Financial report 2009

Volkswagen Financial Services N.V.

Amsterdam

Contents

FG-e0152788u-RAP

Management Board report

Volkswagen Financial Services N.V. (‘FSNV’ or ‘the company’) is one of the funding vehicles of Volkswagen Financial Services AG, Brunswick, Germany (FSAG) and its subsidiaries. FSNV raises funds from the capital markets by issuing notes and lends the proceeds on to group and joint venture companies. Basis for the issuing activities are the EUR 18 billion Debt Issuance Programme that adheres to the European Prospective Directive Standards and a EUR 10 billion Multi Currency Commercial Paper Programme. Both programmes are updated on an annual basis. All issues are guaranteed by the mother company FSAG. Therefore, the FSNV rating by Moody’s and Standard&Poor’s is derived from the FSAG rating. According to Moody’s FSAG’s rating is set to P-2 (short-term) and A3 (long-term) with a stable outlook. Standard&Poor’s assessed FSAG’s creditworthiness as A-2 (short-term) and A- (long-term) with a negative outlook.

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

The financing activities are carried out in different currencies and interest terms. To avoid currency and interest risks, the company concludes interest and currency swaps. The currency and interest rate exposures during and at the end of 2009 resulting from financing activities were within the limits approved by the Supervisory Board.

In 2008 the financial markets suffered a severe crisis leading to a liquidity squeeze that has never been noted before. The crisis lasted for the first months of 2009. Restrictive bank credit approval processes, continuing shortage of liquidity and very high refinancing costs determined the situation that eased off beginning with the second quarter of 2009.

FSNV made use of the improved business environment and placed issues under the DIP Programme with a total EUR equivalent volume of 938 million (2008: 568 million) and under the CP Programme with a total EUR equivalent volume of 180 million (2008: 127 million). The proceeds of these issues have been granted to the Volkswagen Financial Services group companies.

FSNV redeemed DIP issues with a total EUR equivalent volume of 480 million (2008: 1,632 million) and CP issues with a total EUR equivalent volume of 745 million (2008: 133 million).

The main business risks of FSNV are the interest rate risk, currency risk, liquidity risk and the credit risk. The Supervisory Board has set limits to restrict those risks. FSNV uses adequate tools to assess and to monitor these risks. In 2009 no excesses in limits occurred.

Due to higher issuing activities FSNV’s business volume increased by EUR 285 million to EUR 2,296 million. The interest income decreased by EUR 1.5 million to EUR 3.8 million mainly due to lower return on equity caused by lower market rates and lower margins. The result after taxes adds up to EUR 2.6 million (2008: EUR 4.1 million).

According to a long-term business strategy the Volkswagen Financial Services group plans to develop new markets and to improve its competitive position in the old markets. Considering this background we expect a further extension in business volume for 2010. Results are expected to be at the same level as 2009.

Amsterdam, 10 March 2010

Original has been signed by
Frank Mitschke, Managing Director

Financial statements

Balance sheet as at 31 December 2009

(after proposed appropriation of profit)

		31 December 2009		**31 December 2008**	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Assets					
Fixed assets					
Intangible fixed assets	5		-		-
Tangible fixed assets	5		3		11
Financial fixed assets:	6				
Shares in participations		1		1	
Loans to Volkswagen group companies		1,154,237		600,196	
Loans to joint ventures of the Volkswagen group		54,148		327,361	
Receivables from joint ventures of the Volkswagen group		-		1,803	
Prepaid and deferred charges		504		6	
Total financial fixed assets			1,208,890		929,367
Total fixed assets			1,208,893		929,378
Current assets					
Receivables due from Volkswagen group companies	7	588,105		578,219	
Receivables due from joint ventures of the Volkswagen group	7	492,569		490,591	
Other assets	8	5,291		10,842	
Prepaid and deferred charges	9	1,063		1,156	
Cash at banks and in hand		240		1,026	
Total current assets			1,087,268		1,081,834
Total assets			2,296,161		2,011,212

The accompanying notes are an integral part of these financial statements.

		31 December 2009		31 December 2008	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Shareholder's equity and liabilities					
Shareholder's equity	10				
Share capital		454		454	
Retained earnings		24,422		21,858	
Total shareholder's equity			24,876		22,312
Long-term liabilities	11				
Bonds		574,826		465,000	
Liabilities to banks		10,000		54,517	
Liabilities to Volkswagen group companies	11	614,755		404,293	
Other liabilities		-		1,571	
Deferred income		490		2	
Total long-term liabilities			1,200,071		925,383
Current liabilities	12				
Bonds		828,636		854,078	
Commercial papers		130,000		24,399	
Liabilities to banks		42,343		99,656	
Liabilities to Volkswagen group companies	12	46,230		39,076	
Other liabilities		23,086		45,194	
Deferred income		682		880	
Trade payables		20		26	
Current income tax		-		2	
Accrued liabilities		217		206	
Total current liabilities			1,071,214		1,063,517
Total shareholder's equity and liabilities			2,296,161		2,011,212

The accompanying notes are an integral part of these financial statements.

Income statement 2009

		2009		2008	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Income					
Interest and similar income	14	68,909		160,474	
Other operating income	15	6		4	
Total income			68,915		160,478
Expenses					
Interest and similar expenses	14	(65,057)		(155,026)	
Other operating expenses	16	(51)		(132)	
General and administrative expenses	17	(846)		(835)	
Depreciation and amortisation expenses	18	(8)		(16)	
Total expenses			(65,962)		(156,009)
Result before taxation			2,953		4,469
Taxation	23		(389)		(386)
Result after taxation			2,564		4,083

The accompanying notes are an integral part of these financial statements.

Cash flow statement 2009

		2009		2008	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Cash flow from operating activities					
Loans granted	6/7	(313,241)		768,901	
Loans taken	11/12	309,074		(772,500)	
Net cash flow from lending activities			(4,167)		(3,599)
Interest received	14	96,812		159,393	
Interest paid	14	(92,040)		(155,026)	
Net cash flow from interest			4,772		4,367
Other operating activities	5/6/9/15	(389)		(637)	
Paid expenses	16/17/18	(611)		(386)	
Corporate income tax paid	23	(391)		(386)	
Cash flow from other operating activities			(1,391)		(1,409)
Net cash flow			(786)		(641)
Cash and cash equivalents at beginning of the year			1,026		1,667
Cash and cash equivalents at end of the year			240		1,026

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 General

1.1 Activities

Volkswagen Financial Services N.V. (‘FSNV’ or ‘the company’) is a 100% subsidiary of Volkswagen Financial Services AG (‘FSAG’).

FSNV’s registered office is located in Amsterdam, the Netherlands.

The main purpose of the company is the financing of and participation in group companies. FSNV has access to several funding sources such as bond loans, note loans and Euro Medium Term loans as well as inter-company loans.

All external issues are guaranteed by FSAG. FSNV has lent the proceeds of these borrowings to group companies.

1.2 Consolidation and shares in participations

FSNV holds one share in VW Finance Belgium SA, Brussels, Belgium with a cost price of EUR 500. The issued share is less than 20% of the total shares of VW Finance Belgium SA.

FSNV is part of the Volkswagen group. The ultimate parent company of this group is Volkswagen AG of Wolfsburg, Germany. The consolidation, including the investment in VW Finance Belgium SA, Brussels, is performed at Volkswagen AG level. These consolidated financial statements can be obtained from the company.

Based on Article 2:408 of the Netherlands Civil Code FSNV is exempt from consolidation.

1.3 Note to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are included in the respective amounts. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

1.4 Estimates

Estimates used in the financial statements are limited to the use of provisions for general expenses and taxes based on experience and sound judgement.

2 Principles of valuation of assets and liabilities

2.1 General

The financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in EUR.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with prior year

The principles of valuation and determination of result remain unchanged compared to the prior year.

2.3 Foreign currencies

Functional currency

Items in the financial statements of group companies are stated with due observance of the currency of the primary economic environment in which the respective group company operates (the functional currency). The financial statements are denominated in EUR, i.e. the functional and reporting currency of FSNV.

Transactions, receivables and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date. Investments in participations are stated at the historical exchange rate.

Transactions denominated in foreign currencies in the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date.

In respect of any positions in the balance sheet that are covered by cross currency interest rate swaps or by foreign exchange forward contracts, the differences in values calculated at mid-rates at the end of the year and contract rates are allocated to the respective principals of the loans. If the loan taken is denominated in a currency other than EUR, the respective correction is allocated to this loan. Otherwise the respective loan granted is corrected.

2.4 Intangible fixed assets

Intangible fixed assets are carried at historical cost less amortisation. Any impairment as at the balance sheet date is taken into account; impairment exists if the carrying amount of the asset (or the cash-generating unit to which it belongs) exceeds its recoverable amount. For determining whether an impairment charge in respect of an intangible fixed asset applies, reference is made to note 2.7.

Computer software
Software licences acquired are capitalised at acquisition cost and amortised over the estimated economic life of three years. Expenditures incurred for the production of identifiable software products that are tailor-made for the group are capitalised. Expenditure in connection with maintenance of computer software and expenses related to research activities are recognised in the income statement.

2.5 Tangible fixed assets

Fixed assets are valued at acquisition or production cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower. Directly attributable production costs include the costs of the raw materials and consumables, and also include installation costs.

The following depreciation period is used:

Asset	**Number of years**
Computer hardware	3

2.6 Financial fixed assets

Shares in participations
The investment in the group company is valued at the lower of cost and net realisable value.

The share in the group company is specified in note 1.2.

Loans to Volkswagen group companies and joint ventures of the Volkswagen group
Loans to Volkswagen group companies and joint ventures of the Volkswagen group are loans with an original term of more than one year and are valued at their amortised cost value. Discounts are capitalised and are depreciated based on the effective yield of interest. We refer to note 2.12, 6 and 7 for further disclosure on these loans.

Receivables from joint ventures of the Volkswagen group
Interest receivables from joint ventures of the Volkswagen group are receivables with an original term of more than one year and are valued at their nominal value.

2.7 Impairment of fixed assets

On each balance sheet date, the company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable value; the recoverable value is the higher of the net realisable value and the value in use.

Net realisable value is determined based on the active market. An impairment is directly recognised as an expense in the income statement.

If it is established that a previously recognised impairment no longer applies or has declined, the increased carrying amount of the assets in question is not set higher than the carrying amount that would have been determined had no asset impairment been recognised.

2.8 Current assets

Receivables due from Volkswagen group companies and joint ventures of the Volkswagen group

The receivables due from Volkswagen group companies and joint ventures of the Volkswagen group are valued at their amortised cost value. All receivables will be received within one year.

Other assets

The swap interest receivables and income tax receivables are shown under other assets and are valued at their amortised cost value.

Prepayments and accrued income

Accrued income is amortised over the remaining life of the bonds.

Cash at banks and in hand

Cash at banks and in hand represents cash in hand, bank balances and deposits with a maturity of less than one year.

Cash and banks denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date.

2.9 Equity

The company has no statutory or mandatory reserves.

2.10 Long-term liabilities

Bonds

The bonds are valued at their amortised cost value. All long-term bonds have a maturity of over one year. No assets were pledged as collateral by the company.

Liabilities to banks

The liabilities to banks are valued at their nominal value. All liabilities have a maturity of over one year.

Liabilities to Volkswagen group companies

The liabilities to Volkswagen group companies are valued at their nominal value. All liabilities have a maturity of over one year.

Other liabilities

The swap interest payables with a run-off period of more than one year are shown under other liabilities and are valued at their amortised cost value.

2.11 Current liabilities

Bonds

The bonds are valued at their amortised cost value. All short-term bonds are payable within one year.

Liabilities to banks

The liabilities to banks are valued at their amortised cost value. All liabilities are payable within one year.

Liabilities to Volkswagen group companies

The liabilities to affiliated companies are valued at their amortised cost value. All liabilities are payable within one year.

Other liabilities

The swap interest payables with a run-off period within one year are shown under other liabilities and are valued at their nominal value.

Deferred income

The deferred income concerns premiums and compensations and is amortised over the remaining life of the loans taken.

Deferred income tax

Deferred tax liabilities are recognised to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date or the rates that will apply in the future, insofar as these have been set down by law.

Current income tax

The current Dutch nominal tax rate of 25.5% has been applied. FSNV is part of a fiscal unity with Volkswagen International Finance N.V.

Trade payables

The trade payables are valued at their amortised cost value and are payable within one year.

Other accrued liabilities

The accruals are stated at the amount required, based on sound business judgement and valued at the expected costs.

2.12 Financial instruments

Securities included in financial and current assets, as well as liabilities and derivative financial instruments, are stated at cost. The company applies hedge accounting to hedging interest and currency risk on borrowings and lendings. Both the derivative and the hedged item are stated at cost. The gain or loss relating to the ineffective portion is recognised in the income statement within finance cost. For more information about the value of the assets see note 6 and 7, of the liabilities see notes 11 and 12, and of the financial instruments see note 22. The company has no derivative financial instruments other than the ones used for hedging.

Fair value hedge

In applying fair value hedge accounting, both the hedging instrument and the hedged position are stated at fair value, at least where this is attributable to the hedged risk. The gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount on the balance sheet date shall be directly recognised in profit or loss. The company shall discontinue prospectively the hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting;
- the company revokes the designation.

The company applies fair value hedge accounting to hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed-rate borrowings is directly recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs.

Cost price hedge

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- If the hedged item is recognised at cost in the balance sheet, the derivative instrument is also stated at cost.
- As long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions.
- If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in the income statement.

The company applies cost price hedge accounting to hedging fixed-interest risk on borrowings. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs.

3 Principles of determination of result

3.1 General

Result is determined as the difference between the realisable value of services rendered and the costs and other charges for the year. Results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

Profit or loss is determined taking into account the recognition of unrealised changes in fair value of:

- securities included in current assets;
- derivative financial instruments that have not been designated as hedges.

3.2 Revenue recognition

Revenue from interest income is allocated to the reporting period in which it occurs.

3.3 Exchange rate differences

Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the period that they arise (note 15).

3.4 Interest income and similar income and interest expenses and similar expenses

Interest income and expense is recognised on a pro rata basis, taking into account the effective interest rate of the assets and liabilities concerned. When recognising the interest charges, the transaction cost on the loans received is taken into account.

3.5 Other operating income and expenses

Other operating income and expenses include income and expenses that are not directly attributable to the interest income and expenses and are valued at the realisable value.

3.6 General and administrative expenses

These expenses include expenses such as personnel expenses, office expenses, consulting and audit fees and depreciation and amortisation and are valued at cost.

Depreciation and amortisation

Intangible fixed assets are amortised and tangible fixed assets are depreciated over their expected useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

Gains and losses upon the sale of tangible fixed assets are included in other operating income or other operating expenses respectively.

Labour and other costs third party

Services performed by Volkswagen International Finance N.V. ('VIF') for FSNV are charged at a fixed amount. These costs include for example salaries, rental costs and general costs.

3.7 Taxation

Profit tax is calculated on the profit before taxation in the income statement, taking into account any losses carried-forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

4 Financial instruments

4.1 Market risk

Currency risk

To avoid risk, the loans to Volkswagen group companies and to joint ventures of the Volkswagen group and related funding are generally matched in currency terms. If not, correcting swaps are executed to achieve the matched basis. The small exchange rate exposures during and at the end of 2009 were within the mismatch guidelines.

Interest rate risk

To avoid risk, the loans to Volkswagen group companies and to joint ventures of the Volkswagen group and related funding are generally matched in interest terms. If not, correcting swaps are executed to achieve the matched basis. The small interest rate exposures during and at the end of 2009 were within the mismatch guidelines.

4.2 Credit risk

The risk of default arising from financial assets and derivative financial instruments involves the risk of default by counterparties. The maximum loss from derivative instruments equals their positive fair value. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies.

4.3 *Liquidity risk*

The company uses several banks which are selected at group level. The liquidity risk is monitored by assuring that the critical terms of the relevant items match.

5 Intangible and tangible fixed assets

	Intangible fixed assets (software)	**Tangible fixed assets (other installations, business and office equipment)**	**Total**
	EUR'000	EUR'000	EUR'000
Purchase cost	39	189	228
Amortisation/depreciation (accumulated)	39	186	225
Book value as at 31 December 2009	-	3	3
Book value as at 31 December 2008	-	11	11
Amortisation/depreciation current year	-	8	8

	Intangible fixed assets (software)	**Tangible fixed assets (other installations, business and office equipment)**	**Total**
	EUR'000	EUR'000	EUR'000
Purchase cost	39	189	228
Amortisation/depreciation (accumulated)	39	178	217
Book value as at 31 December 2008	-	11	11
Book value as at 31 December 2007	1	27	28
Amortisation/depreciation current year	1	16	17

6 Financial fixed assets

Shares in participations

The company's interests in other companies comprise the following:

Company	Local (original) currency (LC)	Share in issued capital as %	31 December 2009		31 December 2008	
			LC'000	EUR'000	LC'000	EUR'000
VW Finance Belgium SA	EUR	< 5	1	1	1	1

Loans to Volkswagen group companies and joint ventures of the Volkswagen group included in fixed assets

A breakdown of the loans to Volkswagen group companies and joint ventures of the Volkswagen group is as follows:

	Original currency	Weighted average interest rate (%)	31 December 2009 Book value	31 December 2009 Market value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen group companies	EUR	2.31	448,664	466,036
	GBP	3.12	662,477	685,083
	SEK	1.57	38,999	39,550
	RUB	8.75	4,097	3,961
			1,154,237	1,194,630
Fixed asset loans to joint ventures of the Volkswagen group	EUR	4.11	53,246	56,166
	USD	6.20	902	1,005
			54,148	57,171
Total loans to Volkswagen group companies and joint ventures of the Volkswagen group			1,208,385	1,251,801

The market values are determined on the basis of discounted cash flows. Credit spreads were not included in the model used to determine the market value. Since all loans are to Volkswagen group companies and joint ventures of the Volkswagen group the credit spread applicable to these loans is equal to the credit spread for the Volkswagen group. As at 31 December 2009 the following credit spreads were applicable to the Volkswagen group:

For amounts payable within one year:	17.50 bps
For amounts payable between one year and five years:	80.00 bps
For amounts payable after five years:	101.00 bps

For comparison the overview of 2008:

	Original currency	Weighted average interest rate (%)	31 December 2008 Book value	31 December 2008 Market value
			EUR'000	EUR'000
Fixed asset loans to Volkswagen group companies	EUR	5.48	503,196	525,499
	GBP	6.56	75,000	58,036
	CZK	4.25	15,000	16,320
	RUB	8.71	7,000	5,707
			600,196	605,562
Fixed asset loans to joint ventures of the Volkswagen group	EUR	5.48	278,400	287,057
	SKK	3.21	35,000	40,586
	TRY	22.13	13,961	16,421
			327,361	344,064
Total loans to Volkswagen group companies and joint ventures of the Volkswagen group			927,557	949,626

Prepaid and deferred charges

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Other prepaid and deferred charges	504	6

7 Receivables due from Volkswagen group companies and joint ventures of the Volkswagen group

	Original currency	Weighted average interest rate (%)	31 December 2009 Book value	31 December 2009 Market value
			EUR'000	EUR'000
Current asset receivables due from Volkswagen group companies excluding interest	EUR	3.20	185,749	188,613
	GBP	3.86	303,882	287,704
	RUB	8.57	4,000	3,524
	CZK	4.25	15,000	16,537
	SEK	0.57	69,696	70,111
Accrued and other receivables			9,778	9,778
			588,105	576,267
Current asset receivables due from joint ventures of the Volkswagen group excluding interest	EUR	1.82	467,140	472,823
	USD	3.55	3,124	3,222
	TRY	22.13	13,923	19,646
Accrued and other receivables			8,382	8,382
			492,569	504,073
Total receivables due from Volkswagen group companies and joint ventures of the Volkswagen group			1,080,674	1,080,340

For the determination of the market values see note 6.

As mentioned in note 2.12 all outstanding loans to Volkswagen group companies and joint ventures of the Volkswagen group are hedged with cross currency interest rate swaps, interest rate swaps and forwards to the bonds and loans from Volkswagen group companies used to fund the financing activities. As a result the company has principally no exposure to interest rate risk and currency risk.

For comparison the overview of 2008:

	Original currency	Weighted average interest rate (%)	31 December 2008	
			Book value	Market value
			EUR'000	EUR'000
Current asset receivables due from Volkswagen group companies excluding interest	EUR	4.24	255,952	257,588
	GBP	6.37	239,144	209,355
	RUB	9.02	2,000	1,672
	CZK	3.69	14,884	15,231
	SEK	5.24	55,182	56,102
Accrued and other receivables			11,057	11,057
			578,219	551,005
Current asset receivables due from joint ventures of the Volkswagen group excluding interest	EUR	4.94	275,784	281,784
	USD	4.88	25,948	26,681
	TRY	18.47	161,205	169,564
Accrued and other receivables			27,654	27,654
			490,591	505,683
Total receivables due from Volkswagen group companies and joint ventures of the Volkswagen group			1,068,810	1,056,688

8 Other assets

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Swap interest receivables from banks	4,665	10,527
Income tax receivable	626	311
Other interest receivable	-	4
	5,291	10,842

9 Prepaid and deferred charges

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Prepaid and deferred charges	1,063	1,156

The prepaid and deferred charges mainly consist of deferred emission costs.

10 Shareholder's equity

Share capital

On 31 December 2009 the subscribed capital of the company amounted to EUR 2,270,000 of which an amount of EUR 454,000 was paid-up. 454 registered shares of EUR 1,000 each have been issued.

	Issued and paid-up share capital	Retained earnings	Total equity
	EUR'000	EUR'000	EUR'000
Balance as at 31 December 2008	454	21,858	22,312
Result for the year 2009	-	2,564	2,564
Balance as at 31 December 2009	454	24,422	24,876

	Issued and paid-up share capital	Retained earnings	Total equity
	EUR'000	EUR'000	EUR'000
Balance as at 31 December 2007	454	17,775	18,229
Result for the year 2008	-	4,083	4,083
Balance as at 31 December 2008	454	21,858	22,312

11 Long-term liabilities

All long-term liabilities are payable within one to five years.

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Bonds listed	329,016	430,000
Bonds unlisted	245,810	35,000
	574,826	465,000

A breakdown of the long-term bonds is as follows:

	Original currency	Average interest rate in percentage	31 December 2009 Book value	31 December 2009 Market value
		%	EUR'000	EUR'000
Maturity within 1 to 5 years				
Bonds listed	EUR	3.00	290,000	298,772
Bonds listed	SEK	1.45	39,016	39,498
Bonds unlisted	EUR	2.50	200,000	204,315
Bonds unlisted	JPY	1.57	45,810	47,267
Total long-term bonds			574,826	589,852

	Original currency	Average interest rate in percentage	31 December 2008 Book value	31 December 2008 Market value
		%	EUR'000	EUR'000
Maturity within 1 to 5 years				
Bonds listed	EUR	4.22	430,000	444,125
Bonds unlisted	EUR	5.21	35,000	36,805
Total long-term bonds			465,000	480,930

For the determination of the market values please see note 6.

Liabilities to Volkswagen group companies excluding interest

A breakdown of the long-term liabilities to Volkswagen group companies is as follows:

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Volkswagen AG	311,570	31,000
Volkswagen Bank	303,185	373,293
	614,755	404,293

12 Current liabilities

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Bonds listed	793,636	562,774
Bonds unlisted	35,000	291,304
	828,636	854,078

A breakdown of the current bonds is as follows:

	Original currency	Average interest rate in percentage	31 December 2009	
			Book value	Market value
		%	EUR'000	EUR'000
Maturity less than 1 year				
Bonds listed	EUR	1.95	755,000	762,039
Bonds listed	SEK	1.16	9,754	9,809
Bonds listed	CZK	3,50	28,882	28,502
Bonds unlisted	EUR	2.35	35,000	35,556
Total current bonds			828,636	835,906

	Original currency	Average interest rate in percentage	31 December 2008	
			Book value	Market value
		%	EUR'000	EUR'000
Maturity less than 1 year				
Bonds listed	EUR	4.56	475,000	488,921
Bonds listed	TRY	18.50	32,576	38,529
Bonds listed	SEK	5.12	55,198	56,592
Bonds unlisted	JPY	0.71	291,304	327,760
Total current bonds			854,078	911,802

For the determination of the market values please see note 6.

Liabilities to Volkswagen group companies

A breakdown of the current liabilities, including accrued interest to Volkswagen group companies, is as follows:

	31 Dec 2009	31 Dec 2008
	EUR'000	EUR'000
Volkswagen AG	39,624	37,000
VIF	4,333	-
Accrued interest	2,273	2,076
	46,230	39,076

13 Commitments not included in the balance sheet

Fiscal unity

The company forms a fiscal unity for corporate income tax and turnover tax purposes with VIF. Under the Tax Collection Act, the company is jointly and severally liable for the taxes payable by the group.

14 Financial income and expenses

Interest and similar income

	2009	2008
	EUR'000	EUR'000
Interest and similar income	68,909	160,474
Interest and similar expenses	65,057	155,026
	3,852	5,448

15 Other operating income

	2009	2008
	EUR'000	EUR'000
Translation income	2	-
Miscellaneous income previous years	4	4
	6	4

16 Other operating expenses

	2009	2008
	EUR'000	EUR'000
Portfolio fees	39	109
Bank charges	12	8
Translation losses	-	10
Miscellaneous expenses current and previous years	-	5
	51	132

17 General and administrative expenses

	2009	2008
	EUR'000	EUR'000
Labour and other costs third party	655	576
Consulting and auditing fees	101	91
EDP expenses	74	105
General office expenses	16	63
	846	835

The labour and other costs third party is a charge from VIF for services rendered to FSNV.

18 Depreciation and amortisation expenses

Depreciation and amortisation expenses are as follows:

	2009	2008
	EUR'000	EUR'000
Depreciation tangible fixed assets (note 5)	8	16

19 Auditor's fees

The auditor's fees for the reporting year are as follows:

	2009	2008
	EUR'000	EUR'000
Audit of the financial statements	33	36
Other audit services	6	10
Other non-audit services	2	-
	41	46

20 Related parties

All loans are granted to other group companies. The interest income is mainly derived from these group companies.

For receivables due from Volkswagen group companies see note 6 and 7.

For liabilities to Volkswagen group companies see note 11 and 12.

21 Average number of employees

The employees are supplied by VIF. The costs regarding the work performed for FSNV are included in the service charges of EUR 655,200 (2008: EUR 576,000) which are shown under the general and administrative expenses.

22 Financial instruments

The company's policy is to fully hedge its interest rate and exchange rate exposures.

The financial instruments of the company had the following notional amounts:

	Interest swaps	**Interest/ currency swaps**	**FX contracts**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2009	38,502	963,666	62,662	1,064,830
31 December 2008	230,000	556,058	22,998	809,056

The financial instruments of the company had the following positive or negative market values:

	Interest swaps	**Interest/ currency swaps**	**FX contracts**	**Total**
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2009	3,407	16,961	(327)	20,041
31 December 2008	6,139	133,609	4,191	143,939

23 Taxation

The taxation on the result can be specified as follows:

	2009	2008
	EUR'000	EUR'000
Result before taxation	2,953	4,469
Taxation on result	389	386
Effective tax rate	13.2%	8.6%
Applicable tax rate	25.5%	25.5%

The low effective tax rate is caused by the fiscal deduction of the unpaid guarantee commission of EUR 1,393,000. For fiscal purposes, income from this waived commission is added to the taxable income of the parent company.

24 Directors and supervisory directors

Management Board:
- Frank Mitschke, Amsterdam
- Bernd Bode, Hannover

The Management Board has not received any remuneration for 2009.

Supervisory Board:
- Frank Fiedler, Braunschweig

The Supervisory Board has not received any remuneration for 2009.

The Management Board has declared that to the best of their knowledge:
1. the financial statements give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and
2. the Management Board report gives a true and fair view of the company's situation on the balance sheet date, the events that occurred during the year and the risks to which the company is exposed.

Amsterdam, 10 March 2010

Management Board

Supervisory Board

Original has been signed by
F. Mitschke

Original has been signed by
F. Fiedler

Original has been signed by
B. Bode

Other information

Profit appropriation according to the Articles of Association

The company's Articles of Association provide that appropriation of accrued profit is subject to the decision of the shareholders at the general meeting of shareholders. The company can only make distributions to the shareholders and other persons entitled up to an amount which does not exceed the amount of the distributable reserves. The general meeting may resolve to pay dividends from legally distributable reserves.

Proposed appropriation of profit

Management proposes to add the 2009 profit of EUR 2,563,710.24 to the retained earnings.

Post balance sheet events

No post balance sheet events occurred.

Auditor's report

PRICEWATERHOUSECOOPERS

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To: the General Meeting of Shareholders of
Volkswagen Financial Services N.V.

Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2009 of Volkswagen Financial Services N.V., Amsterdam as set out on pages 3 to 26, which comprise the balance sheet as at 31 December 2009, the income statement and cash flow statement for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility

Management of the company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Management Board report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.
We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of Volkswagen Financial Services N.V. as at 31 December 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the Management Board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 10 March 2010
PricewaterhouseCoopers Accountants N.V.

Original has been signed by dr. H.F.M. Gertsen RA