

Volkswagen Financial Services

Strategy and business development in China

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Volkswagen Group China Investor Update, Foshan, 11 July 2014

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.

Consequently, 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 Such statements are valid on the date of publication and can be superseded.

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VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Volkswagen Group – Leveraging the power of three strong pillars

VOLKSWAGEN

AKTIENGESELLSCHAFT

Automotive Division

Passenger Cars



Audi



SEAT

ŠKODA



BENTLEY



BUGATTI



PORSCHE



DUCATI

Remaining companies

Commercial Vehicles / Power Engineering



Commercial
Vehicles



SCANIA



Financial Services Division

Volkswagen Financial Services

VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT

Europe / Asia-Pacific / North and South America

Financial Services

USA / Canada / Spain / Argentina

Scania Financial Services

Porsche Holding Financial Services

Porsche Financial Services

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Volkswagen Financial Services offers the whole range of services

BANK

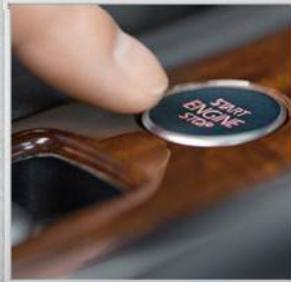
Bank



Direct Bank



LEASING

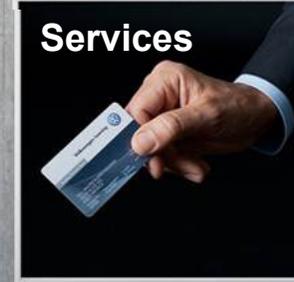


INSURANCE



MOBILITY

Services



Rental



- Retail Finance
- Dealer Finance
- Factoring

- Deposits
- Instalment Loans
- Investment Products

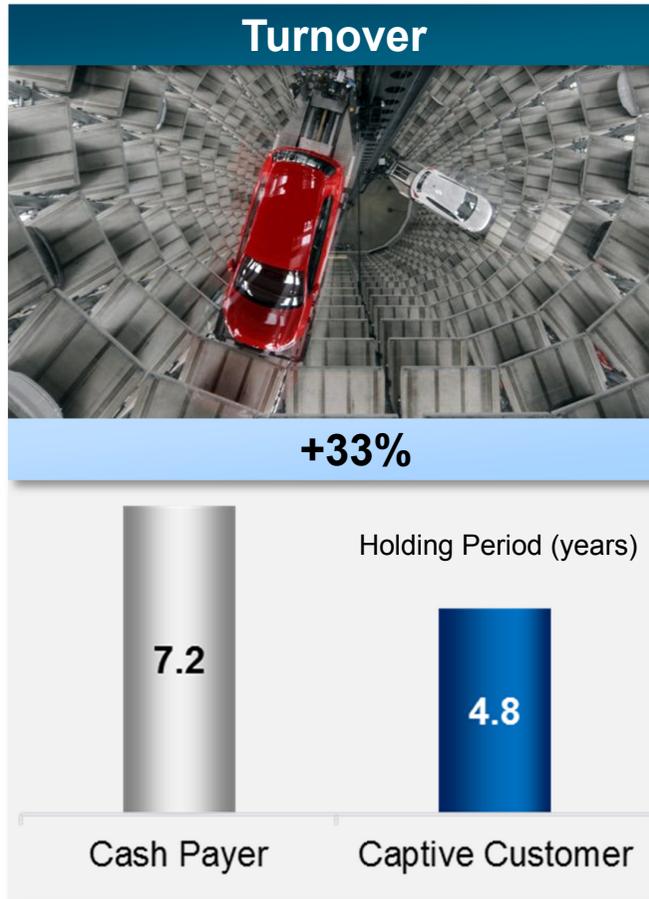
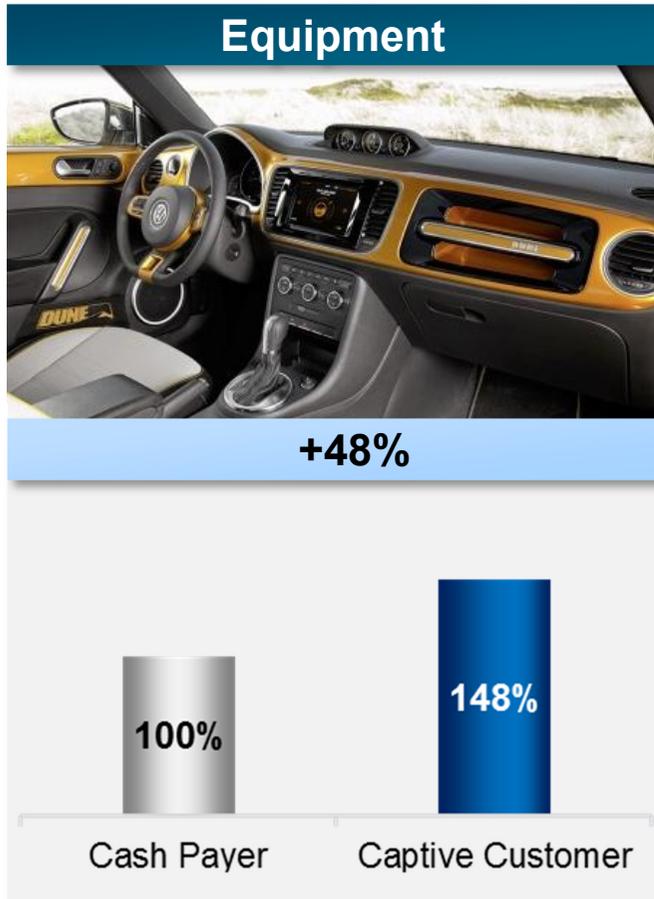
- Finance Lease
- Operating Lease

- Automotive
- Payment Protection
- Industry

- Fleet Management
- Tyre
- Wear & Tear

- Long-term Rental
- Short-term Rental
- Car Sharing

Strong benefits for automotive through captive



EU-5 markets



Volkswagen Financial Services in China – A true VOLKSWAGEN company

VOLKSWAGEN FINANCE

CHINA COMPANY LIMITED

CBRC
regulated

Retail Finance. Wholesale Finance.

VOLKSWAGEN NEW MOBILITY SERVICES

INVESTMENT COMPANY LIMITED

MofCom
regulated

Leasing. Insurance. After Sales. New Mobility.





Volkswagen Finance (China) Co., Ltd. – Overview

Volkswagen Finance (China) Co., Ltd.

China



Beijing



IFC Tower 16th - 17th Floor



Facts & Figures

- Foundation: 2004
- **Shareholder:**
100% Volkswagen Financial Services AG
- Total Assets: RMB30.7 bn¹⁾
- Employees: 684¹⁾
- Awards: Top Employers China 2013 & 2014, Best AFC 2012 & 2013
- Regulator:
China Banking Regulatory Commission (CBRC)
- Board of Directors:
R. Fleger, F. Witter, L.-H. Santelmann,
Dr. J. Mull, W. Soh
- General Management:
J. Kurzrock, H. Müller, J. Huang

¹⁾ as of 30 June 2014 including branches and subsidiaries



Volkswagen New Mobility Services Investment Co., Ltd. – Overview

Volkswagen New Mobility Services

China



Beijing



IFC Tower 29th Floor



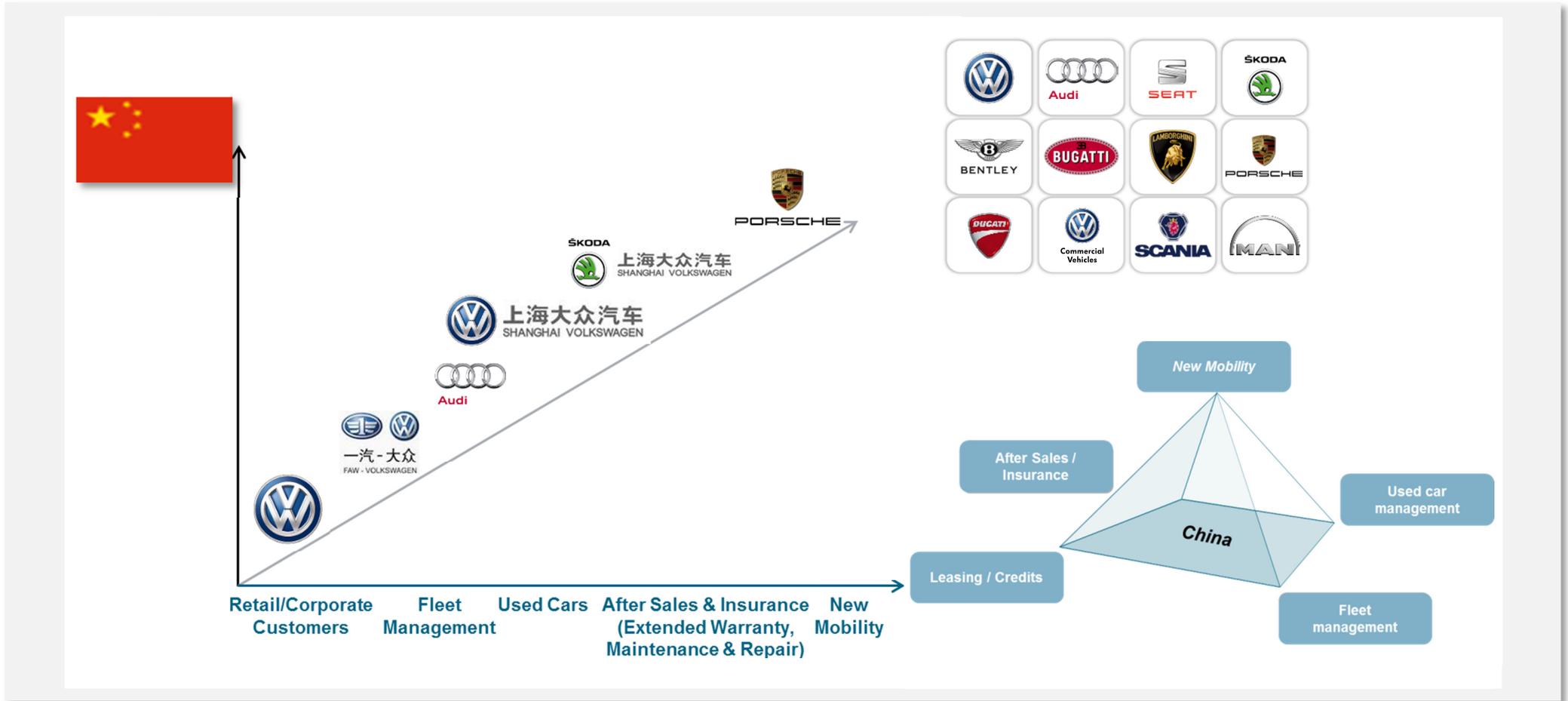
Facts & Figures

- Foundation: December 2011
- **Shareholder:**
100% Volkswagen Financial Services AG
- Employees: 147¹⁾
- 7 leasing subsidiaries¹⁾ + 7 leasing branches¹⁾
- 1 consulting subsidiary
- Board of Directors:
R. Fleger, F. Witter, L.-H. Santelmann,
Dr. J. Mull, W. Soh
- General Management:
P. Tempich, R. Yeo

¹⁾ as of 30 June 2014 including branches and subsidiaries



Financial Services China: Three strategic growth dimensions





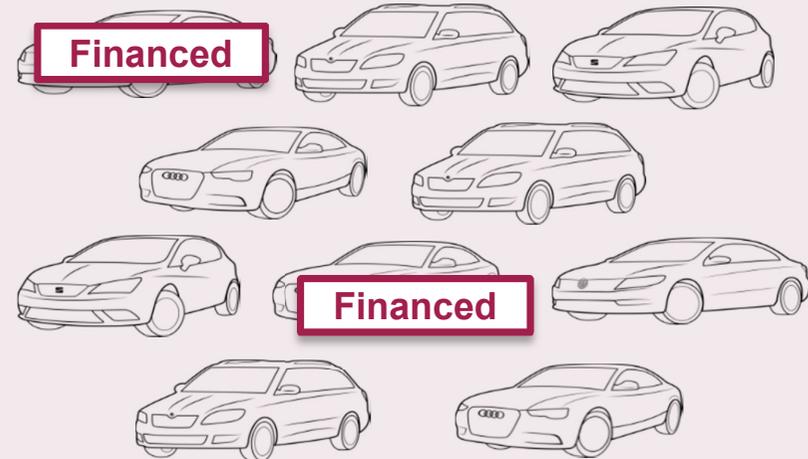
Traditionally, “Cash was King” when buying a car

In the past...



...cash was the first choice to buy cars!

Today...



...every 5th new car in China is financed!



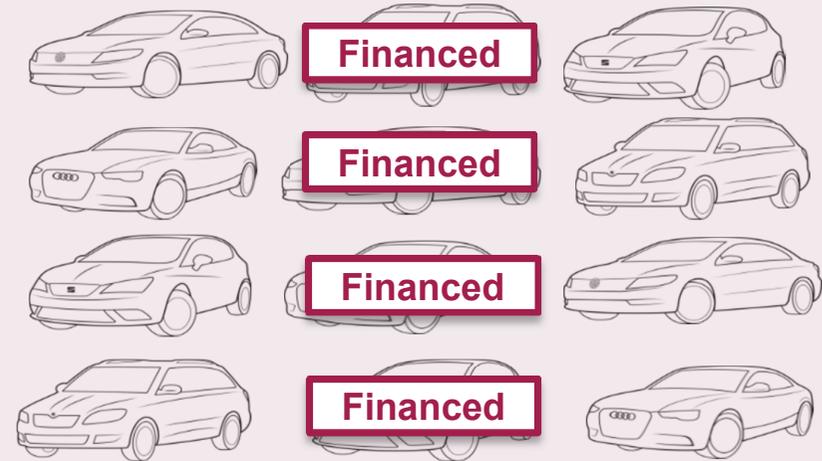
In the future, consumers are expected to increasingly turn to financing

In the past...



...cash was the first choice to buy cars!

Tomorrow...

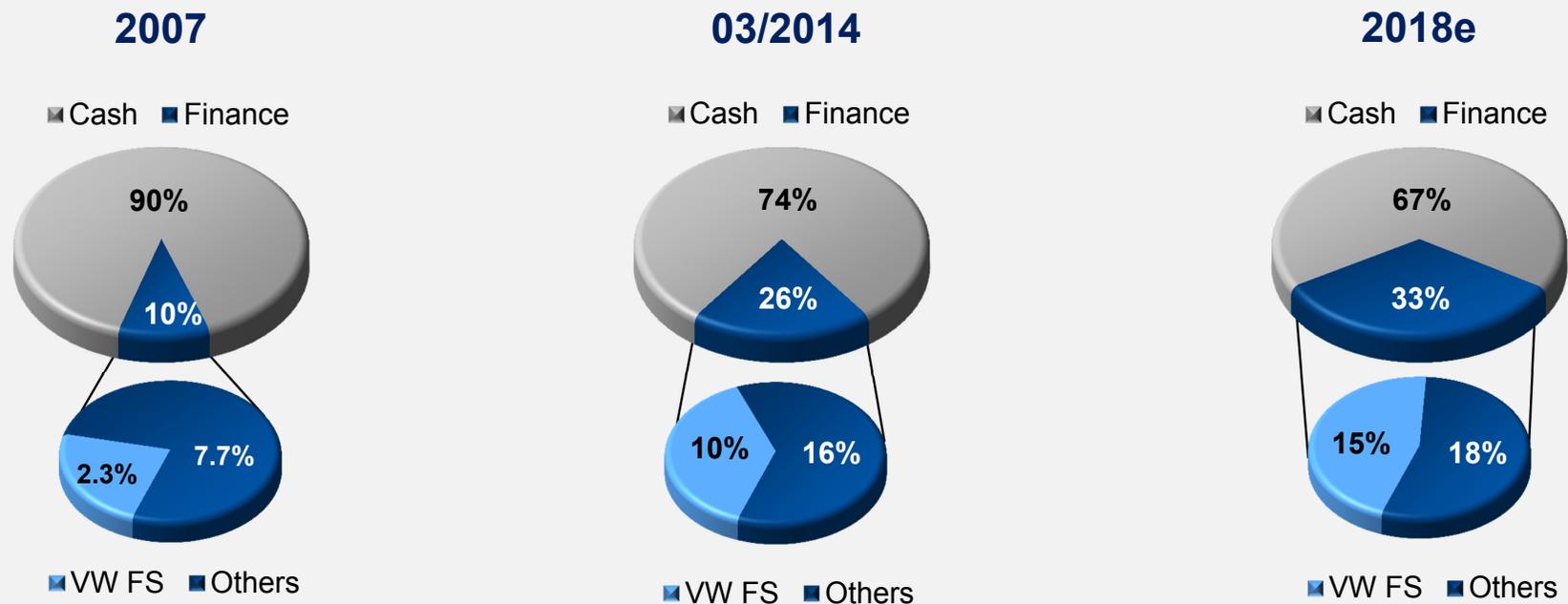


...every 3rd new car will be financed!



Gaining share in an expanding retail financing market

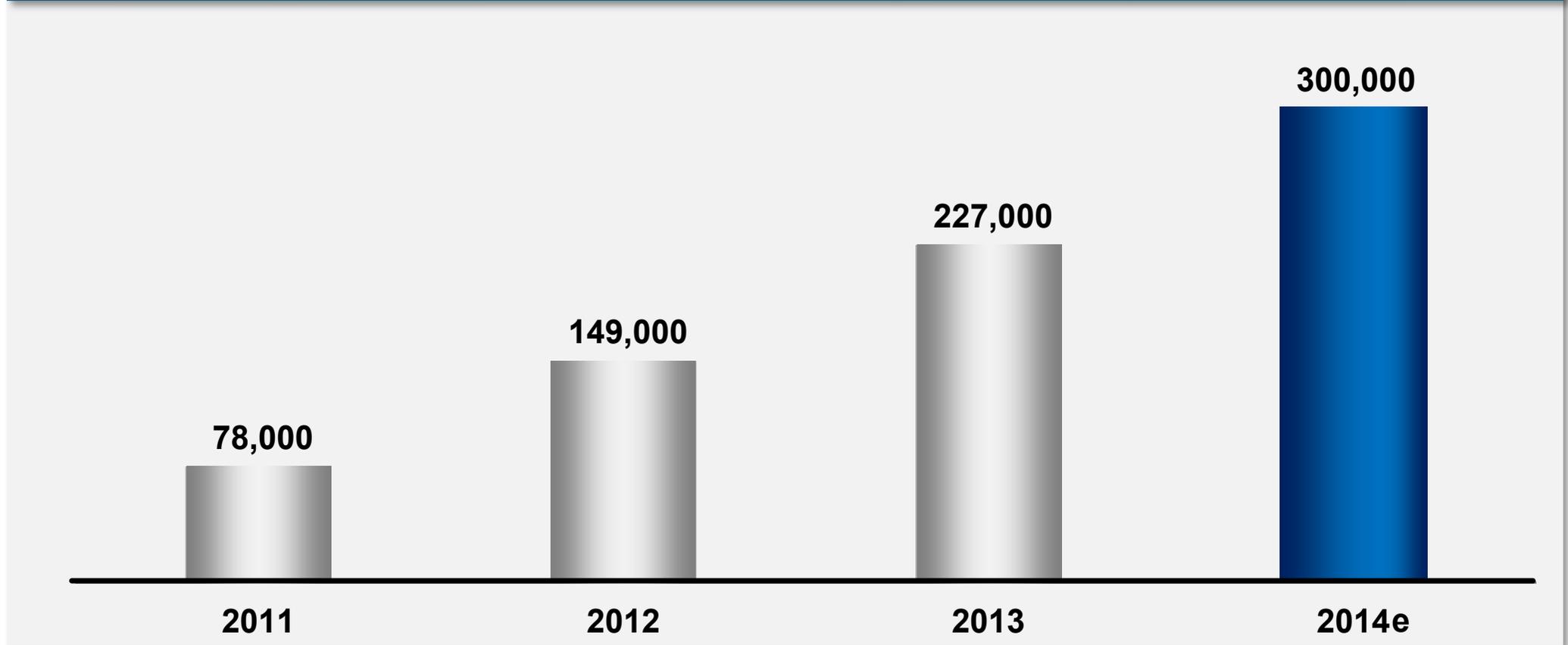
Volkswagen Finance (China) retail finance penetration in the Volkswagen Group China network (% of deliveries to customers)





Growth dimension: Strong retail finance development in Volkswagen Finance

New retail finance contracts (number of units)





Managing growth is the key challenge for Volkswagen Finance (China)

Earning assets (in RMB bn)



- More and more complex regulatory environment, locally and internationally
- Unpredictable macro-economic driven growth-steering imposed by People's Bank of China
- High demand from the financing industry for experts in the labor market
- Limited funding diversification in the restricted Chinese financing market

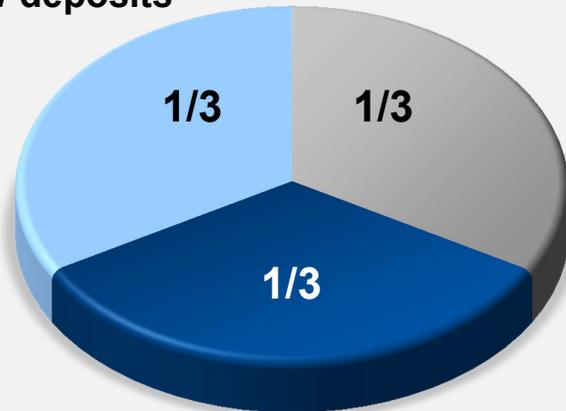
Funding structure of Volkswagen Financial Services AG

Total €90.9 bn as of 31 December 2013¹⁾

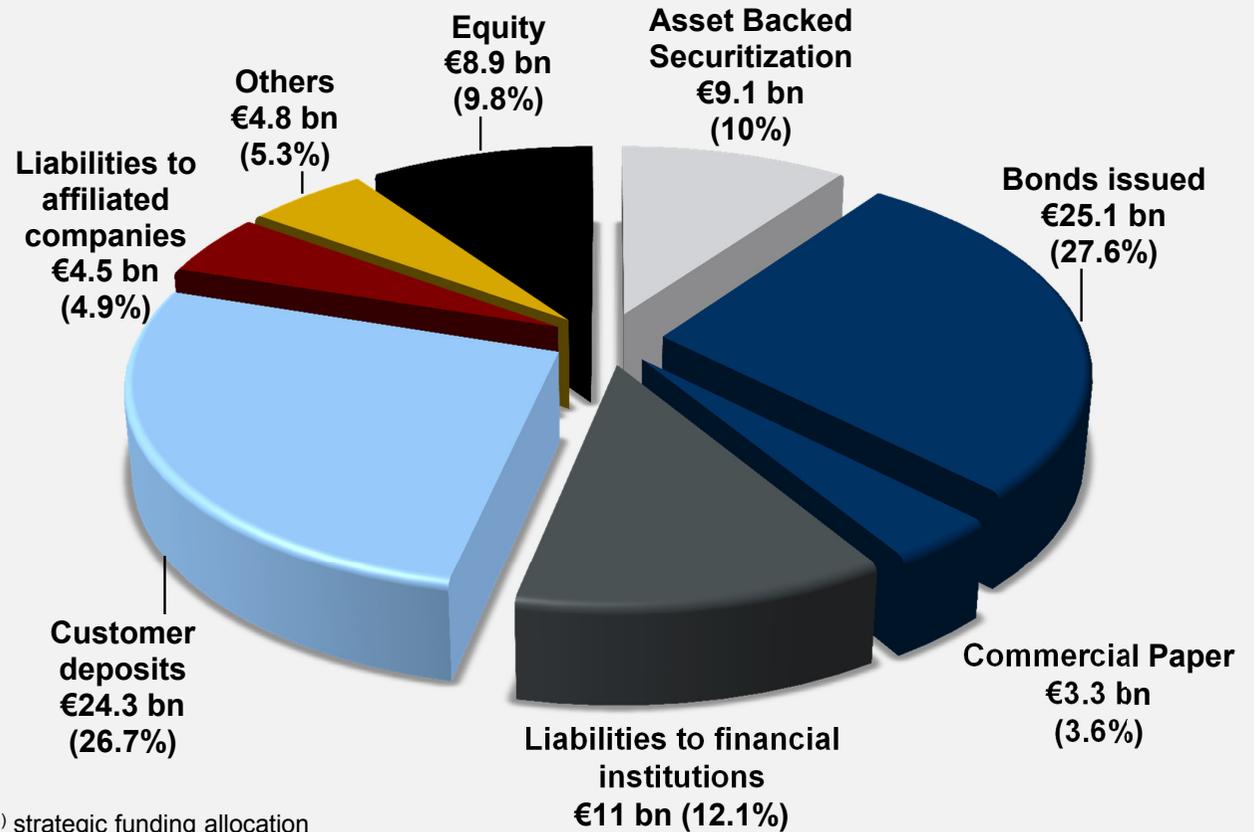
Strategic debt plan

Bank lines / deposits

ABS



Capital markets



¹⁾ strategic funding allocation



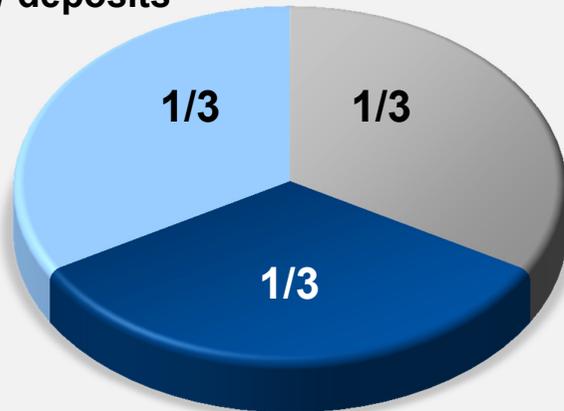
Funding structure of Volkswagen Finance (China)

Total RMB30.7 bn as of 30 June 2014

Strategic debt plan

Bank lines
/ deposits

ABS



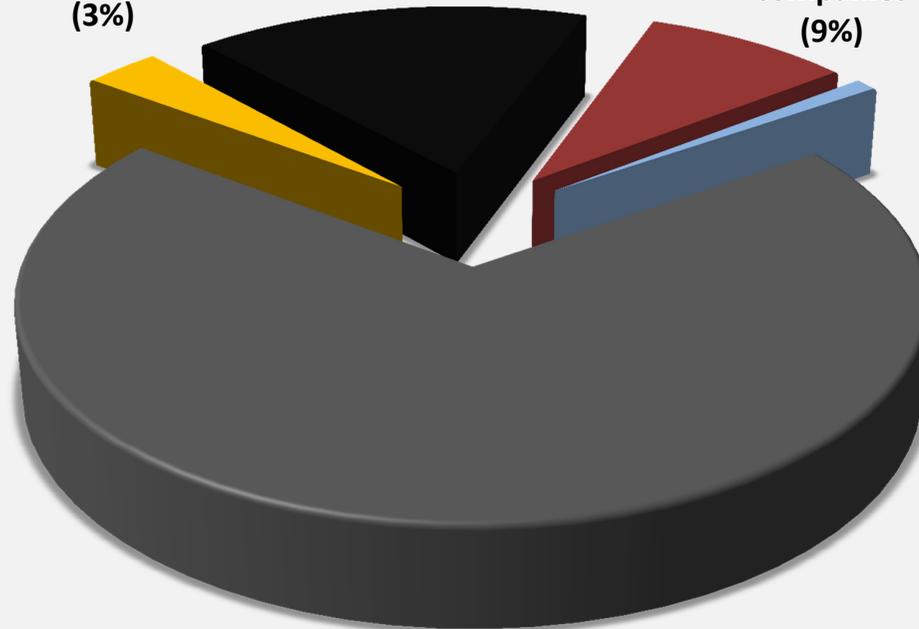
Capital markets

Others
(3%)

Equity
(17%)

Liabilities to
affiliated
companies
(9%)

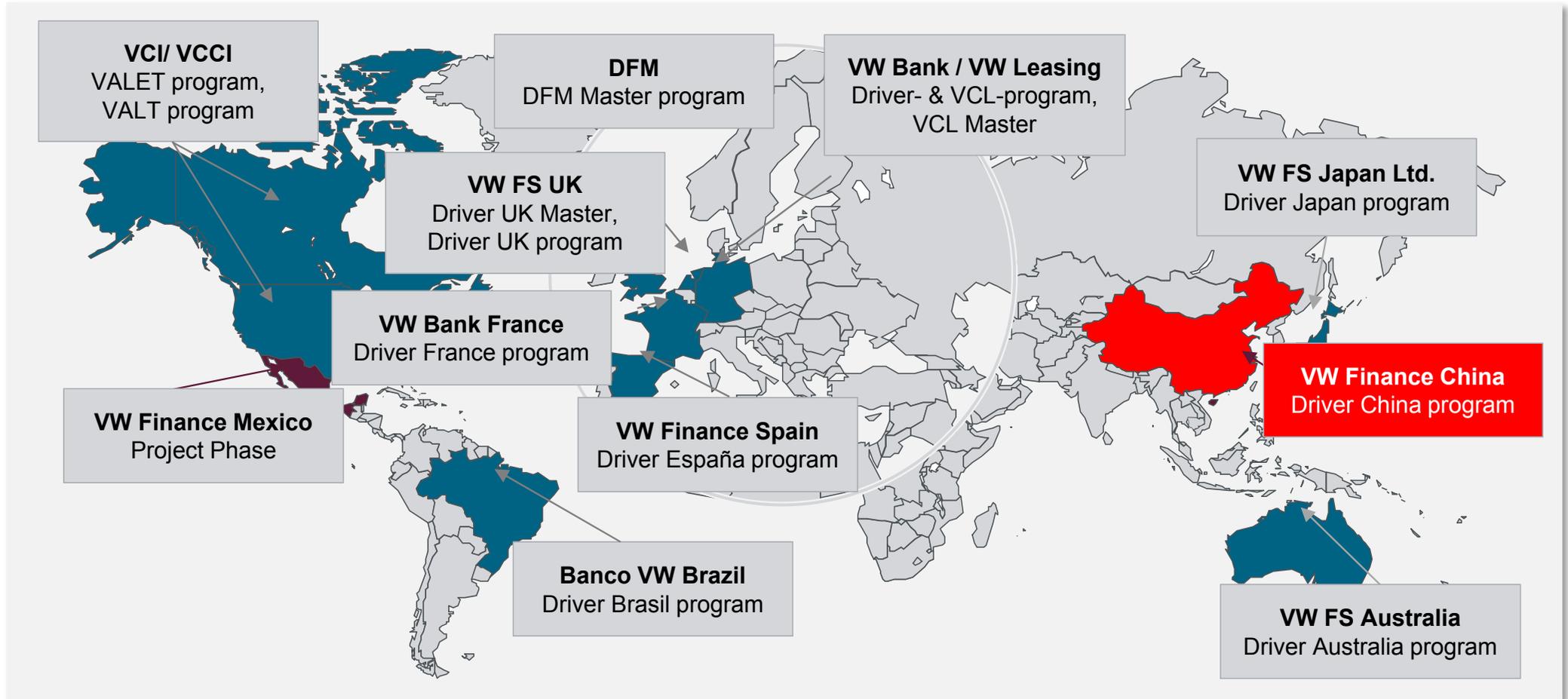
Dealer deposits
(1%)



Liabilities to
financial
institutions
(70%)



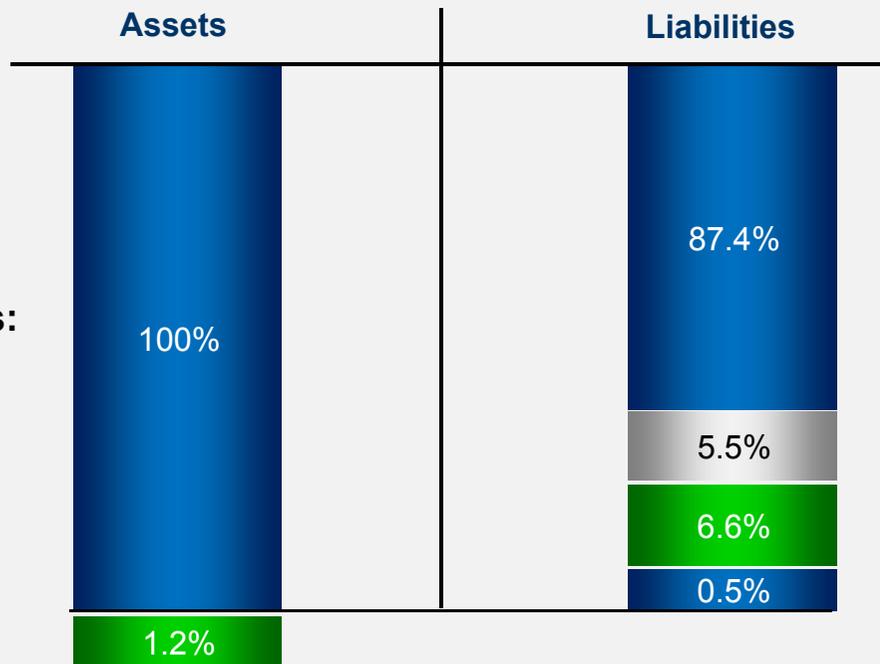
Volkswagen Financial Services' ABS activities – now also in China





ABS program – Driver China one

- **Program history:**
Established in 2014
- **Issuer type:**
Trust
- **Asset volume:**
RMB800 m
- **Underlying asset class:**
Car loans
- **Residual value risk:**
no
- **Balloon loans:**
yes



- **Format:**
Listed and Rated Securities
National Interbank Market
- **Denomination:**
RMB 100
- **Pricing:**
Class A fixed rate¹⁾
Class B fixed rate¹⁾
- **Rating agencies:**
CCXI, Lianhe, China Rating,
Fitch, Moody's
- **Rating (sf):**
Class A: AAA / AAA / AA+ / Aa / Aa3
Class B: A+ / A+ / A / A- / Baa2

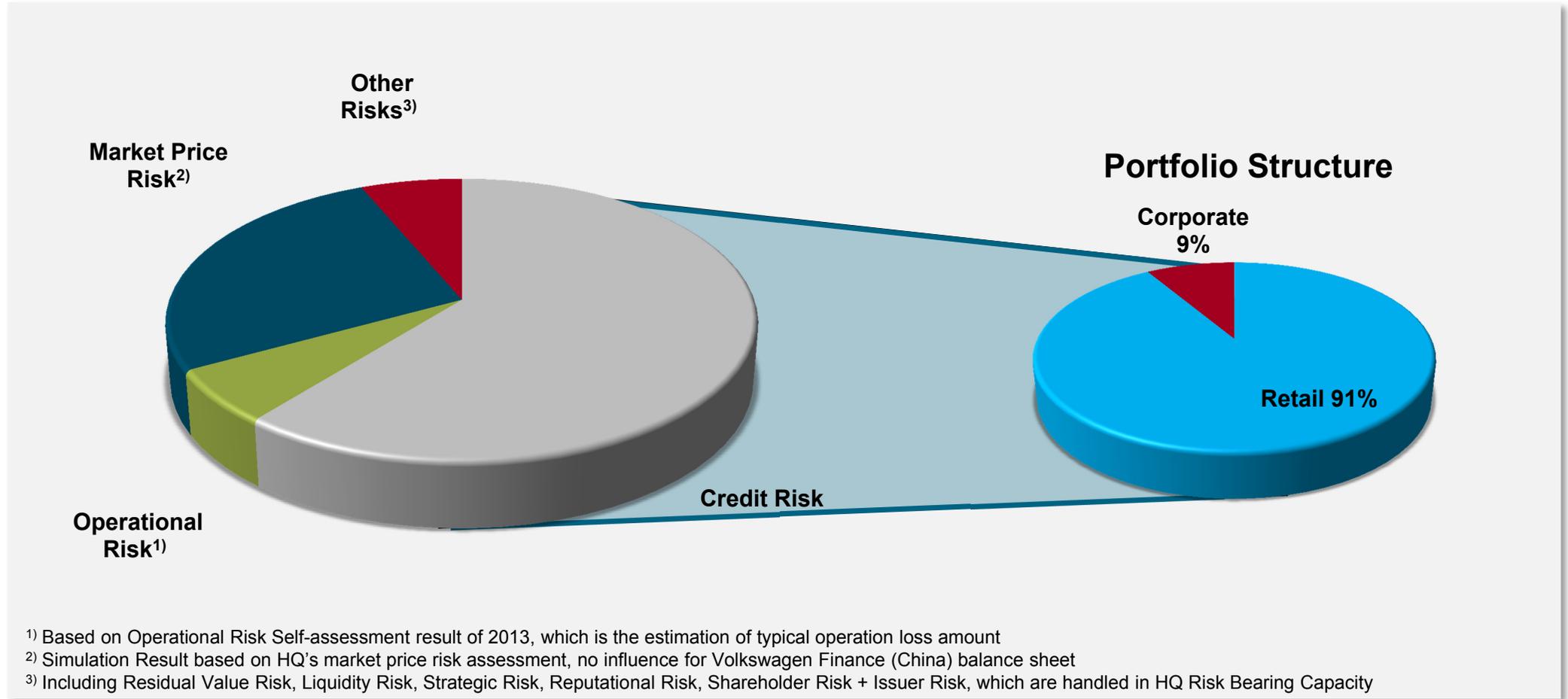
- ✓ Well established global program
- ✓ TSI certification

- ✓ Reporting adheres to requirements for Five Star Fitch Grading
- ✓ Modelled on Intex

¹⁾ Pricing is expected to be fixed at the end of July 2014



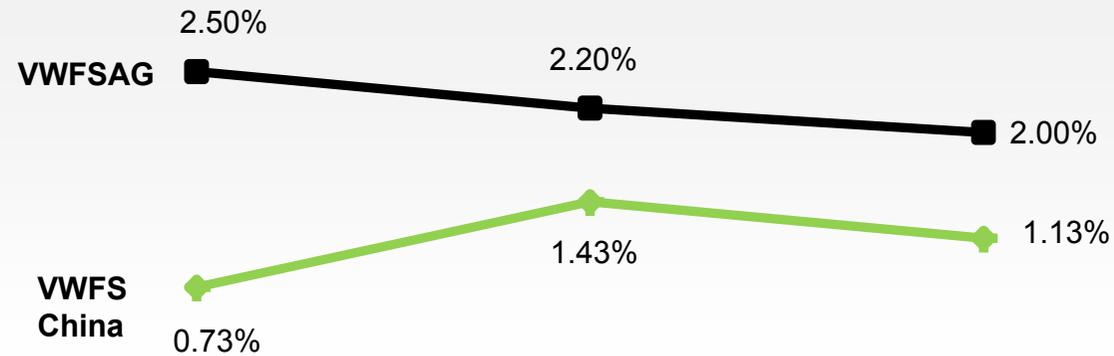
Risk Management





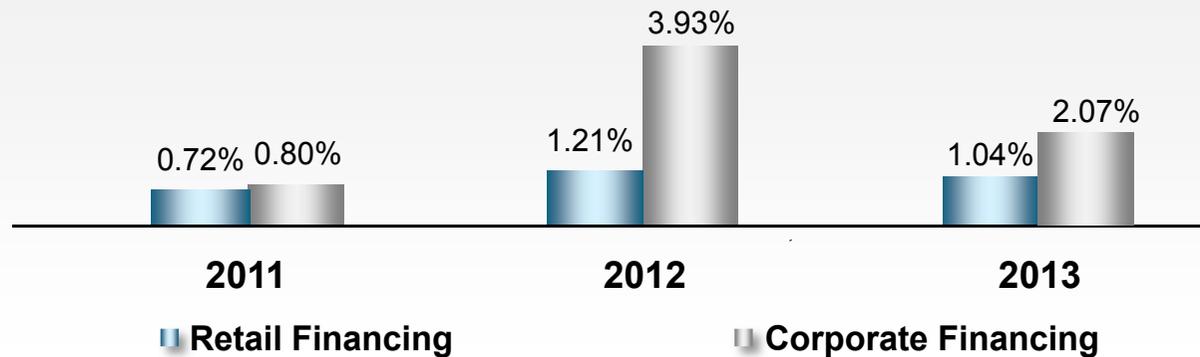
Credit Risk – Volkswagen Finance (China) vs. Volkswagen FS AG

Provision Ratio



Provision Ratio

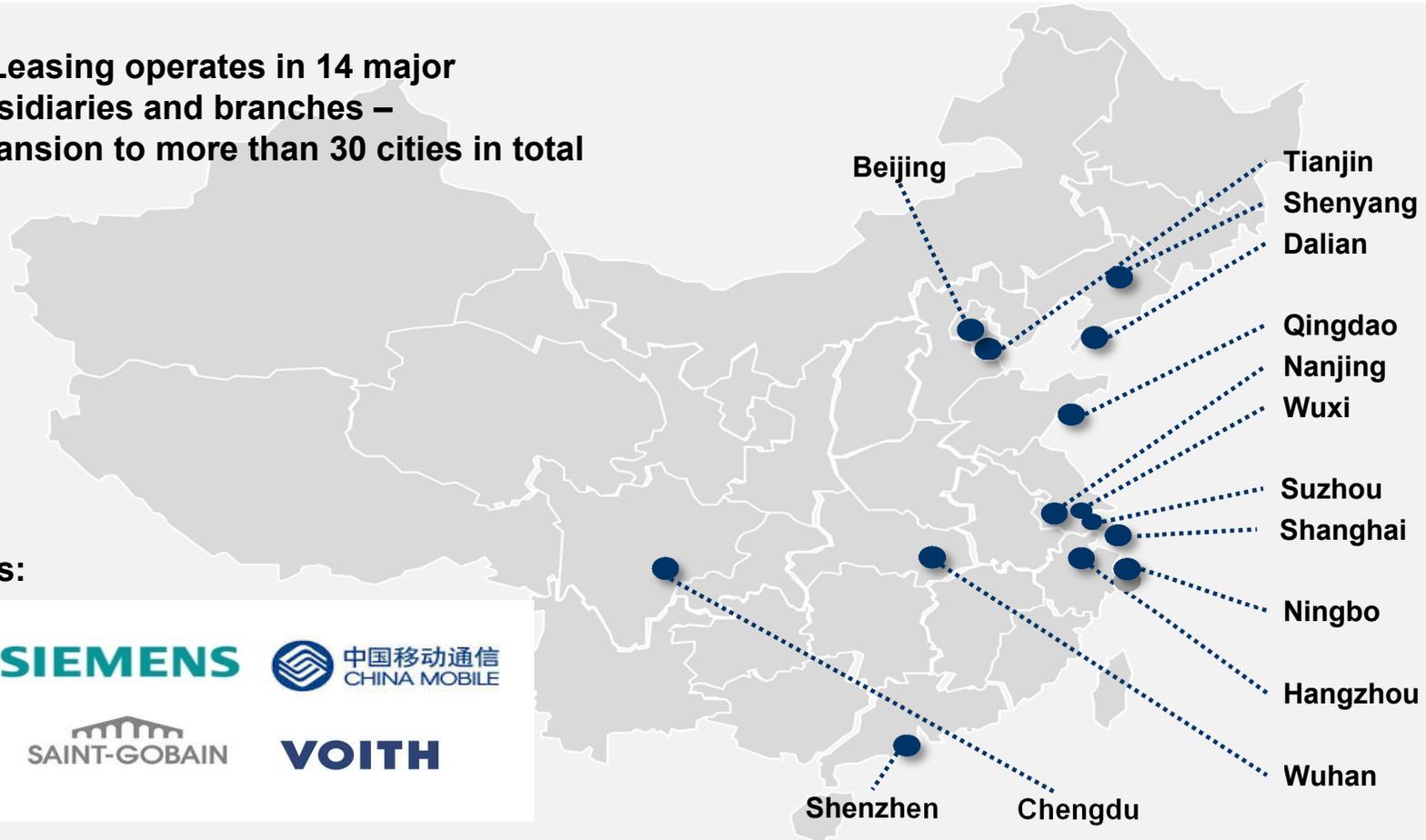
Volkswagen Finance (China)





Growth dimension: Volkswagen Operating Leasing (Fleet Management)

Volkswagen Leasing operates in 14 major cities via subsidiaries and branches – Potential expansion to more than 30 cities in total



Key customers:





Growth dimension: After Sales Services



Example market India

Volkswagen Fully Loaded
FINANCE | INSURANCE | WARRANTY | MAINTENANCE

Free Insurance for 3 years + Free Extended Warranty for 3 years + Maintenance for 3 years + 24x7 Road Side Assistance for 3 years = EMI ₹ 9,999* (Polo) EMI ₹ 14,699* (Vento)

All your needs taken care of in an EMI for 36 months.
100% Labeled Stock | Road Laster Winding | 11 Stage Paint Process | Robust Suspension | Service once a year / 15,000 km
124 Dealers | 181 Cities | 111 Workshops | 24x7 Road Side Assistance

To test drive, call (toll-free 24x7): 1800 209 0909 / 1800 102 0909, or visit our nearest dealer.

Hurry! Offer valid till 25th July. Test drive it today!

Volkswagen. Das Auto.

Special offers for doctors, select corporate, CSD and government employees. Insurance at the sole discretion of Insurance Company. Road side assistance only within covered limits. Maintenance not applicable for wear and tear parts. Terms and conditions apply. Accessories shown and features listed may not be part of standard equipment. Offer valid till 25th July, 2013. Finance at the sole discretion of Volkswagen Finance Pvt. Ltd. All offers from Volkswagen dealers. For further details, please visit your nearest dealer at:

Authorized Dealers: Volkswagen Mumbai West (Santacruz): 022 42460000, 950440000; Volkswagen Mumbai West (Andheri): 022 49160000, 952040000; Volkswagen Downtown Mumbai (Pachhavi): 022 4604444, 967899940; Volkswagen Downtown Mumbai (Hughes Road): 022 49120000, 967899940; Volkswagen Thane: 022 6794444, 90917444; Volkswagen Kalyan Bhiwandi: 022 16699300, 9629102902; Volkswagen Mumbai East: 022 42027100 21, 96272000 01; Volkswagen Navi Mumbai: 022 27330214, 96186600 02; Volkswagen Naranpohar: 020 40177779, 90777895; Volkswagen Kolhapur: 020 246154 17, 92270300; Volkswagen Sangli: 020 233008 89, 97627212; Volkswagen Satara: 021 242 24345, 838008 49; Volkswagen Nagpur: 07104 28060, 868078149; Volkswagen Nashik: 021 50 6639999, 868097896; Volkswagen Pune Shivajinagar: 020 4142142, 992290022; Volkswagen Pune University: 020 6685066, 962207507; Volkswagen Pune Chinchwad: 020 27335535, 962205007; Volkswagen Dhule: 02542 20490, 841302299, 841303390; Volkswagen Goa North: 0832 241377966.

Fully Loaded Gujarat Samachar Mumbai Ad 33 (W) X 20 (H) CM



Flexible package approach to meet the diversified needs of Chinese dealers / consumers



0%
一年期, 0利率

自即日起至9月30日期间,凡采用分期贷款购买朗逸R、高尔夫R的用户可以享受大众汽车金融提供的车贷优惠,选择一年期,利率低至0%,轻松尊享朗逸R、高尔夫R新生活。

根据您的还款计划,大众汽车金融还为您设计了更多优惠利率,多种方式供您选择,让更多的消费者能够更加轻松地拥有大众经典车型,实现心中的梦想。

Volkswagen Finance
大众汽车金融

5
年轻松个人计划
年无限 零利率 零月供
年免费道路救援

大众进口汽车金融, 专属“5年轻松个人计划”震撼开启!
8月1日至9月30日, 购建威或威腾, 尊享5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华!

豪华不贵! 最高价! 8月1日至9月30日, 大众进口汽车金融, 专属“5年轻松个人计划”震撼开启! 凡购建威、威腾, 尊享5年无限零利率, 提前5年进阶豪华! 尊享5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华! 尊享5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华! 尊享5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华!

— 5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华! —
— 5年无限零利率, 月供5.5-6万超值礼包, 提前5年进阶豪华! —

车之道, 唯大众。

Volkswagen
Das Auto.

VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



VOLKSWAGEN FINANCIAL SERVICES
WIR 2018 

**As Top Employer,
our employees are our key to success**

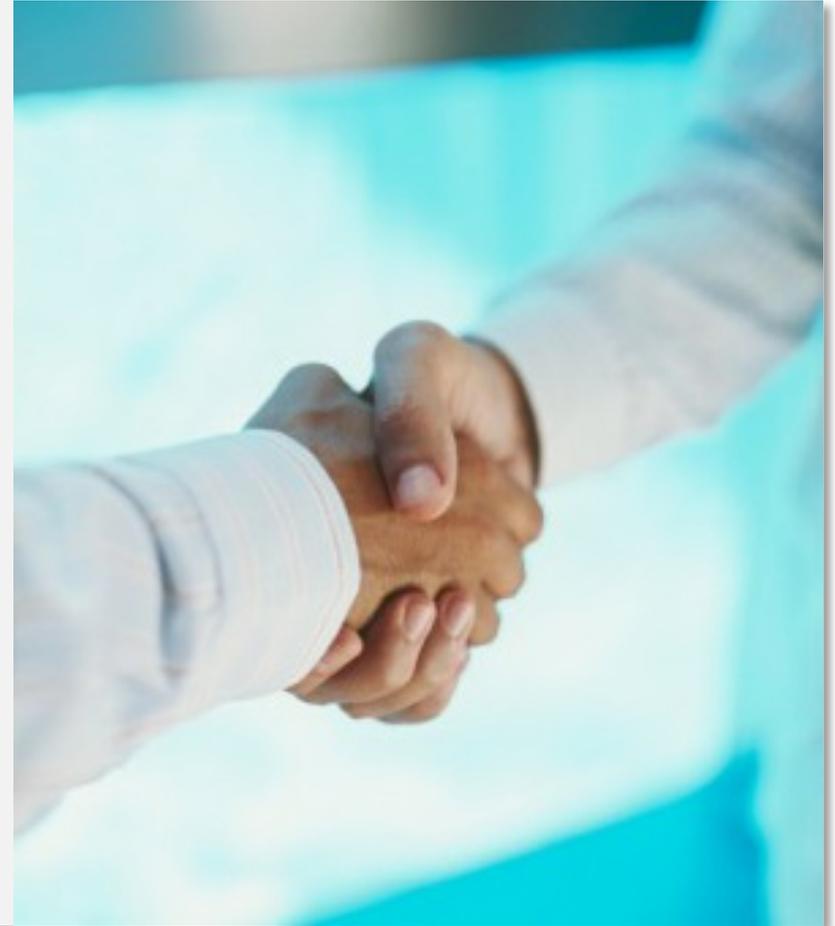


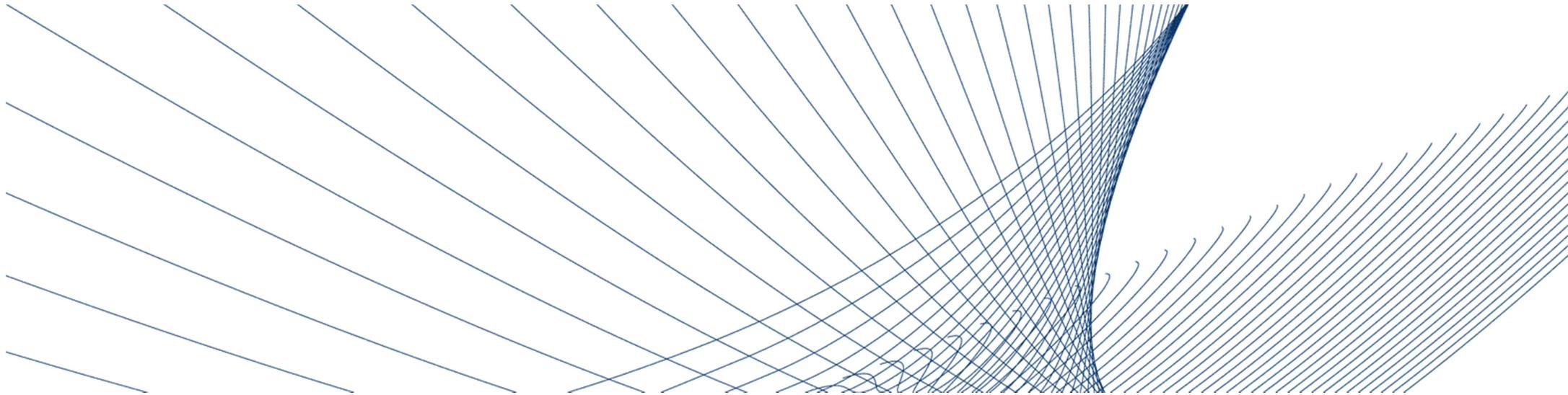


Summary

- ✓ Together with the fascinating brands of the Volkswagen Group,
- ✓ the global experience of Volkswagen Financial Services,
- ✓ our highly dedicated employees
- ✓ and our exciting new products...

... **Volkswagen Finance (China)** and **Volkswagen New Mobility Services** will serve all mobility needs of the Chinese customer also in the changing environment!





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