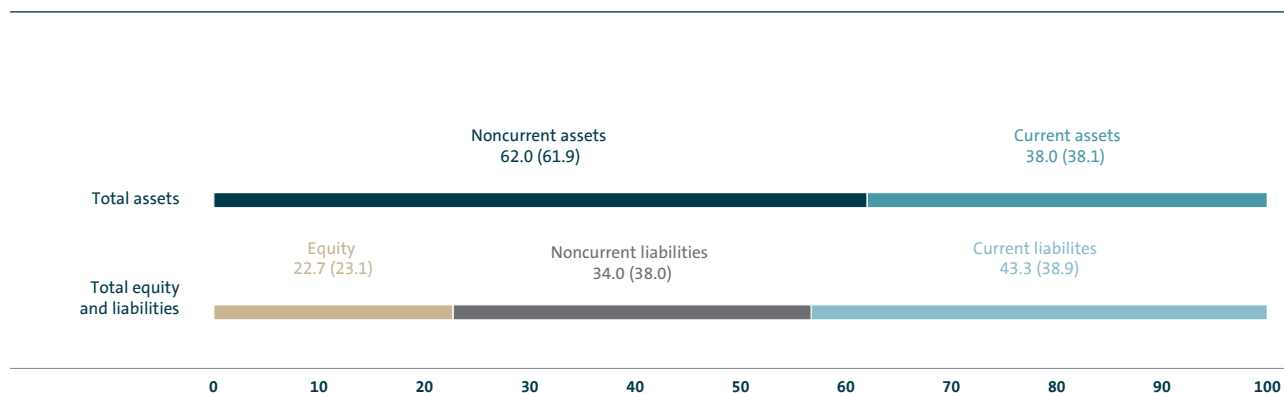


CONSOLIDATED BALANCE SHEET STRUCTURE 2016*in percent***Financial position in the Financial Services Division**

The Financial Services Division generated gross cash flow of €9.5 (8.8) billion in the reporting period due to earnings-related factors. Funds tied up in working capital amounted to €20.4 (18.9) billion due to growth in business volumes. Cash flows from operating activities amounted to €-10.8 (-10.1) billion.

The acquisition of the interest in ride hailing service Gett amounting to €0.3 billion was one of the factors behind the increase in investing activities attributable to operating activities to €0.9 (0.6) billion.

Volkswagen AG contributed a capital increase of €1.2 billion to the Financial Services Division's financing activities in the reporting period to finance the expected growth in business in existing and new markets as well as to comply with the continued increase in regulatory requirements. Cash inflows from financing activities amounted to €12.0 (15.4) billion overall.

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to €-135.1 billion at the end of the reporting period, compared with €-125.1 billion at the end of December 2015.

NET ASSETS**Consolidated balance sheet structure**

At €409.7 billion, the Volkswagen Group's total assets at the end of fiscal year 2016 exceeded the prior-year figure by 7.3%, due above all to the increased business volume of the Financial Services Division. The structure of the consolidated balance sheet as of the reporting date is shown in the chart on this page. At €92.9 billion, the Volkswagen Group's equity increased by €4.6 billion compared with December 31, 2015. The equity ratio was 22.7 (23.1)%.

As of the end of the fiscal year, the Group had off-balance-sheet commitments in the form of contingent liabilities in the amount of €6.8 (3.5) billion, financial guarantees in the amount of €0.2 (1.6) billion and other financial obligations in the amount of €25.9 (25.4) billion. Contingent liabilities relate primarily to legal risks in connection with the diesel issue. The other financial obligations primarily result from purchase commitments for property, plant and equipment, as well as obligations under long-term leasing and rental contracts and irrevocable credit commitments to customers. In addition, as part of the settlement agreements in the USA, Volkswagen announced investments in the infrastructure for zero-emission vehicles and in initiatives to promote access to and awareness of this technology. Other financial obligations include an amount of €1.6 billion for this purpose.

Automotive Division balance sheet structure

The Automotive Division's intangible assets and its property, plant and equipment were up on the year-end 2015 figure as of December 31, 2016. Equity-accounted investments decreased, mainly as a result of the sale of the LeasePlan shares. There was a significant increase in other receivables and financial assets. Noncurrent assets rose by a total of 4.7%.

Current assets rose by a total of 9.5%; inventories contained in this item rose by 11.4% because of production-related factors. Receivables were up on year-end 2015. Marketable securities increased to €14.7 (12.3) billion as compared with December 31, 2015, while cash and cash equivalents stood at €14.5 (15.7) billion.

The Automotive Division's equity was €69.1 billion at the end of 2016, and thus 2.6% higher year-on-year. It was lifted by the good earnings growth before special items and positive effects from the measurement of derivatives recognized outside profit or loss. Expenses from special items and higher actuarial losses from the measurement of pension provisions reduced the Automotive Division's equity. The capital increase implemented in the Financial Services Division also reduced equity in the Automotive Division, where the deduction was recognized. The noncontrolling interests are mainly attributable to RENK AG and AUDI AG. As these were lower overall than the noncontrolling interests attributable to the Financial Services Division, the figure for the Automotive Division, where the deduction was recognized, was negative. The equity ratio decreased to 31.4 (32.6)%.

Noncurrent liabilities decreased by 4.9% year-on-year to €70.0 (73.6) billion. Pension provisions contained in this figure increased because of the change in the discount rate. Financial liabilities declined by €3.7 billion and other provisions were also down.

At €81.0 (65.9) billion, current liabilities were 22.9% higher overall than at the end of 2015. Reclassifications from noncurrent to current liabilities, due to shorter remaining maturities, as well as short-term borrowings led to an increase in current financial liabilities. The figures for the Automotive Division also contain the elimination of intra-group transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed. The item "Put options and compensation rights granted to noncontrolling interest shareholders" primarily comprises the liability for the obligation to acquire the shares held by the remaining free float shareholders of MAN. Current other provisions increased because of special items.

The Automotive Division's total assets amounted to €220.1 billion at the end of the reporting period, up 6.4% on the prior-year figure.

PASSENGER CARS BUSINESS AREA BALANCE SHEET STRUCTURE

€ million	2016	2015
Noncurrent assets	109,918	105,028
Current assets	61,600	57,289
Total assets	171,518	162,317
Equity	54,789	54,598
Noncurrent liabilities	56,703	61,195
Current liabilities	60,026	46,524

Noncurrent assets in the Passenger Cars Business Area amounted to €109.9 billion as of December 31, 2016, 4.7% higher than a year before. While intangible assets and property, plant and equipment increased, equity-accounted investments declined primarily as a result of the sale of the LeasePlan shares. Current assets rose by 7.5% to €61.6 billion, mainly due to the increase in inventories. Total assets at the end of 2016 amounted to €171.5 (162.3) billion.

At €54.8 (54.6) billion, equity was on a level with the previous year. Noncurrent liabilities declined by 7.3%. The financial liabilities and provisions contained in this item decreased significantly, while pension provisions rose. The 29.0% increase in current liabilities is attributable to, among other factors, reclassifications resulting from shorter maturities and short-term borrowings. In addition, current provisions increased significantly because of special items, in particular relating to the diesel issue.

COMMERCIAL VEHICLES BUSINESS AREA
BALANCE SHEET STRUCTURE

€ million	2016	2015
Noncurrent assets	26,206	24,749
Current assets	16,197	13,421
Total assets	42,403	38,170
Equity	11,185	9,512
Noncurrent liabilities	12,531	11,532
Current liabilities	18,687	17,126

As of December 31, 2016, the Commercial Vehicles Business Area's intangible assets were slightly below and its property, plant and equipment above the year-end 2015 figures. Overall, noncurrent assets rose by €1.5 billion to €26.2 billion. Current assets increased by 20.7% to €16.2 billion because of higher inventories and considerably higher cash and cash equivalents. Total assets increased by 11.1% to €42.4 billion.

At €11.2 billion, equity at the end of fiscal year 2016 was up 17.6% year-on-year. Noncurrent liabilities rose by 8.7%; the other provisions contained in this figure increased largely because of special items resulting from legal risks. Driven by the increase in financial liabilities, current liabilities rose by 9.1% compared with the 2015 reporting date.

POWER ENGINEERING BUSINESS AREA
BALANCE SHEET STRUCTURE

€ million	2016	2015
Noncurrent assets	2,879	3,035
Current assets	3,285	3,310
Total assets	6,165	6,345
Equity	3,157	3,255
Noncurrent liabilities	748	842
Current liabilities	2,260	2,248

The Power Engineering Business Area's noncurrent assets declined compared with the previous year. Current assets were on a level with the previous year. The Power Engineering Business Area recorded total assets of €6.2 billion as of December 31, 2016, 2.8% lower than at year-end 2015.

Due to earnings-related factors and special items from the restructuring program, the Power Engineering Business Area's equity at the end of the fiscal year was 3.0% lower than the figure of €3.2 billion recorded in the previous year. Non-current liabilities fell by 11.1%, while current liabilities were on a level with the previous year.

Financial Services Division balance sheet structure

The Financial Services Division's total assets amounted to €189.6 billion at the end of December 2016, a 8.3% increase over the figure as of December 31, 2015.

Both lease assets and noncurrent financial services receivables increased because of the growth in business. Noncurrent assets rose by 10.9% overall.

Current assets were up 4.6% year-on-year, primarily as a result of higher financial services receivables.

The Financial Services Division accounted for 46.3 (45.8)% of the Volkswagen Group's assets at the end of fiscal year 2016.

At €23.8 billion, the Financial Services Division's equity as of December 31, 2016 exceeded the prior-year figure by 13.8%. In addition to good earnings growth, equity was pushed up by capital increases implemented by Volkswagen AG in the reporting period to finance the growth in business and meet regulatory capital requirements. The equity ratio was 12.5 (11.9)%.

Driven by the decline in financial liabilities, noncurrent liabilities were down by 3.2%.

Current liabilities increased by 16.9% compared with year-end 2015. This increase is attributable to the funding of volume growth. At €33.8 (26.5) billion, deposits from direct banking business were higher than in the previous year.

CONSOLIDATED BALANCE SHEET BY DIVISION AS OF DECEMBER 31

€ million	VOLKSWAGEN GROUP		AUTOMOTIVE ¹		FINANCIAL SERVICES	
	2016	2015	2016	2015	2016	2015
Assets						
Noncurrent assets	254,010	236,548	139,003	132,812	115,007	103,736
Intangible assets	62,599	61,147	62,372	60,918	227	228
Property, plant and equipment	54,033	50,171	51,415	47,768	2,619	2,403
Lease assets	38,439	33,173	3,385	2,931	35,054	30,242
Financial services receivables	68,402	63,185	9	–	68,393	63,185
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	30,537	28,873	21,822	21,195	8,715	7,678
Current assets	155,722	145,387	81,083	74,019	74,640	71,367
Inventories	38,978	35,048	34,947	31,369	4,031	3,679
Financial services receivables	49,673	46,888	–660	–614	50,333	47,502
Other receivables and financial assets	30,286	27,572	17,561	15,315	12,726	12,257
Marketable securities	17,520	15,007	14,703	12,261	2,817	2,747
Cash, cash equivalents and time deposits	19,265	20,871	14,532	15,688	4,733	5,183
Total assets	409,732	381,935	220,085	206,831	189,647	175,103
Equity and liabilities						
Equity	92,910	88,270	69,130	67,366	23,780	20,905
Equity attributable to Volkswagen AG shareholders	85,122	80,500	61,714	59,898	23,408	20,603
Equity attributable to Volkswagen AG hybrid capital investors	7,567	7,560	7,567	7,560	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	92,689	88,060	69,281	67,458	23,408	20,603
Noncontrolling interests	221	210	–151	–92	373	302
Noncurrent liabilities	139,306	145,175	69,982	73,568	69,324	71,607
Financial liabilities	66,358	73,292	5,876	9,557	60,483	63,735
Provisions for pensions	33,012	27,535	32,464	27,119	549	415
Other liabilities	39,936	44,349	31,643	36,892	8,293	7,457
Current liabilities	177,515	148,489	80,973	65,898	96,542	82,591
Put options and compensation rights granted to noncontrolling interest shareholders	3,849	3,933	3,849	3,933	–	–
Financial liabilities	88,461	72,313	–1,019	–3,974	89,481	76,286
Trade payables	22,794	20,460	20,753	18,709	2,041	1,751
Other liabilities	62,411	51,783	57,391	47,229	5,021	4,554
Total equity and liabilities	409,732	381,935	220,085	206,831	189,647	175,103

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.