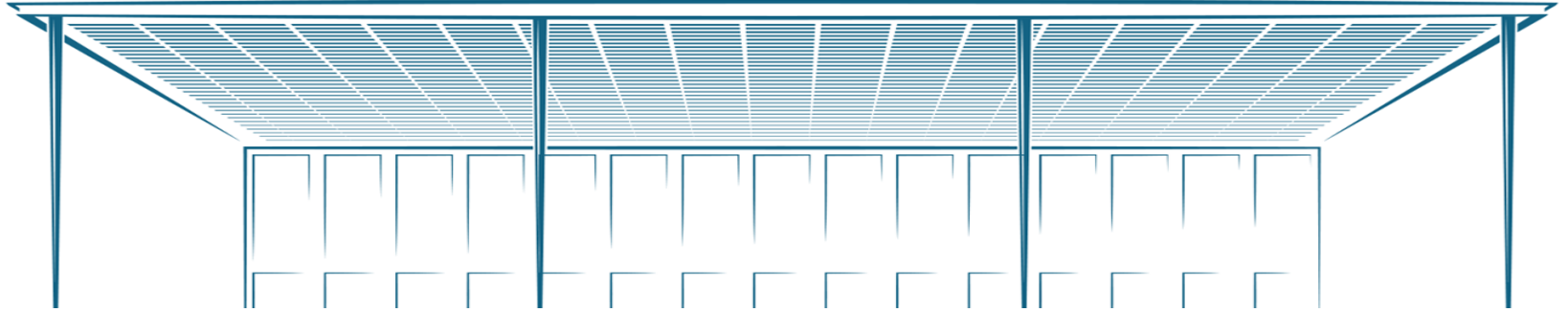


VOLKSWAGEN FINANCE
PRIVATE LIMITED



Investor Update

December 2016

Company History

- Incorporated in January 2009
- Wholly owned subsidiary (directly and indirectly) of Volkswagen Financial Services AG
- Commenced activities as Corporate Agent of Bajaj Allianz General Insurance Company Limited in March 2009 to distribute insurance products to retail customers of Volkswagen Group Brands
- Captive NBFC – Financing Retail customers and dealers of Volkswagen Group Brands
- Non-Deposit taking NBFC registered with the Reserve Bank of India
- Obtained NBFC license in March 2011
- Commenced Retail Financing business from March 2011
- Commenced Wholesale (Dealer Funding) Financing business from January 2012
- Commenced Truck and Bus financing business; MAN Finance from December 2013 and Scania Finance from March 2015

Brand Coverage in India

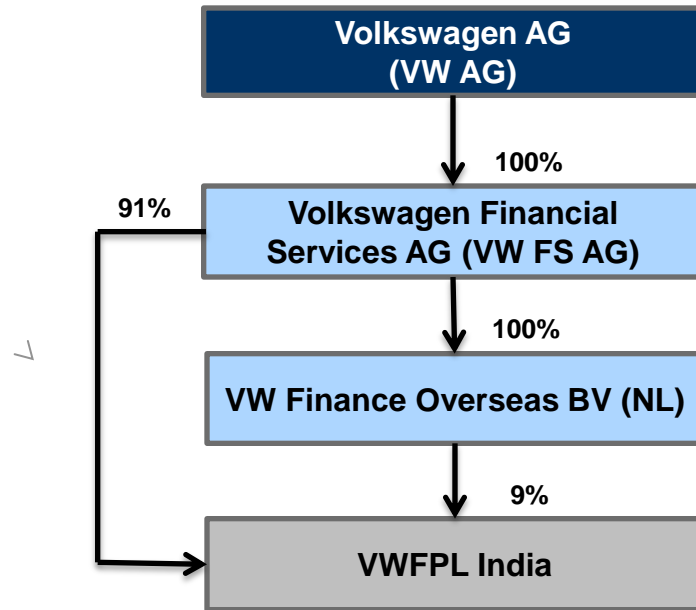
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VOLKSWAGEN FINANCE
PRIVATE LIMITED



Share Holding Structure

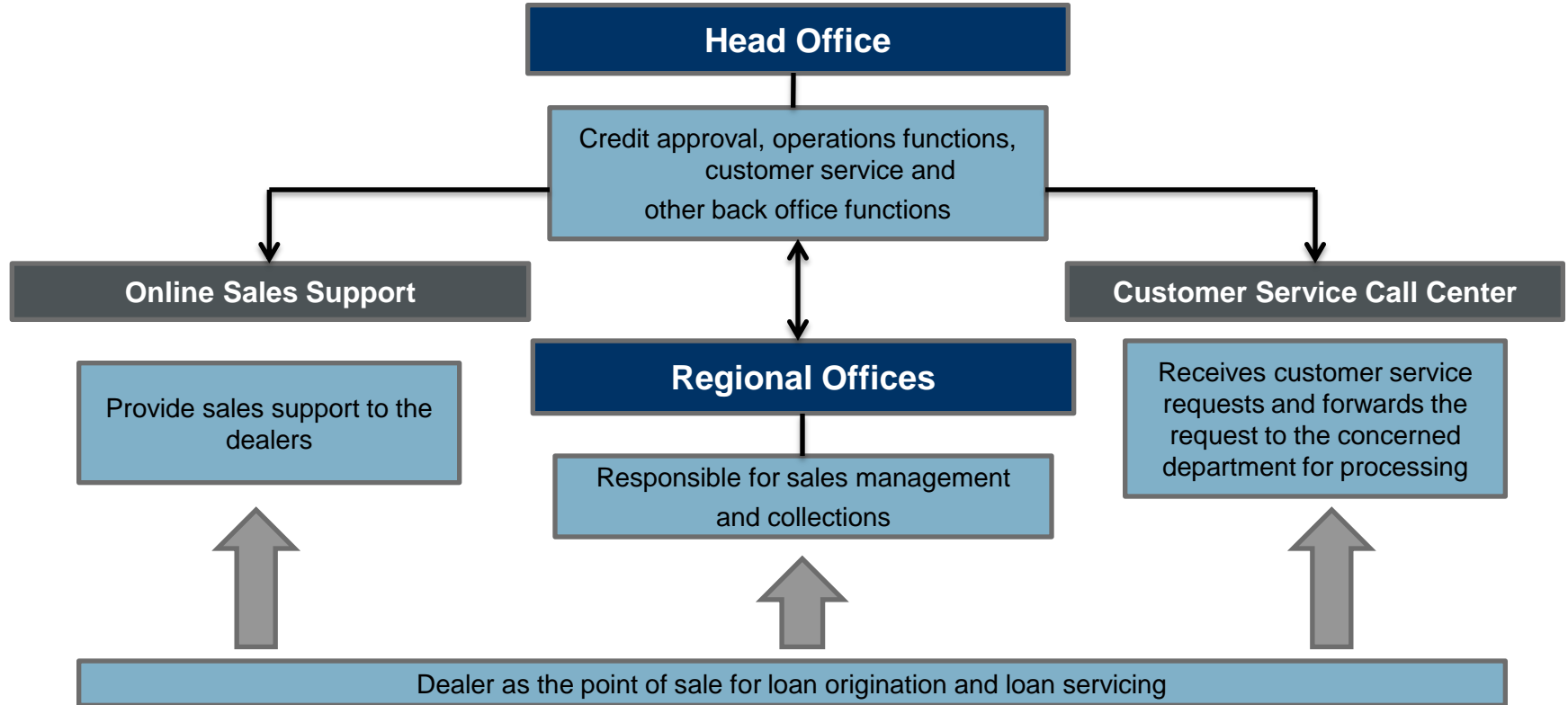


Creating Value

Our business model interfaces Customers, Automotive Brands and Dealers



Company set up in India – Operating Model



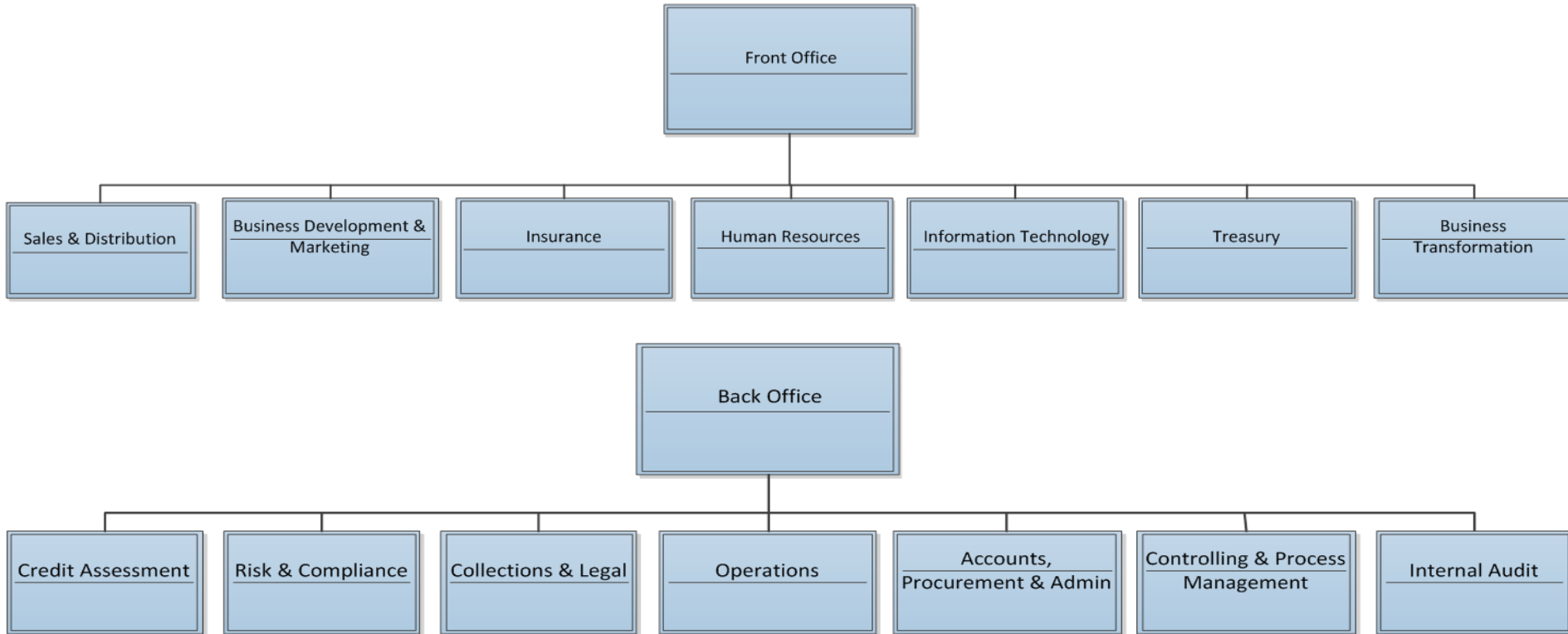


Closely Integrated with Parent and Strong Parental Support

Strong Parental Support

- 100% Equity Ownership by VW Financial Services AG
- Equity infusion commitment of parent to secure Volkswagen Finance Pvt Ltd (VWFPL) adherence to regulations set by RBI
- Parent Control over Board of Directors
- Executive Board members \ Key Management staff from the parent
- Formulation, implementation and execution of business policy prepared and approved by the parent
- Tacticals - Interest Subsidy from VW Group Brands to support campaign business
- Contingent support plan
- Letter of Comfort / Letter of Support / Letter of Awareness
- Unconditional and irrevocable guarantee to VWFPL's banking facilities

Organization Structure



Board of Directors - Profile

Mr. Andreas Kutzner

Managing Director Front Office & CEO

- 33 years of experience in Banking and Finance
- Aged 56 years holding a degree in Industrial Business Administration

Mr. Pieter Griep

Managing Director Back Office & CFO

- Over 22 years of experience in Management, Banking and Financial services
- Aged 47 years holding a master degree in Business Administration

Mr. Reinhard Fleger

Non Executive Director

- Over 35 years of experience in Banking and Financial Services
- Aged 58 years, done extra occupational study in Business Administration and Economics academy

Ms. Rupa Vora

Non Executive Independent Director

- 30 years of experience in Finance of which more than 10 years in Private Equity and 10 years in Banking
- Aged 54 years holding a Chartered Accountancy degree

Mr. Mrinal Chandran

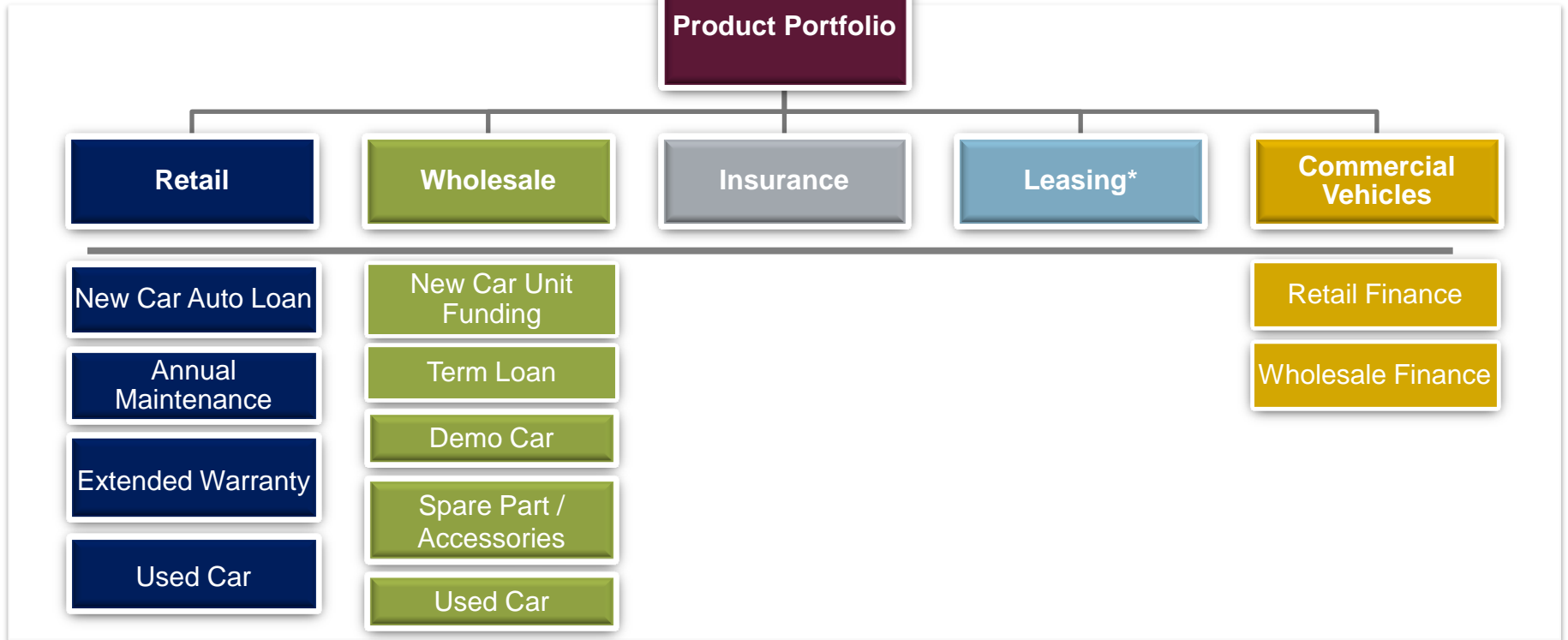
Non Executive Independent Director

- Over 7 years of experience in the field of NBFC and Banking
- Aged 41 years holds degree of L.L.M. in Banking & Financial Laws and B.A L.L.B. (Honors)

Parent exercises control over the VWFPL strategy and operation directly through its crash barrier functions and indirectly through the VW FS AG Board

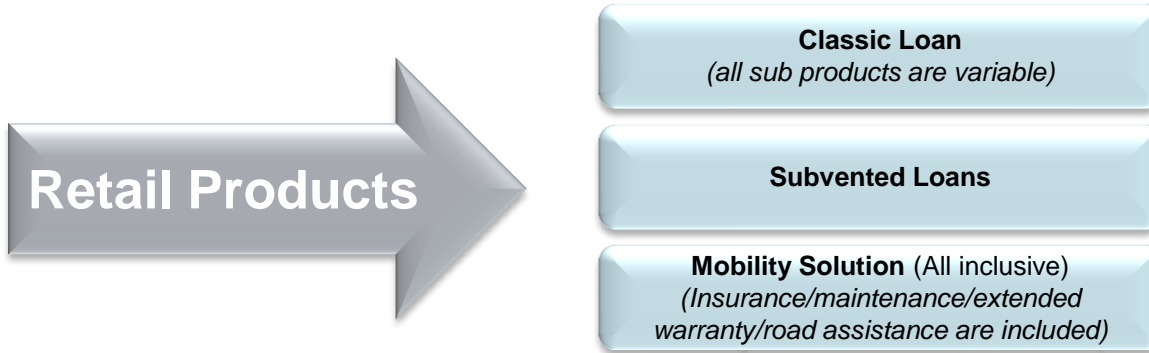
Product Portfolio Overview

Products & Services by VWFPL in India



* Product - Operational Lease launched on a pilot basis only for group companies in October 2016

Product Overview - Retail Finance



New Car Auto Loan

- Loan offered for buying new vehicles of Volkswagen Group brands
- Loans offered for tenor ranging from 12 to 84 months with steps of 6 months
- Maximum allowed Loan is 90% of On road car value
- Interest rates will remain fixed for entire tenor of the loan
- Distribution channel for finance contract sourcing is brand authorised dealership network
- Customer groups include salaried customers, self employed, corporate clients
- Allow partial-prepayment and loan foreclosure

Retail Finance – Product Differentiation



Retail Finance (continued)

Annual Maintenance Product

- Fee-based product
- Maintenance product designed in cooperation with Lease Plan for VW brand
- VWFPL does not bear any risk for pricing of these products

Extended Warranty Product

- Fee based product
- Involves back-to-back arrangements between the customer – brand and brand – insurance company
- Product structured in cooperation with Bajaj Allianz and brands
- Extended Warranty available for 3rd and 4th year since the date of car purchase

Used Car Product

- Financing of group brand as well as non-group brand cars
- Loan Tenure ranging from 12 to 60 months
- Car age: 7 years at the end of the contract for group brand car and 5 years for non-group brand car
- Loan amount will range between INR 75,000 to INR 15,000,000
- Distribution channel used for loan is brand authorised dealership network
- Highly sophisticated evaluation tool to set up precise value and eliminate risk of pricing used cars
- Customer groups include salaried customers, self employed customers and corporate clients
- Sub products – Insurance, Maintenance, Warranty available
- Allow partial-prepayment and loan foreclosure

Product Overview - Wholesale Finance

New Car Unit Funding (Inventory Funding)

- Credit limit is set for all the dealers. Exposure based upon security provided to VWFPL
- Rate of Interest applicable to a dealer depends on the dealer credit rating
- Group brand companies support to this program is extensive, involved and on-going
- Maximum tenor offered under this facility is 365 days
- Dealer will partially decrease the financed value by way of margin billing
- As a process and to ensure transparency, information is shared between VWFPL/Brand companies/Dealers

Term Loan

- Term loan (tenor over 1 year) are extended to dealers for:
 - Greenfield Projects
 - Existing term loan takeovers
 - Correction of working capital gaps
 - Purchase of new property for dealership business
- VWFPL will finance maximum 70% of the Project Finance
- Maximum tenor offered is 8 years
- Dealer wise different payment options
- Moratorium period up to 12 months can be available to few dealers
- Additionally, Short Term Working Capital facility upto 1 year is available

Wholesale Finance (continued)

Demo - Demonstration Car Funding

- Demonstration cars are used by brand authorized dealership for demonstration and test drive to potential car buyers
- Funding upto 100% of the invoice value to dealer
- Finance term available upto 12 months
- Financed amount under the program forms a part of the overall credit limit assigned to the dealer

Spare Parts and Accessories Funding

- Spare part and accessories funding limit forms a part of the overall limit setup for the dealer
- Dealers maintains at least 45 days of spare part stock on a on-going basis
- VWFPL will finance upto 100% of the funding requirement
- Maximum tenor of spare parts funding is 6 months
- Dealer will gradually decrease the financed value of each tranche
- Rate of Interest applicable to a dealer depends on the dealer credit rating

Wholesale Finance (continued)

Used Car Product

- Used car funding limit forms a part of the overall wholesale credit limit setup for the dealer
- Funding for group brand and non-group brand cars
- Grid amounts decided for Group/ Non Group cars
- VWFPL will finance up to 90% of the grid amounts
- Rate of interest applicable to a dealer depends on the internal dealer credit rating
- Maximum tenor offered is 365 days
- Dealer will partially decrease the financed value by of margin billing

Product Overview - Insurance

Insurance Product

- Partner with Bajaj Allianz General Insurance Company Limited
- Offer co-branded motor insurance product to cover the risk of the group brand vehicles and provide peace of mind to customers
- Add-on product: Enhanced or value added products to support customers by protecting their liability under basic motor insurance
- Dealer package policies: Covers the risk associated to the dealer's property and stock

Product Overview – Leasing & Commercial Vehicle Finance

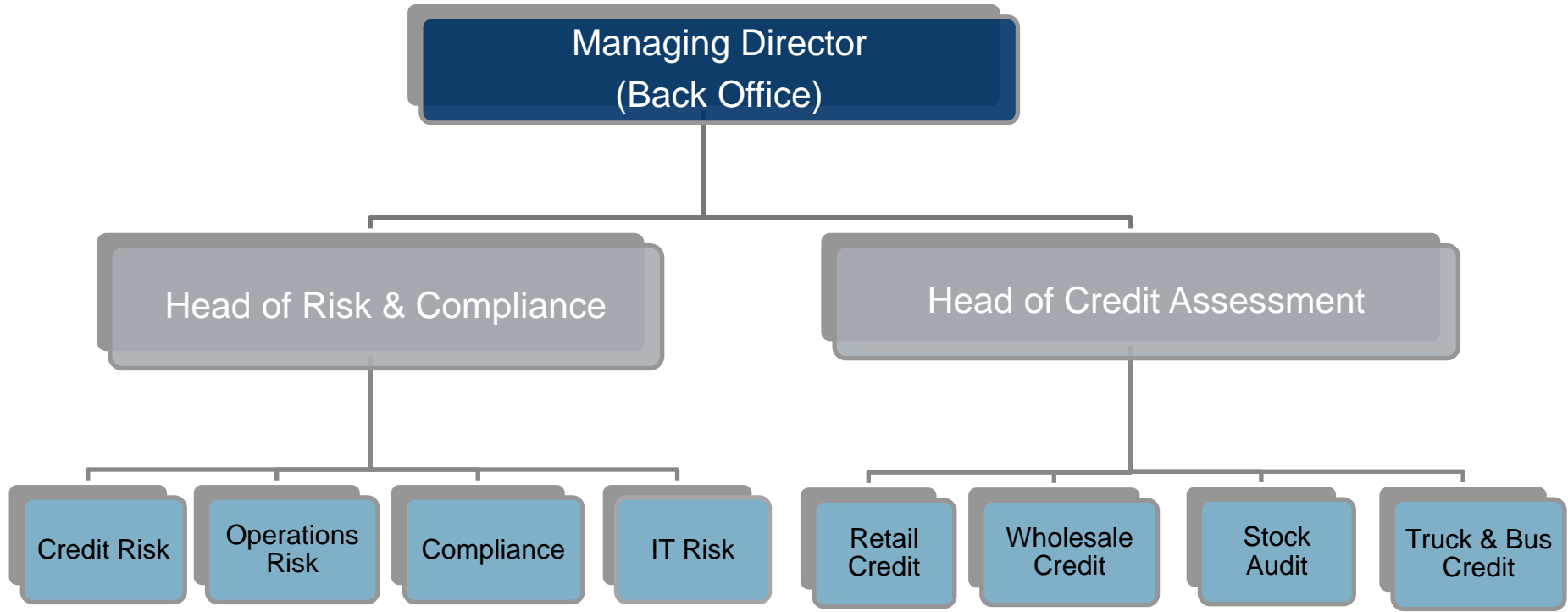
Leasing

- Operational Lease product launched on a pilot basis in October 2016
- Pilot project will be undertaken only for Volkswagen group companies
- Lease available for Volkswagen group cars only for tenor of 60 months

Commercial Vehicle Finance

- Truck & Bus financing (Retail Finance and Wholesale Finance) for group brand companies MAN and Scania
- Fleet finance option available for MAN and Scania
- Flexible re-payments options available: Standard repayment product, moratorium product and seasonality / business cycle product

Replicating Global Strong Risk Management System



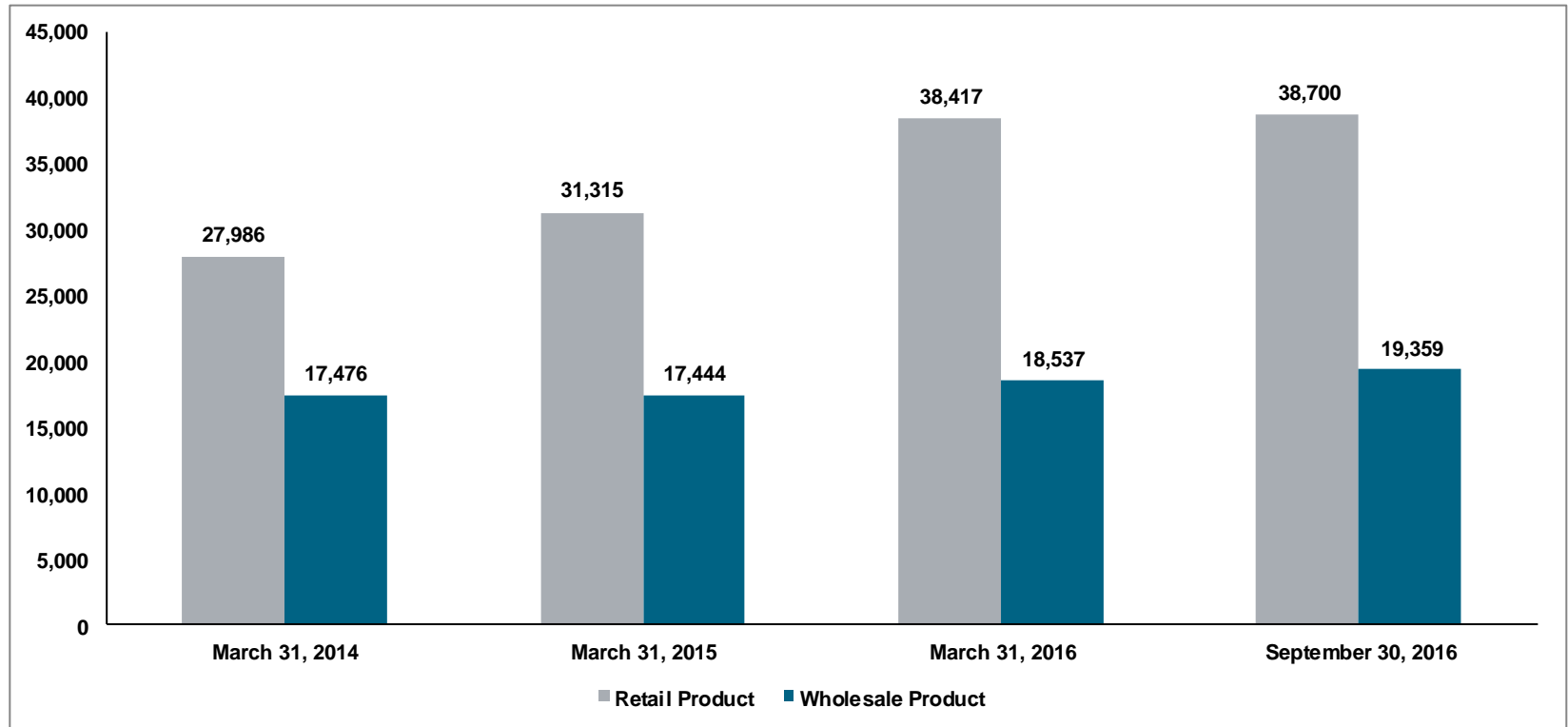
Replicating Global Strong Risk Management System (continued)

Identifying Key Risks:

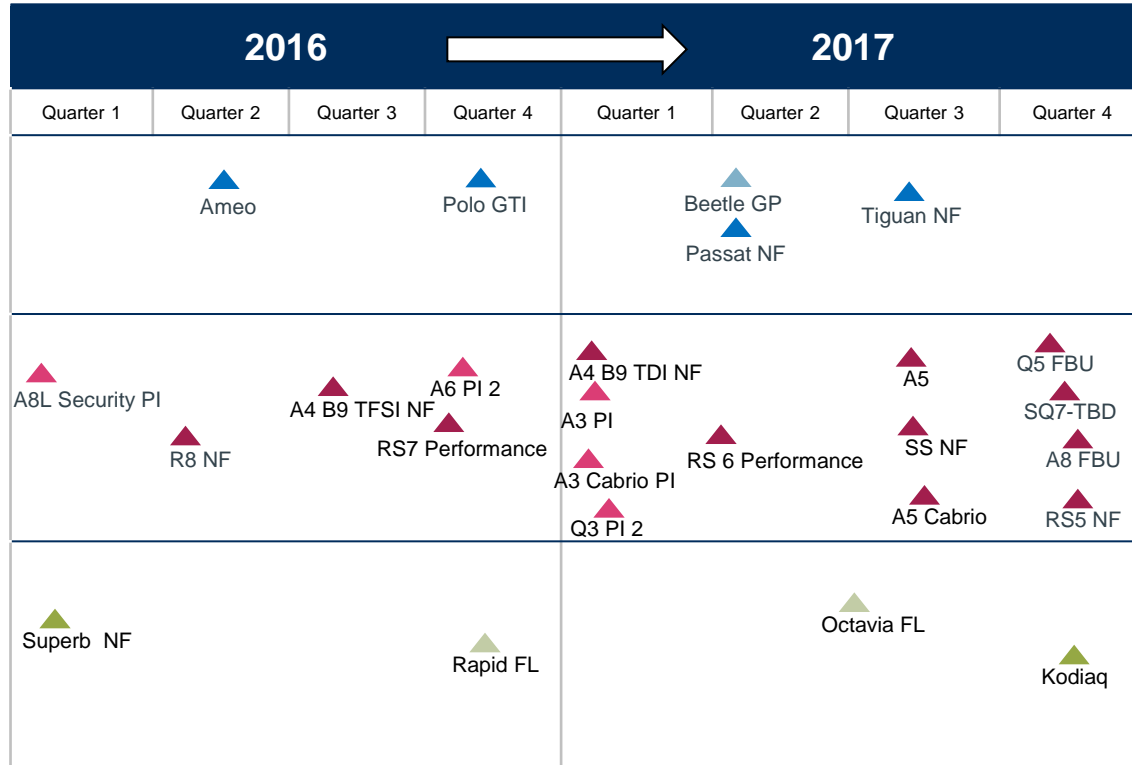
- Counterparty Risks – Credit Risk
 - Industry Risk
 - Concentration Risk
- Market Risks
 - Interest Rate Risk
- Operational Risks
 - Business Continuity Risk
 - Fraud Risk
- Liquidity Risks
 - Funding Risk
 - Asset Liability Management



Asset Portfolio (INR mn)



Volkswagen Group - Model Introduction Timeline – India



NF- Next Generation
PI/GP/FL- Facelift

Retail Portfolio Snapshot as on September 30, 2016

Particulars		
Active Cases (Count)	59,268*	
Retail Portfolio (INR mn)	38,700	
Audi (% volume) / (% value)	15.03%	46.43%
Skoda (% volume) / (% value)	22.47%	16.20%
Volkswagen (% volume) / (% value)	61.43%	34.82%
Porsche (% volume) / (% value)	0.11%	1.40%
Lamborghini (% volume) / (% value)	0.00%	0.11%
MAN (% volume) / (% value)	0.41%	0.17%
Scania (% volume) / (% value)	0.03%	0.39%
Used Car	0.51%	0.48%
NPA cases (count)	1,049	
90 DPD (% of retail portfolio)	2.22%	

Notes :- DPD – Days Past Due

* excludes retail contracts pertaining to financing Demo Car and Non Dealer Corporate
Volkswagen Finance Private Limited | Investor Update | December 2016

Summary of Loan To Value (LTV)

Brand	Average LTV (percent)
Audi	79%
Skoda	73%
Volkswagen	74%
Porsche	87%
Lamborghini	61%
Man	89%
Scania	91%
Used car	69%
Portfolio LTV	74%

Region-wise Retail Portfolio Contribution

Region	Contribution (%)
East	4%
North	30%
South	38%
West	28%
Total	100.0%

Wholesale Portfolio Snapshot as on September 30, 2016

Particulars		
Total Corporate Customer (Dealer + Non dealer) (includes non dealer – 12)		151*
Dealer Portfolio - Inventory Funding (INR mn)		14,205
Dealer Portfolio - Term Loan (INR mn)		1,815
Dealer Portfolio - Demo Cars (INR mn)		985
Non Dealer Corporate (INR mn)		2,354
Total Wholesale Portfolio (INR mn)		19,359
Audi (% covered) / (% value)	16.23%	37.05%
Skoda (% covered) / (% value)	16.88%	13.09%
Volkswagen (% covered) / (% value)	49.35%	32.75%
Porsche (% covered) / (% value)	3.90%	3.88%
Lamborghini (% covered) / (% value)	1.95%	0.99%
MAN (% covered) / (% value)	5.19%	1.44%
Scania (% covered) / (% value)	6.49%	10.80%
NPA cases (#) (13 Dealer only & No Non Dealer in Default)		13
90 DPD (% of Corporate portfolio)		2.17%

Notes :- DPD – Days Past Due

* Total dealer branches covered = 183 (One dealership can own multiple branches)

Product Reach/Dealership Coverage as on October 31, 2016

Retail Product Reach

Brands	Covered Dealer Outlets (number)	Coverage (percent)
Volkswagen	113	100%
Skoda	59	100%
Audi	41	100%
Lamborghini	3	100%
Porsche	9	100%
MAN	43	100%
Total	268	100%

Wholesale Product Reach

Brands	Covered Dealers Outlets (number)	Covered Dealer Principals (number)	Coverage (percent)
Volkswagen	106	68	94%
Skoda	27	22	46%
Audi	35	19	85%
Lamborghini	3	3	100%
Porsche	6	6	67%
MAN	6	6	14%
Total	183	124	68%

ALM Snapshot as on September 30, 2016

ALM Statement of Structural Liquidity

Time Bucket	Cumulative Mismatch (INR Mn)	Mismatch %
Upto 14 days	-527	-14
Upto 1 month	1,680	35
Upto 2 month	4,100	48
Upto 3 month	2,516	19
Upto 6 month	-540	-3
Upto 1 year	286	1
Upto 3 year	5,012	12
Upto 5 year	11,243	26
Over 5 year	0	0

Key Financial Performance Metrics

Metrics (INR mn)	FY 2016-17 (H1)	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Paid up Capital / Equity	11,688	11,688	11,688	11,688	11,688
Networth	12,961	12,589	11,763	11,129	11,480
Retail Portfolio	38,700	38,417	31,315	27,986	16,007
Wholesale Portfolio	19,359	18,537	17,444	17,476	16,288
Total Portfolio	58,059	56,954	48,759	45,462	32,295
Revenue	3,157	6,093	5,639	4,766	2,551
Expense	2,584	4,879	4,700	5,290	2,256
Profit Before Tax	573	1,214	939	-524	295
Tax Expense	202	387	305	-172	-70
Profit After Tax	371	827	634	-352	365
Return on Assets (%) (Not Annualised for HY period)	0.62	1.41	1.26	-0.75	1.10

Key Financial Performance Metrics (contd...)

Metrics (INR mn)	FY 2016-17 (H1)	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Gross NPA (%)	2.19	2.31	4.14	7.13	0.35
Net NPA (%)	0.85	1.07	2.41	4.20	0.29
NPA Provisioning Coverage (%)	61.56	54.23	42.93	42.96	18.17
Net Interest Income	1,292	2,578	2,270	2,225	1,610
Net Interest Income (%)	4.44	4.52	4.65	4.88	4.98
CRAR (%)	21.42	21.07	22.93	23.43	34.30
Debt-Equity Ratio	3.26	3.29	2.89	2.76	1.63

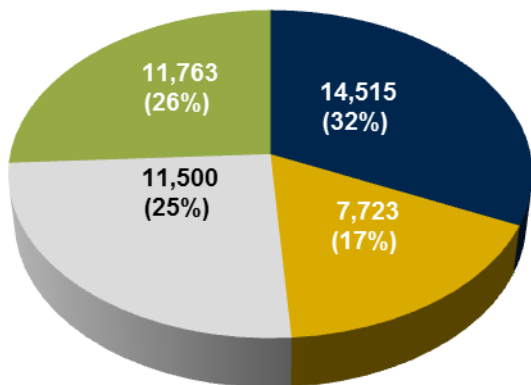
Credit Ratings

- Rating from India Ratings & Research Private Limited (India Ratings) - wholly owned subsidiary of the Fitch Group

Long Term Issuer Rating	IND AAA; Outlook Stable
Short Term Issuer Rating	IND A1+
INR 32bn Long Term Bank Loan	IND AAA
INR 25bn Secured Redeemable Non-Convertible Debentures	IND AAA
INR 15bn Short Term Bank Loan	IND A1+
INR 30bn Commercial Paper Program	IND A1+

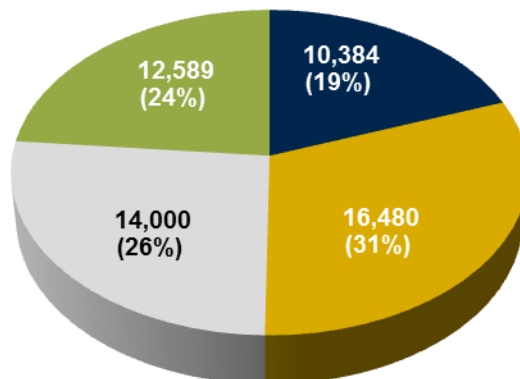
Funding Mix (INR mn)

March 31, 2015



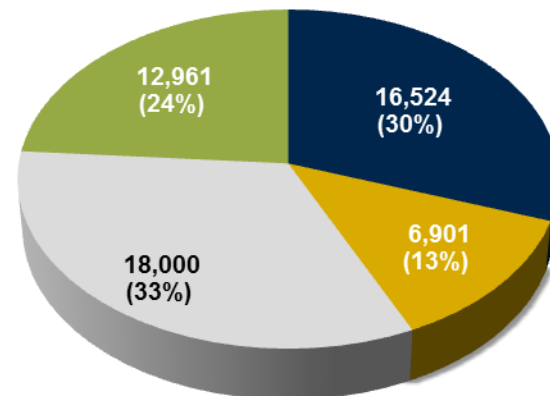
Total = INR 45,501

March 31, 2016



Total = INR 53,453

September 30, 2016



Total = INR 54,386

■ CP ■ Bank Lines ■ Bonds ■ Net Worth

Available Funding Sources as on October 31, 2016

Instrument	Sanctioned / Rated Amount (INR Mn)	Available Amount (INR Mn)
Short Term Funding Sources		
Credit Facilities with banks (overdraft + working capital demand loan)	39,150	25,348*
Money Market – Commercial Paper	30,000	12,500
Sub Total	69,150	37,848
Long Term Funding Sources		
Secured Non Convertible Debentures (private placement basis)	25,000	0#
Sub Total	25,000	0
Total Funding Lines	94,150	37,848

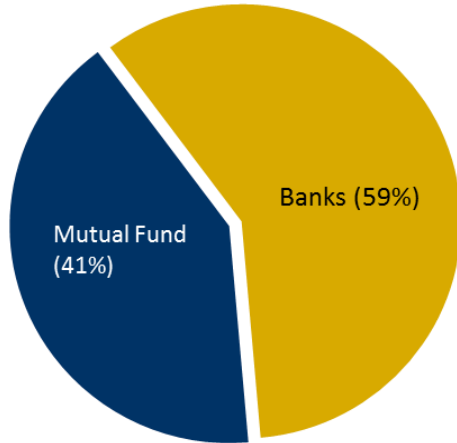
*Net amount available after drawdown of bank loans & investment by banks in Commercial Paper / Bonds

#Issued bonds of INR 25,000 Mn till date

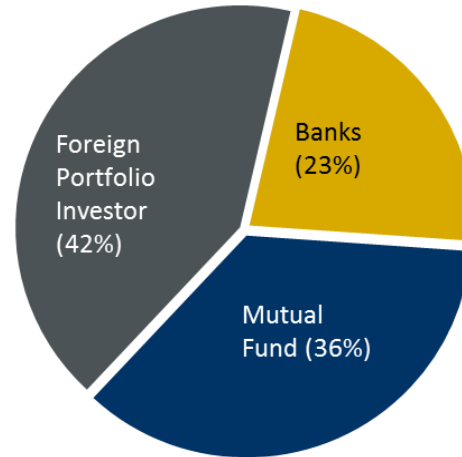
Capital Market Program

Investor Category Composition as on September 30, 2016

Commercial Paper Program



NCD Program



Diversified Investor Base for Capital Market Program

Mutual Funds	Banks	FPIs	Corporates	Pension Funds	Total
23	14	8	2	1	48

Bank Facilities as on October 31, 2016

Sr No	Bank	Nature of Credit Lines	Facility Amount INR mn
1	Citibank	Working Capital Facility / Overdraft Facility	5,000
2	JP Morgan Chase Bank	Working Capital Facility / Overdraft Facility	5,000
3	State Bank of India	Working Capital Facility / Overdraft	5,000
4	Bank of America Merrill Lynch	Working Capital Facility / Overdraft Facility	3,070
5	DBS Bank Limited	Working Capital Facility	3,000
6	Yes Bank Limited	Working Capital Facility	2,000
7	Bank of Tokyo MUFJ	Working Capital Facility / Overdraft Facility	2,000
8	Barclays Bank	Working Capital Facility / Overdraft Facility	2,000
9	Kotak Mahindra Bank	Working Capital Facility / Overdraft / Term Loan	2,000
10	Axis Bank	Committed Overdraft Facility	2,000
11	HSBC	Working Capital Facility	1,850
12	Standard Chartered Bank	Working Capital Facility / Overdraft Facility	1,800
13	BNP Paribas Bank	Working Capital Facility / Overdraft Facility	1,690
14	Scotiabank	Working Capital Facility / Overdraft	1,440
15	Societe Generale	Working Capital Facility	800
16	ANZ Banking Group	Working Capital Facility	500
		Total	39,150

All the above credit facilities are backed by corporate guarantee from Volkswagen Financial Services AG
Volkswagen Finance Private Limited | Investor Update | December 2016



Contact

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Thank You