

**Second Supplement to the Base Prospectus dated 19 September 2019**

**9 April 2020**

*This document constitutes a second supplement (the "**Second Supplement**") in accordance with Art. 23 of Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 (the "**Prospectus Regulation**") to the base prospectus of VCL Master Residual Value S.A. in respect of non-equity securities within the meaning of Art. 2(c) of the Prospectus Regulation (the "**Base Prospectus**"). This Second Supplement is supplemental to the Base Prospectus as detailed below.*

**VCL MASTER RESIDUAL VALUE S.A.**

**acting with respect to its Compartment 2**

*(incorporated with limited liability in Luxembourg with registered number B184029)*

**as Issuer**

**EUR 8,000,000,000 Programme for the Issuance of Notes**

**(the "Programme")**

**Second Supplement to the  
Base Prospectus dated 19 September 2019 as supplemented on 19 March 2020 for the  
EUR 8,000,000,000 Programme for the Issuance of Notes**

*pursuant to Art. 23 (1) of the Prospectus Regulation).*

This Second Supplement has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the *Luxembourg act relating to prospectuses for securities (Loi relative aux prospectus pour valeurs mobilières, the "**Luxembourg Prospectus Act**")* for the purpose of the Prospectus Directive.

By approving a prospectus, the CSSF shall give no undertaking as to the economic and financial soundness of the operation or the quality or solvency of the issuer in accordance with the provisions of Article 6 (4) of the Luxembourg Prospectus Act.

This Second Supplement will be published in the same way as the Base Prospectus. Copies of this Second Supplement will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of Circumference FS (Luxembourg) S.A. (<https://circumferencefs-luxembourg.com>). This Second Supplement is valid as long as the Base Prospectus is valid.

## **Responsibility Statement**

VCL Master Residual Value S.A., acting with respect to its Compartment 2, as the Issuer accepts sole responsibility for the information given in this Second Supplement. VCL Master Residual Value S.A., acting with respect to its Compartment 2, hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Second Supplement for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

## **Notice**

Terms defined or otherwise attributed meanings in the Base Prospectus have the same meaning when used in this Second Supplement. All references in the Base Prospectus to "the Base Prospectus", "this Base Prospectus" or any other similar expression, in particular regarding confirmations and representations as to the information contained therein, shall be deemed to refer also to this Second Supplement and to the First Supplement dated 19 March 2020.

The Issuer has confirmed that the Base Prospectus (as supplemented by this Second Supplement and by the First Supplement dated 19 March 2020) contains all information which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the rights attaching to the Notes which is material in the context of the Programme; that the information contained therein with respect to the Issuer and the Notes is accurate and complete in all material respects and is not misleading; that any opinions and intentions expressed therein are honestly held and based on reasonable assumptions; that there are no other facts with respect to the Issuer and the Notes, the omission of which would make any statement, whether fact or opinion, in the Base Prospectus (as supplemented by this Second Supplement and by the First Supplement dated 19 March 2020) misleading in any material respect and that all reasonable enquiries have been made to ascertain all facts and to verify the accuracy of all statements contained therein.

No person has been authorised to give any information which is not contained in or not consistent with the Base Prospectus or this Second Supplement or any other document entered into in relation to the Programme or any information supplied by the Issuer or any other information in the public domain and, if given or made, such information must not be relied upon as having been authorised by or on behalf of the Issuer.

Save as disclosed in this Second Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme since the publication of the Base Prospectus.

## **Supplemental Information**

In view of the aforementioned, the Base Prospectus is hereby supplemented as follows:

### **Update of the section "Risk Factors – III. Risks related to the Purchased Receivables"**

The following risk factor shall be included between the risk factors "Risk of Non-Existence of Purchased Expectancy Rights or Final Payment Receivables" and "Further German Civil Law Aspects" on page 28 of the Base Prospectus:

**The COVID-19 pandemic ("Corona Pandemic") may have a material negative impact on the performance of the Issuer under the Notes**

In December 2019, a novel strain of coronavirus ("**COVID-19**") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a global pandemic. Governments worldwide have implemented measures to contain the spread of the virus. The effects of the Corona Pandemic can be diverse, including but not limited to the following aspects.

The Corona Pandemic can lead to a weakening of the global economy, which could lead to a corresponding drop in demand for various goods, including motor vehicles. A drop in demand goes hand in hand with fewer opportunities for new financing, leasing, insurance and mobility services business for VWL, which results in an earnings risk due to declining business volumes. Since the business success of VWL depends to a large extent on the business success of Volkswagen AG, the impacts on the restrictions for Volkswagen AG's business activities, driven by both the corona pandemic and a possible weakened global economy, are not predictable. However, it can be assumed that negative developments at Volkswagen AG could also have a negative impact on VWL's business activities. Any impact in the financial condition of VWL may result in VWL not being able to comply with its obligations under the Repurchase Agreement. The Issuer would then be forced to sell the Leased Vehicles in the market where the realisation proceeds for such Leased Vehicles may be lower than realisation proceeds under the Repurchase Agreement. In particular, due to a possible drop in demand as a result of the Corona Pandemic, the residual values of used vehicles could decline substantially. As a result, the Issuer may not receive sufficient funds from the sale of the Leased Vehicles in the market to make any or all payments under the Notes when due.

The Corona Pandemic may pose a risk to the operational business of VWL. For example, due to company workplaces being no longer usable, only limited services might be available for customers or even no services at all. Possible bottlenecks in IT permissions, missing or inadequate hardware and / or software in the home office workplace could develop into an IT risk for VWL. During a pandemic situation, customer care intensity could increase, because due to the existing uncertainty, significantly more inquiries could occur at the back office / service area compared to the usual operation. This could exacerbate the situation with possibly restricted IT permissions. A loss of key personnel could cause that essential business processes are not carried out or being significantly delayed and thereby result in the Issuer not receiving sufficient amounts in time to make payments under the Notes when due.

#### **ISSUER**

**VCL Master Residual Value S.A., acting with respect to its Compartment 2**

The date of this Second Supplement is 9 April 2020.