VOLKSWAGEN FINANCIAL SERVICES

THE KEY TO MOBILITY

Creating Value with Financial Services

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CFO Volkswagen Financial Services AG

Investor Update – Volkswagen Financial Services

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, 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. These assumptions relate in particular to the development of the economies of individual countries and markets, the regulatory framework and the development of the automotive industry. Therefore 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, and trade disputes among major trading partners 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 in particular 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 Such statements are valid on the date of publication and can be superseded.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.

Under the brand “Volkswagen Financial Services – the key to mobility“ the subsidiaries of Volkswagen Financial Services AG as well as its sister company Volkswagen Bank GmbH render various services under the joint brand "Volkswagen Financial Services". Such services are banking services (through Volkswagen Bank GmbH), leasing services (through Volkswagen Leasing GmbH), insurance services (through Volkswagen Versicherung AG, Volkswagen Autoversicherung AG) as well as mobility services (inter alia through Volkswagen Leasing GmbH). In addition, insurance products of other providers are offered.

Agenda

Role of Volkswagen Financial Services within the Volkswagen Group and the current Business Model

New Business Models of Volkswagen Financial Services

ROUTE 2025

Vision and Targets of Route2025

Role of Volkswagen Financial Services within the Volkswagen Group and the current Business Model

Volkswagen Financial Services is a strong pillar within the Volkswagen Group

Volume	Premium	Sport & Luxury	Truck & Bus	Procurement/ Components	Financial Services	China
VW	Audi	Porsche	MAN	Procurement	Volkswagen Financial Services	Region China
ŠKODA	Lamborghini[1]	Bentley	Scania	Components	VOLKSWAGEN FINANCIAL SERVICES AKTIENGESELLSCHAFT	
SEAT	Ducati[1]	Bugatti	Power Engineering[1]		VOLKSWAGEN BANK GMBH	
VW LCV					Porsche Financial Services	
MOIA					Financial Services USA / Canada / Spain	
					Scania Financial Services	
					Porsche Holding Financial Services	

[1] Allocation to be verified

We offer the whole range of services under one roof*

VOLKSWAGEN FINANCIAL SERVICES
THE KEY TO MOBILITY

BANKING	LEASING	INSURANCE & SERVICE		MOBILITY					PAYMENT
BANK	**LEASING**	**INSURANCE**	**SERVICES**	**FLEET**	**HEYCAR**	**CHARGE & FUEL**	**RENTAL**	**PARKING**	**PAYMENT**
• Retail Financing • Wholesale Financing • Factoring • Deposits	• Finance Lease • Operating Lease	• Motor incl. Telematics • Warranty • GAP & CPI • Commercial Lines	• Service & Inspection • Full and Limited Maintenance • Tyres	• Multi-brand capability • Reporting • Telematics • Life-Cycle-Services • Consulting	• Used Car Platform	• Fuel & Service Cards • Charge & Fuel Card • Tolling	• Long-term Rental • Short-term Rental • Micro Rental | Car sharing	• Payment for parking space • Services around parking • On- and off-street	• In-Car-Payment • Mobile Payment • Wallet

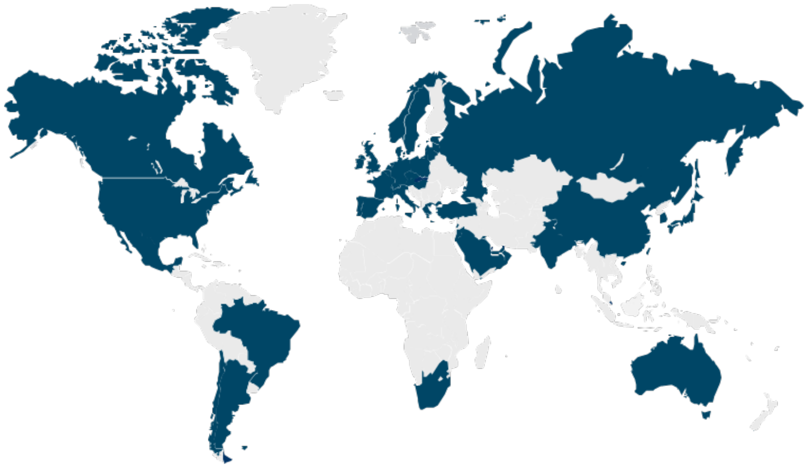
PROFITABILITY
CONTACT FREQUENCY

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

Volkswagen Financial Services at a glance (31.12.2018)

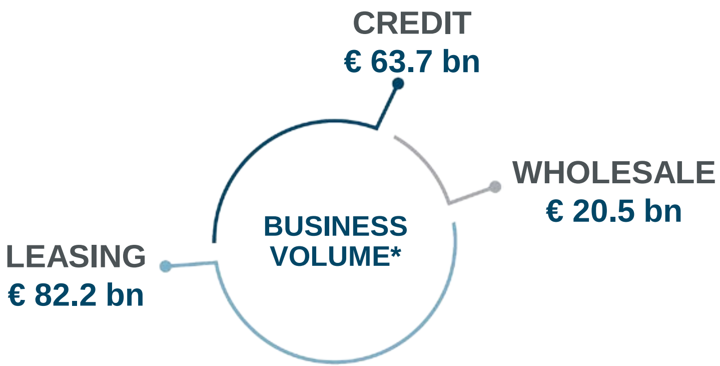
Volkswagen Financial Services conducts business in

48 MARKETS.



KEY FIGURES

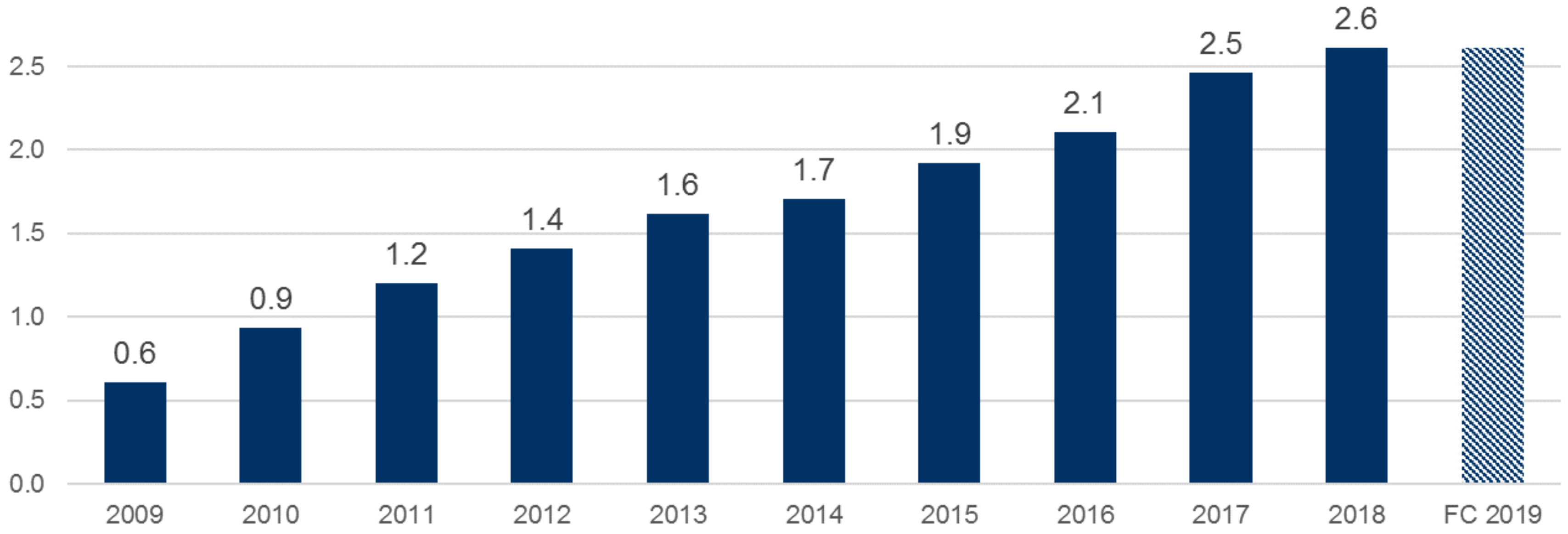
Total assets	€ 207.6 BN
Equity	€ 26.3 BN
Customer deposits	€ 32.4 BN
Operating profit	€ 2.61 BN
Employees	16,267
Contracts (units)	20.3 M



* Receivables + Leased Assets

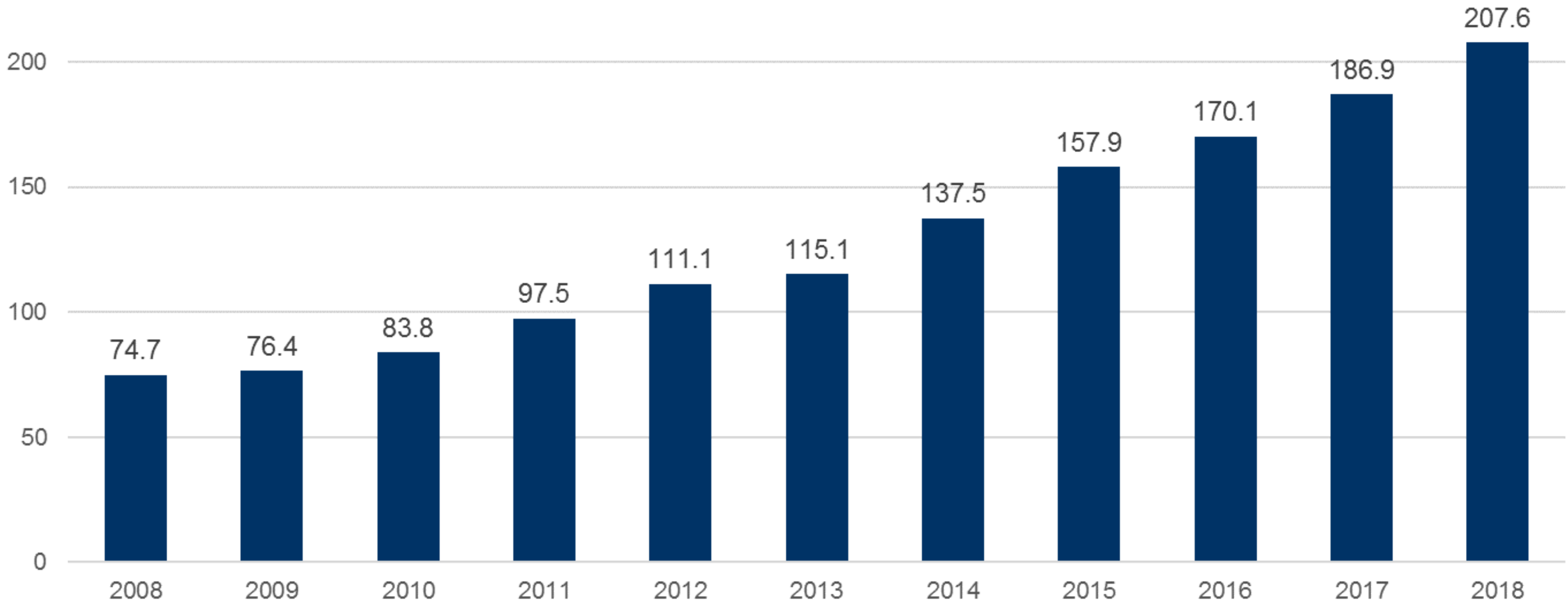
Volkswagen Financial Services - Operating Income

bn €

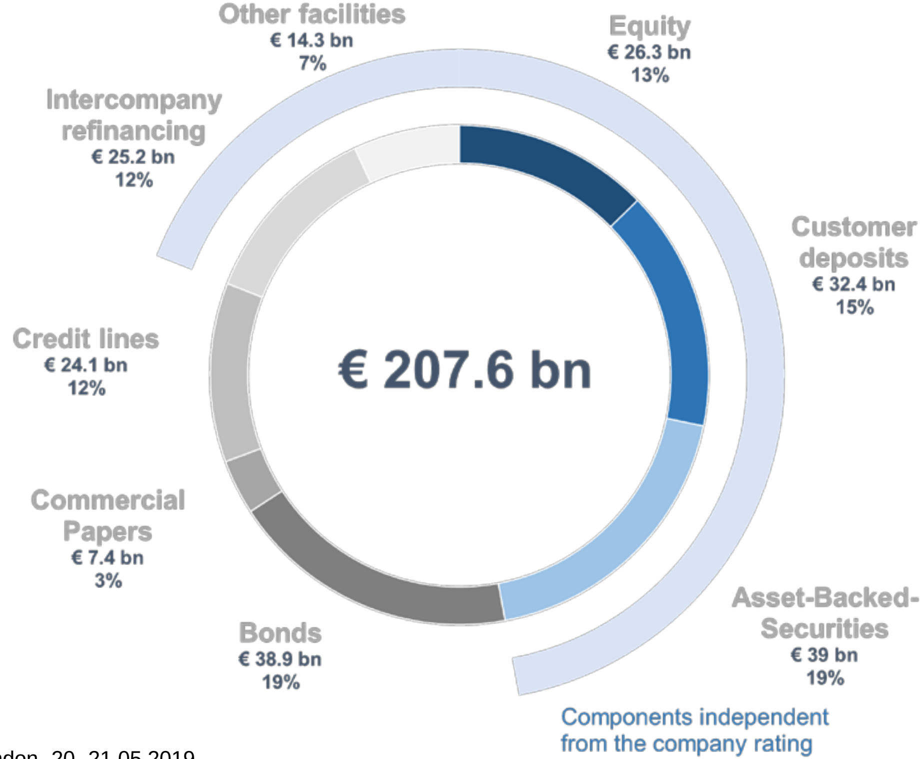


Volkswagen Financial Services – Balance Sheet

bn €

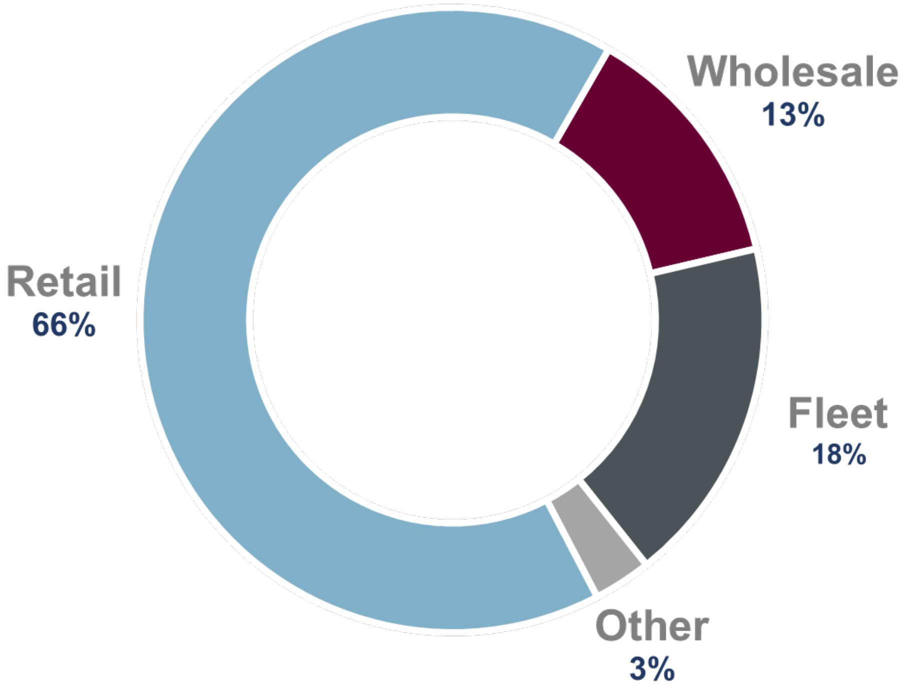


Volkswagen Financial Services: successful, diversified and automotive-independent funding structure (12/31/2018)



Strategic Funding Mix

Portfolio structure Volkswagen Financial Services



Credit Risk

The predominant risk type whereof the major share is originated from well diversified retail business with a low risk profile.

Residual Value Risk

Residual values are monitored closely and regularly adjusted to the current market situation for new business. Completely covered by provisions and equity according to IAS 36.

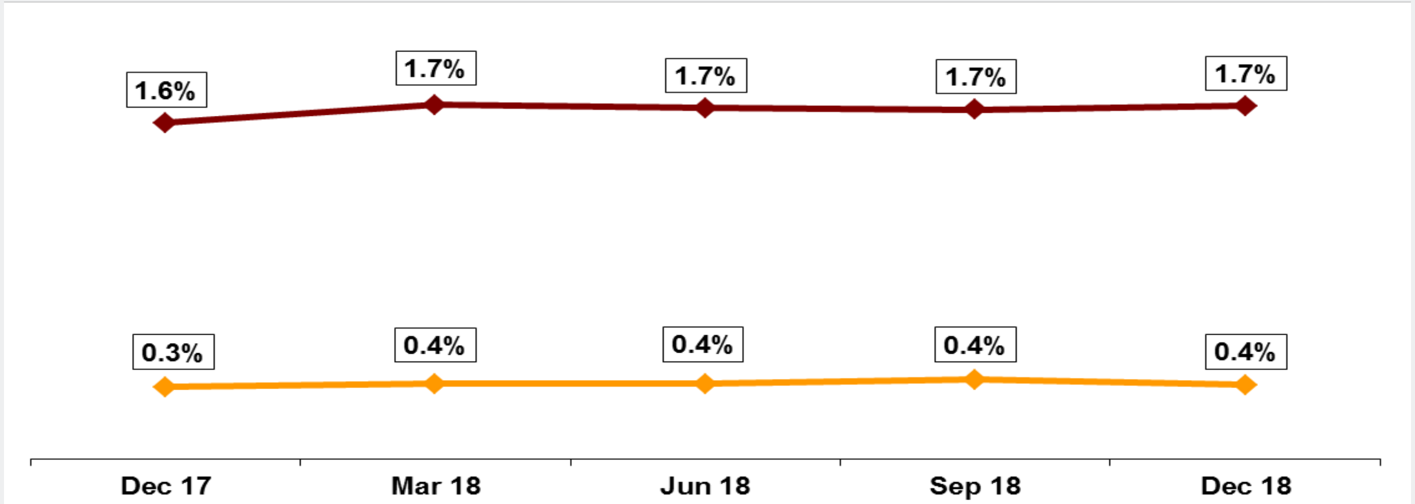
Other substantial risk types:

- Earnings Risk
- Operational Risk
- Marketprice Risk
- Shareholder Risk

as of 12/31/2018

Volkswagen Financial Services – credit risks as of 31.12.2018

Credit risk remains at low level despite challenging market environment



Total Provision Ratio

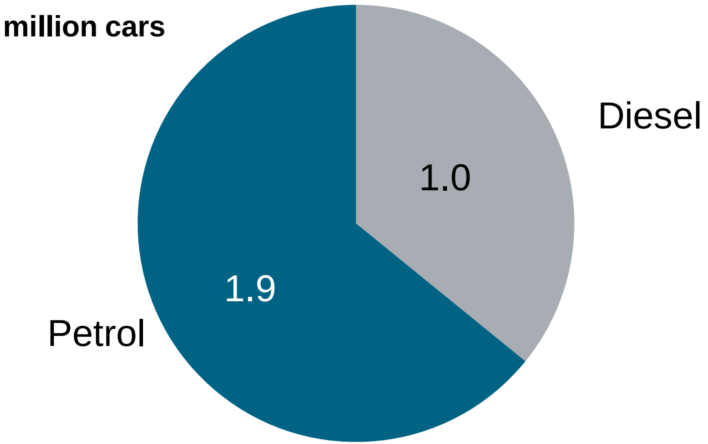
Ø Dynamic Loss Ratio

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

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

Residual value situation of Volkswagen Financial Services as of 31.03.2019

Vehicles in direct residual value portfolio

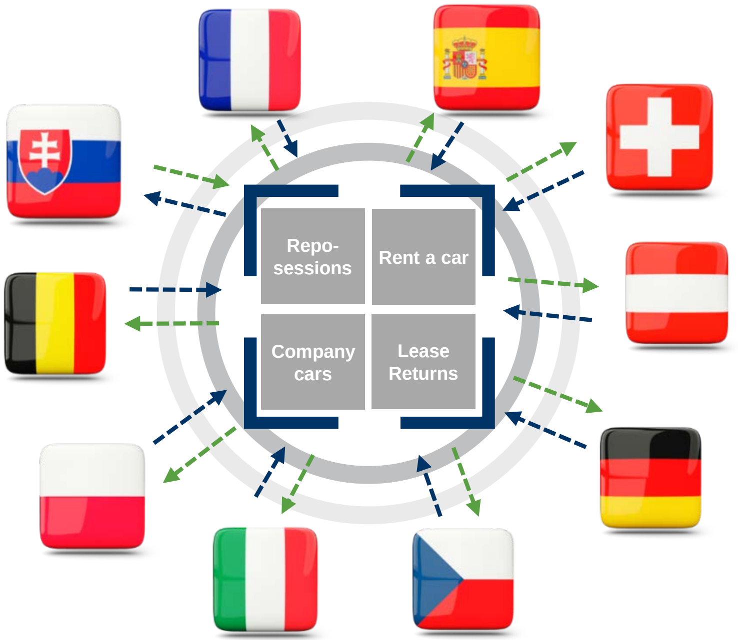


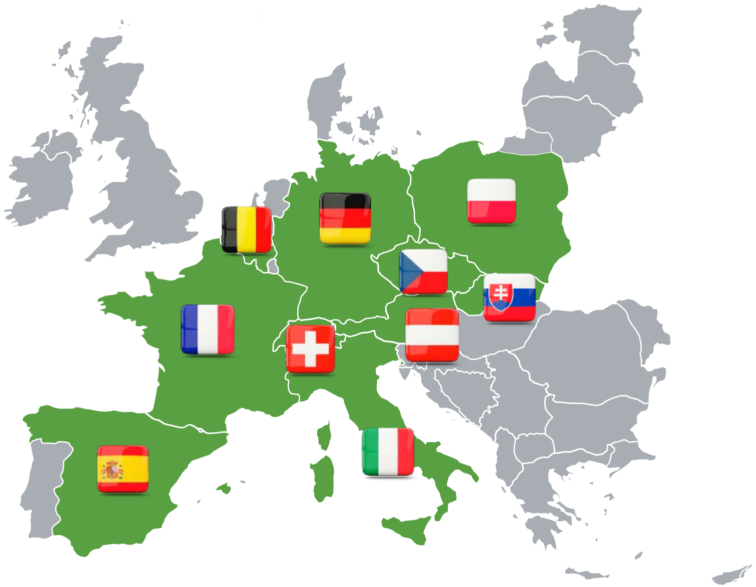
Total: 2.9 m cars

- **Vehicle stock** increased in Q1 2019
- Declining **risk per vehicle** in Q1 2019

➢ All **residual value risks** are fully covered by risk provisions and equity.

International used car brokerage safeguards residual values





Currently 10 Volkswagen Financial Services AG countries participating
1 additional country in discussion

New Business Models of Volkswagen Financial Services

Impacts on our business model

New Channels

Our world is becoming more **Digital**

Internet of Things more present

Urban Spaces are changing

BEVs are the key to realizing EU targets for reducing emissions

New Products

The Volkswagen Financial Services offer must adapt to market changes

Classic business model

INCOME

- ✓Car financing
- ✓Dealer financing
- ✓Leasing
- ✓Insurance
- ✓Services

RISK

- ✓Interest and liquidity risk
- ✓Default risk
- ✓Residual value risk

PARTNER

- ✓Retail customer (1:1)
- ✓Dealers
- ✓BaFin, ECB

We offer the whole range of services under one roof*

VOLKSWAGEN FINANCIAL SERVICES
THE KEY TO MOBILITY

BANKING	LEASING	INSURANCE & SERVICE		MOBILITY					PAYMENT
BANK	**LEASING**	**INSURANCE**	**SERVICES**	**FLEET**	**HEYCAR**	**CHARGE & FUEL**	**RENTAL**	**PARKING**	**PAYMENT**
• Retail Financing • Wholesale Financing • Factoring • Deposits	• Finance Lease • Operating Lease	• Motor incl. Telematics • Warranty • GAP & CPI • Commercial Lines	• Service & Inspection • Full and Limited Maintenance • Tyres	• Multi-brand capability • Reporting • Telematics • Life-Cycle-Services • Consulting	• Used Car Platform	• Fuel & Service Cards • Charge & Fuel Card • Tolling	• Long-term Rental • Short-term Rental • Micro Rental | Car sharing	• Payment for parking space • Services around parking • On- and off-street	• In-Car-Payment • Mobile Payment • Wallet

PROFITABILITY

CONTACT FREQUENCY

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

The Volkswagen Financial Services offer must adapt to market change

New mobility concepts

INCOME

+ Rental products
+ Fleet business
+ Parking, Fuel, Toll

RISK

+ Revenue risk
+ Utilisation risk
+ Operating risk (own operations)

PARTNER

+ Mobility customers (1:n)
+ Municipal authorities
+ Public transport

We offer the whole range of services under one roof*

VOLKSWAGEN FINANCIAL SERVICES

BANKING | LEASING | INSURANCE & SERVICE | MOBILITY | PAYMENT

BANK
- Retail Financing
- Wholesale Financing
- Factoring
- Deposits

LEASING
- Finance Lease
- Operating Lease

INSURANCE
- Motor incl. Telematics
- Warranty
- GAP & CPI
- Commercial Lines

SERVICES
- Service & Inspection
- Full and Limited Maintenance
- Tyres

FLEET
- Multi-brand capability
- Reporting
- Telematics
- Life-Cycle-Services
- Consulting

HEYCAR
- Used Car Platform

CHARGE & FUEL
- Fuel & Service Cards
- Charge & Fuel Card
- Tolling

RENTAL
- Long-term Rental
- Short-term Rental
- Micro Rental | Car sharing

PARKING
- Payment for parking space
- Services around parking
- On- and off-street

PAYMENT
- In-Car-Payment
- Mobile Payment
- Wallet

PROFITABILITY

CONTACT FREQUENCY

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

The Volkswagen Financial Services offer must adapt to market changes

Digital products

INCOME

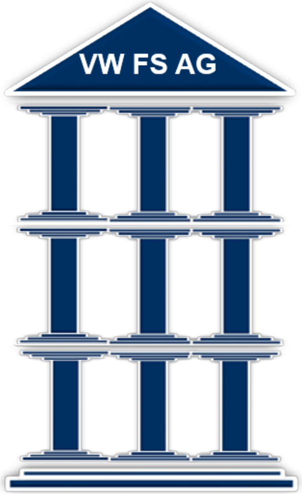
- Payment-Services
- Cyber-insurance
- Functions on Demand

RISK

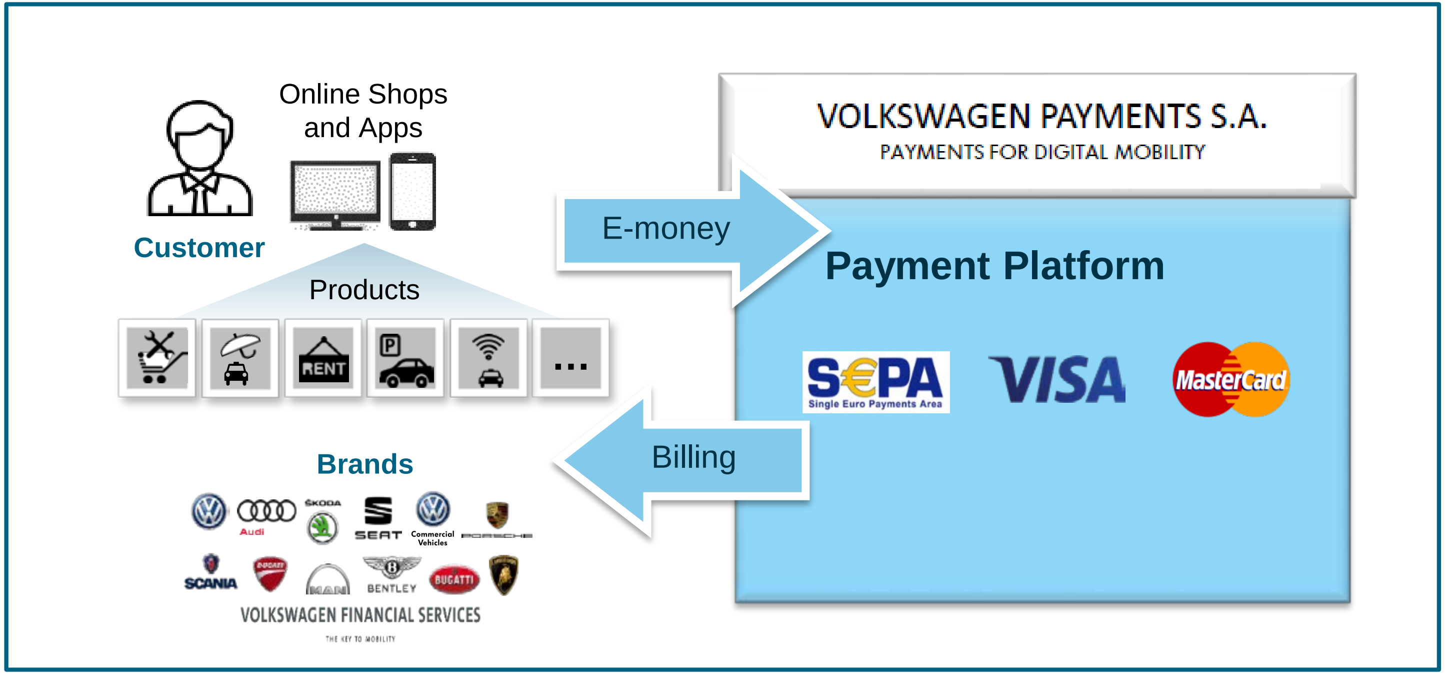
- Cyber risks
- Traffic law risks (autonomous driving)

PARTNER

- Digital-savvy customers
- Digital companies

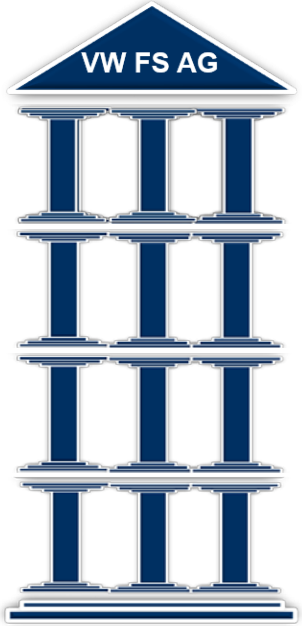


Payment Platform | Volkswagen Financial Services provides global payment solutions for digital-based business models within the Volkswagen group



The Volkswagen Financial Services offer must adapt to market changes

Electrification



INCOME

+ Classic business, new mobility concepts and digital products for e-cars
+ Charging-products

RISK

+ Revaluation of classic risks, especially residual value risk (internal combustion engine vs. electric motor)

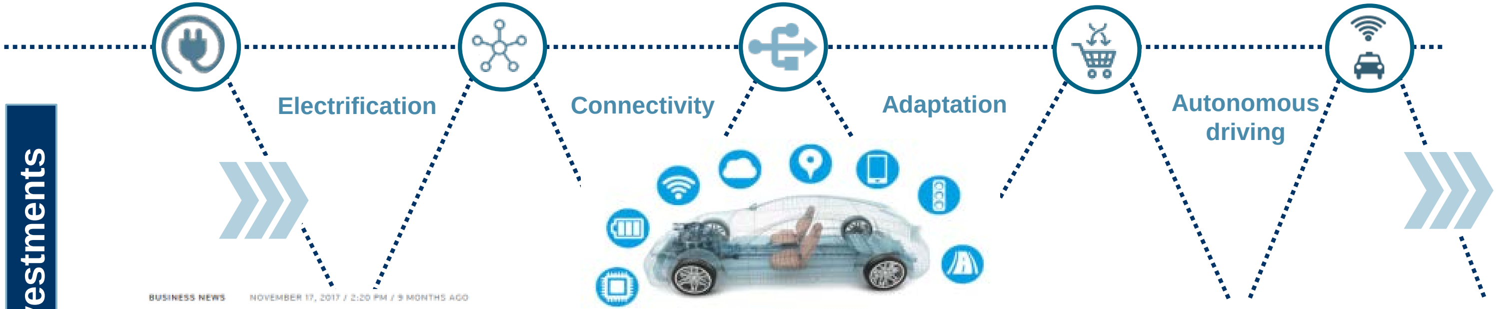
PARTNER

+ Environmentally aware customers
+ Energy providers
+ Battery producers
+ Providers of charging infrastructure

Electrification and digitalization change the automotive industry

Launches

Investments



BUSINESS NEWS NOVEMBER 17, 2017 / 2:20 PM / 9 MONTHS AGO

Volkswagen accelerates push into electric cars with €30 billion spending plan

The world's most valuable resource is no longer oil, but data The Economist

Electrification creates new challenges for automotive financial service providers

Challenges

Customers

- Uncertainties and delays (technology and complexity)
- Investment risk

Financial service providers

- Reduced margin due to changed product portfolio
- Keeping the residual values stable

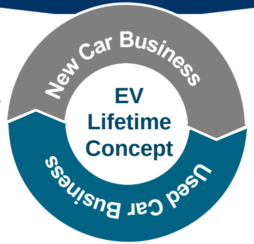
Targets

- Take over the risks and uncertainties
- Offer an attractive financial services product portfolio
- Securing the residual values
- Customer loyalty: Accompanying the customer and the vehicle "for a lifetime"

Solutions

Holistic sales approach

Customized leasing offers for EV new and used cars



Packages and after-sales offers for EV new and used cars

Volkswagen Financial Services e-charging solutions provides access to public charging

Focus VW FS

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Charge&Fuel Card

- Charging product for the **german market**
- VWFS is **developer and operator**
- Product for all **brands of VW group**

DCS Cooperation

DIGITAL CHARGING SOLUTIONS

- **International oriented** e-charging products
- VWFS **cooperation with DCS** to provide **access to charging infrastructure**
- First implementation project with **Audi and VWCV**

Vision and Targets of Route2025

Vision and targets of Route2025

ROUTE 2025

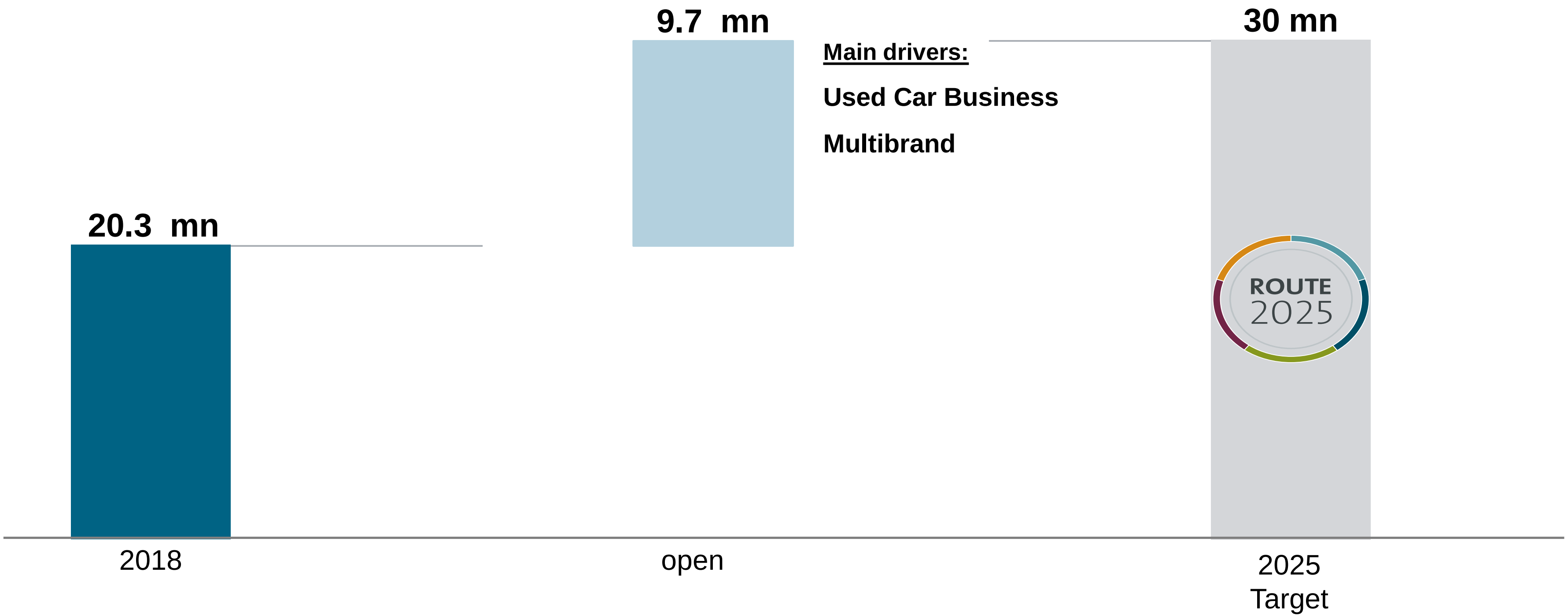
VISION

WE ARE THE BEST AUTOMOTIVE FINANCIAL SERVICES GROUP IN THE WORLD

WHAT

STRATEGIC DIMENSIONS	CUSTOMERS	EMPLOYEES	OPERATIONAL EXCELLENCE	PROFITABILITY	VOLUME
STRATEGIC TARGETS	• Excited Customers	• Top Employer • Top Employees	• Compliance& Governance • Process Efficiency • IT Excellence	• Total Operating Income • **20% ROE** • **40% CIR**	• **30M Contracts** • **50% Extended Penetration**

ROUTE2025 - Target of 30 mn contracts* in portfolio in 2025
Major driver: used cars

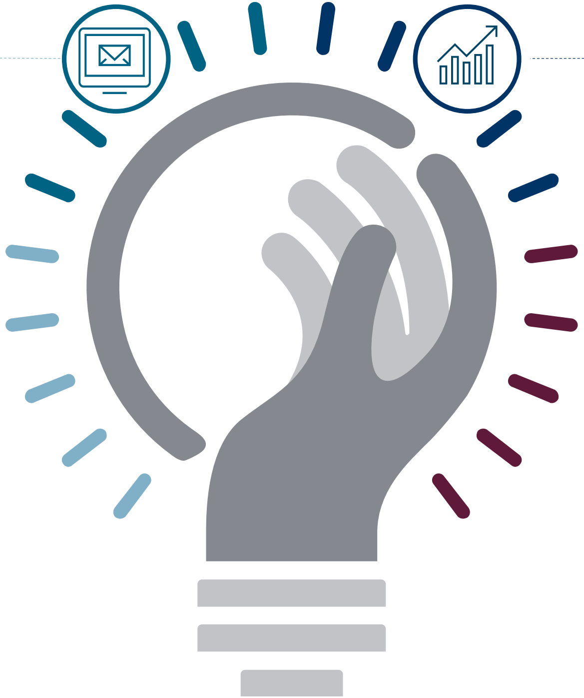


* Contract portfolio including contracts of non-consolidated companies

ROUTE2025 | Our Focus Topics

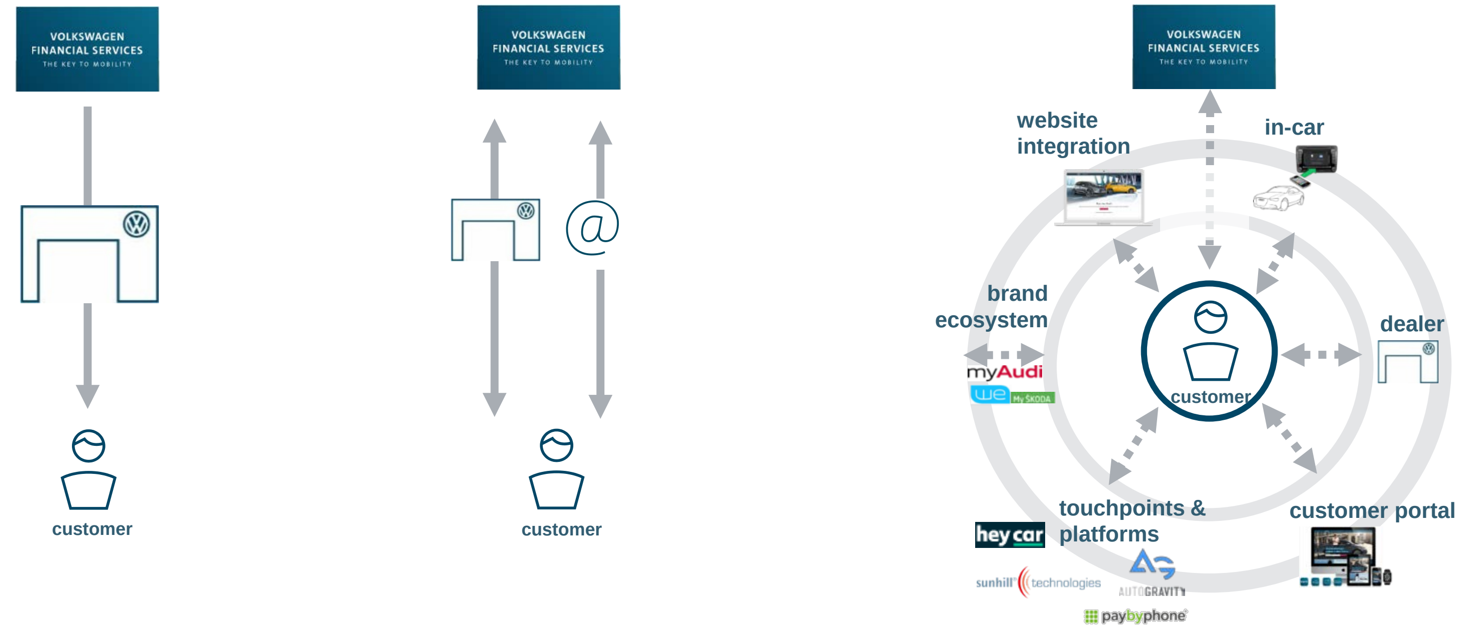
Digitalization

Operational Excellence

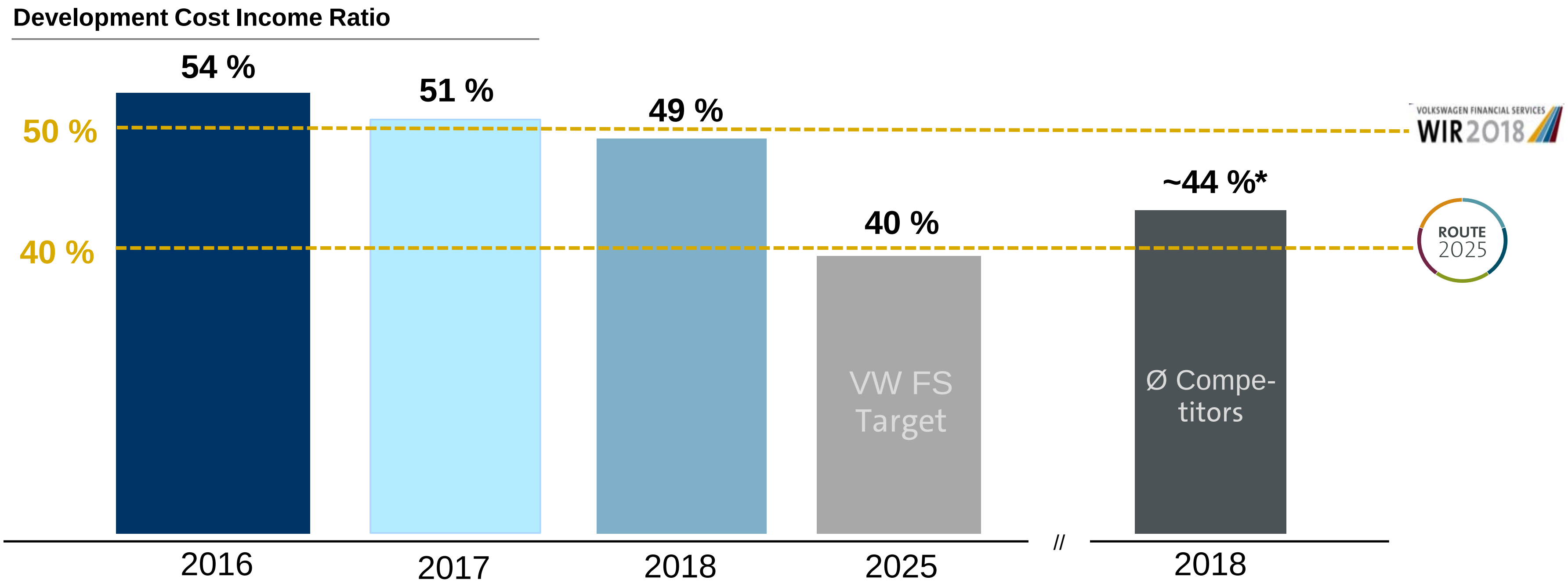


Volkswagen Financial Services will digitialize all core products by 2020 and extends it's distribution channels

Past: single channel | By 2020: multi channel | By 2025: omni channel



Operational Excellence | Cost efficiency has been continuously improved but we are still behind our competitors



* Sources: Annual Reports

The main drivers of Volkswagen Financial Services‘ expenses are IT, HR and Sales - Right at these points OpEx will have its effects

Global VW FS Targets

1% Overhead Ratio		1% Cost of Sales Ratio
Best-in-Class Productivity	**Best-in-Class IT Organization**	**Optimize Cost of Sales**
• Process Optimization • Lean administration • Automation	• Shoring/ Sourcing • Cloud Strategy • Shared IT Services • Application Portfolio	• Reduced campaign reimbursement • Product comprehensive reimbursement systems • Optimization of objectives and reimbursement levels • Effort-based reimbursement Omni-channel

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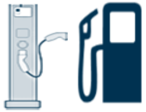
Thank You.

Volkswagen Bank GmbH
Gifhorner Str. 57
38112 Braunschweig
Germany

	Finding the charging station	Authentification	Charging and refueling	Payment
NOW	No **central** information about charging stations	Over **40** RFID-cards/-providers in Germany	No **integrated** offer for charging and refueling	**Decentralised** payment to each provider
				
Solution	**App** to find the charging station	**ONE** App/ Charging card for universal charging/refueling	**Integrated offer for charging and refueling**	Payment with **one bill and uniform prices**

New customer experience "Everything from one source" - integrated process for public charging

Rental & Sharing

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Rental

- **MAN Rental, EUROLEASING:**

Rental of **heavy commercial vehicles and trailers** for **1 day to 60 months**

- **VW FS Rent a Car, EUROMOBIL:**

Rental of **passanger cars** and **light commercial vehicles** from 1 day till 12 months.

Carsharing

- **Greenwheels:**

Station-based carsharing of **passenger cars** and **light commercial vehicles** for short-time rental (by **hours, days or weeks**).

Smart Parking

Key Facts

Market leader in Germany

- Active in **7 countries**
- **~1,4 milion parking places in over 400 cities**
- about **80 million transactions** per year with the target of **250 milion transactions in 2020**

Role in the Group

- VW FS as platform provider for cashless **parking for all brands of the Volkswagen Group**

Product

Access / Payment *(Comfort)*

Relevant coverage

On-Street

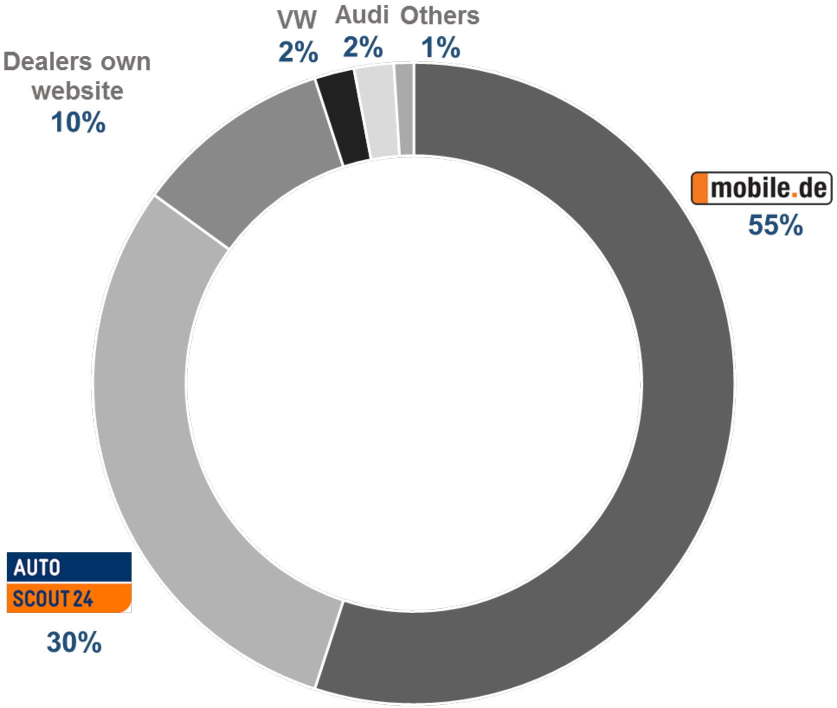
(municipal, unlimited)

Off-Street

(limited)

heycar | development of a real alternative to the current duopoly

Online share of trades



- mobile.de and AUTO SCOUT24 counts for 85% of the Market
- **Constant price increase** for both platforms
- Dominant platforms **controlled by American tech companies**

heycar is being developed as an alternative in close cooperation with dealers

Daimler Financial Services acquired 20% stake