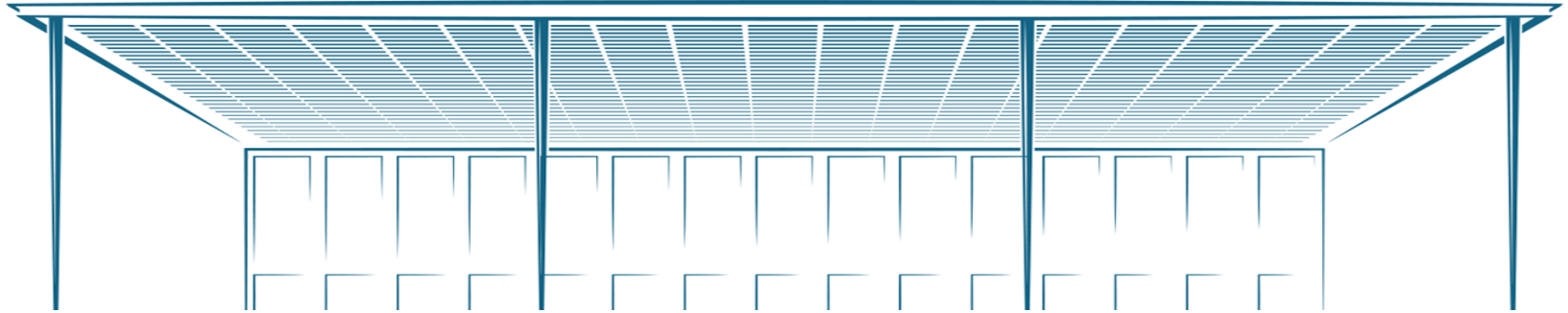


VOLKSWAGEN FINANCE
PRIVATE LIMITED



Investor Update

January 2018

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
- Product - Operational Lease launched on a pilot basis only for group companies in October 2016
- Added insurance partners Reliance General Insurance Company Limited and United India Insurance Company Ltd in 2017

Brand Coverage in India



ŠKODA



SCANIA

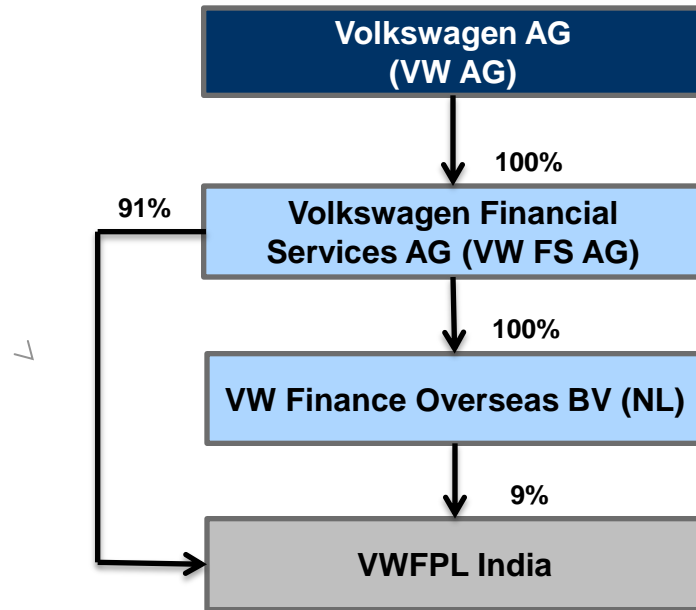
VOLKSWAGEN FINANCE
PRIVATE LIMITED



Volkswagen



Share Holding Structure

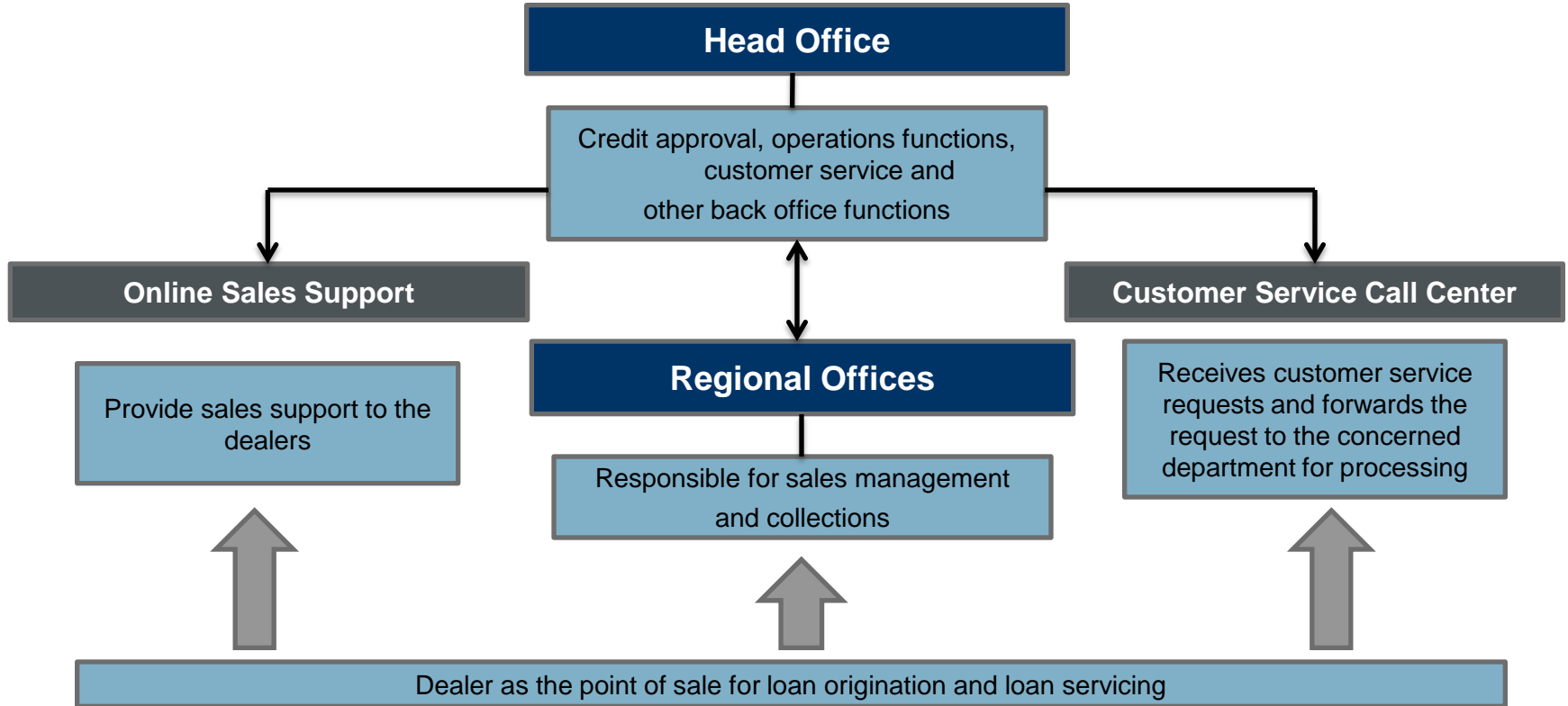


Creating Value

Our business model interfaces Customers, Automotive Brands and Dealers



Company set up in India – Operating Model



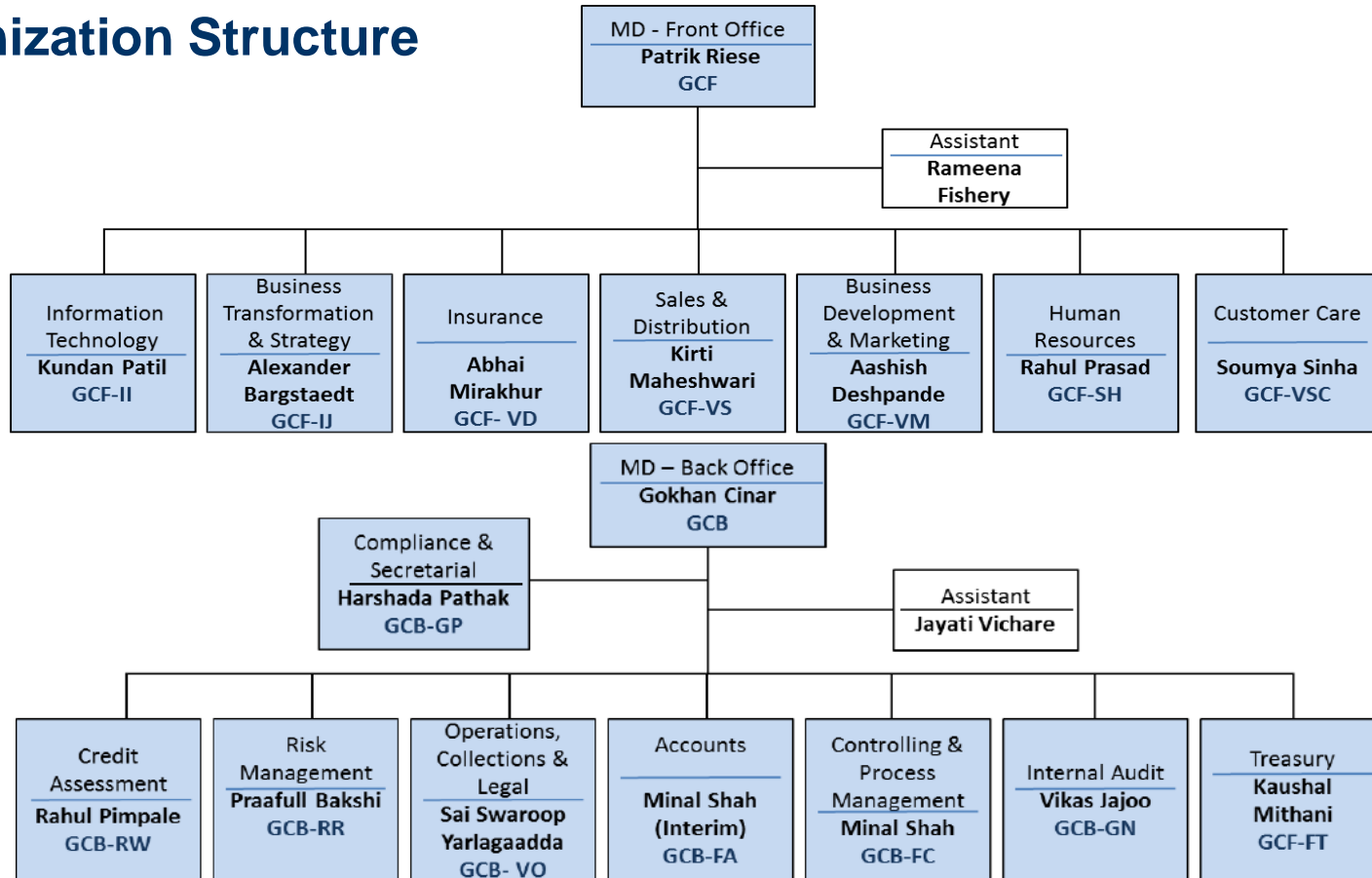


Closely Integrated with Parent and Strong Parental Support

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 approved by the parent
- Tacticals - Interest Subsidy from VW Group Brands to support campaign business
- Contingent support plan: FPI program active in case of emergency (refer slide no. 35)
- Letter of Comfort / Letter of Support / Letter of Awareness from Volkswagen Financial Services AG (Annual Report 2016)
- Unconditional and irrevocable guarantee to VWFPL's banking facilities

Organization Structure



Board of Directors - Profile

Mr. Hans Patrik Riese

Managing Director Front Office & CEO

- More than 2 decades of experience in Sales and Marketing
- Aged 50 years graduated in Business Administration from Gothenburg School of Economics

Mr. Gokhan Cinar

Managing Director Back Office & CFO

- Over 15 years of experience in Finance and Auditing
- Aged 40 years graduated in Economics and Post graduate in International Finance

Mr. Norbert Dorn

Additional Director

- Over 25 years of experience in controlling and sales within VW Bank/ VWFS AG
- Aged 60 years and has completed Diploma Master of Economics

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 56 years holding a Chartered Accountancy degree

Mr. Mrinal Chandran

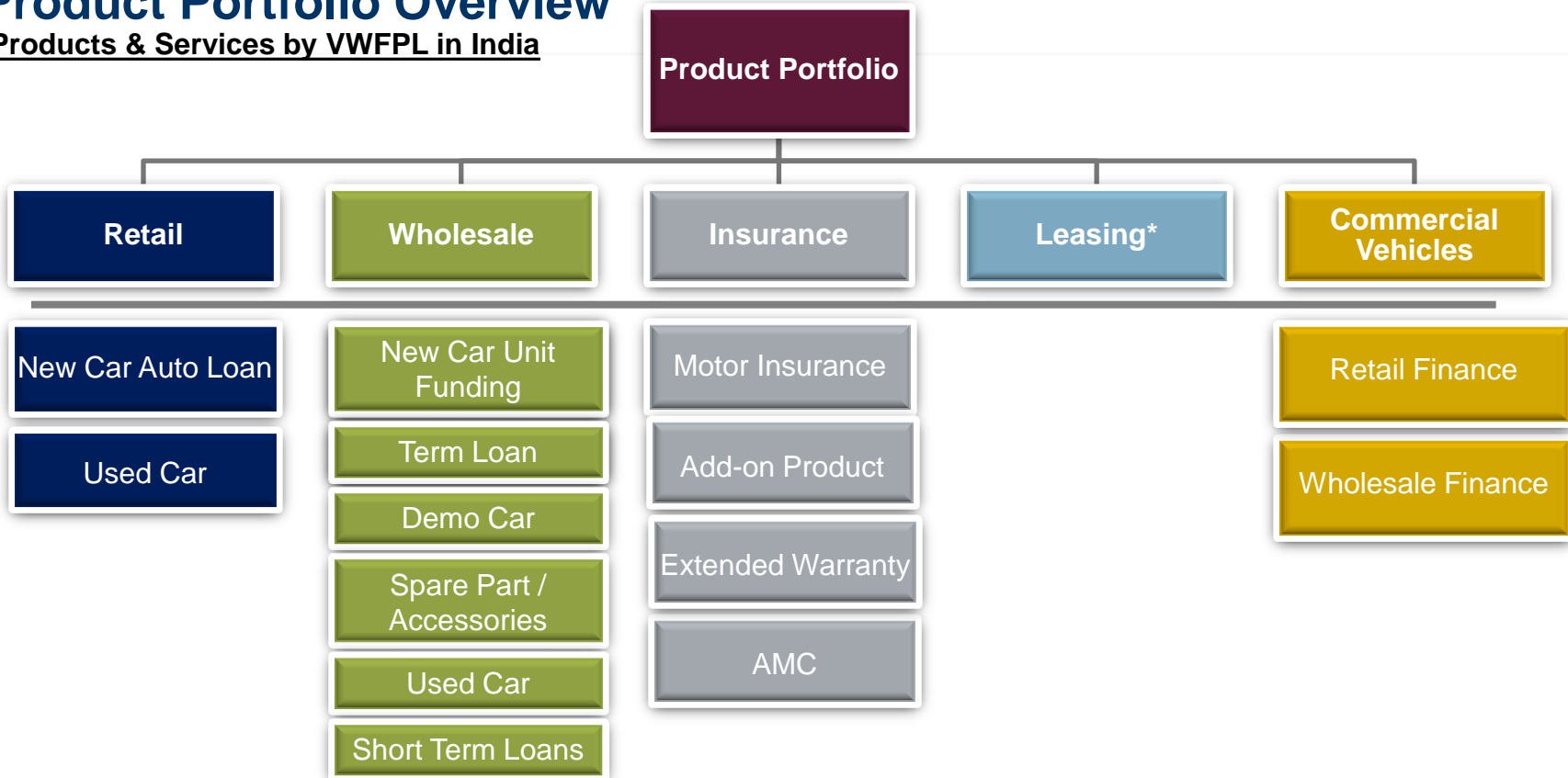
Non Executive Independent Director

- Over 7 years of experience in NBFC and Banking
- Aged 40 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

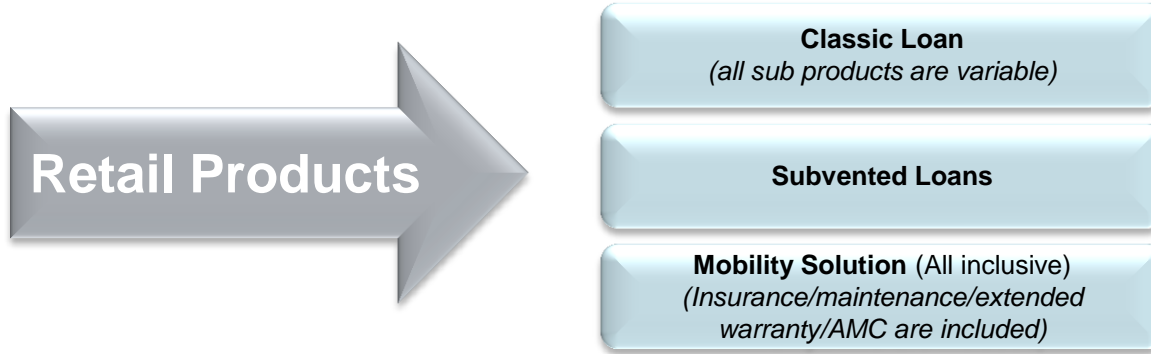
Product Portfolio Overview

Products & Services by VWFPL in India



* Product - Operational Lease launched on a pilot basis only for group companies in October 2016
Volkswagen Finance Private Limited | Investor Update | January 2018

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)

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

Dealer Funding Products



**Inventory
Funding**



Term Loan

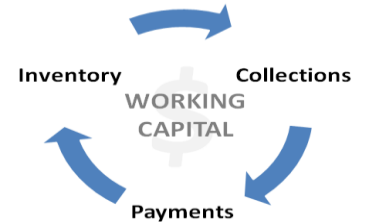


**Demo
Vehicle
Funding**

**Spare Parts &
Accessories
funding**



**Short Term
Working Capital
Loans**



**Used Car Unit
Funding**



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
- VIN wise tracking of vehicle with regular audits to ensure effective monitoring
- Special incentives to dealers offering significant retail penetration

Product Overview - Wholesale Finance

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 is available for few dealers
- Additionally, Short Term Working Capital facility up to 1 year is available



Project Finance



Takeover Term Loans



Working Capital Term Loans



Other Term Loans

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 an on-going basis
- VWFPL will finance up to 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

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, Reliance General Insurance Company Limited and United India 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

Annual Maintenance Product

- Fee-based product
- Maintenance product
- AMC financing product
- 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

Product Overview – Leasing & Commercial Vehicle Finance

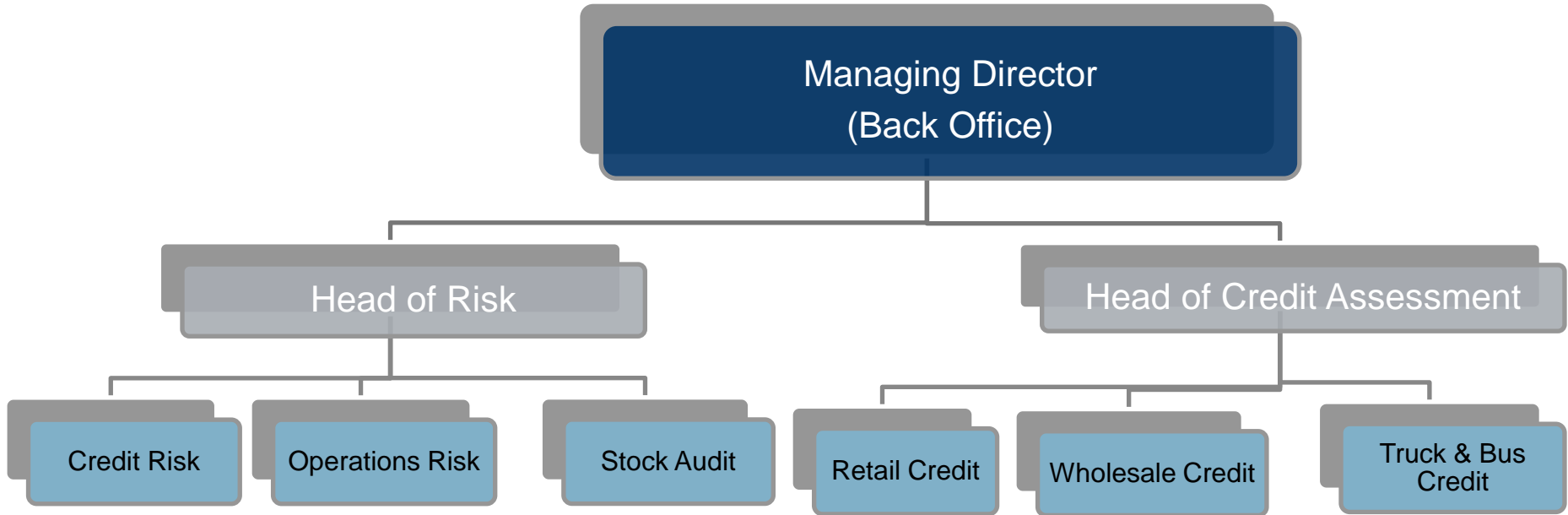
Leasing

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

Commercial Vehicle Finance

- Truck & Bus financing (Retail Finance & Wholesale Finance) for group 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



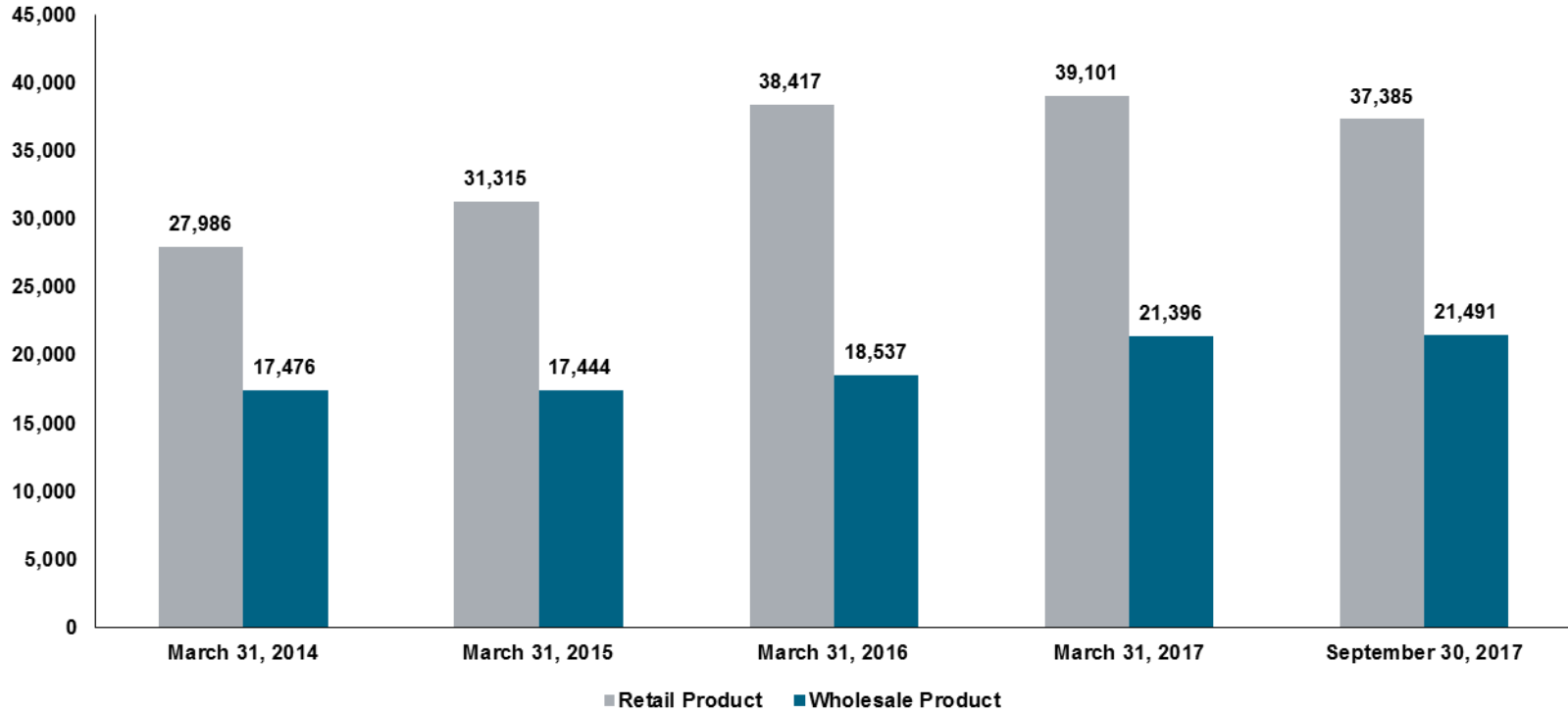
Replicating Global Strong Risk Management System (continued)

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)



Retail Portfolio Snapshot as on September 30, 2017

Particulars		
Active Cases (Count)	61,115*	
Retail Portfolio (INR Mn)	37,385	
Audi (% volume) / (% value)	13.61%	39.74%
Skoda (% volume) / (% value)	21.47%	17.77%
Volkswagen (% volume) / (% value)	63.79%	38.18%
Porsche (% volume) / (% value)	0.12%	1.43%
Lamborghini (% volume) / (% value)	0.01%	0.27%
MAN (% volume) / (% value)	0.39%	0.82%
Scania (% volume) / (% value)	0.10%	1.35%
Used Car (% volume) / (% value)	0.53%	0.45%
NPA cases (count)	1,892	
90 DPD (% of retail portfolio)	3.19%	

Notes :- DPD – Days Past Due

* excludes retail contracts pertaining to financing Demo Car and Non Dealer Corporate

Summary of Loan To Value (LTV)

Brand	Average LTV (percent)
Audi	84.51%
VW	79.12%
Skoda	79.91%
Porsche	88.47%
Lamborghini	75.41%
MAN	89.64%
Scania	91.38%
Used Car	74.25%
Portfolio LTV	81.77%

Region-wise Retail Portfolio Contribution

Region	Contribution (%)
East	4%
North	27%
South	41%
West	29%
Total	100%

Wholesale Portfolio Snapshot as on September 30, 2017

Particulars		
Total Corporate Customer (Dealer + Non dealer) (includes non dealer – 24)		156
Dealer Portfolio - Inventory Funding (INR mn)		14,127
Dealer Portfolio - Term Loan (INR mn)		1,633
Dealer Portfolio - Demo Cars (INR mn)		1,514
Non Dealer Corporate (INR mn)		4,218
Total Wholesale Portfolio (INR mn)		21,491
Audi (% covered) / (% value)	14.37%	30.47%
Skoda (% covered) / (% value)	18.56%	13.58%
Volkswagen (% covered) / (% value)	44.31%	30.10%
Porsche (% covered) / (% value)	3.59%	4.41%
Lamborghini (% covered) / (% value)	1.80%	1.72%
MAN (% covered) / (% value)	5.99%	1.16%
Scania (% covered) / (% value)	11.38%	18.56%
NPA cases (#) (Dealers - 8 & Non Dealers - Nil)		6
90 DPD (% of Corporate portfolio)		2.36%

Notes :- DPD – Days Past Due

* Total dealer branches covered = 205 (One dealership can own multiple branches)

Product Reach/Dealership Coverage as on Dec 31, 2017

Retail Product Reach

Brands	Covered Dealer Principals (number)	Covered Dealer Outlets (number)	Coverage (percent)
Volkswagen	75	116	100%
Skoda	43	64	100%
Audi	23	40	100%
Lamborghini	3	3	100%
Porsche	6	9	100%
MAN	6	43	100%
Total	156	275	100%

Wholesale Product Reach

Brands	Covered Dealers Principal (number Active)	Coverage (percent)
Volkswagen	70	93%
Skoda	28	65%
Audi	19	83%
Lamborghini	3	100%
Porsche	6	100%
MAN	6	100%
Total	132	85%

ALM Snapshot as on September 30, 2017

ALM Statement of Structural Liquidity

Time Bucket	Cumulative Mismatch (INR Mn)	Mismatch %
Upto 14 days	2,230	106
Upto 1 month	4,727	120
Upto 2 month	8,812	141
Upto 3 month	4,079	33
Upto 6 month	686	4
Upto 1 year	484	2
Upto 3 year	5,053	12
Upto 5 year	12,505	30
Over 5 year	0	0

Credit Ratings

- Rating from India Ratings & Research Private Limited (India Ratings) - wholly owned subsidiary of the Fitch Ratings
- Short term ratings from ICRA Limited - subsidiary of Moody's Investors Service

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+ & ICRA A1+

Key Financial Performance Metrics

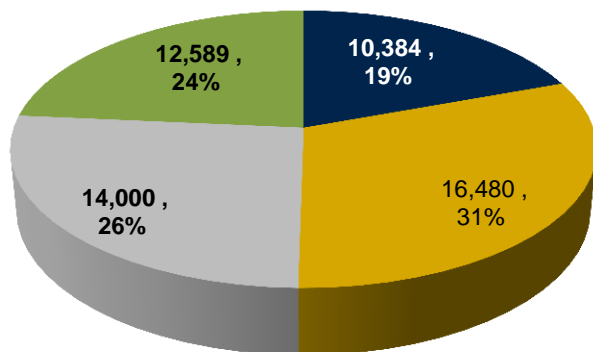
Metrics (INR mn)	FY 2017-18 (H1)	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Paid up Capital / Equity	11,688	11,688	11,688	11,688	11,688	11,688
Networth	13,452	13,139	12,589	11,763	11,129	11,480
Retail Portfolio	37,385	39,101	38,417	31,315	27,986	16,007
Wholesale Portfolio	21,491	21,396	18,537	17,444	17,476	16,288
Total Portfolio	58,876	60,497	56,954	48,759	45,462	32,295
Revenue	3,010	6,493	6,186	5,639	4,766	2,551
Expense	2,551	5,619	5,051	4,700	5,290	2,256
Profit Before Tax	498	875	1,214	939	-524	295
Tax Expense	185	325	387	305	-172	-70
Profit After Tax	313	549	827	634	-352	365
Return on Assets (%)	1.03	0.88	1.41	1.26	-0.75	1.10

Key Financial Performance Metrics (contd...)

Metrics (INR mn)	FY 2017-18 (H1)	FY 2016-17	FY 2015-16	FY 2014-15	FY 2013-14	FY 2012-13
Gross NPA (%)	2.87	2.71	2.31	4.14	7.13	0.35
Net NPA (%)	1.27	1.27	1.07	2.41	4.20	0.29
NPA Provisioning Coverage (%)	56.60	53.78	54.23	42.93	42.96	18.17
Net Interest Income	1,364	2,671	2,578	2,270	2,225	1,610
Net Interest Income (%)	4.63	4.41	4.52	4.65	4.88	4.98
CRAR (%)	21.78	20.76	21.07	22.93	23.43	34.30
Debt-Equity Ratio	3.08	3.35	3.29	2.89	2.76	1.63

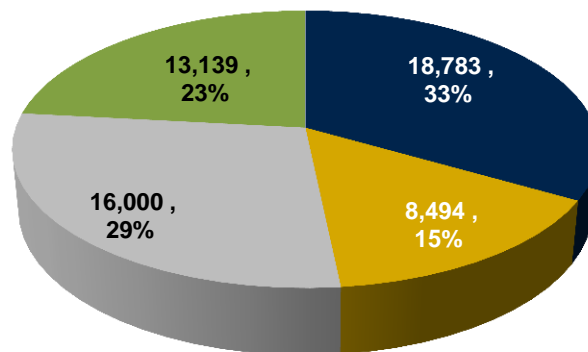
Funding Mix (INR mn)

March 31, 2016



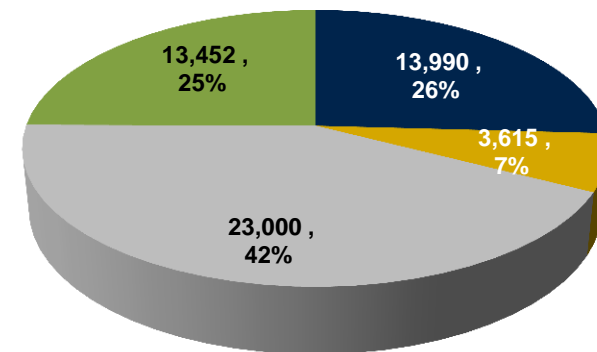
Total = INR 53,452

March 31, 2017



Total = INR 56,416

September 30, 2017



Total = INR 54,056

■ CP ■ Bank Lines ■ Bonds ■ Net Worth

Available Funding Sources as on September 30, 2017

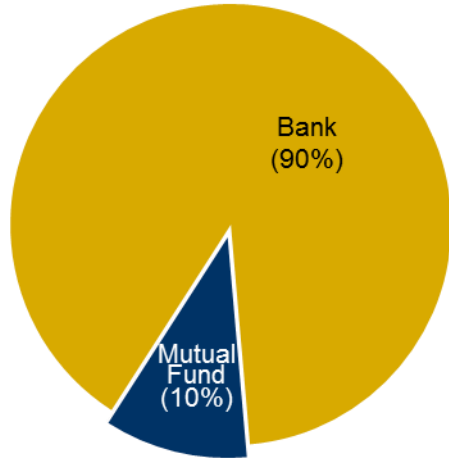
Instrument	Sanctioned / Rated Amount (INR Mn)	Available Amount (INR Mn)
Short Term Funding Sources		
Credit Facilities with banks (overdraft + working capital demand loan)	41,150	29,057*
Money Market – Commercial Paper	30,000	15,700
Sub Total	71,150	44,757
Long Term Funding Sources		
Secured Non Convertible Debentures (private placement basis)	26,000	3,000
Sub Total	26,000	3,000
Total Funding Lines	97,150	47,757

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

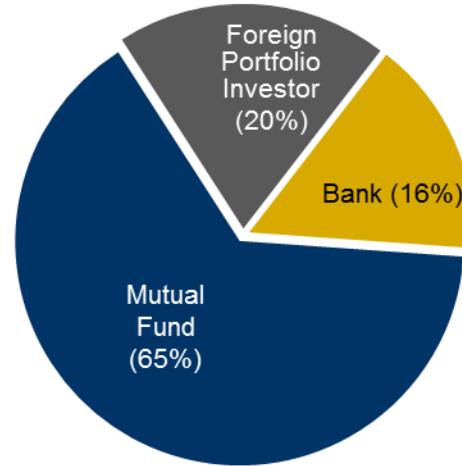
Capital Market Program

Investor Category Composition as on September 30, 2017

Commercial Paper Program



NCD Program



Diversified Investor Base for Capital Market Program

Mutual Funds	Banks	FPIs	Corporates	Pension Funds	Total
24	16	8	2	1	51

Bank Facilities as on September 30, 2017

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	IndusInd Bank	Working Capital Facility / Overdraft	2,000
7	Yes Bank Limited	Working Capital Facility	2,000
8	Bank of Tokyo MUFJ	Working Capital Facility / Overdraft Facility	2,000
9	Barclays Bank	Working Capital Facility / Overdraft Facility	2,000
10	Kotak Mahindra Bank	Working Capital Facility / Overdraft / Term Loan	2,000
11	Axis Bank	Overdraft Facility	2,000
12	HSBC	Working Capital Facility	1,850
13	Standard Chartered Bank	Working Capital Facility / Overdraft Facility	1,800
14	BNP Paribas Bank	Working Capital Facility / Overdraft Facility	1,690
15	Scotiabank	Working Capital Facility / Overdraft	1,440
16	Societe Generale	Working Capital Facility	800
17	ANZ Banking Group	Working Capital Facility	500
Total			41,150

Note: All the above credit facilities are backed or will be backed by corporate guarantee from Volkswagen Financial Services AG
Volkswagen Finance Private Limited | Investor Update | January 2018

VWFS AG - FPI Program & Letter of Comfort

SECURITIES AND EXCHANGE BOARD OF INDIA
(FOREIGN PORTFOLIO INVESTORS) REGULATIONS, 2014
[See regulation 7(1)]

CERTIFICATE OF REGISTRATION

- ❖ In exercise of the powers conferred by sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992, read with the regulations made thereunder the Board hereby grants a certificate of registration to "**VOLKSWAGEN FINANCIAL SERVICES N.V.**" as a foreign portfolio investor, subject to the conditions specified in the Act and in the regulations made thereunder.
- ❖ The category of the foreign portfolio investor is : **CATEGORY III**
- ❖ Registration Number for the foreign portfolio investor is **INNLP010017**
- ❖ This certificate shall be valid till it is suspended, cancelled or surrendered in accordance with the regulations.

Date: JANUARY 13, 2017
Place: MUMBAI

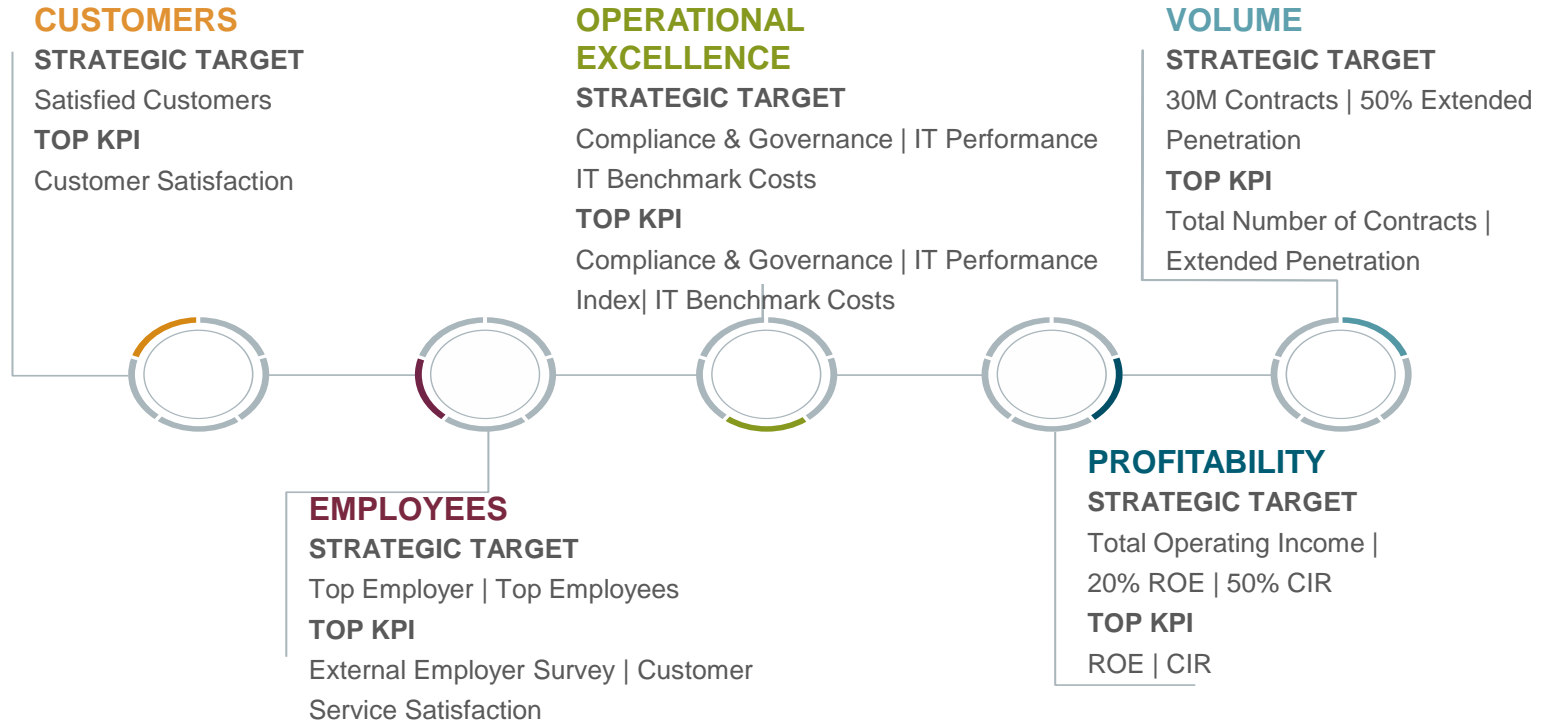
By Order
PRADEEP KUMAR
VICE PRESIDENT
CITIBANK N.A.

Issued on behalf of
Securities and Exchange Board of India

The registration certificate is granted by the Designated Depository Participant on behalf of SEBI.
The FPI certificate details can be verified at www.sebi.gov.in or www.fpi.nsdl.co.in

Letter of Comfort – VWFS AG provides Letter of Comfort to holders of unguaranteed bonds issued by Volkswagen Finance Private limited, India (Source; page no. 149, Annual Report of 2016 https://www.vwfsag.de/en/home/investor_relations/geschaeftsberichte/annualreport2016.html)

Strategic Dimensions, Strategic Targets and Top KPI



Our Company Values

“What do we stand for and believe in?”



FS WAY

FS Values

Corporate Culture

Leadership Culture

Values



A living commitment to our customers



Responsibility



Trust and Confidence



Courage



Enthusiasm

INTERNATIONAL COLLABORATION

Full Entrepreneurial Autonomy of Countries

Aligned by a Global Approach

Contact

Kaushal Mithani

Head - Treasury

Volkswagen Finance Private Limited

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Cardinal Gracious Road,

Chakala, Andheri East

Mumbai 400099

India

Tel.: +91 022 3952 1401

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Cardinal Gracious Road,

Chakala, Andheri

Mumbai 400099

India

<http://www.volkswagen-finance-india.co.in>

Thank You