

# VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT



## Volkswagen Financial Services AG – The Key to Mobility

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Fixed Income Investor Update – June 2012

**Bernd Bode**

Head of Group Treasury  
and Investor Relations  
Volkswagen Financial Services

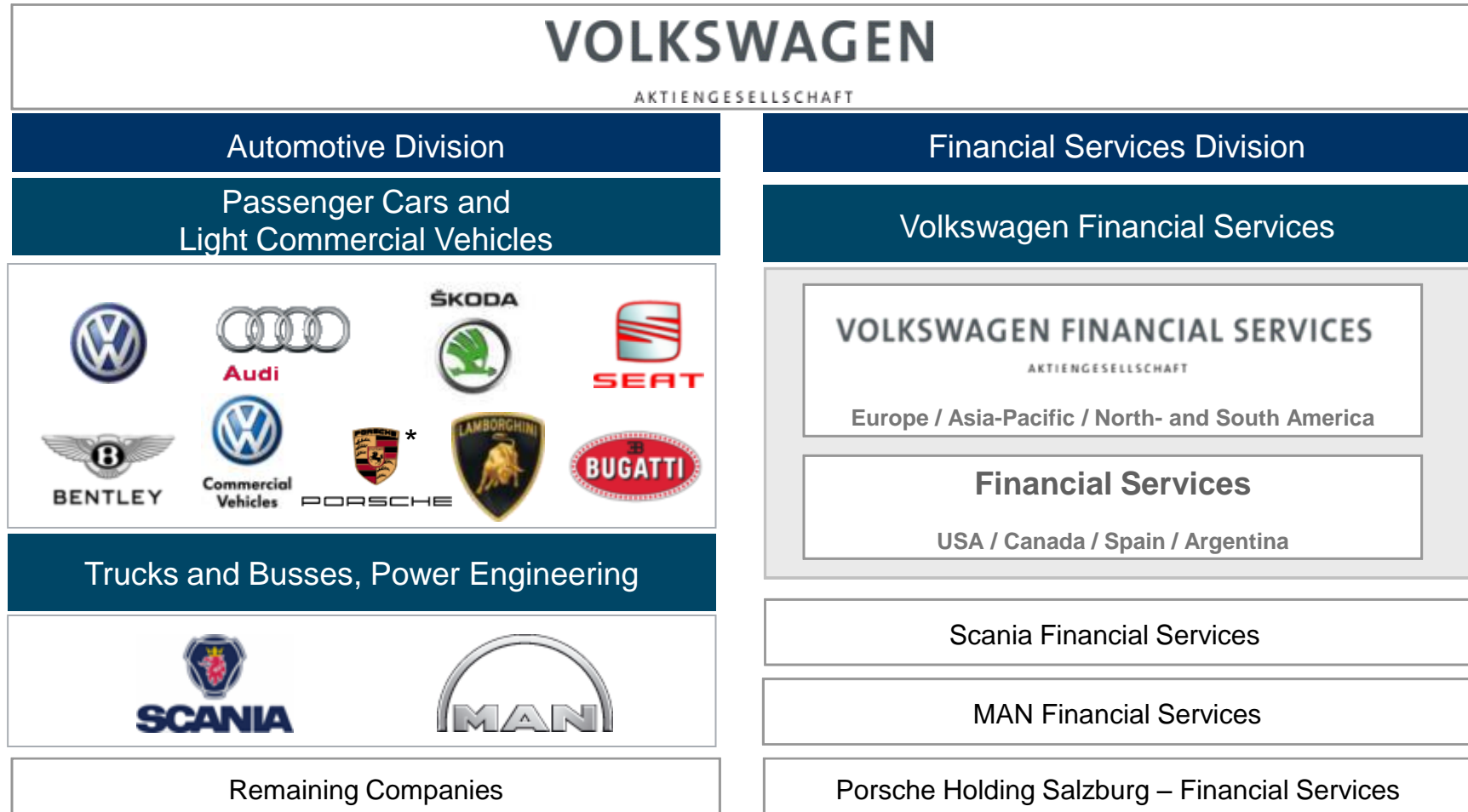
**Ulrich Hauswaldt**

Investor Relations  
Volkswagen Financial Services AG

# Agenda

- Volkswagen Financial Services – Company Overview
- Preparing for the Future – Implementing our Strategy WIR2018
- Management of Risks
- Funding Strategy – Volkswagen Financial Services AG
- Financial Figures
- Outlook 2012

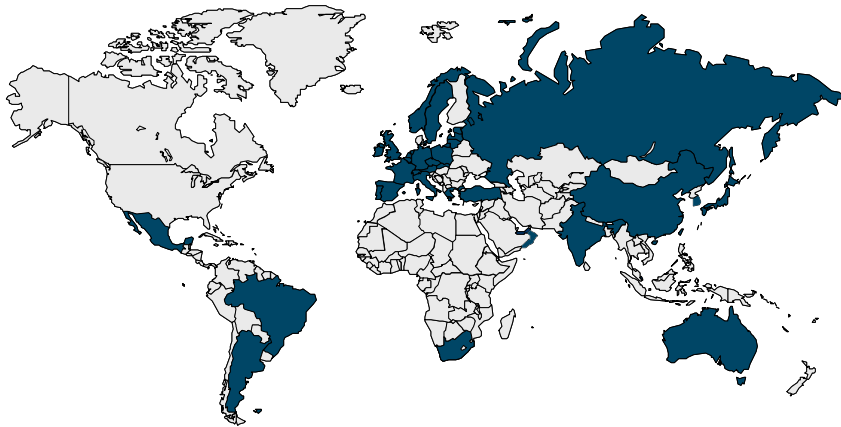
# Volkswagen Group Structure – Two Strong Divisions



\* 49.9% stake in Porsche Zwischenholding GmbH since 7 December 2009

# Volkswagen Financial Services AG at a glance (12/31/2011)

## Worldwide presence

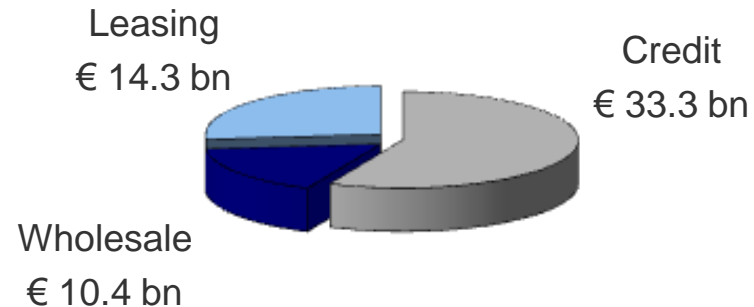


Directly, as well as through equity participations and service contracts, Volkswagen Financial Services AG offers financial services for the Volkswagen Group brands in **38** countries worldwide.

## Company figures

Total assets	€ 76.95 bn
Equity	€ 7.70 bn
Customer deposits	€ 23.80 bn
Employees	7,322
Receivables	€ 57.93 bn

## Receivables



# A wide range of products around the car

1.

„Ownership“

## Bank

- Retail Finance
- Dealer Finance

## Leasing

- Finance Lease
- Operating Lease

2.

SERVICES

## Insurance

- Automotive
- Warranty
- Payment Protection

## Services

- Fleet Management
- Gas Card
- Tyre
- Wear & Tear

3.

FLEXIBILITY

## New Mobility

- Micro Mobility
- Mobile Online Services
- Short Term Rental

## Direct Banking

- Deposits
- Instalment Loans
- Brokerage Products

Das Auto



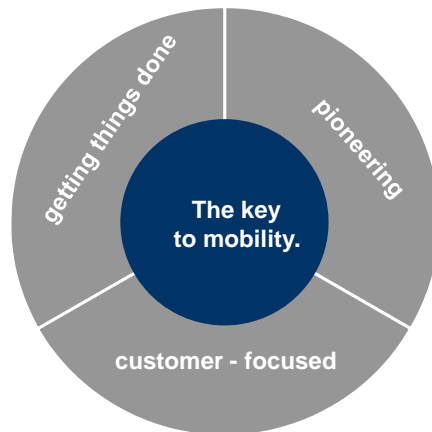
# Volkswagen Financial Services: Strategy WIR2018

## VISION

VOLKSWAGEN FINANCIAL SERVICES  
AKTIENGESELLSCHAFT

**The best automotive financial services group in the world.**

## BRAND GUIDELINE



## STRATEGIC GOALS

### Customers

- To be the most attractive supporter of sales for the brands
- To be the quality leader in business with customers and dealers

### Employees

- We are a top team !

### Profitability

- 20% ROE<sup>1)</sup> with 50% CIR

### Volume

- Comprehensive support for the Volkswagen Group Brands
  - To cover at least every 2nd new car from the Volkswagen Group with one or more FS products
  - To become market leader for financial services products for young used cars of the Volkswagen Group

<sup>1)</sup> excl. LeasePlan, factoring, employee leasing; based on the necessary capital to run the business (today 8%)

# Volkswagen Financial Services Supports Launch of up!: Integrated Concept for Financial Services

**Monthly rate incl.**



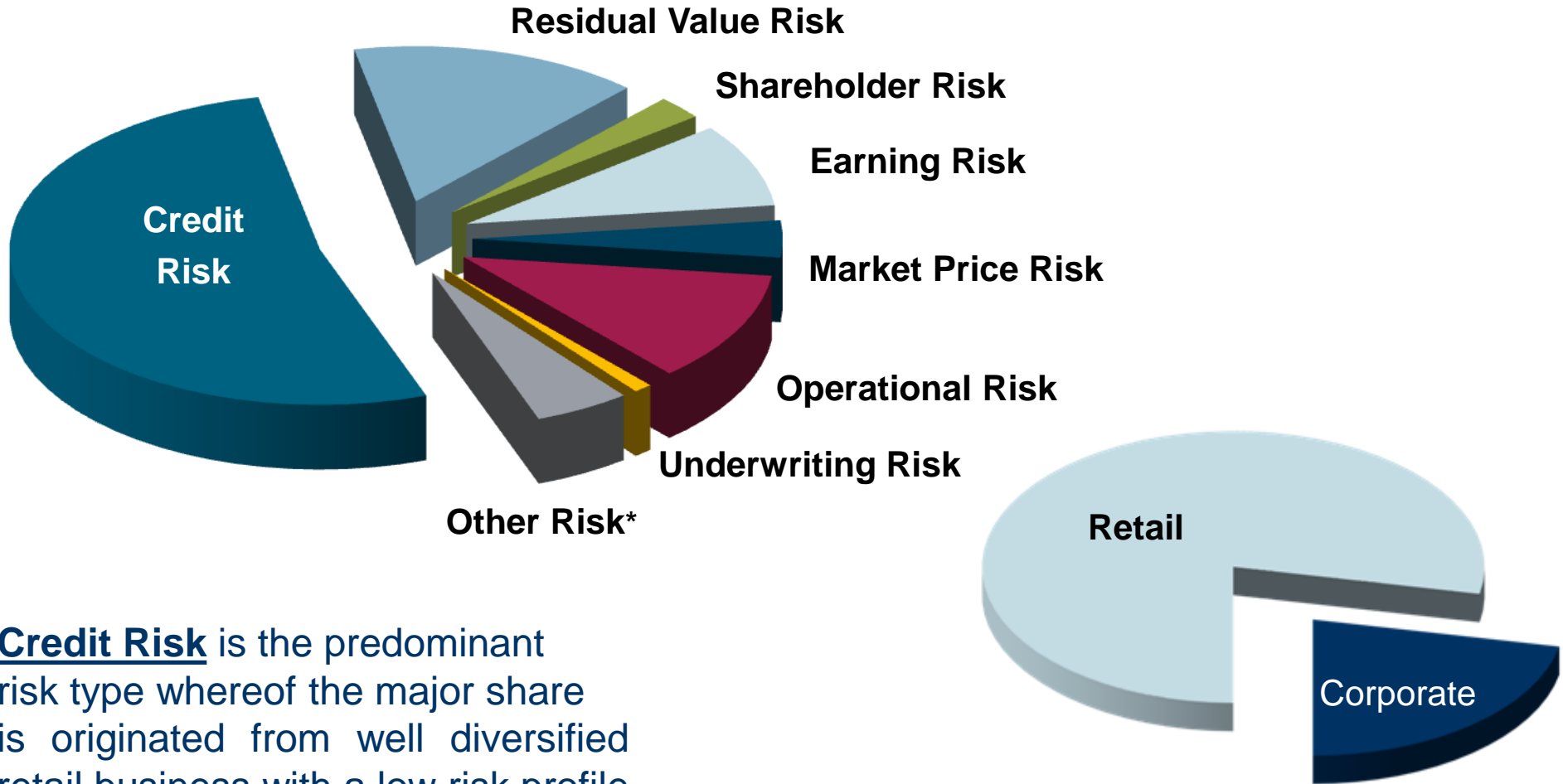
## Benefit Customer

- Cost Transparency (“All In One”)
- Affordability
- Facilitating sales process

## Benefit Brand Volkswagen

- Secure Profitability per Customer
- Secure Volume Targets
- Increase Customer Satisfaction

# Risk Profile of Volkswagen Financial Services AG



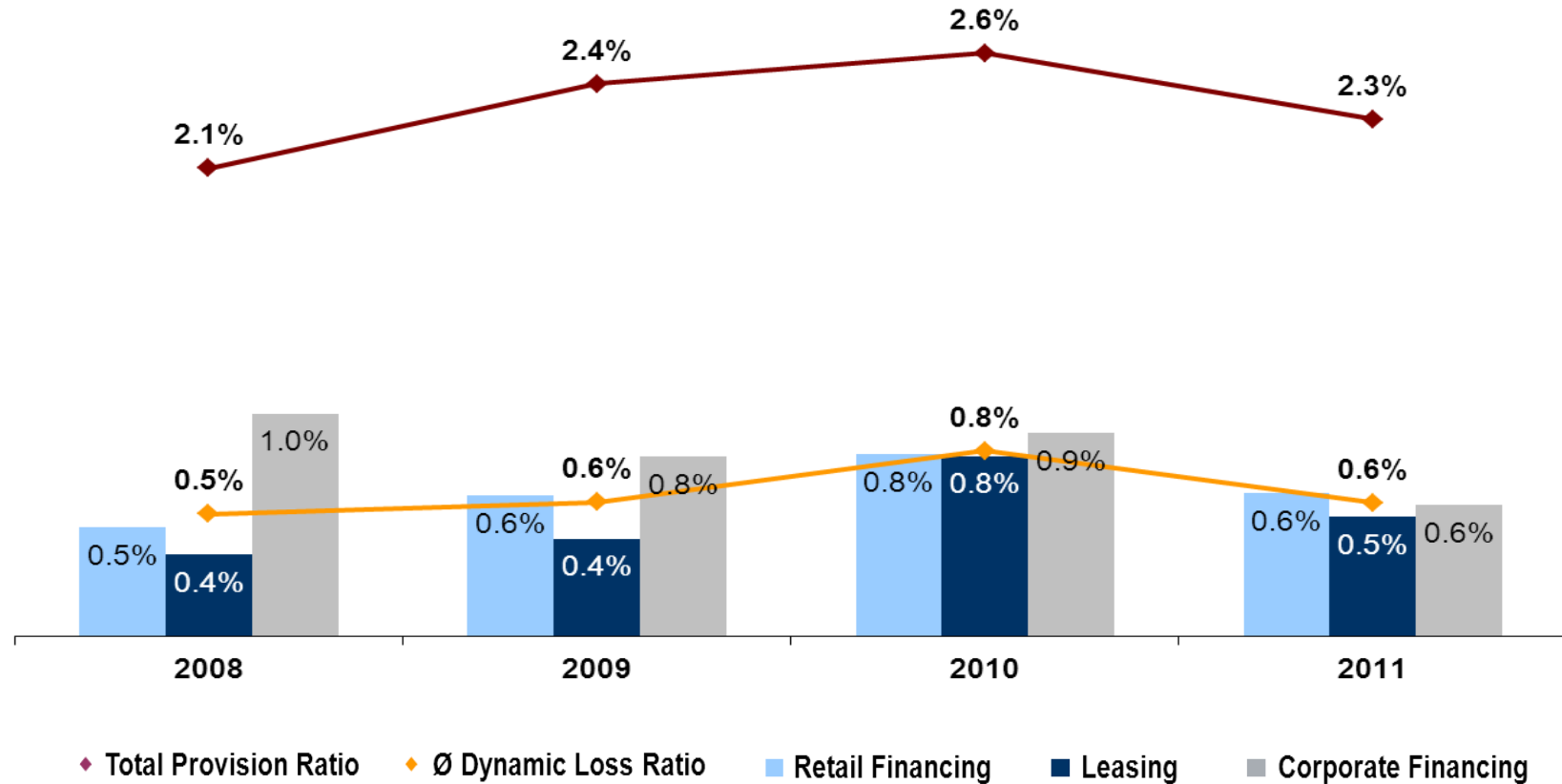
**Credit Risk** is the predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile

\* Liquidity Risk, Strategic Risk, Reputational Risk

as of 12/31/2011



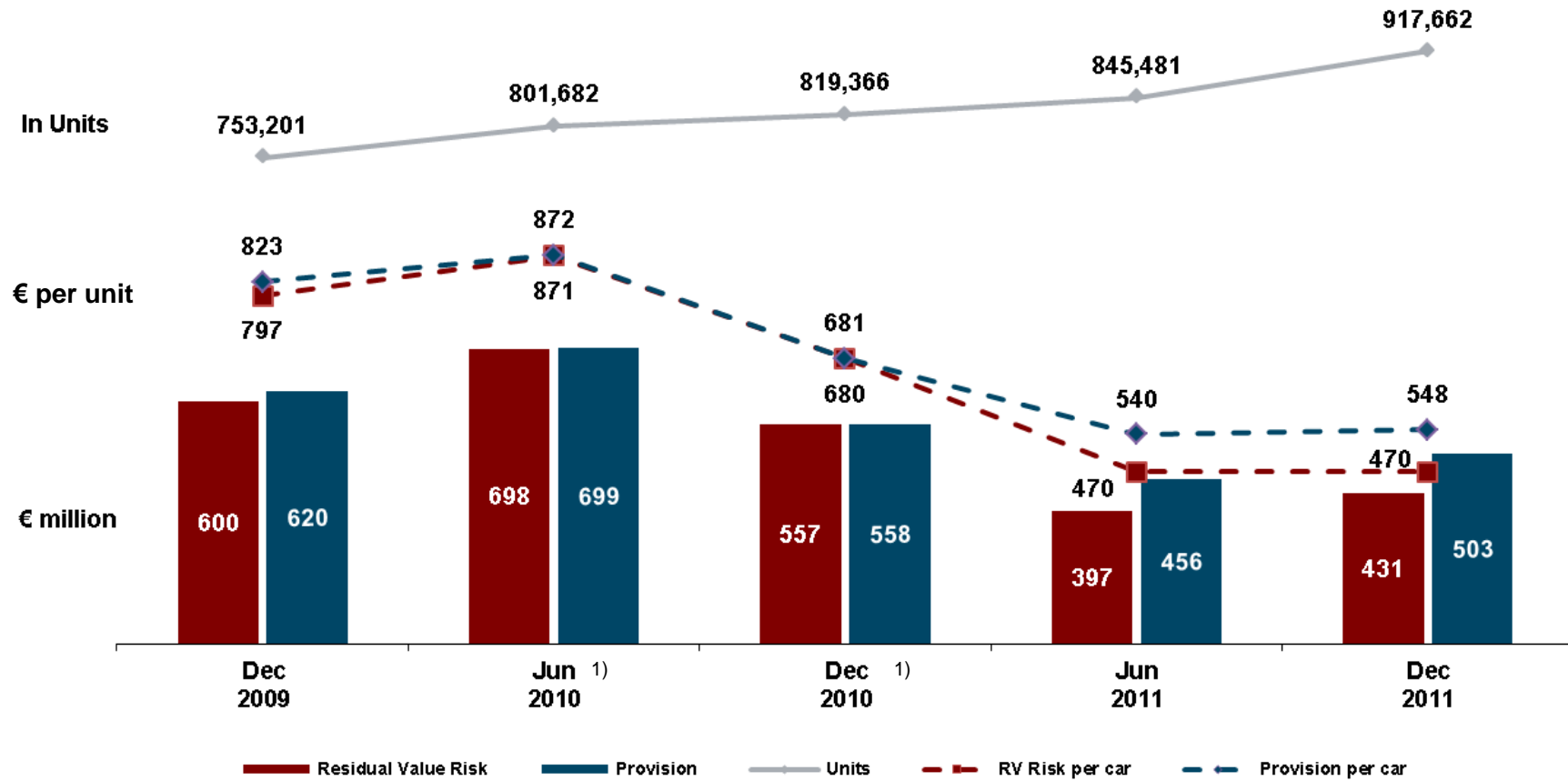
# Total Provision and Dynamic Loss Ratio – VW FS AG



The credit risk losses are under control and completely covered by provisions

# Residual Value Risk

## December 2009 - December 2011

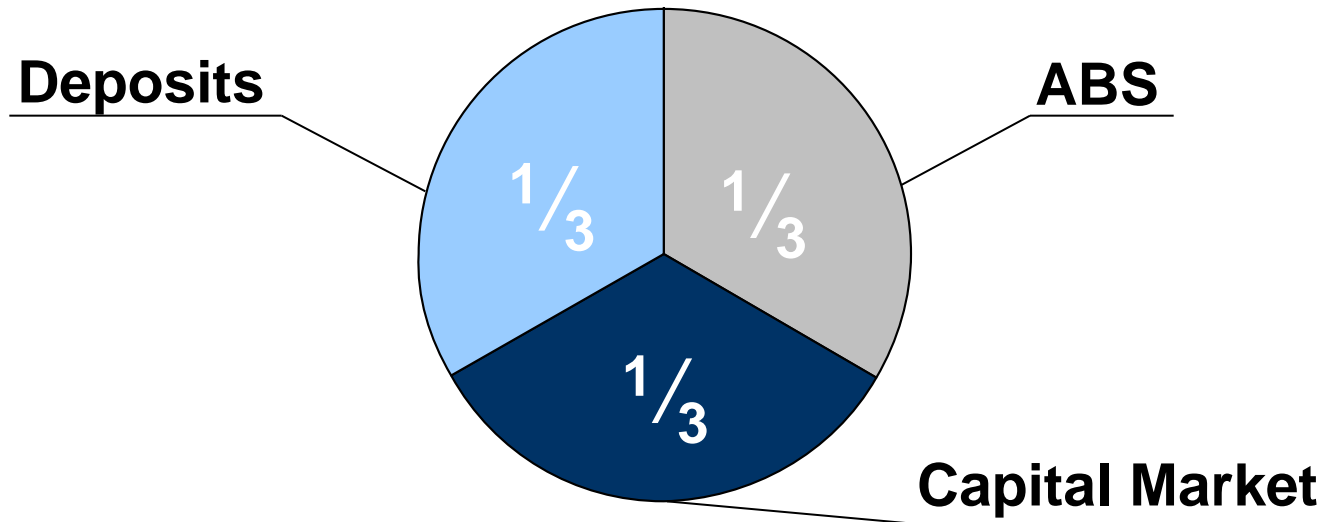


1) Re-calculation of EL in UK (harmonisation to FS standards)

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- **Funding Strategy – Volkswagen Financial Services AG**
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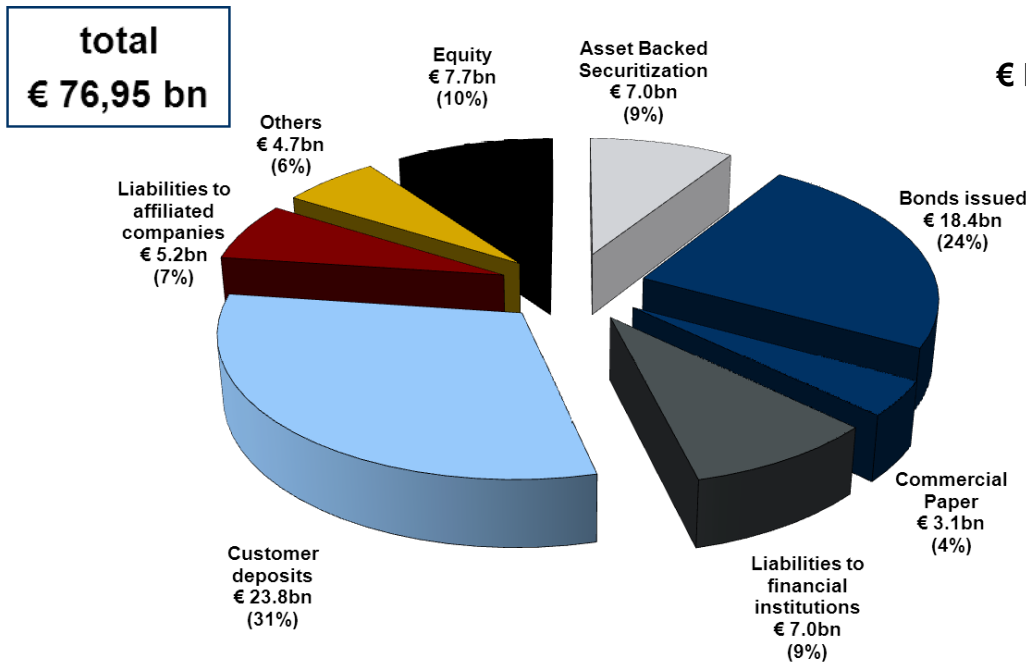
## Refinancing Strategy



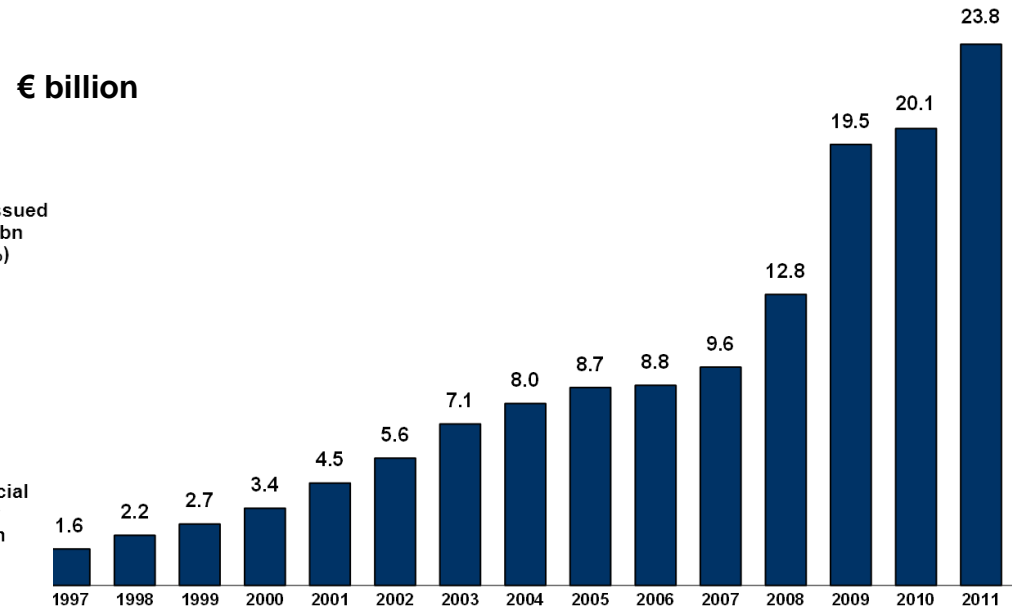
Focus on three fundamental funding sources

# Volkswagen Financial Services AG: successful, diversified and automotive-independent funding structure

## Funding

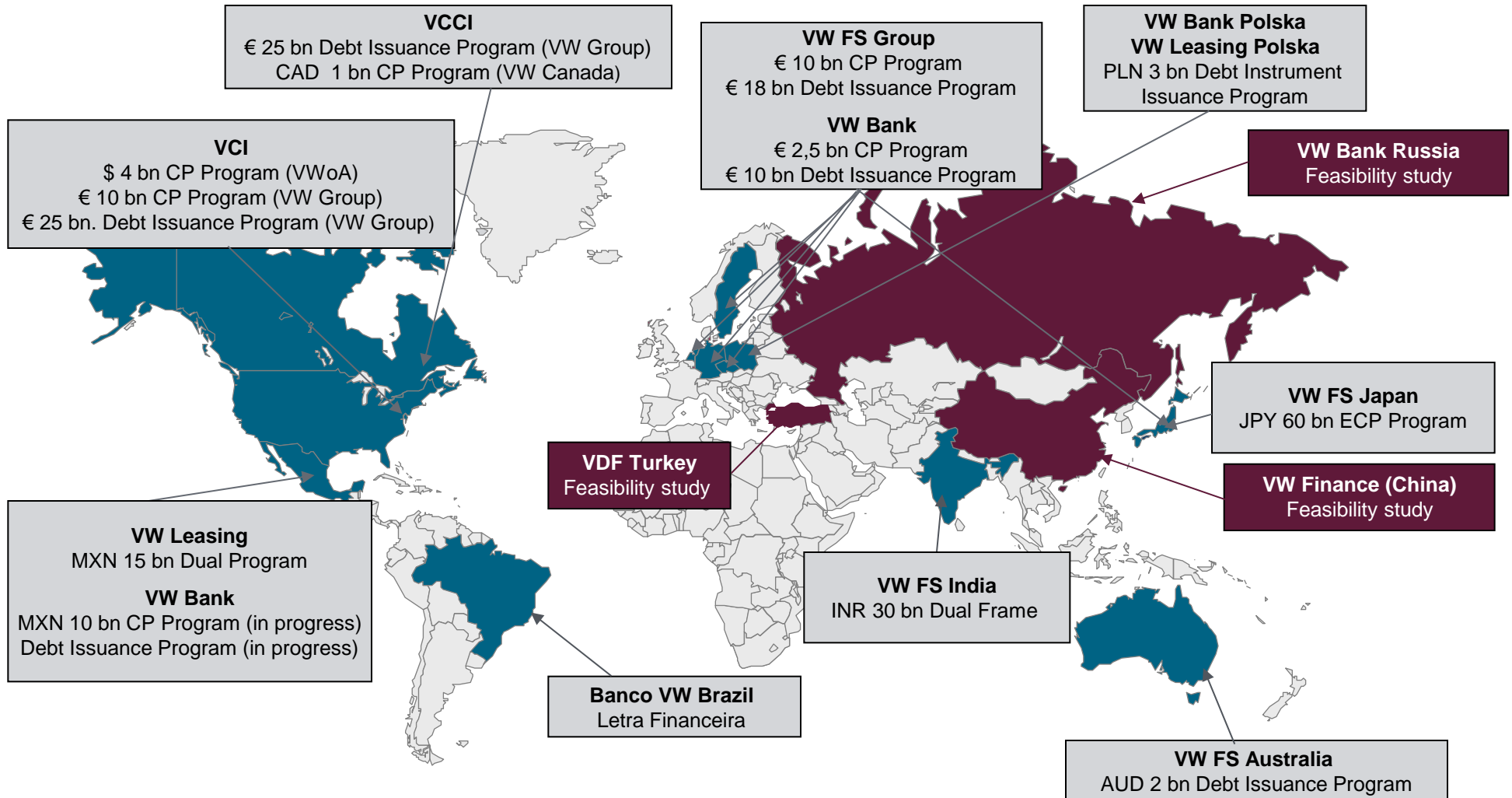


## Deposits



As of 31.12.2011

# VW Financial Services Worldwide Capital Market Activities



## Security for Investors – Three Layer of Protection



1. Solvability and Creditworthiness of the Issuer  
(Affiliated Company of Volkswagen Financial Services AG)

Irrevocable and Unconditional Guarantee + Letter of Comfort



2. Solvability and Creditworthiness of the Guarantor  
(Volkswagen Financial Services AG) S&P Rating: A- stable

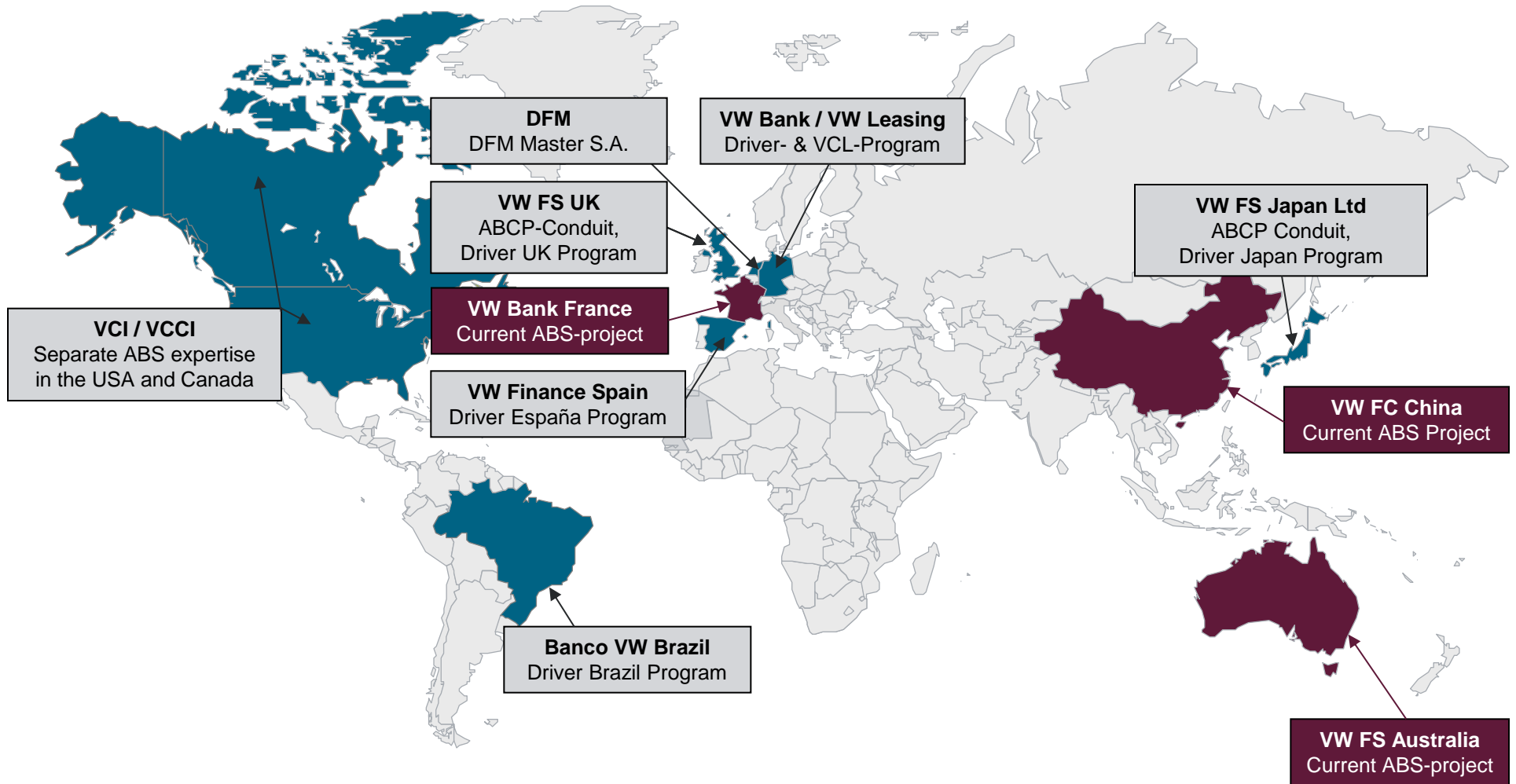
Control & Profit + Loss Transfer Agreement



3. Solvability and Creditworthiness of  
the Volkswagen AG S&P Rating: A- stable

One Risk – One Price!

# VW Financial Services Worldwide ABS Activities





## Two Strong Brands in the Automobile Securitisation Market



- Securitisation Program of VW FS AG
- Car loans originated by Volkswagen Bank
- Program running since 2004
- Currently 12 public transactions placed in the market
- Volume of public transactions since '04: € 9.8 bn



- Securitisation Program of VW FS AG
- Car leases originated by Volkswagen Leasing
- Program running since 1996
- Currently 15 public transaction placed in the market
- Total volume of public transactions since '96: € 11.4 bn

- Highly granular risk profile
- International roll out (2008 in UK, 2011 in Spain, 2012 in Japan, planned for Brazil, France, and Australia)
- Stable and diversified investor base

## Recent Public CM and ABS Deals

### Capital Market

- VW Leasing GmbH: 11/11 € 750mn due 11/14
- VW Leasing GmbH: 11/11 € 750mn due 05/18
- VW Bank GmbH: 04/11 € 500mn due 04/14
- VW Bank GmbH: 04/11 € 500mn due 10/12
- VW Leasing Mexico S.A. de C.V.: 04/11 MXN 2,0bn due 04/14
- Banco Volkswagen Brazil: 06/12 BRL 300mn due 06/14
- VWFS Australia: 02/12 AUD 150mn due 01/14
- VW FS NV, Netherlands: 05/12 GBP 250mn due 10/15

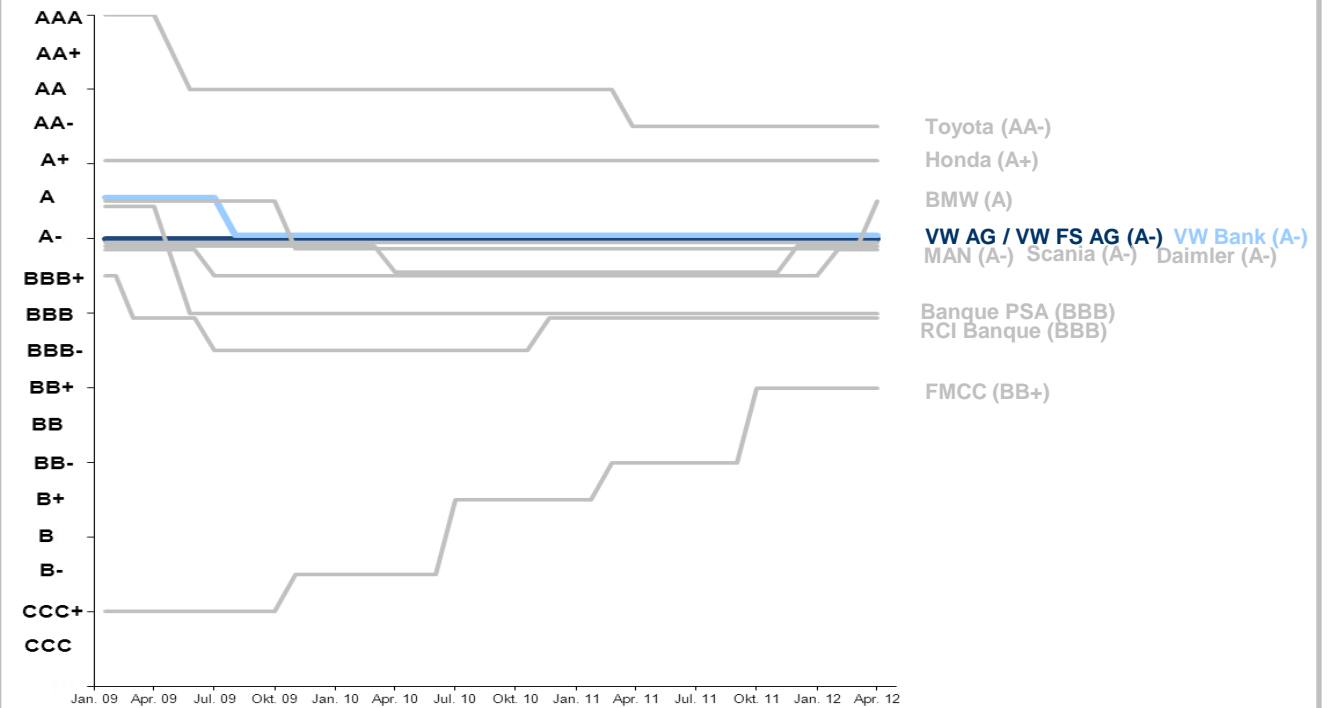
### Asset-Backed Securities

- VCL 15, Germany: € 1bn (March 2012)
- Driver Nine, Germany: € 714.4m (May 2011)
- DFM Master, Netherlands: € 293.5m (May 2011)
- Driver España One, Spain: € 628.9m (May 2011)

## Rating History (04/30/2012)

	Moody's	S&P
Toyota	Aa3	AA-
Honda	A1	A+
BMW	A2	A
VW AG / VW FS AG	A3	A-
VW Bank GmbH	A3	A-
MAN	A3	A-
Scania	--	A-
Daimler	A3	A-
Banque PSA	Baa1	BBB
RCI Banque	Baa2	BBB
FMCC	Ba1	BB+

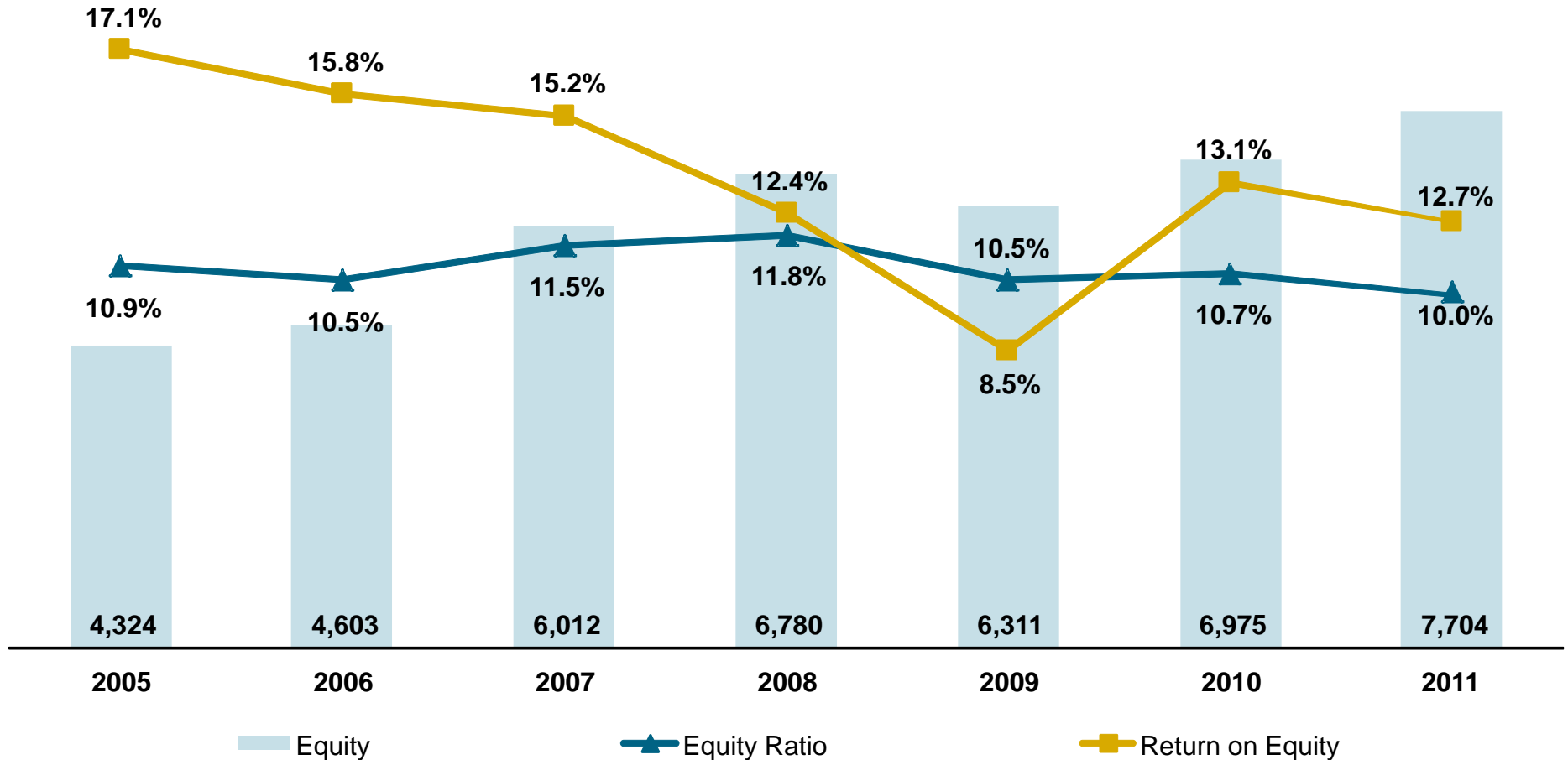
Development of credit ratings (Standard & Poor's)



Volkswagen Financial Services AG has a solid and stable rating history.

Data Source: Reuters

# Volkswagen Financial Services AG: Financial Figures (IFRS)



ROE (based on the avg. equity of the referred year):  $PbT / ((\text{Equity current year} + \text{Equity previous year}) / 2)$

## Volkswagen Financial Services AG: Outlook 2012

- Volumes are expected to Stabilise in Saturated Markets with Growth Opportunities in Growth Markets
- Refinancing Costs on low levels
- Highly Uncertain Economic Environment might have impact on Risk Costs
- Earnings in 2012 are expected to be at the level of 2011



**Thank you for your attention!**

## Contacts



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Annual Report of Volkswagen Financial Services AG:  
<http://www.vwfsag.com/annualreport>



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