Volkswagen Financial Services marked new highlights with innovative products in 2013, thereby supporting sales by the Volkswagen Group brands. It added finance offerings from MAN and Ducati to its portfolio of services and continued its international expansion.

STRUCTURE OF VOLKSWAGEN FINANCIAL SERVICES
Volkswagen Financial Services’ portfolio of services covers dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. Volkswagen Financial Services AG is responsible for coordinating the Group’s global financial services activities, the only exceptions being the Scania, MAN (until December 31, 2013) and Porsche brands, and the financial services business of Porsche Holding Salzburg. The principal companies in this division in Europe are Volkswagen Bank GmbH, Volkswagen Leasing GmbH and Volkswagen Versicherungsdienst GmbH. VW CR E D I T, INC. operates financial services activities in North America. Volkswagen Financial Services is currently active in 49 countries, with more being added.

BUSINESS DEVELOPMENT
Volkswagen Financial Services continued its successful course in fiscal year 2013, recording growth in three dimensions: international expansion into new markets, the extension of the product portfolio and close cooperation with Volkswagen Group brands.

The new business area Ducati Financial Services began operations in 2013. Its first step was to present attractive financial services for customers of the Ducati brand in the Italian market; shortly after, it supplemented these with offerings in the German and US markets. Further international expansion continued in Greece and Turkey.

In the area of New Mobility, Volkswagen Financial Services significantly expanded its carsharing activities. It invested in Collect Car B.V. in April 2013, which leads the Dutch carsharing market and is better known as “Greenwheels”. The objective of the investment is to develop the business model and roll it out in other countries, in particular in Europe.

In 2013, Volkswagen Autoversicherung AG – a strategic partnership between Volkswagen Financial Services AG and Allianz SE – was successfully launched in the market. It offers car insurance at attractive conditions to customers of the Volkswagen Group’s brands.

10.7 million

Contracts as of December 31, 2013
In the reporting period, Volkswagen Bank GmbH partnered with energy utility LichtBlick in connection with the launch of the e-up! in Germany. This has offered green energy – exclusively generated from renewable sources – to customers in Germany since May 2013 in addition to attractive financing options for the Volkswagen Group’s electric vehicles.

Volkswagen Financial Services AG acquired MAN Finance International GmbH as of January 1, 2014. This purchase expands Volkswagen Financial Services AG’s activities to include MAN’s financing, leasing and rental activities.

Volkswagen Financial Services companies were highly successful in 2013 in the course of their refinancing activities. A key element of the strategy is selective diversification, both in relation to the instruments used and by currency area. The main refinancing sources are money market and capital market instruments, asset-backed securities (ABS) transactions and deposits from the direct banking business.

Internationalization was a particular focus in 2013 and was driven forward by developing local financing instruments. For example, the Volkswagen Dogus joint venture in Turkey made its debut in the local capital market. In Brazil, Banco Volkswagen continued its 2012 success with a second publicly marketed transaction.

ABS issues are used to securitize loan and leasing receivables in various currency areas. Receivables amounting to €9.4 billion were securitized in 15 ABS transactions worldwide in 2013. In the first quarter of 2013, Volkswagen Financial Services AG marketed European loan receivables in the Driver Ten transaction. Following this, the Volkswagen Car Lease 17 transaction successfully placed leasing receivables on the market. As the year went on, the financial services providers expanded the ABS program internationally. The Driver France One transaction involving securitized auto loans was the first transaction successfully completed in France. Driver Australia One in Australia expanded the ABS program into a new currency area and a new continent. Australia is the seventh country after Germany, the United Kingdom, Spain, Japan, Brazil and France where Volkswagen Financial Services AG is active on the capital markets with its Driver platform. Auto loans were successfully securitized for a second time in Brazil and Japan. In the USA, VW CREDIT INC. used its established securitization programs, placing two VALET transactions using auto loans and one VALT transaction securitized with leasing receivables in the local market.

€1.6 billion

Operating profit for 2013
The number of new finance, leasing and service/insurance contracts signed in the past fiscal year rose by 13.4% to 4.3 million. The Customer Financing/Leasing area recorded a 9.0% rise in the number of contracts to 6.9 million on December 31, 2013. The number of contracts in the Service/Insurance area also grew by 15.7% year-on-year to 3.8 million. At 10.7 million, the total number of contracts again reached a record high (+11.3%). Based on unchanged credit eligibility criteria, the share of financed or leased vehicles increased to 28.9% (27.5%) of total Group delivery volumes.

Volkswagen Bank direct was managing 1.418 thousand accounts at the end of the reporting period (1.438 thousand). The Volkswagen Financial Services Division employed 10,945 people as of the reporting date.

**SALES REVENUE AND EARNINGS**

Volkswagen Financial Services generated sales revenue of €19.0 billion in 2013, up 6.2% on the prior-year figure. Operating profit rose by 14.6% to €1.6 billion. Volume and margin improvements more than offset higher risk provisions and deteriorations in exchange rates as well as higher expenses for meeting banking regulatory requirements. As in previous years, Volkswagen Financial Services once again made a significant contribution to the Volkswagen Group’s earnings.

**VOLKSWAGEN FINANCIAL SERVICES**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of contracts</td>
<td>thousands</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Customer financing       | 10,725          | 9,640          | +11.3%
| Leasing                  | 4,946           | 4,551          | +8.7%
| Service/Insurance        | 1,983           | 1,808          | +9.7%
| Receivables from         | € million       |                |     |
| Customer financing       | 50,735          | 48,779         | +4.0%
| Dealer financing         | 13,154          | 12,942         | +1.6%
| Leasing agreements       | 16,181          | 15,476         | +4.6%
| Direct banking deposits  | € million       |                |     |
|                          | 21,285          | 22,004         | −3.3%
| Total assets             | € million       |                |     |
|                          | 115,067         | 111,052        | +3.6%
| Equity                   | € million       |                |     |
|                          | 11,582          | 11,314         | +2.4%
| Liabilities²             | € million       |                |     |
|                          | 99,465          | 95,630         | +4.0%
| Equity ratio             | %               |                |     |
|                          | 10.1            | 10.2           |     |
| Return on equity before tax³ | %         |                |     |
|                          | 14.9            | 13.4           |     |
| Leverage⁴ | % | 8.6 | 8.5 |
| Operating profit         | € million       |                |     |
|                          | 1,614           | 1,408          | +14.6%
| Profit before tax        | € million       |                |     |
|                          | 1,711           | 1,414          | +21.0%
| Employees at Dec. 31     |                |                |     |
|                          | 10,945          | 10,133         | +8.0%

1 Prior-year figures adjusted to reflect application of IAS 19R.
2 Excluding provisions and deferred tax liabilities.
3 Profit before tax as a percentage of average equity (continuing operations).
4 Liabilities as a percentage of equity.