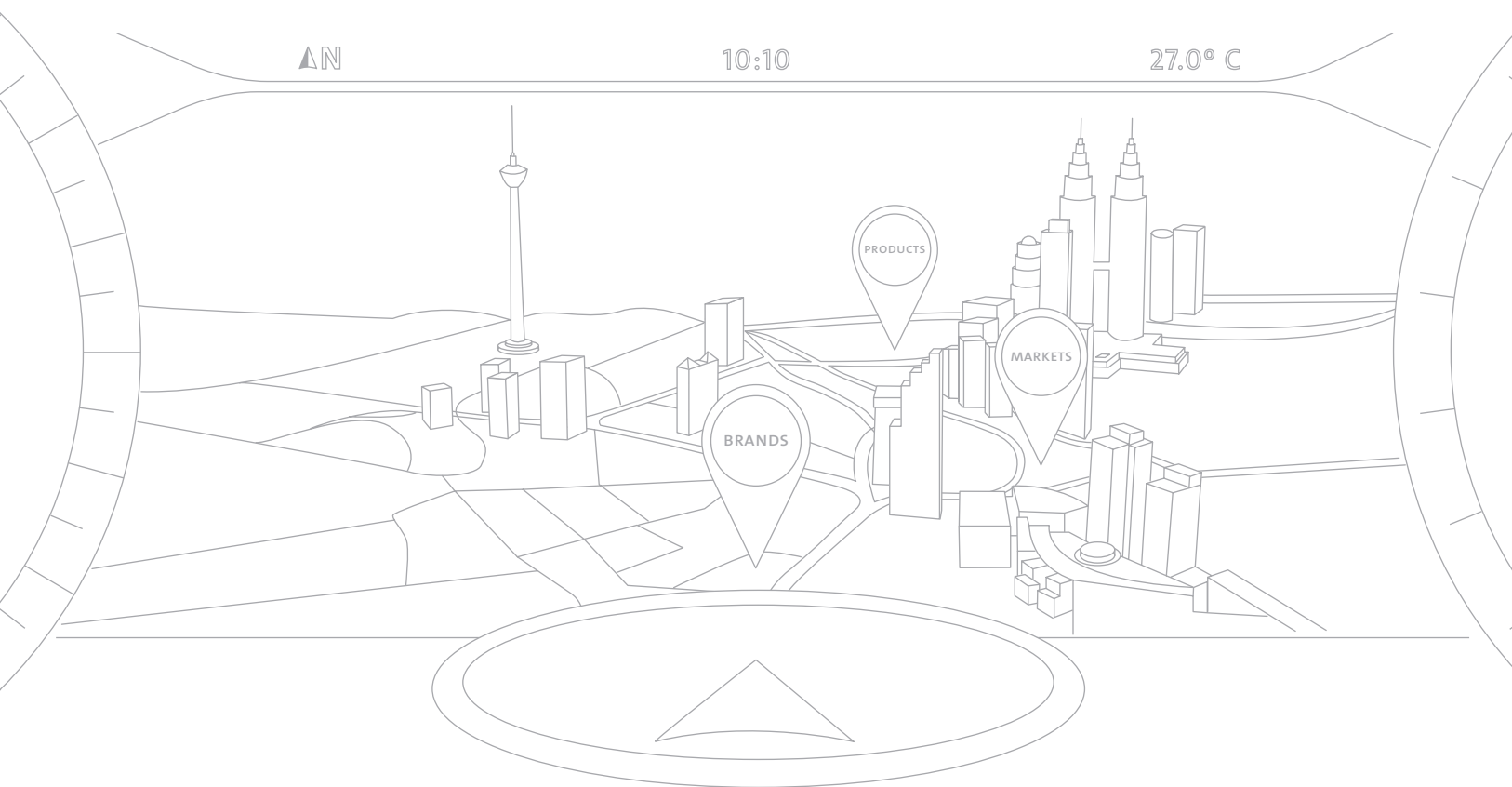


VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY



ANNUAL FINANCIAL STATEMENTS
OF VOLKSWAGEN FINANCIAL SERVICES AG – HOLDING

2014

Balance sheet

OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG,
AS OF DECEMBER 31, 2014

€ thousand	December 31, 2014	December 31, 2013
Assets		
A. Fixed assets		
I. Intangible assets	6,320	8,047
II. Tangible assets	39,583	23,130
III. Financial assets	8,975,958	10,410,533
	9,021,861	10,441,710
B. Current assets		
I. Accounts receivable and other assets	3,426,218	2,239,818
II. Cash on hand and bank balances	832	1,200
	3,427,050	2,241,018
C. Prepaid expenses	9,455	2,766
Total assets	12,458,366	12,685,494
Liabilities		
A. Equity		
I. Subscribed capital	441,280	441,280
II. Capital reserves	6,964,041	4,709,041
III. Retained earnings	99,469	99,469
IV. Net retained profits	1,705	1,705
	7,506,495	5,251,495
B. Provisions	410,785	328,547
C. Liabilities	4,541,086	7,105,452
Total equity and liabilities	12,458,366	12,685,494

Income statement

OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG,
FROM JAN. 1 TO DEC. 31, 2014

€ thousand	2014	2013
General administration expenses	195,755	155,111
Other operating income	639,369	712,679
Other operating expenses	624,412	688,311
Net income from equity investments	536,335	1,059,012
Financial result	-16,116	-27,001
Result from ordinary business activities	339,421	901,268
Taxes on income and earnings (€192,268 thousand debited by the parent company; previous year: €283,563 thousand)	192,536	284,030
Profits transferred under a profit transfer agreement	146,885	617,238
Net income	-	-
Profit brought forward	1,705	1,705
Net retained profits	1,705	1,705

Notes

TO THE FINANCIAL STATEMENTS OF VOLKSWAGEN FINANCIAL SERVICES AG, BRAUNSCHWEIG, AS OF DECEMBER 31, 2014

1. General comments regarding the annual financial statements

Our company is classified as a large corporation pursuant to section 267(3) sentences 1 and 2 HGB (Handelsgesetzbuch – German Commercial Code). These annual financial statements have thus been prepared in accordance with the accounting regulations applicable to large corporations under the German Commercial Code.

Volkswagen Financial Services AG makes personnel available to its German Group companies for consideration under staff leasing agreements.

Cross-divisional departments are assigned to Volkswagen Financial Services AG. All related non-personnel overheads are passed on to the German Group companies by means of internal cost allocations. Furthermore, Volkswagen Financial Services AG provides IT services for Group companies. The respective costs are also passed on to the given entity by means of internal cost allocation.

The allocated costs relating to staff leasing agreements and IT services as well as the administration expenses relating to cross-divisional departments are reported as other operating expenses. All income from cost allocations is shown in other operating income.

To improve the clarity of the presentation, individual items in the balance sheet and the income statement have been grouped together. These items are shown separately in the notes.

The income statement has been prepared in accordance with the cost of sales method customary in the Volkswagen Group to improve international comparability.

2. Accounting policies

The accounting policies applied in the previous year have been adopted unchanged.

Purchased intangible and tangible assets are measured at cost less depreciation or amortization. Intangible assets have a useful life of three to five years and tangible assets have a useful life of three to thirteen years.

Low-value assets are written off in full and recognized as disposals in the year of acquisition.

Investments in affiliated companies and other equity investments are measured at cost.

Write-downs are recognized if any of the fixed assets measured in accordance with these policies are likely to be permanently impaired as of the reporting date.

Receivables and other assets are carried at their respective nominal values.

There are several pension commitments that differ in terms of their structure. There are pension commitments that are not financed through external borrowings as well as those that are financed through Volkswagen Pension Trust e.V.

The pension commitments funded through Volkswagen Pension Trust e.V. are what are known as "equity-linked pension commitments", which are measured at the securities' fair value pursuant to section 253(1) sentence 3 HGB because the amount of the pension liabilities is determined solely on the basis of that measurement. In accordance with section 246(2) HGB, the securities are offset against the provisions covered under the fund.

Other pension liabilities also concern equity-linked commitments. As plan assets, the securities measured at fair value are offset against the corresponding provisions.

The pension provisions not funded through borrowings from external sources are recognized at their net present value based on Dr. Klaus Heubeck's current 2005 G mortality tables.

The pension obligations are determined annually by an independent actuary according to the projected unit credit method.

The following material actuarial principles and measurement assumptions are used to determine the pension provisions:

Discount rate:	4.54%
Expected rate of salary increases:	3.30%
Expected rate of pension increases:	1.80%
Employee turnover rate:	0.75%

Adequate provisions corresponding to the amount required to settle the respective obligation are recognized for uncertain liabilities and existing risks.

All liabilities are reported at the amount required to settle the respective obligation.

Receivables and liabilities in foreign currencies with a residual maturity up to one year are translated at the average spot rate on the reporting date. The forward rate is used for currency futures.

Derivative financial instruments are used solely for hedging purposes. Derivative financial instruments (interest rate swaps) are measured by applying the general measurement provisions under the German Commercial Code. The company recognizes hedging relationships to the extent legally permissible.

3. Notes to the balance sheet

The breakdown of the fixed assets reported in the balance sheet and any changes in these assets during the reporting period follow from the table of assets. The list of shareholdings in the company is attached to the notes in an annex and is also available at www.vwfsag.com/listofholdings2014.

Of the €245,629 thousand in loans to affiliated companies, €110,000 thousand are subordinated.

The loans to investees are subordinated.

Deferred taxes are taken into account due to a profit and loss transfer agreement in place with Volkswagen AG, Wolfsburg as the parent in fiscal unity.

Receivables and other assets break down as follows:

€ thousand	December 31, 2014	December 31, 2013
1. Receivables from affiliated companies (of which from the shareholder: €5,961 thousand; previous year: €4,677 thousand) (of which with a remaining maturity of more than 1 year: €504,529 thousand; previous year: €110,140 thousand)	2,600,345	1,357,411
2. Receivables from companies with which there is a participatory interest (of which with a remaining maturity of more than 1 year: €206,500 thousand; previous year: €254,500 thousand)	823,376	864,532
3. Other assets (of which with a remaining maturity of more than 1 year: €989 thousand; previous year: €1,456 thousand)	2,497	17,875
	3,426,218	2,239,818

The receivables from affiliated companies include loan receivables and

interest (€1,338,362 thousand), receivables under profit and loss transfer agreements (€393,891 thousand) and tax allocations (€24,270 thousand), receivables from a cash deposit (€87,094 thousand) as well as term deposits and interest (€675,108 thousand).

Receivables from long-term investees and investors include term deposits and interest in the amount of €367,722 thousand as well as loans and interest in the amount of €453,542 thousand.

Other assets mainly comprise receivables from the tax authorities in connection with a corporate income tax surplus.

Prepaid expenses contain €9,455 thousand of guarantee insurance and maintenance costs already paid for the subsequent year.

The parent company paid €2,255,000 thousand into the capital reserves (section 272(2) no. 4 HGB) over the course of the reporting period. These now amount to €6,964,041 thousand.

Of the revenue reserves, as previously €44,128 thousand concern statutory reserves and €55,341 thousand concern other revenue reserves.

The provisions contain the following items:

€ thousand	December 31, 2014	December 31, 2013
1. Provisions for pensions and similar obligations, not fund-based	169,231	131,246
including offsetting of the unit-linked pension obligation:		
Fund-based pension provisions	109,440	80,714
Fund assets as plan assets (cost €111,593 thousand)	-109,440	-80,714
2. Other provisions	241,554	197,301
including the offsetting of the employee time asset bond:		
Provisions for time asset bonds	59,995	39,045
Fund assets as plan assets (cost €62,050 thousand)	-59,995	-39,045
	410,785	328,547

Other provisions were mainly recognized for personnel costs totalling €143,549 thousand (previous year: €117,341 thousand), contract risks arising from operating activities totalling €48,200 thousand (previous year: €40,200 thousand) and outstanding invoices in the amount of €28,920 thousand (previous year: €18,092 thousand).

The liabilities consist of the following:

€ thousand	December 31, 2014	December 31, 2013
1. Bonds (of which with a remaining maturity up to 1 year: €300,000 thousand; previous year: €3,000,000 thousand)	300,000	3,300,000
2. Trade payables (remaining maturity up to 1 year)	17,859	17,328
3. Liabilities to affiliated companies (of which to the shareholder: €519,778 thousand; previous year: €377,351 thousand) (of which with a remaining maturity up to 1 year: €1,430,219 thousand; previous year: €1,320,838 thousand) (of which with a remaining maturity of more than 5 years: €912,000 thousand; previous year: €500,000 thousand)	3,931,832	3,553,304
4. Other liabilities (of which from taxes: €7,147 thousand; previous year: €6,655 thousand) (of which related to social security: €1,832 thousand; previous year: €1,586 thousand) (of which with a remaining maturity up to 1 year: €267,476 thousand; previous year: €210,404 thousand)	291,395	234,820
	4,541,086	7,105,452

The bonds comprise listed debentures that were issued under the Debt Issuance Program of Volkswagen Financial Services AG.

The liabilities to the shareholder mainly concern a time deposit totalling €200,000 thousand, €146,885 thousand in profit transfers, €86,239 thousand in income taxes paid and €65,823 thousand in VAT in connection with the tax group for VAT purposes.

Other liabilities include liabilities totalling €253,993 thousand in connection with commercial papers.

Statement of changes in fixed assets of Volkswagen Financial Services AG, Braunschweig, for 2014

€ thousand	GROSS CARRYING AMOUNTS				Balance Dec. 31, 2014
	Brought forward Jan. 1, 2014	Additions	Disposals	Transfers	
I. Intangible assets					
Software	39,861	2,772	–	–	42,633
II. Tangible assets					
Operating and office equipment	79,165	26,645	2,484	–	103,326
III. Financial assets					
Investments in affiliated companies	7,399,946	967,679	18,227	–	8,349,398
Loans to affiliated companies	2,717,623	43,006	2,515,000	–	245,629
Other equity investments	296,303	74,967	–	–	371,270
Loans to other long-term investees and investors	20,000	–	–	–	20,000
Total financial assets	10,433,872	1,085,652	2,533,227	–	8,986,297
Total fixed assets	10,552,898	1,115,069	2,535,711	–	9,132,256

ANNUAL FINANCIAL STATEMENTS
Notes

	VALUATION ALLOWANCES					NET CARRYING AMOUNTS		
	Brought forward Jan. 1, 2014	Additions	Disposals	Transfers	Write-ups	Balance Dec. 31, 2014	Balance Dec. 31, 2014	Balance Dec. 31, 2013
	31,814	4,499	–	–	–	36,313	6,320	8,047
	56,035	10,185	2,477	–	–	63,743	39,583	23,130
	23,339	9,000	–	–	22,000	10,339	8,339,059	7,376,607
	–	–	–	–	–	–	245,629	2,717,623
	–	–	–	–	–	–	371,270	296,303
	–	–	–	–	–	–	20,000	20,000
	23,339	9,000	–	–	22,000	10,339	8,975,958	10,410,533
	111,188	23,684	2,477	–	22,000	110,395	9,021,861	10,441,710

A valuation allowance and a write-up were recognized in relation to the carrying amount of investments in affiliated companies during the reporting period. The corresponding expense and income are included in the financial result.

4. Notes to the income statement

Personnel expenses comprise the following:

€ thousand	2014	2013
Salaries	443,348	376,367
Social security and expenses for pensions and support	73,512	71,246
of which for pensions	(12,583)	(17,567)
Offsetting under staff leasing agreements	-349,955	-297,667
	166,905	149,946

The allocated costs pursuant to staff leasing agreements are shown in the other operating expenses in order to report the respective personnel expenses as part of the general administration expenses. All income from cost allocations is shown in other operating income.

Other operating income contains income of €192 thousand from currency translation, and the other operating expenses contain expenses of €224 thousand from currency translation.

Net income from equity investments is broken down as follows:

€ thousand	2014	2013
Expenses from loss transfers	155,003	126,183
Income from profit transfer agreements (from affiliated companies)	684,738	1,173,195
Income from equity investments (from investments in joint ventures)	6,600	12,000
	536,335	1,059,012

The financial result is broken down as follows:

€ thousand	2014	2013
Income from other securities and long-term loans (of which from affiliated companies: €15,825 thousand; previous year: €123,335 thousand)	16,636	124,146
Other interest and similar income (of which from affiliated companies: €19,940 thousand; previous year: €8,731 thousand) (of which interest income from discounting: €1,223 thousand; previous year: €91 thousand)	28,034	12,765
Interest and similar expenses (of which to affiliated companies: €37,484 thousand; previous year: €31,193 thousand) (of which €17,371 thousand from the unwinding of discounts on provisions; previous year: €9,800 thousand)	73,786	164,912
Write-downs of financial assets (from affiliated companies)	9,000	-
Write-ups of financial assets (from affiliated companies)	22,000	1,000
	-16,116	-27,001

A total of €6,744 thousand of interest expenses for the fund-based pension provisions was offset against the equivalent income from the measurement of the attendant fund assets. A total of €383 thousand of interest expenses from the unwinding of discounts on provisions for time asset bonds (previous year: interest income of €387 thousand from discounting) was offset against the equivalent income from the measurement of the fair value fund.

The annual result was affected by income of €14,659 thousand relating to other accounting periods (previous year: €20,168 thousand) as well as expenses of €218 thousand relating to other accounting periods (previous year: €14,246 thousand), arising mainly from offset personnel expenses and the reversal of provisions. Both the income and the expenses relating to other accounting periods are included in the other operating income/expenses.

Our services generally do not give rise to any cost of materials as defined in section 275(2) no. 5 HGB.

5. Other notes

Derivative transactions were undertaken solely for hedging purposes in order to limit interest rate and currency risks. Market values are determined on the basis of market information available at the balance sheet date and appropriate IT-based evaluation methods.

The nominal and market values comprise the following:

€ thousand	NOMINAL VALUES		MARKET VALUES			
	December 31, 2014	December 31, 2013	December 31, 2014		December 31, 2013	
			Positive	Negative	Positive	Negative
Interest rate swaps	300,000	1,300,000	4,882	-	23,660	2,547
Cross-currency interest rate/currency swaps	291,761	-	-	17,413	-	-
Currency futures contracts	-	182,845	-	-	978	1,439

The table below shows the underlying transactions that were hedged as of December 31, 2014, to the extent that they were combined into micro-hedges, as well as the risks hedged thereby:

€ thousand		Assets	Liabilities	Total	Amount of the hedged risks
Interest rate risks	Micro-hedge	–	300,000	300,000	7,303
Currency risks	Micro-hedge	291,761	–	291,761	16,765
Total		291,761	300,000	591,761	24,068

Micro-hedges have been accounted for since January 1, 2010 in accordance with the German Accounting Law Modernization Act (BilMOG). The hedging relationships are accounted for using the net hedge presentation method.

The interest rate risks from the issuing of loans to group companies are hedged by means of receiver swaps in connection with micro-hedges so that changes in the value of the underlying transaction and the swap offset each other. Transactions are generally designated as hedges for as long as the hedge is effective. This means that the intention to maintain the hedge until final maturity is always given. The prospective test of effectiveness is based on either IFRS (if possible under IFRS criteria for hedge accounting) or on the critical term match method. The retrospective measurement of effectiveness is based on the regression analysis. Currency risks arising from the issuing of loans in foreign currencies to FS companies outside of the eurozone are generally hedged by means of forward exchange transactions, currency swaps and cross-currency interest rate swaps. The critical term match method is used to measure the effectiveness of these hedges.

A provision totalling €317 thousand for expected losses was recognized as of December 31, 2014 due to interest rate and currency risks (previous year: €0 thousand).

The liabilities under warranties amount to €13,535,720 thousand and mainly concern guarantees toward creditors of affiliated companies (€13,422,659 thousand) under these debentures and other refinancing programs, as well as a guarantee toward a creditor of an affiliated company for future rental payments (€105,864 thousand). The probability of a loss is very low because these are Group companies. Liabilities from sureties toward affiliated companies amount to €7,197 thousand. The cash deposit in the amount of €87,094 thousand shown under receivables was pledged to collateralize dealer financing in Russia, Portugal and the United Kingdom. This gave rise to a provision for risks of €1,700 thousand, which was recognized under provisions.

Other financial obligations (purchase obligations) pursuant to section 285 no. 3a HGB amount to €58,148 thousand.

The share capital of €441,280 thousand is divided into 441,280,000 no-par value shares. All of these shares are held by Volkswagen AG, Wolfsburg.

A control and profit transfer agreement has been in effect between Volkswagen AG and Volkswagen Financial Services AG since January 1, 1995.

There are also profit and loss transfer agreements between Volkswagen Financial Services AG and Volkswagen Bank GmbH and Volkswagen Leasing GmbH and control and profit transfer agreements with Volim Volkswagen Immobilien Vermietgesellschaft für VW-/Audi-Händlerbetriebe mbH, Volkswagen Versicherung AG, Volkswagen Financial Services Beteiligungsgesellschaft mbH, Volkswagen-Versicherungsdienst GmbH, Volkswagen Versicherungsvermittlung GmbH, 4Collection GmbH and MAN Finance International GmbH.

The annual financial statements of Volkswagen Financial Services AG are published in the German Federal Gazette.

Our company's annual financial statements are included in the consolidated financial statements of Volkswagen Financial Services AG, Braunschweig, which are drawn up according to the International Financial Reporting Standards and published in the German Federal Gazette.

The annual financial statements of Volkswagen Financial Services AG are also included in the consolidated financial statements of Volkswagen AG, Wolfsburg, and published in the German Federal Gazette.

Volkswagen Financial Services AG had an average of 5,303 employees and 114 trainees over the course of the year. The 5,303 employees include 3,877 full-time employees and 1,426 part-time employees.

The emoluments of the Board of Management of Volkswagen Financial Services AG came to €7,790 thousand in 2014. The total emoluments of former members of the Board of Management and their surviving dependants amounted to €435 thousand. The provisions recognized for this group of people in connection with current pensions and pension entitlements amount to €10,113 thousand.

The company paid €135 thousand in remuneration to the Supervisory Board.

6. Corporate bodies of Volkswagen Financial Services AG

The Board of Management is comprised as follows:

FRANK WITTER

Chairman of the Board of Management
Corporate Steering
China/India/ASEAN
Insurance

DR. MARIO DABERKOW

Information Technology and Processes

FRANK FIEDLER

Finance

CHRISTIANE HESSE

Human Resources and Organization

DR. MICHAEL REINHART

Risk Management
Credit Analysis

LARS-HENNER SANTELMANN

Sales and Marketing
Germany, Europe, International, Latin America

The Supervisory Board is comprised as follows:

HANS DIETER PÖTSCH

Chairman
Member of the Board of Management of Volkswagen AG
Finance and Controlling

PROF. DR. HORST NEUMANN

Deputy Chairman
Member of the Board of Management of Volkswagen AG
Human Resources and Organization

MICHAEL RIFFEL

Deputy Chairman
General Secretary of the General Works Council of Volkswagen AG

DR. ARNO ANTLITZ

Member of the Board of Management Volkswagen Brand
Controlling and Accounting

DR. JÖRG BOCHE

Executive Vice President of Volkswagen AG
Group Treasurer

WALDEMAR DROSDZIOK

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

CHRISTIAN KLINGLER

Member of the Board of Management of Volkswagen AG
Sales and Marketing

DETLEF KUNKEL

General Secretary/ Principal Representative of IG Metall Braunschweig

SIMONE MAHLER

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

GABOR POLONYI (FROM MARCH, 17 2014)

Head of Major Client Management for Volkswagen Leasing GmbH

PETRA REINHEIMER

General Secretary of the Joint Works Council of Volkswagen Financial Services AG,
Volkswagen Bank GmbH and Euromobil Autovermietung

AXEL STROTBEK

Member of the Board of Management
AUDI AG
Finance and Organization

JÖRG THIELEMANN (UNTIL MARCH, 17 2014)

Head of Customer Service Retail North/East of Volkswagen Bank GmbH

7. Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Volkswagen Financial Services AG, and the management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of Volkswagen Financial Services AG.

Braunschweig, February 10, 2015

The Board of Management



Frank Witter



Dr. Mario Daberkow



Frank Fiedler



Christiane Hesse



Dr. Michael Reinhart



Lars-Henner Santelmann

Independent auditor's report

We have audited the annual financial statements – comprising the balance sheet, the income statement and the notes – including the accounting and the management report of VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT, Braunschweig, which is combined with the Group management report, for the fiscal year from January 1 to December 31, 2014. The accounting and preparation of the annual financial statements and the combined management report according to German commercial law are the responsibility of the company 's Board of Management. Our responsibility is to express an opinion on the annual financial statements, including the accounting, and the combined management report based on our audit.

We conducted our audit of the annual financial statements in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). These standards require that we plan and perform the audit to obtain reasonable assurance that inaccuracies and violations with a material impact on the presentation of net assets, financial position and results of operations conveyed by the consolidated financial statements with due regard to the applicable accounting principles, and by the combined management report are identified. Knowledge of the business activities and the economic and legal environment of the company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the accounting, the annual financial statements and the combined management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the annual financial statements and the combined management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the company in accordance with the principles of proper accounting. The combined management report is consistent with the annual financial statements, provides a suitable understanding of the company's situation and suitably presents the opportunities and risks of future development.

Hannover, February 10, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Frank Hübner
Auditor

Ralf Schmitz
Auditor

VOLKSWAGEN FINANCIAL SERVICES AG

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