
Second Supplement dated
22 March 2018
to the Prospectus dated
28 June 2017

VOLKSWAGEN BANK GMBH

Braunschweig, Federal Republic of Germany

- Issuer -

EUR 10,000,000,000

Debt Issuance Programme

(the "**Programme**")

This second supplement (the "**Second Supplement**") to the base prospectus dated 28 June 2017, as supplemented on 5 December 2017, (the "**Prospectus**") constitutes a supplement for the purposes of Article 13.1 of the *Loi relative aux prospectus pour valeurs mobilières* which implements Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003, as amended by Directive 2010/73/EU of the European Parliament and the Council of 24 November 2010, into Luxembourg Law (the "**Luxembourg Law**") and is prepared in connection with the EUR 10,000,000,000 Debt Issuance Programme of Volkswagen Bank GmbH ("**Volkswagen Bank**"). Expressions defined in the Prospectus shall have the same meaning when used in the Second Supplement.

The Second Supplement is supplemental to, and should only be read in conjunction with, the Prospectus.

The Issuer accepts responsibility for the information contained in the Second Supplement and hereby declares, that having taken all reasonable care to ensure that such is the case, the information contained in the Second Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Second Supplement has been prepared following the publication of the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2017, which are included in the Annual Report 2017 (IFRS), on 19 March 2018.

OVERALL AMENDMENTS

1. *References in the Prospectus to the term "Prospectus" include all changes made by the First Supplement and the Second Supplement.*

I. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION "SUMMARY"

2. *On page 9 of the Prospectus the information in "Section B – Issuer" under "Element B.10 – Qualifications in the audit report on the historical financial information", shall be deleted and replaced by the following information:*

"Not applicable. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hannover, Federal Republic of Germany audited the consolidated financial statements for the financial years 2016 and 2017 and have given their unqualified auditors' report for each of these years."

3. *On page 9 et seq. of the Prospectus the information in "Section B – Issuer" under "Element B.12 – Selected historical key financial information regarding the Issuer, statement regarding trend information and significant changes in the financial or trading position of the Issuer" shall be deleted and replaced by the following information:*

"

B.12	Selected historical key financial information regarding the Issuer, statement regarding trend information and significant changes in the financial or trading position of the Issuer	<p>The following table sets forth selected financial information as at and for the financial years ended 2016 and 2017 which has been extracted from the published audited consolidated financial statements of Volkswagen Bank Group prepared in accordance with International Financial Reporting Standards as adopted in the European Union (IFRS).</p> <p>Balance sheet data</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;">31 December 2017</th> <th style="text-align: right; width: 20%;">31 December 2016¹</th> </tr> <tr> <td></td> <td></td> <td style="text-align: center;">in € million</td> </tr> </thead> <tbody> <tr> <td>Total assets</td> <td style="text-align: right;">78,747</td> <td style="text-align: right;">56,334</td> </tr> <tr> <td>Receivables arising from</td> <td></td> <td></td> </tr> <tr> <td style="padding-left: 20px;">Retail financing</td> <td style="text-align: right;">28,032</td> <td style="text-align: right;">24,259</td> </tr> <tr> <td style="padding-left: 20px;">Dealer financing</td> <td style="text-align: right;">12,430</td> <td style="text-align: right;">10,538</td> </tr> <tr> <td style="padding-left: 20px;">Leasing business</td> <td style="text-align: right;">18,858</td> <td style="text-align: right;">3,695</td> </tr> <tr> <td>Customer deposits</td> <td style="text-align: right;">41,066</td> <td style="text-align: right;">37,938</td> </tr> <tr> <td>Equity</td> <td style="text-align: right;">11,301</td> <td style="text-align: right;">7,156</td> </tr> </tbody> </table> <p>Income statement data</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;">1 January - 31 December 2017</th> <th style="text-align: right; width: 20%;">2016²</th> </tr> </thead> <tbody> </tbody> </table>		31 December 2017	31 December 2016 ¹			in € million	Total assets	78,747	56,334	Receivables arising from			Retail financing	28,032	24,259	Dealer financing	12,430	10,538	Leasing business	18,858	3,695	Customer deposits	41,066	37,938	Equity	11,301	7,156		1 January - 31 December 2017	2016 ²
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¹ Restatement of previous year's figures. For further information see Annual Report 2017 under p.53 et seq.

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		in € million
	Profit before tax	992
	Taxes on income and earnings	-336
	Profit after tax	656
	<p>There has been no material adverse change in the prospects of Volkswagen Bank Group since the date of its last published audited consolidated financial statements as at 31 December 2017.</p> <p>The diesel issue as well as other expenses or provisions in connection with diesel vehicles, including but not limited to residual values of cars or a potential deterioration of the credit standing of dealers in context to the challenging market situation arising from the current debate in Germany surrounding the use of Diesel engines may have a negative impact on the future business and financial performance of Volkswagen Bank Group, the effect of which remains uncertain.</p> <p>The reorganization of the corporate structure which has not yet finished, increased litigation and legal risks, including but not limited to the area of consumer credit law , which would be reflected in corresponding provisions as well as geopolitical tensions and conflicts, protectionist tendencies, turmoil in financial markets, structural deficits in individual countries as well as uncertainties regarding future developments in the euro area may have a negative impact on the impact on the future business and the financial performance of Volkswagen Bank Group.</p> <p>Volkswagen Bank Group anticipates stable funding costs, greater levels of cooperation with the individual Group brands increased cost optimization under the efficiency program as well as a high degree of uncertainty regarding macroeconomic conditions in the real economy and its impact on factors such as risk costs.</p> <p>Not applicable; there has been no significant change in the financial position of Volkswagen Bank Group since the date of its last published audited consolidated financial statements as at 31 December 2017.</p>	

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**II. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "GERMAN TRANSLATION OF THE SUMMARY"**

4. On page 24 of the Prospectus the information in "Abschnitt B – Emittent" under "Punkt B.10 – Beschränkungen im Bestätigungsvermerk zu den historischen Finanzinformationen" shall be deleted and replaced by the following information:

"Nicht anwendbar. Die PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hannover, Bundesrepublik Deutschland hat die konsolidierten und veröffentlichten Jahresabschlüsse für die Geschäftsjahre 2016 und 2017 geprüft und jeweils mit einem uneingeschränkten Bestätigungsvermerk versehen."

5. On page 24 et seq. of the Prospectus the information in "Abschnitt B – Emittent" under "Punkt B.12 – Ausgewählte wesentliche historische Finanzinformationen über den Emittenten, Erklärung zu Trendinformationen sowie wesentliche Veränderungen der Finanzlage oder Handelsposition des Emittenten" shall be deleted and replaced by the following information:

"

B.12	Ausgewählte wesentliche historische Finanzinformationen über den Emittenten, Erklärung zu Trendinformationen sowie wesentliche Veränderungen der Finanzlage oder Handelsposition des Emittenten	<p>Die folgende Tabelle enthält ausgewählte Finanzinformationen über den Volkswagen Bank Konzern, die dem geprüften und veröffentlichten konsolidierten Jahresabschluss des Volkswagen Bank Konzerns für die zum 31. Dezember 2016 und 2017 beendeten Geschäftsjahre entnommen wurden, der gemäß den in der Europäischen Union anzuwendenden <i>International Financial Reporting Standards</i> (IFRS) aufgestellt wurde.</p> <p>Bilanzangaben</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;">31. Dezember 2017</th> <th style="text-align: right; width: 20%;">31. Dezember 2016³</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: right;">in Mio €</td> </tr> <tr> <td>Bilanzsumme</td> <td style="text-align: right;">78.747</td> <td style="text-align: right;">56.334</td> </tr> <tr> <td>Forderungen aus</td> <td></td> <td></td> </tr> <tr> <td> Kundenfinanzierung</td> <td style="text-align: right;">28.032</td> <td style="text-align: right;">24.259</td> </tr> <tr> <td> Händlerfinanzierung</td> <td style="text-align: right;">12.430</td> <td style="text-align: right;">10.538</td> </tr> <tr> <td> Leasinggeschäft</td> <td style="text-align: right;">18.858</td> <td style="text-align: right;">3.695</td> </tr> <tr> <td>Kundeneinlagen</td> <td style="text-align: right;">41.066</td> <td style="text-align: right;">37.938</td> </tr> <tr> <td>Eigenkapital</td> <td style="text-align: right;">11.301</td> <td style="text-align: right;">7.156</td> </tr> </tbody> </table> <p>Angaben aus der Gewinn- und Verlustrechnung</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right; width: 20%;">1. Januar - 31. Dezember 2017</th> <th style="text-align: right; width: 20%;">2016⁴</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td style="text-align: right;">in Mio €</td> </tr> <tr> <td>Ergebnis vor Steuern</td> <td style="text-align: right;">992</td> <td style="text-align: right;">669</td> </tr> <tr> <td>Steuern vom Einkommen und vom Ertrag</td> <td style="text-align: right;">-336</td> <td style="text-align: right;">-186</td> </tr> <tr> <td>Ergebnis nach Steuern</td> <td style="text-align: right;">656</td> <td style="text-align: right;">482</td> </tr> </tbody> </table> <p>Seit dem Datum des letzten geprüften und veröffentlichten</p>		31. Dezember 2017	31. Dezember 2016³			in Mio €	Bilanzsumme	78.747	56.334	Forderungen aus			Kundenfinanzierung	28.032	24.259	Händlerfinanzierung	12.430	10.538	Leasinggeschäft	18.858	3.695	Kundeneinlagen	41.066	37.938	Eigenkapital	11.301	7.156		1. Januar - 31. Dezember 2017	2016⁴			in Mio €	Ergebnis vor Steuern	992	669	Steuern vom Einkommen und vom Ertrag	-336	-186	Ergebnis nach Steuern	656	482
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³ Anpassung der Vorjahreszahlen. Für weitere Informationen siehe Geschäftsbericht 2017 S. 53 ff.

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		<p>konsolidierten Jahresabschlusses zum 31. Dezember 2017 ist keine wesentliche negative Veränderung in den Aussichten des Volkswagen Bank Konzerns eingetreten.</p> <p>Die Dieselformatik und weitere Aufwände bzw. Vorsorge im Zusammenhang mit Dieselfahrzeugen, inklusive jedoch nicht abschließend in Bezug auf Restwerte der Fahrzeuge oder eine potenzielle Verschlechterung der Kreditwürdigkeit der Händlerbetriebe im Zusammenhang mit der angespannten Marktlage im Kontext der aktuellen Dieseldiskussionen in Deutschland, können negative Auswirkungen auf die zukünftige Geschäftsentwicklung und die Finanz- und Ertragslage des Volkswagen Bank Konzerns haben, deren finale Ausprägung ungewiss bleibt.</p> <p>Die Reorganisation der Unternehmensstruktur, die noch nicht beendet ist, erhöhte Rechts- und Prozessrisiken, inklusive jedoch nicht abschließend, auf dem Gebiet des Verbraucherkreditgesetzes, welche sich in entsprechenden Rückstellungen reflektieren würde, geopolitische Spannungen und Konflikte, protektionistische Tendenzen, Turbulenzen auf den Finanzmärkten, strukturelle Defizite in einzelnen Ländern sowie Unsicherheiten in Bezug auf die künftigen Entwicklungen im Euroraum können ebenfalls auf die zukünftige Geschäftsentwicklung und die Finanz- und Ertragslage des Volkswagen Bank Konzerns belastend wirken.</p> <p>Der Volkswagen Bank Konzern erwartet stabile Refinanzierungskosten, eine Intensivierung der Kooperation mit den einzelnen Konzernmarken, intensivierete Kostenoptimierung im Rahmen des Effizienzprogramms und weiterhin erhebliche Unsicherheiten hinsichtlich der makroökonomischen Rahmenbedingungen in der Realwirtschaft und deren Auswirkungen unter anderem auf die Risikokosten.</p> <p>Nicht anwendbar; seit dem Datum des letzten geprüften und veröffentlichten konsolidierten Jahresabschlusses zum 31. Dezember 2017 keine wesentliche Veränderung in der Finanzlage des Volkswagen Bank Konzerns eingetreten.</p>
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III. SUPPLEMENTAL INFORMATION

RELATING TO THE SECTION "RISK FACTORS REGARDING VOLKSWAGEN BANK GMBH"

6. *On page 39 et seq. of the Prospectus the information in the subsection "Introduction to the diesel issue" in the risk factor "Volkswagen Group is facing investigations and potential impacts out of discrepancies related to the diesel issue that have had and may continue to have a material adverse effect on the business, financial condition and operations of Volkswagen Bank Group." shall be deleted and replaced by the following information:*

"On 18 September 2015, the U.S. Environmental Protection Agency ("**EPA**") publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide ("**NOx**") emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the United States. It was alleged that Volkswagen had installed undisclosed engine management software installed in 2009 to 2015 model year 2.0 l diesel engines to circumvent NOx emissions testing regulations in the United States in order to comply with certification requirements. The California Air Resources Board ("**CARB**"), a unit of the U.S. environmental authority of California, announced its own enforcement investigation into this matter.

In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines. The vast majority of these engines were type EA 189 Euro 5 engines.

On 2 November 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in U.S. vehicles with type V6 3.0 l diesel engines. CARB also issued a letter announcing its own enforcement investigation into this matter. AUDI AG has confirmed that at least three auxiliary emission control devices were inadequately disclosed in the course of the U.S. approval documentation. Around 113,000 vehicles from the 2009 to 2016 model years with certain six-cylinder diesel engines were affected in the United States and Canada, where regulations governing NOx emissions limits for vehicles are stricter than those in other parts of the world.

Numerous court and governmental proceedings were subsequently initiated in the United States and the rest of the world. Volkswagen was able to end most significant court and governmental proceedings in the United States by concluding settlement agreements. This includes, in particular, settlements with the U.S. Department of Justice ("**DOJ**"). Outside the United States, Volkswagen also reached agreements with regard to the implementation of technical measures with numerous authorities.

In the United States and Canada, following the publication of the EPA's "Notices of Violation", Volkswagen AG and other Volkswagen Group companies have been the subject of intense scrutiny, ongoing investigations (civil and criminal) and civil litigation. Volkswagen AG and other Volkswagen Group companies have received subpoenas and inquiries from state attorneys general and other governmental authorities and are responding to such investigations and inquiries. In addition, Volkswagen AG and other Volkswagen Group companies in the United States/Canada are facing litigation on a number of different fronts relating to the matters described in the EPA's "Notices of Violation".

On 4 January 2016, the DOJ, Civil Division, on behalf of the EPA, initiated a civil complaint against Volkswagen AG, AUDI AG and certain other Volkswagen Group companies. The action sought statutory penalties under the US Clean Air Act, as well as certain injunctive relief. On 12 January 2016, CARB announced that it intended to seek civil fines for alleged violations of the California Health & Safety Code and various CARB regulations.

In June 2016, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates reached settlement agreements with the DOJ on behalf of the EPA, CARB and the California Attorney General, private plaintiffs represented by a Plaintiffs' Steering Committee ("**PSC**") in the multidistrict litigation pending in California, and the U.S. Federal Trade Commission ("**FTC**"). These settlement agreements resolved certain civil claims made in relation to affected diesel vehicles with 2.0 l TDI engines from the Volkswagen Passenger Cars and Audi brands in the United States. Volkswagen AG and certain affiliates also entered into a First Partial Consent Decree with the DOJ, EPA, CARB and the California Attorney General. A number of class members have filed appeals to an U.S. appellate court from the order approving the settlements. The settlements include buyback or, for leased vehicles, early lease termination, or a free emissions modification of the vehicles, provided that the EPA and CARB approve the modification. Volkswagen will also make additional cash payments to affected current owners or lessees as well as certain former owners or lessees.

Volkswagen also agreed to support environmental programs. The company will pay U.S.\$ 2.7 billion over three years into an environmental trust. Volkswagen will also invest a total of U.S.\$ 2.0 billion over ten years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives.

Volkswagen AG and certain affiliates also entered into a separate Partial Consent Decree with CARB and the California Attorney General resolving certain claims under California unfair competition, false advertising, and consumer protection laws related to both the 2.0 l and 3.0 l TDI vehicles, which was lodged with the court on 7 July 2016. Under the terms of the agreement, Volkswagen agreed to pay California U.S.\$ 86 million.

On 20 December 2016, Volkswagen entered into a Second Partial Consent Decree, subject to court approval, with the DOJ, EPA, CARB and the California Attorney General that resolved claims for injunctive relief under the Clean Air Act and California environmental, consumer protection and false advertising laws related to the 3.0 l TDI vehicles. Under the terms of this Consent Decree, Volkswagen agreed to implement a buyback and lease termination program for Generation 1 3.0 l TDI vehicles and a free emissions recall and modification program for Generation 2 3.0 l TDI vehicles, and to pay U.S.\$ 225 million into the environmental mitigation trust that has been established pursuant to the First Partial Consent Decree.

In addition, on 20 December 2016, Volkswagen entered into an additional, concurrent California Second Partial Consent Decree, subject to court approval, with CARB and the California Attorney General that resolved claims for injunctive relief under California environmental, consumer protection and false advertising laws related to the 3.0 l TDI vehicles. Under the terms of this Consent Decree, Volkswagen agreed to provide additional injunctive relief to California, including the implementation of a "Green City" initiative and the introduction of three new Battery Electric Vehicle ("**BEV**") models in California by 2020, as well as a U.S.\$ 25 million payment to CARB to support the availability of BEVs in California.

On 11 January 2017, Volkswagen entered into a Third Partial Consent Decree with the DOJ and EPA that resolved claims for civil penalties and injunctive relief under the Clean Air Act related to the 2.0 l and 3.0 l TDI vehicles. Volkswagen agreed to pay U.S.\$ 1.45 billion (plus any accrued interest) to resolve the civil penalty and injunctive relief claims under the Clean Air Act, as well as the customs claims of the US Customs and Border Protection. Under the Third Partial Consent Decree, the injunctive relief includes monitoring, auditing and compliance obligations. Also on 11 January 2017, Volkswagen entered into a settlement agreement with the DOJ to resolve any claims under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and agreed to pay U.S.\$ 50 million (plus any accrued interest), specifically denying any liability and expressly disputing any claims.

On 21 July 2017, the federal court in the multidistrict litigation in California approved the Third California Partial Consent Decree, in which Volkswagen AG and certain affiliates agreed with the California Attorney General and CARB to pay U.S.\$ 153.8 million in civil penalties and cost reimbursements. These penalties covered California environmental penalties for both the 2.0 l and 3.0 l TDI vehicles.

The DOJ also opened a criminal investigation focusing on allegations that various federal law criminal offenses were committed. On 11 January 2017, Volkswagen AG agreed to plead guilty to three federal criminal felony counts, and to pay a U.S.\$ 2.8 billion criminal penalty. Pursuant to the terms of this agreement, Volkswagen will be on probation for three years and will work with an independent monitor for three years. The independent monitor will assess and oversee the company's compliance with the terms of the resolution. This includes overseeing the implementation of measures to further strengthen compliance, reporting and monitoring systems, and an enhanced ethics program. Volkswagen will also continue to cooperate with the DOJ's ongoing investigation of individual employees or former employees who may be responsible for criminal violations.

On 31 January 2017, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates entered into a settlement agreement with private plaintiffs represented by the PSC in the multidistrict litigation pending in California, and a consent order with the FTC. These agreements resolved certain civil claims made in relation to affected diesel vehicles with 3.0 l TDI engines from the Volkswagen, Audi and Porsche brands in the United States. On 14 February 2017, the court preliminarily approved the settlement agreement with private plaintiffs. On 11 May 2017, the court held a fairness hearing on whether approval should be granted and on May 17, 2017, the court granted final approval of the settlement agreement and the partial stipulated consent order.

Under the settlements, consumers' options and compensation will depend on whether their vehicles are classified as Generation 1 or Generation 2. Generation 1 (model years 2009-2012) consumers will have the option of a buyback, early lease termination, trade-in, or a free emissions modification, provided that EPA and CARB approve the modification. Additionally, Generation 1 owners and lessees, as well as certain former owners and lessees, will be eligible to receive cash payments. Generation 2 (model years 2013-2016) consumers will receive a free emissions-compliant repair to bring the vehicles into compliance with the emissions standards to which they were originally certified, as well as cash payments. Volkswagen has received approval from the EPA and CARB for emissions-compliant repairs within the time limits set out in the settlement agreement. Volkswagen will also make cash payments to certain former Generation 2 owners or lessees.

Volkswagen has also resolved the claims of most Volkswagen-branded franchise dealers in the United States relating to the affected vehicles and other matters asserted concerning the value of the franchise. The settlement agreement includes a cash payment of up to U.S.\$ 1,208 million and additional benefits.

Volkswagen has also reached separate settlement agreements with the attorneys general of most U.S. states to resolve existing or potential consumer protection, unfair trade practices claims, and/or state environmental law claims. Certain states still have pending consumer protection, unfair trade practices and state environmental law claims against Volkswagen. Investigations by various US regulatory and government authorities are ongoing, including in areas relating to securities, financing and tax.

Additionally, in the United States, some putative class actions, some individual customers' lawsuits and some state or municipal claims have been filed in state courts. In addition a putative class action has been filed on behalf of purchasers of Volkswagen AG American Depositary Receipts, alleging a drop in price purportedly resulting from the matters described in the EPA's "Notices of Violation". A putative class action has also been filed on behalf of purchasers of certain USD-denominated Volkswagen bonds, alleging that these bonds were trading at artificially inflated prices due to Volkswagen's alleged misstatements and that the value of these bonds declined after the EPA issued its "Notices of Violation".

In Canada, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 I and 3.0 I TDI engines. On 19 December 2016, Volkswagen AG and other Canadian and U.S. Volkswagen Group companies reached a class action settlement in Canada with consumers relating to 2.0 I diesel vehicles. Also on 19 December 2016, Volkswagen Group Canada agreed with the Commissioner of Competition in Canada to a civil resolution regarding its regulatory inquiry into consumer protection issues as to those vehicles. On 21 December 2017, Volkswagen announced an agreement in principle on a proposed consumer settlement in Canada involving 3.0 I diesel vehicles. The court preliminarily approved the settlement agreement on 12 January 2018, and the notice and opt out period began on 17 January 2018. Final approval hearings are scheduled in Quebec and Ontario for 3 and 5 April 2018, respectively. On 12 January 2018, Volkswagen and the Canadian Commissioner of Competition reached a resolution related to civil consumer protection issues relating to 3.0 I diesel vehicles. Also, criminal enforcement-related investigations by the federal environmental regulator and quasi-criminal enforcement-related investigations by a provincial environmental regulator are ongoing in Canada related to 2.0 I and 3.0 I diesel vehicles. On 15 September 2017, a provincial regulator in Canada, the Ontario Ministry of the Environment and Climate Change, charged Volkswagen AG under the province's environmental statute with one count alleging that it caused or permitted the operation of model year 2010–2014 Volkswagen and Audi brand 2.0 I diesel vehicles that did not comply with prescribed emission standards. Following initial court appearances on 15 November 2017 and 7 February 2018, the matter was put over to 4 April 2018 pending ongoing evidence disclosure. No trial date has been set.

Moreover, in Canada, two securities class actions by investors in Volkswagen AG American Depositary Receipts and shares are pending against Volkswagen AG in the Quebec and Ontario provincial courts. In addition, putative class action and joinder lawsuits by customers, and a certified environmental class action on behalf of residents, remain pending in certain provincial courts in Canada.

In other countries criminal investigations/misdemeanor proceedings (for example, by the public prosecutor's office in Braunschweig and Munich, Germany) and/or administrative proceedings (for example, by the *Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin – the German Federal Financial Supervisory Authority) have also been opened. The public prosecutor's offices in Braunschweig and Munich are investigating the core issue of the criminal investigations. Whether this

will result in fines for the company, and if so what their amount might be, is currently subject to estimation risks.

The investigations resulted and may further result in additional assessments of monetary penalties and other adverse consequences. The timing of the release of new information on the investigations and the maximum amount of penalties that may be imposed cannot be reliably determined at present. New information on these topics may arise at any time, including after the offer, sale and delivery of the Notes. In addition to ongoing extensive investigations by governmental authorities in various jurisdictions worldwide (the most significant being in Europe, the United States and South Korea), further investigations could be launched in the future and existing investigations could be expanded. Ongoing and future investigations may result in further legal actions being taken against Volkswagen Group.

In the context of the diesel issue, various and significant regulatory, criminal and civil proceedings are currently pending against Volkswagen AG and other Volkswagen Group companies in several jurisdictions worldwide. These proceedings include product and investor-related lawsuits and comprise individual and collective actions. Further claims can be expected. Should these actions be resolved in favor of the claimants, they could result in significant civil damages, fines, the imposition of penalties, sanctions, injunctions and other consequences.

Volkswagen is working intensively to eliminate the emissions level deviations through technical improvements and is cooperating with the relevant agencies. A final decision has not been made regarding all necessary technical remedies for the affected vehicles.

Based on decisions dated 15 October 2015, the KBA ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and SEAT brands to recall all diesel vehicles that had been issued with vehicle type approval by the KBA from among the eleven million vehicles affected with type EA 189 engines. The recall concerns the member states of the European Union (EU 28). On 10 December 2015, a similar decision was issued regarding Audi vehicles with type EA 189 engines. The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. Depending on the technical complexity of the concerned remedial actions, this means that the Volkswagen Group has been recalling the affected vehicles, of which there are around 8.5 million in total in the EU 28, to the service workshops since January 2016. The remedial actions differ in scope depending on the engine variant. The technical measures cover software and in some cases hardware modifications, depending on the series and model year.

The technical measures for all vehicles in the European Union have since been approved without exception. The KBA ascertained for all clusters (groups of vehicles) that implementation of the technical measures would not bring about any adverse changes in fuel consumption figures, CO₂ emissions figures, engine power, maximum torque and noise emissions. Once the modifications have been made, the vehicles will thus also continue to comply with the legal requirements and the emission standards applicable in each case. The technical measures for all affected vehicles with type EA 189 engines in the European Union were approved without exception, and implemented in most cases.

In some countries outside the EU – among others South Korea, Taiwan and Turkey – national type approval is based on prior recognition of the EC/EEC type approval; the technical measure must therefore be approved by the national authorities. With the exception of South Korea and Chile, this approval process has been concluded in all countries. There, the majority of approvals were likewise granted; in relation to the pending approvals Volkswagen is in close contact with the authorities.

In addition, there is an intensive exchange of information with the authorities in the United States and Canada, where Volkswagen's proposed modifications in relation to the four-cylinder and the six-cylinder diesel engines also have to be approved. Due to NO_x limits that are considerably stricter than in the EU and the rest of the world, it is a greater technical challenge here to refit the vehicles so that the emission standards defined in the settlement agreements for these vehicles can be achieved. A final decision has not been made regarding all necessary technical remedies for the affected vehicles.

For many months, AUDI AG has been checking all diesel concepts for possible discrepancies and retrofit potentials. A systematic review process for all engine and gear variants has been underway since 2016. On 21 July, 2017, AUDI AG offered a software-based retrofit program for vehicles with V6 and V8 TDI engines meeting the Euro 5 and Euro 6 emission standards in Europe and other markets except United States and Canada. This was done in close cooperation with the relevant authorities, especially the German Federal Ministry of Transport and the German Federal Motor Transport Authority

(*Kraftfahrt-Bundesamt*, the "**KBA**"). From July 2017 to January 2018, the measures proposed by AUDI AG have been adopted and mandated in various decisions by the KBA on vehicles models with V6 and V8 TDI engines. Should additional measures become necessary as a result of the investigations by AUDI AG and the consultations with the KBA, AUDI AG will implement these as part of the retrofit program. In addition, AUDI is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. Further field measures with financial consequences can therefore not be ruled out completely at this time.

Any of the above-described negative developments could result in substantial additional costs and have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation."

IV. SUPPLEMENTAL INFORMATION RELATING TO THE SECTION "VOLKSWAGEN BANK GMBH"

7. On page 68 et seq. of the Prospectus the information in the section "The Diesel Issue" shall be deleted and replaced by the following information:

"Information relating to the diesel issue described herein with regards to Volkswagen Group is based on public information and is subject to change. The Issuer has not independently verified any such information.

On 18 September 2015, the U.S. Environmental Protection Agency ("**EPA**") publicly announced in a "Notice of Violation" that irregularities in relation to nitrogen oxide ("**NOx**") emissions had been discovered in emissions tests on certain vehicles of Volkswagen Group with type 2.0 l diesel engines in the United States. It was alleged that Volkswagen had installed undisclosed engine management software installed in 2009 to 2015 model year 2.0 l diesel engines to circumvent NOx emissions testing regulations in the United States in order to comply with certification requirements. The California Air Resources Board ("**CARB**"), a unit of the U.S. environmental authority of California, announced its own enforcement investigation into this matter.

In this context, Volkswagen AG announced that noticeable discrepancies between the figures achieved in testing and in actual road use had been identified in around eleven million vehicles worldwide with type EA 189 diesel engines. The vast majority of these engines were type EA 189 Euro 5 engines.

On 2 November 2015, the EPA issued a "Notice of Violation" alleging that irregularities had also been discovered in the software installed in U.S. vehicles with type V6 3.0 l diesel engines. CARB also issued a letter announcing its own enforcement investigation into this matter. AUDI AG has confirmed that at least three auxiliary emission control devices were inadequately disclosed in the course of the U.S. approval documentation. Around 113,000 vehicles from the 2009 to 2016 model years with certain six-cylinder diesel engines were affected in the United States and Canada, where regulations governing NOx emissions limits for vehicles are stricter than those in other parts of the world.

Numerous court and governmental proceedings were subsequently initiated in the United States and the rest of the world. Volkswagen was able to end most significant court and governmental proceedings in the United States by concluding settlement agreements. This includes, in particular, settlements with the U.S. Department of Justice ("**DOJ**"). Outside the United States, Volkswagen also reached agreements with regard to the implementation of technical measures with numerous authorities.

In the United States and Canada, following the publication of the EPA's "Notices of Violation", Volkswagen AG and other Volkswagen Group companies have been the subject of intense scrutiny, ongoing investigations (civil and criminal) and civil litigation. Volkswagen AG and other Volkswagen Group companies have received subpoenas and inquiries from state attorneys general and other governmental authorities and are responding to such investigations and inquiries. In addition, Volkswagen AG and other Volkswagen Group companies in the United States/Canada are facing litigation on a number of different fronts relating to the matters described in the EPA's "Notices of Violation".

On 4 January 2016, the DOJ, Civil Division, on behalf of the EPA, initiated a civil complaint against Volkswagen AG, AUDI AG and certain other Volkswagen Group companies. The action sought statutory penalties under the US Clean Air Act, as well as certain injunctive relief. On 12 January 2016, CARB announced that it intended to seek civil fines for alleged violations of the California Health & Safety Code and various CARB regulations.

In June 2016, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates reached settlement agreements with the DOJ on behalf of the EPA, CARB and the California Attorney General, private plaintiffs represented by a Plaintiffs' Steering Committee ("**PSC**") in the multidistrict litigation pending in California, and the U.S. Federal Trade Commission ("**FTC**"). These settlement agreements resolved certain civil claims made in relation to affected diesel vehicles with 2.0 l TDI engines from the Volkswagen Passenger Cars and Audi brands in the United States. Volkswagen AG and certain affiliates also entered into a First Partial Consent Decree with the DOJ, EPA, CARB and the California Attorney General. A number of class members have filed appeals to an U.S. appellate court from the order approving the settlements. The settlements include buyback or, for leased vehicles, early lease termination, or a free emissions modification of the vehicles, provided that the EPA and CARB approve

the modification. Volkswagen will also make additional cash payments to affected current owners or lessees as well as certain former owners or lessees.

Volkswagen also agreed to support environmental programs. The company will pay U.S.\$ 2.7 billion over three years into an environmental trust. Volkswagen will also invest a total of U.S.\$ 2.0 billion over ten years in zero emissions vehicle infrastructure as well as corresponding access and awareness initiatives.

Volkswagen AG and certain affiliates also entered into a separate Partial Consent Decree with CARB and the California Attorney General resolving certain claims under California unfair competition, false advertising, and consumer protection laws related to both the 2.0 l and 3.0 l TDI vehicles, which was lodged with the court on 7 July 2016. Under the terms of the agreement, Volkswagen agreed to pay California U.S.\$ 86 million.

On 20 December 2016, Volkswagen entered into a Second Partial Consent Decree, subject to court approval, with the DOJ, EPA, CARB and the California Attorney General that resolved claims for injunctive relief under the Clean Air Act and California environmental, consumer protection and false advertising laws related to the 3.0 l TDI vehicles. Under the terms of this Consent Decree, Volkswagen agreed to implement a buyback and lease termination program for Generation 1 3.0 l TDI vehicles and a free emissions recall and modification program for Generation 2 3.0 l TDI vehicles, and to pay U.S.\$ 225 million into the environmental mitigation trust that has been established pursuant to the First Partial Consent Decree.

In addition, on 20 December 2016, Volkswagen entered into an additional, concurrent California Second Partial Consent Decree, subject to court approval, with CARB and the California Attorney General that resolved claims for injunctive relief under California environmental, consumer protection and false advertising laws related to the 3.0 l TDI vehicles. Under the terms of this Consent Decree, Volkswagen agreed to provide additional injunctive relief to California, including the implementation of a "Green City" initiative and the introduction of three new Battery Electric Vehicle ("**BEV**") models in California by 2020, as well as a U.S.\$ 25 million payment to CARB to support the availability of BEVs in California.

On 11 January 2017, Volkswagen entered into a Third Partial Consent Decree with the DOJ and EPA that resolved claims for civil penalties and injunctive relief under the Clean Air Act related to the 2.0 l and 3.0 l TDI vehicles. Volkswagen agreed to pay U.S.\$ 1.45 billion (plus any accrued interest) to resolve the civil penalty and injunctive relief claims under the Clean Air Act, as well as the customs claims of the US Customs and Border Protection. Under the Third Partial Consent Decree, the injunctive relief includes monitoring, auditing and compliance obligations. Also on 11 January 2017, Volkswagen entered into a settlement agreement with the DOJ to resolve any claims under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 and agreed to pay U.S.\$ 50 million (plus any accrued interest), specifically denying any liability and expressly disputing any claims.

On 21 July 2017, the federal court in the multidistrict litigation in California approved the Third California Partial Consent Decree, in which Volkswagen AG and certain affiliates agreed with the California Attorney General and CARB to pay U.S.\$ 153.8 million in civil penalties and cost reimbursements. These penalties covered California environmental penalties for both the 2.0 l and 3.0 l TDI vehicles.

The DOJ also opened a criminal investigation focusing on allegations that various federal law criminal offenses were committed. On 11 January 2017, Volkswagen AG agreed to plead guilty to three federal criminal felony counts, and to pay a U.S.\$ 2.8 billion criminal penalty. Pursuant to the terms of this agreement, Volkswagen will be on probation for three years and will work with an independent monitor for three years. The independent monitor will assess and oversee the company's compliance with the terms of the resolution. This includes overseeing the implementation of measures to further strengthen compliance, reporting and monitoring systems, and an enhanced ethics program. Volkswagen will also continue to cooperate with the DOJ's ongoing investigation of individual employees or former employees who may be responsible for criminal violations.

On 31 January 2017, Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates entered into a settlement agreement with private plaintiffs represented by the PSC in the multidistrict litigation pending in California, and a consent order with the FTC. These agreements resolved certain civil claims made in relation to affected diesel vehicles with 3.0 l TDI engines from the Volkswagen, Audi and Porsche brands in the United States. On 14 February 2017, the court preliminarily approved the settlement agreement with private plaintiffs. On 11 May 2017, the court held a fairness hearing on

whether approval should be granted and on May 17, 2017, the court granted final approval of the settlement agreement and the partial stipulated consent order.

Under the settlements, consumers' options and compensation will depend on whether their vehicles are classified as Generation 1 or Generation 2. Generation 1 (model years 2009-2012) consumers will have the option of a buyback, early lease termination, trade-in, or a free emissions modification, provided that EPA and CARB approve the modification. Additionally, Generation 1 owners and lessees, as well as certain former owners and lessees, will be eligible to receive cash payments. Generation 2 (model years 2013-2016) consumers will receive a free emissions-compliant repair to bring the vehicles into compliance with the emissions standards to which they were originally certified, as well as cash payments. Volkswagen has received approval from the EPA and CARB for emissions-compliant repairs within the time limits set out in the settlement agreement. Volkswagen will also make cash payments to certain former Generation 2 owners or lessees.

Volkswagen has also resolved the claims of most Volkswagen-branded franchise dealers in the United States relating to the affected vehicles and other matters asserted concerning the value of the franchise. The settlement agreement includes a cash payment of up to U.S.\$ 1,208 million and additional benefits.

Volkswagen has also reached separate settlement agreements with the attorneys general of most U.S. states to resolve existing or potential consumer protection, unfair trade practices claims, and/or state environmental law claims. Certain states still have pending consumer protection, unfair trade practices and state environmental law claims against Volkswagen. Investigations by various US regulatory and government authorities are ongoing, including in areas relating to securities, financing and tax.

Additionally, in the United States, some putative class actions, some individual customers' lawsuits and some state or municipal claims have been filed in state courts. In addition a putative class action has been filed on behalf of purchasers of Volkswagen AG American Depositary Receipts, alleging a drop in price purportedly resulting from the matters described in the EPA's "Notices of Violation". A putative class action has also been filed on behalf of purchasers of certain USD-denominated Volkswagen bonds, alleging that these bonds were trading at artificially inflated prices due to Volkswagen's alleged misstatements and that the value of these bonds declined after the EPA issued its "Notices of Violation".

In Canada, civil consumer claims and regulatory investigations have been initiated for vehicles with 2.0 I and 3.0 I TDI engines. On 19 December 2016, Volkswagen AG and other Canadian and U.S. Volkswagen Group companies reached a class action settlement in Canada with consumers relating to 2.0 I diesel vehicles. Also on 19 December 2016, Volkswagen Group Canada agreed with the Commissioner of Competition in Canada to a civil resolution regarding its regulatory inquiry into consumer protection issues as to those vehicles. On 21 December 2017, Volkswagen announced an agreement in principle on a proposed consumer settlement in Canada involving 3.0 I diesel vehicles. The court preliminarily approved the settlement agreement on 12 January 2018, and the notice and opt out period began on 17 January 2018. Final approval hearings are scheduled in Quebec and Ontario for 3 and 5 April 2018, respectively. On 12 January 2018, Volkswagen and the Canadian Commissioner of Competition reached a resolution related to civil consumer protection issues relating to 3.0 I diesel vehicles. Also, criminal enforcement-related investigations by the federal environmental regulator and quasi-criminal enforcement-related investigations by a provincial environmental regulator are ongoing in Canada related to 2.0 I and 3.0 I diesel vehicles. On 15 September 2017, a provincial regulator in Canada, the Ontario Ministry of the Environment and Climate Change, charged Volkswagen AG under the province's environmental statute with one count alleging that it caused or permitted the operation of model year 2010–2014 Volkswagen and Audi brand 2.0 I diesel vehicles that did not comply with prescribed emission standards. Following initial court appearances on 15 November 2017 and 7 February 2018, the matter was put over to 4 April 2018 pending ongoing evidence disclosure. No trial date has been set.

Moreover, in Canada, two securities class actions by investors in Volkswagen AG American Depositary Receipts and shares are pending against Volkswagen AG in the Quebec and Ontario provincial courts. In addition, putative class action and joinder lawsuits by customers, and a certified environmental class action on behalf of residents, remain pending in certain provincial courts in Canada.

In other countries criminal investigations/misdemeanor proceedings (for example, by the public prosecutor's office in Braunschweig and Munich, Germany) and/or administrative proceedings (for example, by the *Bundesanstalt für Finanzdienstleistungsaufsicht*, BaFin – the German Federal

Financial Supervisory Authority) have also been opened. The public prosecutor's offices in Braunschweig and Munich are investigating the core issue of the criminal investigations. Whether this will result in fines for the company, and if so what their amount might be, is currently subject to estimation risks.

The investigations resulted and may further result in additional assessments of monetary penalties and other adverse consequences. The timing of the release of new information on the investigations and the maximum amount of penalties that may be imposed cannot be reliably determined at present. New information on these topics may arise at any time, including after the offer, sale and delivery of the Notes. In addition to ongoing extensive investigations by governmental authorities in various jurisdictions worldwide (the most significant being in Europe, the United States and South Korea), further investigations could be launched in the future and existing investigations could be expanded. Ongoing and future investigations may result in further legal actions being taken against Volkswagen Group.

In the context of the diesel issue, various and significant regulatory, criminal and civil proceedings are currently pending against Volkswagen AG and other Volkswagen Group companies in several jurisdictions worldwide. These proceedings include product and investor-related lawsuits and comprise individual and collective actions. Further claims can be expected. Should these actions be resolved in favor of the claimants, they could result in significant civil damages, fines, the imposition of penalties, sanctions, injunctions and other consequences.

Volkswagen is working intensively to eliminate the emissions level deviations through technical improvements and is cooperating with the relevant agencies. A final decision has not been made regarding all necessary technical remedies for the affected vehicles.

Based on decisions dated 15 October 2015, the KBA ordered the Volkswagen Passenger Cars, Volkswagen Commercial Vehicles and SEAT brands to recall all diesel vehicles that had been issued with vehicle type approval by the KBA from among the eleven million vehicles affected with type EA 189 engines. The recall concerns the member states of the European Union (EU 28). On 10 December 2015, a similar decision was issued regarding Audi vehicles with type EA 189 engines. The timetable and action plan forming the basis for the recall order correspond to the proposals presented in advance by Volkswagen. Depending on the technical complexity of the concerned remedial actions, this means that the Volkswagen Group has been recalling the affected vehicles, of which there are around 8.5 million in total in the EU 28, to the service workshops since January 2016. The remedial actions differ in scope depending on the engine variant. The technical measures cover software and in some cases hardware modifications, depending on the series and model year.

The technical measures for all vehicles in the European Union have since been approved without exception. The KBA ascertained for all clusters (groups of vehicles) that implementation of the technical measures would not bring about any adverse changes in fuel consumption figures, CO₂ emissions figures, engine power, maximum torque and noise emissions. Once the modifications have been made, the vehicles will thus also continue to comply with the legal requirements and the emission standards applicable in each case. The technical measures for all affected vehicles with type EA 189 engines in the European Union were approved without exception, and implemented in most cases.

In some countries outside the EU – among others South Korea, Taiwan and Turkey – national type approval is based on prior recognition of the EC/EEC type approval; the technical measure must therefore be approved by the national authorities. With the exception of South Korea and Chile, this approval process has been concluded in all countries. There, the majority of approvals were likewise granted; in relation to the pending approvals Volkswagen is in close contact with the authorities.

In addition, there is an intensive exchange of information with the authorities in the United States and Canada, where Volkswagen's proposed modifications in relation to the four-cylinder and the six-cylinder diesel engines also have to be approved. Due to NO_x limits that are considerably stricter than in the EU and the rest of the world, it is a greater technical challenge here to refit the vehicles so that the emission standards defined in the settlement agreements for these vehicles can be achieved. A final decision has not been made regarding all necessary technical remedies for the affected vehicles.

For many months, AUDI AG has been checking all diesel concepts for possible discrepancies and retrofit potentials. A systematic review process for all engine and gear variants has been underway since 2016. On 21 July, 2017, AUDI AG offered a software-based retrofit program for vehicles with V6 and V8 TDI engines meeting the Euro 5 and Euro 6 emission standards in Europe and other markets

except United States and Canada. This was done in close cooperation with the relevant authorities, especially the German Federal Ministry of Transport and the German Federal Motor Transport Authority (*Kraftfahrt-Bundesamt*, the "**KBA**"). From July 2017 to January 2018, the measures proposed by AUDI AG have been adopted and mandated in various decisions by the KBA on vehicles models with V6 and V8 TDI engines. Should additional measures become necessary as a result of the investigations by AUDI AG and the consultations with the KBA, AUDI AG will implement these as part of the retrofit program. In addition, AUDI is responding to requests from the U.S. authorities for information regarding automatic gearboxes in certain vehicles. Further field measures with financial consequences can therefore not be ruled out completely at this time.

Any of the above-described negative developments could result in substantial additional costs and have a material adverse effect on Volkswagen's business, financial position, results of operations, and reputation."

8. *On page 71 et seq. of the Prospectus the section "Selected Financial Information" shall be deleted and replaced by the following information:*

"Selected Financial Information

The following table shows selected financial information of Volkswagen Bank Group extracted from the published audited consolidated financial statements as at and for the financial years ended 31 December 2016 and 2017 prepared on the basis of the International Financial Reporting Standards (IFRS), as adopted by the EU:

Balance sheet data

	31 December 2017	31 December 2016⁵
	in € million	
Total assets	78,747	56,334
Receivables arising from		
Retail financing	28,032	24,259
Dealer financing	12,430	10,538
Leasing business	18,858	3,695
Customer deposits	41,066	37,938
Equity	11,301	7,156

Income statement data

	1 January - 31 December	
	2017	2016⁶
	in € million	
Profit before tax	992	669
Taxes on income and earnings	-336	-186
Profit after tax	656	482
Operating income ⁷	994	645

⁵ Restatement of previous year's figures. For further information see Annual Report 2017 under p.53 et seq.

⁶ Restatement of previous year's figures. For further information see Annual Report 2017 under p.53 et seq.

⁷ The operating income is an indicator to measure the performance in the core business.

Further financial indicators

	31 December 2017	31 December 2016
Equity ratio (per cent.) ⁸	14.4%	12.7%
Return on equity ⁹	10.8%	11%
Cost Income Ratio ¹⁰	38.7%	46.1%

"

9. On page 72 of the Prospectus the information in the section "Historical Financial Information" shall be deleted and replaced by the following information:

"The published audited consolidated financial statements of Volkswagen Bank as at and for the financial years ended 31 December 2016 and 2017 are incorporated by reference in and form part of this Prospectus."

10. On page 72 et seq. of the Prospectus the information in the section "Auditors" shall be deleted and replaced by the following information:

"The auditors of Volkswagen Bank for the financial years 2016 and 2017 were PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Fuhrberger Straße 5, 30625 Hannover, Federal Republic of Germany, who have audited the consolidated financial statements of Volkswagen Bank for the financial years ended 31 December 2016 and 2017 and have given their unqualified auditors' report for each of these years."

11. On page 73 of the Prospectus the information in the section "Trend Information" shall be deleted and replaced by the following information:

"There has been no material adverse change in the prospects of Volkswagen Bank Group since the date of its last published audited consolidated financial statements as at 31 December 2017.

The diesel issue as well as other expenses or provisions in connection with diesel vehicles, including but not limited to residual values of cars or a potential deterioration of the credit standing of dealers in context to the challenging market situation arising from the current debate in Germany surrounding the use of Diesel engines may have a negative impact on the future business and financial performance of Volkswagen Bank Group, the effect of which remains uncertain.

The reorganization of the corporate structure which has not yet finished, increased litigation and legal risks, including but not limited to the area of consumer credit law, which would be reflected in corresponding provisions as well as geopolitical tensions and conflicts, protectionist tendencies, turmoil in financial markets, structural deficits in individual countries as well as uncertainties regarding future developments in the euro area may have a negative impact on the impact on the future business and the financial performance of Volkswagen Bank Group.

Volkswagen Bank Group anticipates stable funding costs, greater levels of cooperation with the individual Group brands increased cost optimization under the efficiency program as well as a high degree of uncertainty regarding macroeconomic conditions in the real economy and its impact on factors such as risk costs."

⁸ The equity ratio is an indicator to measure the capital strength. Total equity in accordance with IFRS (EUR million 11,301 as per 31 December 2017) divided by total assets (EUR million 78,747 as per 31 December 2017).

⁹ The return on equity is an indicator to measure the profitability. It is calculated by dividing the profit before tax (EUR million 992 for 2017) by the average equity (for 2017: equity of fiscal years 2016 and 2017 = EUR million 9,228).

¹⁰ The cost income ratio is an indicator to measure the efficiency. It can be recalculated by taking the personell costs, the general overheads and balance sheet depreciation (EUR million 676 for 2017) divided by the sum of financial income and revenues after risk costs, commission payments, refinancing costs and further direct costs (EUR million 1.748 for 2017).

12. On page 73 of the Prospectus the information in the section "Significant Change in the Financial Position" shall be deleted and replaced by the following information:

"There has been no significant change in the financial position of Volkswagen Bank Group since the date of its last published audited consolidated financial statements as at 31 December 2017."

13. On page 74 of the Prospectus the information in the section "Recent Developments" shall be deleted and replaced by the following information:

"In 2017, the Italian Competition Authority initiated proceedings to investigate potential competition law infringements alleged agreements in restraint of competition (alleged exchange of competitively sensitive information) and abuse of dominant position by a number of captive automotive finance companies, including Volkswagen Bank GmbH. The proceedings were later extended to the relevant parent companies, including Volkswagen AG. At this stage, the authority is still investigating the facts of the case conducting oral hearings and reviewing documents, and it is therefore too early to determine the risk exposure whether there will be any negative impact on for the Volkswagen Group."

**V. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "GENERAL INFORMATION"**

14. *On page 290 of the Prospectus the following paragraph shall be added in subsection "5. Documents on Display":*

"(vi) the Annual Report for the financial year ended 31 December 2017 of Volkswagen Bank."

**VI. SUPPLEMENTAL INFORMATION
RELATING TO THE SECTION "DOCUMENTS INCORPORATED BY REFERENCE"**

15. On page 292 of the Prospectus the following paragraph shall be added at the end of the subsection "Documents Incorporated by Reference":

"(h) The Annual Report of Volkswagen Bank for the financial year ended 31 December 2017."

16. On page 292 et seq. of the Prospectus the following information shall be added at the end of the first line in the table in the subsection "Comparative Table of Documents incorporated by Reference":

"

Page	Section of Prospectus	Document incorporated by Reference
72	Volkswagen Bank, Historical Financial Information	<p>Annual Report 2017 of Volkswagen Bank (IFRS) Combined Management Report, (p. 2 – p. 44) Consolidated Financial Statements (IFRS) of the Volkswagen Bank GmbH Group</p> <p>Income Statement, (p. 46)</p> <p>Statement of Comprehensive Income, (p. 47)</p> <p>Balance Sheet, (p. 48 – p. 49)</p> <p>Statement of changes in Equity, (p. 50)</p> <p>Cash Flow Statement, (p. 51)</p> <p>Notes, (p. 52 - p. 128)</p> <p>Auditor's Report, (p. 133 – 142)</p> <p>Note regarding Forward-Looking Statements, (p. 146)*</p> <p>*) Please note that the page reference of the Forward-Looking Statements refers to the page number of the PDF version of the Annual Report.</p>

"

To the extent that there is any inconsistency between any statement in the Second Supplement and any other statement in or incorporated in the Prospectus, the statements in the Second Supplement will prevail.

The Second Supplement and the document incorporated herein by reference are available for viewing in electronic form at the website of the Luxembourg Stock Exchange (www.bourse.lu) and at the website of Volkswagen Financial Services AG (www.vwfsag.com) (available under "Investor Relations", "Refinancing", "Debt Issuance and Commercial Paper Programmes") and copies may be obtained free of charge from Volkswagen Bank GmbH, Treasury, Gifhorner Straße 57, 38112 Braunschweig, Federal Republic of Germany.

Save as disclosed in the Second Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus has arisen or been noted, as the case may be, since the publication of the Prospectus.

In accordance with Article 13 paragraph 2 of the Luxembourg Law, investors who have already agreed to purchase or subscribe for Notes to be issued under the Programme before the Second Supplement is published have the right, exercisable within two working days after the publication of the Second Supplement, to withdraw their acceptances. The final date of the right of withdrawal will be 26 March 2018.