

**Financial report June 2014**

**Volkswagen Financial Services N.V.**

**Amsterdam**

## Management report

Volkswagen Financial Services N.V. ('FSNV' or 'the company') is one of the funding vehicles of Volkswagen Financial Services AG, Brunswick (FSAG) and its subsidiaries. FSNV raises funds from the capital markets by issuing notes and lends the proceeds on to Group and Joint Venture companies. Basis for the issuing activities are the € 25 billion Debt Issuance Programme that adheres to the European Prospective Directive Standards and a € 10 billion Multi Currency Commercial Paper Programme. All issues are guaranteed by the parent company FSAG. As per 30.6.2014 according to Moody's, FSAG's rating is set to P-2 (short term) and A3 (long term) with a positive outlook. Standard & Poor's assessed FSAG's creditworthiness as A-2 (short term) and A- (long term) with a positive outlook.

Besides these programmes FSNV can utilize several uncommitted revolving credit facilities with international banks. This grants more flexibility in providing the Volkswagen group with small volumes and/or frequent tranches of funds if required.

Within the first six months of the year FSNV placed 10 bonds under the DIP Programme with a total € equivalent of 1,6 billion. Under the CP Programme the company placed 56 issues with a total € equivalent of 1,5 billion and received intercompany funding totaling € 1,2 billion. The proceeds of these issues have been granted to the Volkswagen Financial Services Group companies.

The company redeemed DIP issues with a total € equivalent of 540 million and CP issues with a total € equivalent of 1,3 billion.

The financing activities are carried out in different currencies and interest terms. To avoid currency and interest risks, the company concludes interest- and currency swaps. The main business risks of FSNV are interest rate risk, currency risk, liquidity risk and credit risk. The Supervisory Board has set limits to restrict those risks. FSNV uses adequate tools to assess and to monitor them.

Interest income of € 13,2 million in the first half of 2013 decreased to € 8,5 million in the first half of 2014. The average equity available for lending decreased from € 676 million to € 550 million. Result after taxes added up to € 6,0 million in the first six months of 2014 (2013: € 9,9 million)

For the whole year 2014 we expect a continuation of the first six months' level with regard to FSNV's business volume. Interest income and result after taxes are expected to be below the 2013 figures.

The Management Board declares that to the best of their knowledge:

1. the financial statements for the first half year of 2014 give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and
2. the management report gives a true and fair view of the company's situation as at the balance sheet date, the events that occurred during the first half year and the risks to which the company is exposed.

Amsterdam, 24 July 2014

Original has been signed by

Thomas Fries, Managing Director

## Balance sheet as at 30 June 2014

(unaudited)

	30 June 2014		31 December 2013	
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>				
<b>Fixed assets</b>				
Financial fixed assets:				
Shares in participations	1		1	
Loans to Volkswagen group Companies	5,387,109		2,925,268	
Loans to joint ventures of the Volkswagen group	726,625		615,416	
Loans to external parties	500		-	
Total financial fixed assets		6,114,235		3,540,685
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<b>Current assets</b>				
Receivables due from Volkswagen group companies	974,097		1,029,120	
Receivables due from joint ventures of the Volkswagen group	936,155		885,532	
Other assets	52,150		41,058	
Loans to external parties	-		500	
Prepaid and deferred charges	19,445		13,825	
Cash at banks and in hand	761		804	
<b>Total current assets</b>		1,982,608		1,970,839
<b>Total assets</b>		8,096,843		5,511,524

(unaudited)

	30 June 2014		31 December 2013	
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Shareholder's equity and liabilities</i>				
<b>Shareholder's equity</b>				
Share capital	454		454	
Share premium reserve	555,000		520,000	
Retained earnings	85,940		85,940	
Current earnings	6,045		-	
<b>Total shareholder's equity</b>		647,439		606,394
<b>Long-term liabilities</b>				
Bonds	4,242,703		2,979,383	
Liabilities to Volkswagen group companies	1,329,313		108,624	
<b>Total long-term liabilities</b>		5,572,016		3,088,007
<b>Current liabilities</b>				
Bonds	779,784		947,426	
Commercial papers	945,845		691,000	
Liabilities to Volkswagen group companies	61,459		102,718	
Other liabilities	75,368		65,618	
Deferred income	14,932		10,361	
<b>Total current liabilities</b>		1,877,388		1,817,123
<b>Total shareholder's equity and liabilities</b>		8,096,843		5,511,524

## Income statement 30 June 2014

(unaudited)

	30 June 2014		30 June 2013	
	EUR'000	EUR'000	EUR'000	EUR'000
<b>Income</b>				
Interest and similar income	66,632		67,078	
Other operating income	1		12	
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<b>Total income</b>		66,633		67,090
<b>Expenses</b>				
Interest and similar expenses	(58,114)		(53,867)	
Other operating expenses	(53)		(6)	
General and administrative expenses	(572)		(422)	
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<b>Total expenses</b>		(58,739)		(54,295)
<b>Result before taxation</b>		7,894		12,795
Taxation		(1,849)		(2,852)
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<b>Result after taxation</b>		6,045		9,943