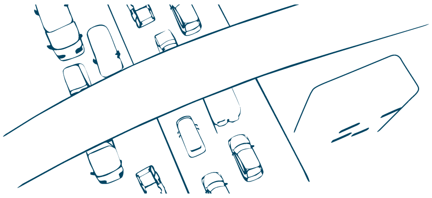
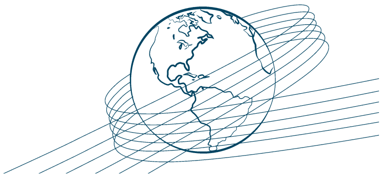
VOLKSWAGEN FINANCIAL SERVICES

AKTIENGESELLSCHAFT



A chave da mobilidade.

The key to mobility.



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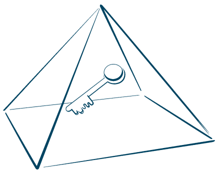
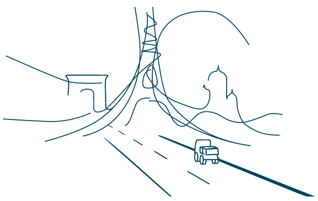


Der Schlüssel zur Mobilität.

गतिशीलता की कुंजी.



La chiave per la mobilità.

CONSOLIDATED INTERIM REPORT JANUARY – JUNE 2012

Volkswagen Financial Services AG at a glance

€ million	30.06.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Total assets	83,769	76,946	65,332	60,286	57,279
Receivables arising from					
Retail financing	36,315	33,261	30,505	26,603	21,913
Wholesale financing	11,366	10,412	8,828	8,391	9,584
Leasing business	15,154	14,252	13,643	13,935	14,912
Leased assets	7,068	6,382	4,974	3,666	3,003
Customer deposits[1]	24,257	23,795	20,129	19,532	12,835
Equity	8,716	7,704	6,975	6,311	6,780

€ million	1st half-year 2012	1st half-year 2011	1st half-year 2010	1st half-year 2009	1st half-year 2008
Pre-tax result	478	418	363	297	548
Net income	365	321	283	207	394

%	30.06.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Equity ratio[2]	10.4	10.0	10.7	10.5	11.8

%	30.06.2012	31.12.2011	31.12.2010	31.12.2009	31.12.2008
Core capital ratio	10.0	9.8	10.5	11.2	8.8
Overall ratio	10.9	10.1	10.5	11.4	10.8

Number (as at 30.06.)	2012	2011	2010	2009	2008
Employees	8,456	7,322	6,797	6,775	6,639
In Germany	4,789	4,599	4,297	4,290	4,128
Abroad	3,667	2,723	2,500	2,485	2,511

RATING 2012	STANDARD & POOR´S			MOODY´S INVESTORS SERVICE		
	short-term	long-term	outlook	short-term	long-term	outlook
Volkswagen Financial Services AG	A–2	A–	stable	Prime–2	A3	positive
Volkswagen Bank GmbH	A–2	A–	stable	Prime–2	A3	positive

1 The year-end customer deposit figure for 2009 was adjusted to the customer deposit definition applicable from 2010 onwards.
2 Equity divided by total assets

Key facts

- Volkswagen Financial Services AG increased its total assets by 8.9 % to € 83.8 billion between January and June 2012, the period under review. The net income from lending, leasing and insurance transactions before risk provisions in the reporting period was approximately € 1.4 billion, which is an increase compared to the same period the previous year.
- At € 478 million, pre-tax profit surpassed the previous year's level by 14.4 %.
- The contract portfolio amounts to 7,604,000 contracts, with receivables from customers up by € 6.2 billion. This is essentially due to the expansion of the business volume in the customer financing segment.
- With customer deposits of € 24.3 billion, the direct banking activities of Volkswagen Bank GmbH continued to make an important contribution to our refinancing.
- Volkswagen Financial Services AG took first place in the 2,001 to 5,000 employees size class in the prestigious "Great Place to Work" employer competition.
- According to a ranking published by Leaseurope, the European Federation of Leasing Company Associations, Volkswagen Leasing GmbH is the largest vehicle leasing company and therefore the market leader in Europe for the second time in a row.
- Since 1 January 2012, Volkswagen Leasing GmbH is owner of car rental company Euromobil.
- Volkswagen Leasing GmbH launched its new "KaskoSchutz" service on 24 April 2012. KaskoSchutz is an attractive alternative to common comprehensive insurance, offering consistently low rates also in the event of damage.
- On 21 March 2012, Volkswagen Leasing GmbH received an award for its environmental programme for sustainable fleet management in the national "365 places in the land of ideas" competition.
- In 2012, Volkswagen Leasing GmbH was named "Best Leasing Company" in connection with the fleet award sponsored by the German trade magazine Autoflotte for the seventh time running. It was also named "Most Popular Captive Leasing Company" and cited as having the "Best Vehicle Configurator of a Captive Leasing Company" in connection with the Flottina awards sponsored by "Flottenmanagement" magazine.
- Volkswagen Bank GmbH takes first place in the readers' choice awards in the "Automobile Banks" category from AUTOBILD and "auto motor und sport". This is the sixth time in a row that "auto motor und sport" has named Volkswagen Bank GmbH the best bank, awarding it the "Best Brand" title.

Development of business

GLOBAL ECONOMY

The global economy continued to grow in the first six months of 2012, though at a slower pace than in 2011 as a whole. Most emerging markets recorded comparatively high, albeit declining, growth rates. This contrasts with industrialised countries, where economic growth remained subdued.

Western Europe's economic situation deteriorated progressively in the reporting period, with recessionary tendencies intensifying in Southern Europe in particular. Uncertainty remained high on account of unresolved issues such as how to solve the European debt crisis and the future institutional orientation of the euro zone.

In the period from January to June 2012, the German economy performed better than had been expected in the previous year. In spite of weakening exports, growth in Germany's gross domestic product (GDP) exceeded the European average. The positive trend on the labour market continued.

In Central Europe, the economic upswing seen in recent months decelerated at a faster rate than in Eastern Europe.

Economic development in the United States remained moderate between January and June 2012. The labour market situation ultimately did not improve much either in recent months. The highly expansionary monetary policy was maintained. The Mexican economy continued its robust growth.

In Brazil and Argentina, the economic expansion in the first half of 2012 slowed perceptibly compared with the corresponding prior-year period. While inflation in Brazil has fallen in recent months, the strong inflationary pressure in Argentina has continued.

China's economic momentum was dampened in the reporting period by the slower rise in domestic and international demand. India also saw its GDP growth rate contract. The Japanese economy continued its recovery in recent months, with lower growth in exports being mainly compensated by government and consumer spending as well as higher capital expenditure.

FINANCIAL MARKETS

In the first half of 2012, development on the international financial markets took place in two phases. While the markets performed better than expected in the first quarter, the problems in the euro zone caused by the debt crises in Greece, Spain and also in Italy were the focus of financial markets worldwide around mid-year in particular. The risk of the euro zone falling apart, which would have unforeseeable consequences for the global economy, threw the markets into a spin despite positive company data in the leading industrialised countries. During the reporting period, the international stock market indices and the euro fell back to the level recorded at the start of the year after rallying in the first quarter of 2012.

Turmoil on the financial markets was caused by banks, which had played a major role in the Greek sovereign debt crisis and in the deep structural crisis in Spain unleashed by the property market. In spite of Spain's acceptance of the EU bailout, these developments gave rise to sizeable interest rate distortions. The cost of borrowing rose substantially for the placement of government bonds for Spain and Italy, for example, while issues by countries with a strong credit rating, among them the Federal Republic of Germany, were accepted at extremely low interest rates. The political uncertainty and the uncertainty surrounding the performance of European government bonds led to a worldwide slump in the placement of new issues of government bonds in the first half of the year. Corporate bond issues, on the other hand, have experienced significant growth. European companies with an excellent credit standing, particularly the three German automotive groups, were a pivotal part of this trend.

In view of the expansionary monetary policy in the industrialised countries, which was accompanied by low interest rates and the strong momentum of the global economy, the banking industry benefited at the beginning of the current year from the robust demand for loans from companies and households. It was not until April that demand started to move in the other direction. On account of the close ties throughout the global economy, but especially with Asia's emerging markets, the signals being emitted by the industrialised nations had a global effect.

The emerging economies displayed varying rates of growth in the difficult international financial situation. Mexico, for instance, registered growing demand for credit in the third year of its economic upturn, though the peso depreciated against the US dollar. In Brazil, the central bank rate was cut yet again to stimulate economic growth. China also recorded a slight downturn in growth mid-year, which prompted the central bank to reduce interest rates for the first time since 2008. In the last four quarters, India registered a decline in economic growth with a continuously high rate of inflation. Russia was impacted mid-year by the falling oil prices, which caused the rouble to lose ground against the dollar in May.

AUTOMOBILE MARKETS

In the first six months of 2012, the demand for passenger cars and light commercial vehicles around the world continued, with the pace of growth rising slightly once again in the second quarter. While Western Europe recorded a decrease as compared with the prior-year period, the overall markets in the other sales regions saw demand increase year on year. Double-digit growth rates were registered in Asia-Pacific, North America plus Central and Eastern Europe.

New car registrations in Western Europe in the first half of 2012 were down substantially on the prior-year level. In the French market in particular, but also in the crisis-hit Southern European countries, the automotive market was impacted by the weak economic environment.

New car registrations in Germany were up slightly year on year in the period from January to June 2012. Commercial vehicle sales had a stabilising effect, more than compensating for the purchasing restraint of retail customers.

New car sales continued to rise in Central and Eastern Europe during the reporting period. Especially in Russia, the overall market considerably exceeded the prior-year volume. The growth rate has nevertheless slowed slightly in the year to date.

Demand in North America rose from January to June 2012, the recovery continuing unabated in the USA in particular. The strong performance of the overall market was due in particular to the demand for replacements, which remained very high. Sales in Canada and Mexico were also up in the first six months of 2012.

In South America, the number of new car registrations in the reporting period was marginally higher than in the previous year. Whilst the market volume for passenger cars and light commercial vehicles in Brazil fell short of the high level registered in the first half of 2011 due to factors such as sluggish economic growth, sales in Argentina again surpassed the record high of the comparative prior-year period. Consumers continued to invest in tangible assets such as cars to protect themselves from the erosion of their purchasing power. All the same, demand weakened somewhat in the second quarter of 2012.

The Asia-Pacific region was the most important growth driver in global automotive sales in the first half of the year. Passenger car sales in China rose substantially between January and June 2012, with the increase seen in recent months now accelerating perceptibly once again with double-digit growth rates. The Japanese market recorded exceptionally high growth in the reporting period. Aside from the sharp drop in new car registrations in 2011 as a consequence of the natural disaster, this was primarily due to the Japanese government's stimulus package for green vehicles. The Indian market performed encouragingly in the first half of 2012. Although the macroeconomic conditions deteriorated as a result of higher vehicle taxes and more unfavourable financing conditions, sales posted double-digit growth compared with the previous year. A more diverse product range provided favourable conditions for growth.

OVERALL APPRAISAL OF THE DEVELOPMENT OF BUSINESS

In the view of the Board of Management of Volkswagen Financial Services AG, business has shown a positive development so far in 2012. Earnings in the first half of the year are up on the prior-year period.

Globally, new business has developed positively in the year's first half. With an increase in business volume, the rise in funding costs was disproportionately low due to favourable interest rates, among other things. Risk costs fell in comparison with the prior-year period.

In the first half of 2012, Volkswagen Financial Services AG boosted its business volume year on year – especially in Germany, the United Kingdom and Brazil.

The proportion of the total number of vehicles delivered by the Volkswagen Group worldwide accounted for by leased or financed vehicles (penetration) was 23.7 % (31.1 %) with unchanged credit eligibility criteria. The decrease is attributable to the first-time full consolidation of Volkswagen Finance (China) Co., Ltd., Beijing, because the proportion of leased or financed vehicles in China is much lower than the average in other automotive markets.

In Western and Southern Europe (France, Italy and Greece), the new passenger car business is declining due to the difficult macroeconomic situation. Despite these challenging market conditions, the company managed to improve its penetration in Italy.

In the first six months of 2012, Volkswagen Financial Services AG succeeded in stepping up its international expansion.

VOLKSWAGEN D'IETEREN FINANCE S.A., Brussels, a joint venture that was launched with the Belgian importer, commenced operations during the first six months of 2012. This has given Volkswagen Financial Services AG access to Belgium's entire financial services market.

A further market was developed with the commencement of operations of a branch of Volkswagen Bank GmbH in Portugal.

The company founded in South Korea in 2011 has offered both retail and wholesale financing since the beginning of the year.

The acquisition of Euromobil Autovermietung GmbH opened up a new product area in the field of New Mobility.

In Spain, Volkswagen Versicherungsvermittlung GmbH, Braunschweig, sold its 100 % interest in VOLKSWAGEN INSURANCE SERVICES, CORREDURIA DE SEGUROS, S.L., Barcelona, within the Volkswagen Group to VOLKSWAGEN FINANCE, S.A. – Establecimiento Financiero de Crédito – , Madrid. As a result, the entire financial services business in Span is now controlled from a single source, which facilitates an integrated financial services offering that adds value for customers and brands.

The national company Volkswagen Finance (China) Co., Ltd., Beijing, became a significant entity on the basis of its sustainable growth and was fully consolidated in the first six months of 2012 for the first time.

Effective 1 January 2012, the outstanding stake in VOLKSWAGEN BANK POLSKA S.A., Warsaw, and Volkswagen Leasing Polska Sp. z o.o., Warsaw, which until then had been jointly controlled, was acquired from the former co-owners of Kulczyk Pon Investment B.V., Leusden, to strengthen sales activities in Poland. These companies were also fully consolidated in the first half of the year for the first time.

In a move designed to strengthen their equity base, Volkswagen Financial Services AG implemented capital increases in the first six months of 2012 at Volkswagen Finance (China) Co., Ltd., Beijing, China, Volkswagen Finans Sverige AB, Södertälje, Sweden, Volkswagen Financial Services Korea Co., Ltd., Seoul, and VOLKSWAGEN FINANCE PRIVATE LIMITED, Mumbai, India. These measures serve to expand our business and support the growth strategy we are pursuing together with the brands of the Volkswagen Group.

Analysis of the Group's business development and position

RESULTS OF OPERATIONS

The notes on the results of operations concern changes relative to the same period the previous year.

The first six months of 2012 were positive for the companies of Volkswagen Financial Services AG. At € 478 million, pre-tax profit surpassed the previous year's level (+14.4 %). The net income from lending, leasing and insurance transactions before risk provisions was approximately € 1,386 million, which is an increase compared to the same period the previous year.

Provisions for risks amounted to € 193 million, which is less than in the previous year. Default risks arising for the Volkswagen Financial Services AG Group as a result of the crisis situation in a number of euro zone countries were accounted for by recognising valuation allowances, which increased by € 19 million year on year to € 207 million.

At € 785 million, general administration expenses were higher year on year. Volume effects arising from the expansion of business as well as the implementation of strategic projects and compliance with stricter regulatory requirements are the main drivers in this connection.

Commission income – essentially from insurance agency services – was up from the previous year.

At € 83 million, the net income from equity investments accounted for using the equity method was above the previous year's level (+20.3 %).

Taking into account the result from the measurement of derivative financial instruments in the amount of € –52 million (previous year: € –6 million) and the remaining earnings components, the net income for the half-year of the Volkswagen Financial Services AG Group was € 365 million, an increase of 13.7 % over the previous year.

The German Volkswagen Financial Services AG Group companies succeeded in a saturated market environment and made a substantial contribution to the results of Volkswagen Financial Services AG. With about 53.1 % of the contract portfolio, they remain the companies with the highest business volume.

All of the foreign financial services companies included as fully consolidated entities in the consolidated financial statements of Volkswagen Financial Services AG generated positive net income for the half-year.

ASSETS AND FINANCIAL POSITION

The notes on the assets and financial position concern changes relative to the balance sheet date 31 December 2011.

LENDING BUSINESS

Receivables from customers – which represent the core business of the Volkswagen Financial Services AG Group – plus leased assets amounted to € 74.8 billion, and thus accounted for approximately 89.3 % of the consolidated total assets. The positive development is reflected in the expansion of business, particularly in Germany, Brazil and the United Kingdom.

The loan volume from retail financing increased by € 3.1 billion or 9.2 % to € 36.3 billion. The number of new contracts was 694,000 (+23.3 % compared to the first half of 2011). This means that the number of current contracts rose to 3,330,000 (+10.2 %). With a volume of 1,893,000 contracts (previous year: 1,849,000), Volkswagen Bank GmbH remained the Group company with the highest business volume.

The loan volume in the wholesale financing business - which consists of receivables from Group dealers in connection with the financing of vehicles in stock plus equipment and investment loans - rose to € 11.4 billion (+9.2 %).

Receivables from leasing transactions amounted to € 15.2 billion, which is a slight increase compared to the previous year (+6.3 %). Leased assets saw growth of € 0.7 billion, rising to € 7.1 billion (+10.7 %).

In the period under review, a total of 286,000 new leasing contracts were signed, which is above the level of the first half of 2011 (+12.6 %). As at 30 June 2012, there were 1,282,000 leased vehicles in stock, which is an increase of 6.6 % compared to the previous year. As in previous years, Volkswagen Leasing GmbH once again made the largest contribution to the Group, with a current contract level of 920,000 leased vehicles (previous year: 876,000).

Compared to the previous year, the total assets of Volkswagen Financial Services AG rose to € 83.8 billion (+8.9 %). This increase results from the rise in receivables from customers and in leased assets, reflecting the expanded business in the period just ended.

As at 30 June 2012, there were 2,992,000 service and insurance contracts on the books (previous year: 2,627,000). At 511,000 contracts, the volume of new business was 8.3 % above the level of the first half of 2011.

CONTRACT VOLUME, CURRENT CONTRACTS AND NEW CONTRACTS AS WELL AS PENETRATION RATES

	VW FS AG	Europe	of which Germany	of which Italy	of which United Kingdom	of which France	Asia Pacific	North-America/ South America
€ million (as at 30.06.2012)								
Receivables from customers arising from								
Retail financing	36,315	24,919	15,086	1,600	5,044	1,051	4,336	7,060
Wholesale financing	11,366	9,059	3,955	557	1,442	1,103	1,032	1,275
Leasing business	15,154	14,349	11,389	656	150	875	207	598
Leased assets	7,068	7,066	5,112	370	973	218	0	2
Thousands (as at 30.06.2012)								
Current contracts	7,604	6,304	4,040	414	781	258	452	848
Retail financing	3,330	2,363	1,467	172	359	148	310	657
Leasing	1,282	1,194	898	53	68	65	3	85
Service/insurance	2,992	2,747	1,675	189	354	45	139	106
Thousands (from 01.01. - 30.06.2012)								
New contracts	1,491	1,214	717	83	199	57	101	176
Retail financing	694	461	252	36	94	35	90	143
Leasing	286	275	213	9	14	13	1	10
Service/insurance	511	478	252	38	91	9	10	23
% (from 01.01. – 30.06.2012)								
Penetration rates*	23.7	39.7	51.6	36.1	36.5	28.1	6.1	30.4

* Ratio of new contracts for new Group vehicles to deliveries of Group vehicles based on the fully consolidated entities of Volkswagen Financial Services AG

DEPOSIT BUSINESS AND BORROWINGS

Significant items in liabilities and equity include liabilities to financial institutions in the amount of € 11.3 billion (+53.3 %), liabilities to customers in the amount of € 30.7 billion (+3.1 %), as well as securitised liabilities in the amount of € 26.9 billion (+2.6 %).

The substantial increase in liabilities to financial institutions is due to the fact that Volkswagen Bank GmbH also utilised a € 2.0 billion funding offer from the European Central Bank. These funds were used for the bank's core business of automotive financial services as well as for repaying existing liabilities and further optimising its funding. The first-time consolidation of entities in China and Poland also contributed to the increase in liabilities to financial institutions.

Customer deposits, specifically those of Volkswagen Bank GmbH, reported as part of the liabilities to customers amounted to € 24.3 billion as at 30 June 2012, thus making a significant contribution to refinancing.

Aside from offering statutory deposit insurance, Volkswagen Bank GmbH is also a member of the Deposit Insurance Fund of the Association of German Banks (Bundesverband deutscher Banken e.V.).

EQUITY

The subscribed capital of € 441 million again remained unchanged in the period under review. IFRS equity was € 8.7 billion (previous year: € 7.7 billion). This yields an equity ratio of 10.4 % relative to the total equity and liabilities of € 83.8 billion, which is above average in comparison to international banks.

In February Volkswagen AG increased the equity of Volkswagen Financial Services AG by € 650 million to secure the company's growth in business and meet the legal requirements in the banking business.

Opportunity and risk report

OPPORTUNITY REPORT

Macroeconomic opportunities

The management of Volkswagen Financial Services AG assumes that both the automotive market on the whole and the market share of the Volkswagen Group will continue to grow in the year's second half, with regional markets showing disparate performances. Volkswagen Financial Services AG supports this positive development through financial services products designed to boost sales.

Strategic opportunities

In addition to entering new markets, Volkswagen Financial Services AG sees further opportunities in all markets in the development of innovative products that are aligned with customers' changed mobility requirements. The Group's targeted rates of return as well as the sales promotion potential are relevant for making decisions in this connection. Activities along the automotive value chain will be expanded and intensified further.

RISK REPORT

Shareholder risk

Volkswagen Bank GmbH has been holding a substantial – i. e. 50% – stake in LeasePlan Corporation N.V., Amsterdam, which is held indirectly via Global Mobility Holding B.V. (GMH), Amsterdam, since the end of 2004. As a result of the deterioration in the economic climate in the euro zone, in June 2012 rating agency Moody's downgraded LeasePlan's rating together with that of many other banks by two notches to Baa2, outlook stable. LeasePlan is expected to continue to generate profits.

Residual value risk

The process used to quantify the indirect residual value risk was revised on the basis of the historical data now available. In particular, the parameterisation of a loss ratio was incorporated. The parameters used include the probability that the dealerships will recover as well as a ratio that takes into account premature and normal contract terminations as part of "normal" operations. The business trend and the above-mentioned refinement of the quantification methods have reduced the indirect residual value risks (in comparison with previous years). As a consequence, the indirect residual value risks will continue to be classified as an "non-material risk type".

Summary

There were no material changes regarding the other risk types and our risk management methods in the past few months. Insofar, see the disclosures in the "Opportunity and risk report" chapter of the 2011 annual report.

In Southern European markets, risk costs rose in the first half of 2012 as expected owing to the crisis. The existing uncertainties in the euro zone will continue to be monitored closely.

EVENTS AFTER THE BALANCE SHEET DATE

Aside from the events described above, no events of substantial significance occurred after completion of the consolidated interim report as at 30 June 2012.

Personnel report

At 30 June 2012, Volkswagen Financial Services AG had 8,306 active employees. Besides active staff, in the first six months of this year Volkswagen Financial Services AG also had 51 employees who were in the passive phase of partial retirement, as well as 99 trainees. Hence the total number of employees of Volkswagen Financial Services AG on 30 June 2012 was 8,456, an increase of about 15.5 % compared to the year-end figure for 2011 (7,322 employees). The increase is mainly due to the consolidation of entities in China, Poland and the Portuguese bank branch. In the German market, the increase in the headcount by 399 people stems from the hiring of risk management, IT and audit specialists, as well as from the continued expansion of our business activities, especially in leasing. An additional 40 positions were created for employing previously temporary personnel on a permanent basis. The total number of employees in Germany at this time is 4,789.

In accordance with the substance-over-form principle, 298 employees of VOLKSWAGEN SERVICIOS SA DE CV, Puebla, Mexico, an unconsolidated company, are included in the overall personnel numbers.

Anticipated developments

GLOBAL ECONOMY

Global economic growth continued in the reporting period, though the momentum weakened further compared with 2011 as a whole. We expect the global economy to stabilise at this level as the year progresses, with trends in the individual regions varying. While most of the emerging economies in Asia and Latin America will continue to record above-average growth rates, expansion in the large industrialised nations will be only moderate. A recession is predicted for a number of EU Member States. All in all, global economic development will continue to be fraught with uncertainty.

FINANCIAL MARKETS

The financial markets will still feel the impact of the euro crisis in the second half of the year. Whilst the problems in the euro zone have not yet been a major drag on economic growth in Germany, they have had significant repercussions in the banking industry. The monetary policy measures taken by the European Central Bank to ease banks' financing situation have so far failed to restore confidence in sustainable development in the individual countries and have not fundamentally increased public's trust in the banking system.

AUTOMOBILE MARKETS

Global demand for passenger cars and light commercial vehicles grew slightly faster in the period from April to June 2012 than in the first quarter of the year, the highest increases in absolute terms being recorded in the United States, Japan, China, Russia and India. We expect the global markets for passenger cars and light commercial vehicles to continue growing on the whole in 2012, but we assume that the pace of growth will slow as the year progresses. In Western Europe we anticipate a decline in the overall market volume, though the German market will hover around the prior-year level. Growth in Central and Eastern Europe will slow substantially. For the strategically important markets in China and India, we are once again forecasting above-average performance despite waning momentum. Demand is also set to continue rising in North and South America.

DEVELOPMENT OF VOLKSWAGEN FINANCIAL SERVICES AG

The positive trends in the global economy that had made themselves felt in the 2011 financial year weakened in the first half of 2012. The volatile market notwithstanding, we expect the transaction volume in our financial services business to exceed the previous year's level.

We continuously analyse existing markets and new market potential. Expanding our product range will support a positive business performance.

We are further pushing the expansion of our national and international activities in line with the WIR2018 strategy. Besides expanding internationally, in the second half of 2012 our main focus will be on intensifying our sales activities jointly with the Volkswagen Group brands, launching new products in existing markets, developing new products especially as part of the New Mobility strategy and ensuring consistent risk management.

The Board of Management of Volkswagen Financial Services AG expects earnings for 2012 to remain at the same level as in the previous year.

Income statement
of the Volkswagen Financial Services AG Group

€ million	Note	01.01.–30.06.2012	01.01.–30.06.2011	Change in %
Interest income from lending transactions		1,820	1,575	15.6
Net income from leasing transactions before provisions for risks		621	621	0.0
Interest expense		–1,064	–937	13.6
Net income from insurance business		9	8	12.5
Net income from lending, leasing and insurance transactions before provisions for risks	1	1,386	1,267	9.4
Provisions for risks arising from lending and leasing business		–193	–325	–40.6
Net income from lending, leasing and insurance transactions after provisions for risks		1,193	942	26.6
Commission income		234	210	11.4
Commission expenses		–149	–123	21.1
Net commission income		85	87	–2.3
Result from financial instruments		–52	–6	X
Result from available-for-sale assets		0	0	X
Result from joint ventures accounted for using the equity method		83	69	20.3
Result from other financial assets		33	9	X
General administration expenses	2	–785	–617	27.2
Other operating result		–79	–66	19.7
Pre-tax result		**478**	**418**	**14.4**
Taxes on income and earnings		–113	–97	16.5
Net income		**365**	**321**	**13.7**
Net income attributable to Volkswagen AG		365	321	13.7

Statement of comprehensive income
of the Volkswagen Financial Services AG Group

€ million	Note	01.01.–30.06.2012	01.01.–30.06.2011
Net income		**365**	**321**
Actuarial gains and losses		–30	10
deferred taxes thereon		9	–3
Available-for-sale financial assets (securities):			
Fair value changes recognised in equity		–11	–10
Recognised in the income statement		0	0
deferred taxes thereon		3	5
Cash flow hedges:			
Fair value changes recognised in equity		5	4
Recognised in the income statement		2	4
deferred taxes thereon		–1	–1
Currency translation differences		11	–41
Income and expense of shares measured using the equity method, recognised directly in equity, after taxes		9	6
Income and expense recognised directly in equity		**–3**	**–26**
Comprehensive income		**362**	**295**
Comprehensive income attributable to Volkswagen AG		362	295

Balance sheet

of the Volkswagen Financial Services AG Group

€ million	Note	30.06.2012	31.12.2011	Change in %
Assets				
Cash reserve		424	352	20.5
Receivables from financial institutions		2,058	3,109	–33.8
Receivables from customers arising from				
Retail financing		36,315	33,261	9.2
Wholesale financing		11,366	10,412	9.2
Leasing business		15,154	14,252	6.3
Other receivables		4,923	3,634	35.5
Receivables from customers in total		67,758	61,559	10.1
Derivative financial instruments		806	709	13.7
Securities		1,285	897	43.3
Joint ventures accounted for using the equity method		1,879	1,795	4.7
Other financial assets		390	362	7.7
Intangible assets	3	137	83	65.1
Property, plant and equipment	3	246	234	5.1
Leased assets	3	7,068	6,382	10.7
Investment property		11	10	10.0
Deferred tax assets		510	302	68.9
Income tax assets		96	132	–27.3
Other assets		1,101	1,020	7.9
Total		**83,769**	**76,946**	**8.9**

€ million	Note	30.06.2012	31.12.2011	Change in %
Equity and liabilities				
Liabilities to financial institutions		11,250	7,337	53.3
Liabilities to customers		30,661	29,739	3.1
Securitised liabilities		26,927	26,233	2.6
Derivative financial instruments		493	366	34.7
Provisions		1,311	1,147	14.3
Deferred tax liabilities		492	513	–4.1
Income tax obligations		250	241	3.7
Other liabilities		1,114	989	12.6
Subordinated capital		2,555	2,677	–4.6
Equity		8,716	7,704	13.1
Subscribed capital		441	441	–
Capital reserve		4,709	4,059	16.0
Retained earnings		3,566	3,204	11.3
Total		**83,769**	**76,946**	**8.9**

Statement of changes in equity
of the Volkswagen Financial Services AG Group

€ million	Subscribed capital	Capital reserve	RETAINED EARNINGS INCLUDING CONSOLIDATED NET RETAINED PROFITS						Total equity
			Accumulated profits	Currency translation reserve	Reserve for cash flow hedges	Reserve for actuarial gains and losses	Market valuation securities	Equity-accounted investments	
Balance as at 31.12.2010/01.01.2011	**441**	**3,409**	**3,052**	**126**	**–13**	**–36**	**1**	**–5**	**6,975**
Net income	–	–	658	–	–	–	–	–	658
Income and expense recognised directly in equity	–	–	–	–67	21	–7	–6	–8	–67
Comprehensive income	–	–	658	–67	21	–7	–6	–8	591
Payments into the capital reserve	–	650	–	–	–	–	–	–	650
Distributions/profit transfer to Volkswagen AG	–	–	–512	–	–	–	–	–	–512
Balance as at 31.12.2011/01.01.2012	**441**	**4,059**	**3,198**	**59**	**8**	**–43**	**–5**	**–13**	**7,704**
Net income	–	–	365	–	–	–	–	–	365
Income and expense recognised directly in equity	–	–	–	11	6	–21	–8	9	–3
Comprehensive income	–	–	365	11	6	–21	–8	9	362
Payments into the capital reserve	–	650	–	–	–	–	–	–	650
Distributions/profit transfer to Volkswagen AG	–	–	–	–	–	–	–	–	–
Balance as at 30.06.2012	**441**	**4,709**	**3,563**	**70**	**14**	**–64**	**–13**	**–4**	**8,716**

Cash flow statement
of the Volkswagen Financial Services AG Group

€ million	01.01.–30.06.2012	01.01.–30.06.2011
Net income	**365**	**321**
Depreciation, amortisation, value adjustments and write-ups	947	915
Change in provisions	178	161
Change in other non-cash items	–60	243
Result from the sale of financial assets and property, plant and equipment	–27	–5
Interest result and dividend income	–1,217	–1,156
Other adjustments	0	–1
Change in receivables from financial institutions	1,128	130
Change in receivables from customers	–4,635	–4,505
Change in leased assets	–1,341	–1,350
Change in other assets from operating activities	–82	85
Change in liabilities to financial institutions	2,880	569
Change in liabilities to customers	867	–154
Change in securitised liabilities	505	4,128
Change in other liabilities from operating activities	114	136
Interest received	2,274	2,059
Dividends received	7	34
Interest paid	–1,064	–937
Income tax payments	–245	–223
Cash flow from operating activities	**594**	**450**
Cash inflows from the sale of investment property	–	1
Cash outflows from the purchase of investment property	0	0
Cash inflows from the sale of subsidiaries and joint ventures	27	5
Cash outflows from the purchase of subsidiaries and joint ventures	–220	–20
Cash inflows from the sale of other assets	3	3
Cash outflows from the purchase of other assets	–29	–24
Change in investments in securities	–332	–350
Cash flow from investing activities	**–551**	**–385**
Cash inflows from changes in capital	650	400
Distribution/profit transfer to Volkswagen AG	–512	–810
Loss absorption by Volkswagen AG	–	–
Change in funds resulting from subordinated capital	–110	640
Cash flow from financing activities	**28**	**230**
Cash and cash equivalents at the end of the previous period	**352**	**193**
Cash flow from operating activities	594	450
Cash flow from investing activities	–551	–385
Cash flow from financing activities	28	230
Effects from exchange rate changes	1	0
Cash and cash equivalents at the end of the period	**424**	**488**

Notes

to the consolidated financial statements of the Volkswagen Financial Services AG Group as at 30 June 2012

General comments

Volkswagen Financial Services Aktiengesellschaft (VW FS AG) has its head office in Gifhorner Strasse, Braunschweig, and is registered in the Braunschweig Register of Companies (under file number HRB 3790).

Volkswagen AG, Wolfsburg, is the sole shareholder in the parent company, VW FS AG. A control and profit transfer agreement exists between Volkswagen AG and VW FS AG.

Group accounting principles

VW FS AG prepared its consolidated financial statements for the 2011 financial year in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the interpretations of the IFRS Interpretation Committee, as well as supplementary provisions that are applicable under § 315a Para. 1 German Commercial Code (HGB). Therefore, this consolidated interim report as at 30 June 2012 was also prepared in accordance with IAS 34. This interim report has not been reviewed by an auditor.

Accounting policies

VW FS AG has implemented all accounting standards that were adopted by the EU and had to be applied from 1 January 2012.

The accounting standards to be applied for the first time in the 2012 financial year do not have a significant impact on the assets, financial position and results of operations of the VW FS AG Group. A detailed listing of these accounting standards is contained in the notes to the consolidated financial statements of the 2011 annual report.

A discounting rate of 3.8 % (31 December 2011: 4.6 %) was applied to domestic provisions for pensions in the current interim financial statements. The reduction in the interest rate triggered an increase in the actuarial losses related to pension provisions recognised directly in equity.

The income tax expense for the interim reporting period is determined in accordance with IAS 34, Interim Financial Reporting, using the average tax rate expected for the financial year on the whole.

Other than that, the same consolidation principles and accounting policies that were used in the consolidated financial statements for 2011 were applied to the preparation of the interim consolidated financial statements and the determination of the corresponding amounts for the previous year. A detailed description of these methods is contained in the notes to the consolidated financial statements of the 2011 annual report. It may be downloaded from our website at www.vwfs.com.

Basis of consolidation

In addition to VW FS AG, the consolidated financial statements include all material Group companies whose financial and business policies VW FS AG can control, directly or indirectly, such that the Group companies benefit from the activities of these companies (subsidiaries).

Effective 1 January 2012, the Volkswagen Financial Services AG Group acquired the outstanding stake in two Polish financial services companies, which until then had been jointly controlled, from the former co-owners (Kulczyk Pon Investment B.V.). The total purchase price paid was € 44 million. The fair value measurement of the former stake in the financial services companies in the amount of € 66 million gave rise to non-cash accounting income of € 21 million.

The gross value of the receivables at the acquisition date was € 640 million; the net value (corresponding to the fair value) was € 601 million.

Due to a tight schedule, the purchase price allocation of the above-mentioned acquisitions was not completed until publication of the consolidated interim financial statements.

The recently established branch of Volkswagen Bank GmbH in Portugal was fully consolidated as at 01 January 2012.

Volkswagen Finance (China) Co. Ltd., Beijing, was included in the basis of consolidation in February 2012 for the first time, with retroactive effect to 01 January 2012.

Furthermore, in February 2012 the portfolio of Volkswagen Bank GmbH's fully consolidated branch in Belgium was integrated into a joint venture company managed in conjunction with D'leteren.

Notes to the consolidated financial statements

1 | Net income from lending, leasing and insurance transactions before provisions for risks

€ million	01.01. – 30.06.2012	01.01. – 30.06.2011
Interest income from lending and money market transactions	1,820	1,575
Income from leasing transactions and service contracts	4,313	3,700
Expenses from leasing business and service contracts	– 2,999	– 2,529
Depreciation on leased assets and investment property	– 693	– 550
Interest expense	– 1,064	– 937
Net income from insurance business	9	8
Total	**1,386**	**1,267**

2 | General administration expenses

€ million	01.01. – 30.6.2012	01.01. – 30.6.2011
Staff costs	– 356	– 284
Non-staff costs	– 364	– 280
Costs of advertising, PR work and sales promotion	– 21	– 20
Depreciation of property, plant and equipment and amortisation of intangible assets	– 25	– 22
Other taxes	– 19	– 11
Total	**– 785**	**– 617**

3 | Development of selected assets

€ million	Net carrying amount 01.01.2012	Additions/ Changes in basis of consoli-dation	Additions	Disposals/ Other changes	Depre-ciation/ amorti-sation	Net carrying amount 30.06.2012
Intangible assets	83	57	9	−2	10	137
Property, plant and equipment	234	9	20	−2	15	246
Leased assets	6,382	0	3,836	−2,457	693	7,068

4 | Notes to the fair value hierarchy

There were no shifts between the different levels of the financial instruments measured at fair value in the first half of 2012.

Segment reporting

5 | Division by geographical markets

In addition to the companies already included in the annual financial statements, the Europe segment also comprises the branch of a German subsidiary in Portugal that was fully consolidated in 2012 as well as the Polish subsidiaries, which were fully consolidated in 2012. The subsidiary in China is reported in the Asia-Pacific segment.

Division by geographical markets, first six months of 2011:

€ million	01.01.2011. – 30.06.2011 Germany	Europe	North and South America	Asia Pacific	Total segments	Recon-ciliation	Group
Revenue from lending transactions with third parties	614	348	539	74	1,575	12	1,587
Revenue from intersegment lending transactions	78	0	–	0	78	–78	–
Segment revenue from lending transactions	692	348	539	74	1,653	–66	1,587
Revenue from leasing and service transactions	2,245	1,383	65	3	3,696	–4	3,692
Premiums earned from insurance business	24	0	–	–	24	–	24
Commission income	138	48	23	1	210	–	210
Revenue	**3,099**	**1,779**	**627**	**78**	**5,583**	**–70**	**5,513**
Cost of sales from lending, leasing and service transactions	–1,418	–1,132	–5	–1	–2,556	–	–2,556
Write-ups on leased assets and investment property	6	2	–	–	8	–	8
Depreciation and impairment losses on leased assets and investment property	–395	–155	0	0	–550	–	–550
of which impairment losses pursuant to IAS 36	–17	0	–	–	–17	–	–17
Expenses from insurance business	–16	0	–	–	–16	0	–16
Interest expense (part of the operating result)	–481	–127	–317	–44	–969	33	–936
Provisions for risks arising from lending and leasing business	–48	–96	–116	–1	–261	–64	–325
Commission expenses	–52	–55	–15	–1	–123	0	–123
Result from financial instruments (part of the operating result)	–	0	–	–	0	2	2
General administration expenses (part of the operating result)	–349	–126	–75	–20	–570	–44	–614
Other operating result (part of the operating result)	–53	25	1	1	–26	–33	–59
Segment result (Operating result)	**293**	**115**	**100**	**12**	**520**	**–176**	**344**
Interest income not classified as revenue	15	2	–	0	17	–2	15
Interest expense (not part of the operating result)	–1	0	0	0	–1	0	–1
Result from financial instruments (not part of the operating result)	3	1	3	0	7	–15	–8
Result from available-for-sale assets	0	–	–	–	0	–	0
Result from joint ventures accounted for using the equity method	–	–	–	–	–	69	69
Result from other financial assets	9	–	–	–	9	0	9
General administration expenses (not part of the operating result)	–1	0	0	0	–1	–2	–3
Other operating result (not part of the operating result)	–1	0	–6	–	–7	–	–7
Pre-tax result	**317**	**118**	**97**	**12**	**544**	**–126**	**418**
Taxes on income and earnings	–75	–33	–42	–5	–155	58	–97
Net income	**242**	**85**	**55**	**7**	**389**	**–68**	**321**
Segment assets	**33,378**	**15,496**	**9,266**	**2,699**	**60,839**	**529**	**61,368**
of which non-current	**20,240**	**8,386**	**4,456**	**1,527**	**34,609**	**–**	**34,609**
Segment liabilities	**40,005**	**12,404**	**8,034**	**2,653**	**63,096**	**–5,252**	**57,844**

Division by geographical markets, first six months of 2012:

€ million	Germany	Europe	North and South America	Asia Pacific	Total segments	Reconciliation	Group
	01.01.2012. – 30.06.2012						
Revenue from lending transactions with third parties	601	400	597	180	1,778	29	1,807
Revenue from intersegment lending transactions	70	0	–	0	70	–70	–
Segment revenue from lending transactions	671	400	597	180	1,848	–41	1,807
Revenue from leasing and service transactions	2,632	1,627	54	5	4,318	–5	4,313
Premiums earned from insurance business	30	1	–	–	31	–	31
Commission income	148	50	34	2	234	–	234
Revenue	**3,481**	**2,078**	**685**	**187**	**6,431**	**–46**	**6,385**
Cost of sales from lending, leasing and service transactions	–1,698	–1,297	–3	–1	–2,999	–	–2,999
Write-ups on leased assets and investment property	0	0	–	–	0	–	0
Depreciation and impairment losses on leased assets and investment property	–494	–199	0	0	–693	–	–693
of which impairment losses pursuant to IAS 36	–32	–8	–	–	–40	–	–40
Expenses from insurance business	–22	0	–	–	–22	–	–22
Interest expense (part of the operating result)	–498	–176	–335	–93	–1,102	38	–1,064
Provisions for risks arising from lending and leasing business	–21	–47	–115	–10	–193	0	–193
Commission expenses	–63	–60	–21	–5	–149	0	–149
Result from financial instruments (part of the operating result)	–	–	–	–	–	0	0
General administration expenses (part of the operating result)	–416	–159	–92	–54	–721	–60	–781
Other operating result (part of the operating result)	–88	23	–6	2	–69	–2	–71
Segment result (Operating result)	**181**	**163**	**113**	**26**	**483**	**–70**	**413**
Interest income not classified as revenue	12	2	0	0	14	–1	13
Interest expense (not part of the operating result)	0	0	0	0	0	0	0
Result from financial instruments (not part of the operating result)	–40	–2	–7	1	–48	–4	–52
Result from available-for-sale assets	0	–	–	–	0	–	0
Result from joint ventures accounted for using the equity method	–	–	–	–	–	83	83
Result from other financial assets	29	4	–	–	33	–	33
General administration expenses (not part of the operating result)	–1	0	0	0	–1	–3	–4
Other operating result (not part of the operating result)	–1	0	–7	–	–8	–	–8
Pre-tax result	**180**	**167**	**99**	**27**	**473**	**5**	**478**
Taxes on income and earnings	–54	–46	–38	–5	–143	30	–113
Net income	**126**	**121**	**61**	**22**	**330**	**35**	**365**
Segment assets	**35,626**	**19,311**	**8,935**	**5,576**	**69,448**	**606**	**70,054**
of which non-current	**21,509**	**10,302**	**4,358**	**3,355**	**39,524**	**–**	**39,524**
Segment liabilities	**45,395**	**17,110**	**8,043**	**5,262**	**75,810**	**–6,625**	**69,185**

Reconciliation:

€ million	30.06.2012	30.06.2011
Total segment result (Operating result)	**483**	**520**
Not allocated	– 80	– 92
Consolidation	10	– 84
Consolidated operating result	**413**	**344**
Total segment result before taxes	**473**	**544**
Not allocated	286	463
Consolidation	– 281	– 589
Consolidated profit/loss before tax	**478**	**418**

Other notes

6 | Cash flow statement

The cash flow statement of the VW FS AG Group documents the change in funds available due to the cash flows resulting from operating activities, investing activities and financing activities. Cash and cash equivalents, narrowly defined, comprises only the cash reserve, which is made up of the cash in hand and deposits at central banks.

7 | Off-balance sheet obligations

€ million	30.06.2012	31.12.2011
Contingent liabilities		
Liabilities from surety and warranty agreements	138	39
Other contingent liabilities	100	72
Other financial obligations		
Purchase obligations	61	28
Other	4	2
Other obligations		
Irrevocable credit commitments	3,570	3,549

A total of € 467 million (31.12.2011: € 449 million) in fiduciary assets and liabilities of the savings and trust company belonging to the South American subsidiaries were not included in these consolidated financial statements.

8 | Corporate bodies of Volkswagen Financial Services AG

There were no changes in the first six months of 2012.

9 | Events after the balance sheet date

There were no significant events up to 18 July 2012.

10 | Responsibility statement of the Board of Management

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Braunschweig, 18 July 2012
The Board of Management

Frank Witter

Frank Fiedler

Christiane Hesse

Dr. Michael Reinhart

Lars-Henner Santelmann

Note regarding forward-looking statements

This report contains statements concerning the future business development of Volkswagen Financial Services AG. These statements include, among others, assumptions about the development of the global economy, as well as the financial and automobile markets. Volkswagen Financial Services AG has made these assumptions on the basis of available information and believes that they can be currently said to offer a realistic picture. These estimates necessarily include certain risks, and actual development may differ from these expectations.

Should actual development therefore deviate from these expectations and assumptions, or should unforeseen events occur that impact the business of Volkswagen Financial Services AG, then the business development will be accordingly affected.

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This consolidated interim report is also available in German.

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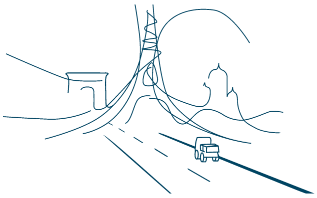
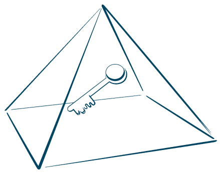


La clave para la movilidad.

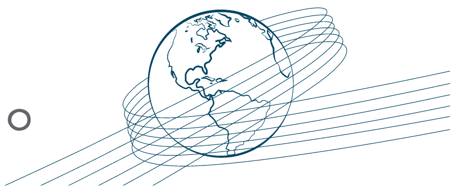
к мобильности.

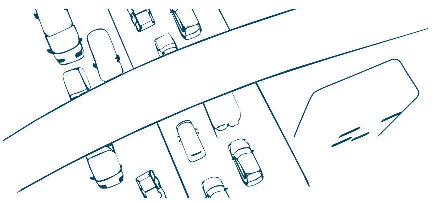


이동성을 향한 열쇠.

La clef de la mobilité.

钥 匙 在 手， 任 君 驰 骋。





Kluczem do mobilności.