

Financial report June 2014

Volkswagen International Finance N.V.

Amsterdam

Management report

Volkswagen International Finance N.V. ('VIF' or 'the company') is one of the funding vehicles of Volkswagen AG, Wolfsburg (VWAG) and its subsidiaries. VIF 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 EUR 30 billion Debt Issuance Programme (DIP) that adheres to the European Prospective Directive Standards and a EUR 10 billion Multi-Currency Commercial Paper Programme (CP Programme). All issues are guaranteed by VWAG. According to Moody's, VWAG's rating is set to P-2 (short-term) and A3 (long-term) with a positive outlook. Standard & Poor's assessed VWAG's creditworthiness as A-2 (short-term) and A- (long-term) with a positive outlook.

Within the first six months of 2014 under the DIP, VIF placed a total equivalent of EUR 2,1 billion consisting of 6 new issues. Under the CP Programme, during the same period, VIF issued 5 Commercial Papers totaling EUR 163 million. In March 2014 VIF issued undated subordinated notes in two tranches of EUR 1,25 billion and EUR 1,75 billion.

The proceeds of all issues mentioned above were granted to Volkswagen group companies.

VIF redeemed multiple bonds with an equivalent of EUR 3,2 billion, and 14 CP issues with an equivalent of EUR 612,5 million.

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

European Union regulations transformed into Dutch Law require the presentation of half year balance sheet figures in comparison to year-end figures of the previous year. Income statement figures compare the half year result with the corresponding half year result of the previous year.

Within the first half year 2014 VIF realized earnings of EUR 398,2 million after taxes against EUR 899,5 million in the first half of 2013. The company generates income mainly from the holding and the group financing business. Income from participations adds up to EUR 389,9 million (mainly dividend income) compared to EUR 890,4 million in 2013. The interest income from group financing activities amounts to EUR 13,5 million (2013: EUR 13,3 million).

For the second half of the 2014 we expect business volume and interest result to be on a similar level as in the first half.

VWAG has restructured its holding activities by transferring its shareholding in VIF to Volkswagen Finance Luxembourg S.A. (VFL), a 100% subsidiary of VWAG. VIF has transferred the majority of its shareholdings in various subsidiaries also to VFL and will concentrate on capital market issuances and the financing of Group companies.

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, 28 July, 2014

Original has been signed by

Thomas Fries , Managing Director

Original has been signed by

Vincent Delva , Managing Director

Balance sheet as at 30 June 2014

(unaudited)

		30 June 2014		31 December 2013	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Fixed assets					
Intangible fixed assets		5		53	
Tangible fixed assets		70		10	
Shares in participations		154,996		3,932,150	
Loans to Volkswagen group companies		26,413,994		25,826,757	
Loans to joint ventures of the Volkswagen group				-	
Total fixed assets			26,569,065		29,758,970
Current assets					
Receivables due from Volkswagen group companies		6,876,989		5,915,441	
Receivables due from joint ventures of the Volkswagen group		10,953		11,670	
Other assets		40,575		40,524	
Prepayments and accrued income		162,852		153,508	
Deposits at banks		10,315		11,116	
Cash at banks and in hand		259,066		338,305	
Total current assets			7,360,750		6,470,564
Total assets			<u>33,929,815</u>		<u>36,229,534</u>

(unaudited)

	30 June 2014		31 December 2013	
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Shareholders' equity and liabilities</i>				
Shareholders' equity				
Issued and paid-up share capital	103,035		103,035	
Share premium reserve	120		120	
Retained earnings	740,018		4,703,950	
Current earnings	398,231			
Total shareholders' equity		1,241,404		4,807,105
Long-term liabilities				
Bonds	26,164,201		25,444,082	
Liabilities to Volkswagen group companies	-		35,000	
Total long-term liabilities		26,164,201		25.479,082
Current liabilities				
Bonds	6,088,826		4,882,720	
Commercial papers	-		449,500	
Liabilities to Volkswagen group companies	43,209		15,399	
Other liabilities	304,766		493,901	
Deferred income	66,314		82,660	
Current income tax	689		1,505	
Trade payables	232		52	
Accrued liabilities	20,174		17,610	
Total current liabilities		6,524,210		5,943,347
Total shareholders' equity and liabilities		33,929,815		36,229,534

Income statement 30 June 2014

(unaudited)

	30 June 2014		30 June 2013	
	EUR'000	EUR'000	EUR'000	EUR'000
Income				
Interest and similar income	480,363		389,918	
Other operating income	2,096		807	
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Total income		482,459		390,725
Expenses				
Interest and similar expenses	(466,862)		(376,614)	
Other operating expenses	(1,257)		(59)	
General and administrative expenses	(2,582)		(2,315)	
Amortisation and depreciation expenses	(17)		(8)	
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Total expenses		(470,718)		(378,996)
Result before taxation		11,741		11,729
Taxation		(3,420)		(2,565)
Result from participations		389,910		890,372
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Result after taxation		398,231		899,536
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