

Assuming that margins remain stable in the coming year, the operating profit in fiscal year 2017 would be at least at the level achieved in fiscal year 2015.

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Thank You.

Volkswagen Financial Services AG

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