

## SC GERMANY AUTO 2018-1 UG (HAFTUNGSBESCHRÄNKT)

*(a limited liability company (Unternehmergesellschaft (haftungsbeschränkt)) established under the laws of Germany, registered with the commercial register (Handelsregister) of the local court (Amtsgericht) of Frankfurt am Main under registration number HRB 111618 and with its registered office at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany)*

EUR 561,000,000 Class A Floating Rate Notes due December 2027 Issue Price: 100.502 per cent.

EUR 39,000,000 Class B Fixed Rate Notes due December 2027 Issue Price: 100 per cent.

The Class A Notes and the Class B Notes (each such class, a "**Class**", and all Classes collectively, the "**Notes**") of SC Germany Auto 2018-1 UG (haftungsbeschränkt) (the "**Issuer**") are backed by a portfolio of loan claims (the "**Purchased Receivables**") secured by security interests in certain passenger cars, motor cycles, utility vehicles and trailers located in Germany (the "**Financed Vehicles**") and certain other collateral (the Financed Vehicles, the other collateral and the proceeds resulting therefrom, the "**Related Collateral**", and together with the Purchased Receivables, the "**Portfolio**"). The obligations of the Issuer under the Notes will be secured by first-ranking security interests granted to TMF Trustee Limited (the "**Transaction Security Trustee**") acting in a fiduciary capacity for the holders of the Notes pursuant to a transaction security agreement dated on or about 19 June 2018 (the "**Transaction Security Agreement**"), an English security deed dated on or about 19 June 2018 (the "**English Security Deed**") and a Dutch account pledge agreement dated on or about 19 June 2018 (the "**Dutch Account Pledge Agreement**"). Although the Notes will share in the same security, the Class A Notes will rank in priority to the Class B Notes in the event of the security being enforced, see "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT". The Issuer will on or before the Note Issuance Date purchase and acquire from Santander Consumer Bank AG, Mönchengladbach (the "**Seller**") Receivables and Related Collateral constituting the Portfolio. Certain characteristics of the Purchased Receivables and the Related Collateral are described under "DESCRIPTION OF THE PORTFOLIO" herein.

The Notes will be issued at the issues price indicated above on or about 21 June 2018 (the "**Note Issuance Date**").

**This Prospectus constitutes a prospectus for the purpose of article 5.3 of Directive 2003/71/EC (as amended) (the "Prospectus Directive"). Application has been made to the Commission de Surveillance du Secteur Financier for approval of this Prospectus for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purpose of giving information with respect to the issue of the Notes. By approving this prospectus the Commission de Surveillance du Secteur Financier assumes no responsibility as to the economic or financial soundness of this transaction or the quality and solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange is a regulated market for the purposes of the recast Markets in Financial Services Directive 2014/65/EC.**

Banco Santander, S.A. (acting through its Santander Global Corporate Banking division), UniCredit Bank AG and Société Générale S.A. (each, a "**Joint Lead Manager**" or a "**Manager**" and collectively, the "**Joint Lead Managers**" or the "**Managers**") will purchase the Notes from the Issuer and will offer the Class A Notes, from time to time, in negotiated transactions or otherwise, at varying prices to be determined at the time of the sale. The Class B Notes will be purchased by Banco Santander, S.A. and sold on to the Seller.

**For a discussion of certain significant factors affecting investments in the Notes, see "RISK FACTORS". An investment in the Notes is suitable only for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.**

**Arranger**

**UniCredit Bank AG**

**Joint Lead Managers**

**Santander Global Corporate Banking**

**UniCredit Bank AG**

**Société Générale S.A.**

The date of this Prospectus is 19 June 2018.

*For reference to the definitions of capitalised words and phrases appearing herein, see "DEFINITIONS"*

The Notes will be governed by the laws of the Federal Republic of Germany ("**Germany**").

Each of the Class A Notes and the Class B Notes will be initially represented by a temporary global note in bearer form (each, a "**Temporary Global Note**") without interest coupons attached. Each Temporary Global Note will be exchangeable, as described herein (see "OUTLINE OF THE TRANSACTION — The Notes — Form and Denomination") for a permanent global note in bearer form which is recorded in the records of Euroclear and Clearstream Luxembourg (as defined below) (each, a "**Permanent Global Note**", and together with the Temporary Global Notes, the "**Global Notes**" and each, a "**Global Note**") without interest coupons attached. Each Temporary Global Note will be exchangeable not earlier than 40 calendar days after the Note Issuance Date, upon certification of non-U.S. beneficial ownership, for interests in a Permanent Global Note. The Global Notes representing the Class A Notes will be deposited with a common safekeeper (the "**Class A Notes Common Safekeeper**") appointed by the operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**" and, together with Euroclear, the "**Clearing Systems**") on or prior to the Note Issuance Date. The Class A Notes Common Safekeeper will hold the Global Notes representing the Class A Notes in custody for Euroclear and Clearstream Luxembourg. The Global Notes representing the Class B Notes will be deposited with a common safekeeper (the "**Class B Notes Common Safekeeper**" and together with the Class A Notes Common Safekeeper, the "**Common Safekeepers**" and each, a "**Common Safekeeper**") appointed by the operator of the Clearing Systems on or prior to the Note Issuance Date. The Class B Notes Common Safekeeper will hold the Global Notes representing the Class B Notes in custody for Euroclear and Clearstream Luxembourg. The Notes represented by Global Notes may be transferred in book-entry form only. The Notes will be issued in denominations of EUR 100,000. The Global Notes will not be exchangeable for definitive securities. See "TERMS AND CONDITIONS OF THE NOTES — Form and Denomination".

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of the Clearing Systems as Class A Notes Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

THE NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF ANY MANAGER, THE ARRANGER, THE SELLER, THE SERVICER (IF DIFFERENT), THE INTEREST RATE SWAP COUNTERPARTIES, THE TRANSACTION SECURITY TRUSTEE, THE DATA TRUSTEE, THE PRINCIPAL PAYING AGENT, THE CALCULATION AGENT, THE CASH ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT, THE ACCOUNT BANK, THE LISTING AGENT, THE SUBORDINATED LOAN PROVIDER, ANY COMMON SAFEKEEPER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (OTHER THAN THE ISSUER). NEITHER THE NOTES NOR THE UNDERLYING RECEIVABLES WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR BY ANY MANAGER, THE ARRANGER, THE SELLER, THE SERVICER (IF DIFFERENT), THE INTEREST RATE SWAP COUNTERPARTIES, THE TRANSACTION SECURITY TRUSTEE, THE PRINCIPAL PAYING AGENT, THE CALCULATION AGENT, THE CASH ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT, THE ACCOUNT BANK, THE LISTING AGENT, THE SUBORDINATED LOAN PROVIDER, ANY COMMON SAFEKEEPER OR ANY OF THE RESPECTIVE AFFILIATES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS (OTHER THAN THE ISSUER) OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

Class	Class Principal Amount	Interest Rate	Issue Price	Expected Ratings (Moody's/DBRS)	Legal Maturity Date	ISIN
A	EUR 561,000,000	EURIBOR+0.4%	100.502%	Aaa (sf)/AAA (sf)	Payment Date falling in December 2027	XS1831869653
B	EUR 39,000,000	0.633%	100%	N/R	Payment Date falling in December 2027	XS1831869810

Interest on the Class A Notes will accrue on the outstanding principal amount of each Class A Note at a *per annum* rate equal to the sum of the European Inter-bank Offered Rate (EURIBOR) for one month ("**EURIBOR**") (in the case of the first Interest Period, the linear interpolation between two weeks and one month) and 0.4 per cent. and, for the avoidance of doubt, if such rate is below zero, the Interest Rate will be zero. Interest on the Class B Notes will accrue on the outstanding principal amount of each Class B Note at a *per annum* rate equal to 0.633 per cent. Interest will be payable in euro by reference to successive interest accrual periods (each, an "**Interest Period**") monthly in arrears on the thirteenth day of each calendar month, unless such date is not a Business Day, in which case the Payment Date shall be the next succeeding Business Day (each, a "**Payment Date**"). The first Payment Date will be the Payment Date falling in July 2018. "**Business Day**" shall mean a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET2**") are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in Luxembourg, Mönchengladbach (Germany), Frankfurt am Main (Germany), Amsterdam (The Netherlands) and London (United Kingdom). See "TERMS AND CONDITIONS OF THE NOTES — Payments of Interest".

Amounts payable under the Class A Notes are calculated by reference to the EURIBOR which is provided by European Money Markets Institute with its office in Brussels, Belgium (the "**Administrator**"). As at the date of this Prospectus, the Administrator does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**"). As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that the Administrator is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence). The registration status of any administrator under the Benchmark Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Prospectus to reflect any change in the registration status of the Administrator.

If any withholding or deduction for or on account of taxes should at any time apply to the Notes, payments of interest on, and principal in respect of, the Notes will be made subject to such withholding or deduction. The Notes will not provide for any gross-up or other payments in the event that payments on the Notes become subject to any such withholding or deduction on account of taxes. See "TAXATION".

Amortisation of the Notes will commence on the first Payment Date. See "TERMS AND CONDITIONS OF THE NOTES — Redemption".

The Notes will mature on the Payment Date falling in December 2027 (the "**Legal Maturity Date**"), unless previously redeemed in full. The Notes are expected to be redeemed on the Payment Date falling in June 2025 (the "**Scheduled Maturity Date**"), unless previously redeemed in full. In addition, the Notes will be subject to partial redemption, early redemption and/or optional redemption before the

Legal Maturity Date in specific circumstances and subject to certain conditions. See "TERMS AND CONDITIONS OF THE NOTES — Redemption".

The Class A Notes are expected, on the Note Issuance Date, to be rated by Moody's Investors Service Limited ("**Moody's**") and DBRS Ratings Limited ("**DBRS**" and together with Moody's, the "**Rating Agencies**"). It is a condition of the issue of the Class A Notes that they are assigned the ratings indicated in the above table. The Issuer has not requested a rating of the Class B Notes.

Each of DBRS and Moody's is established in the European Community and according to the press release from the ESMA dated 31 October 2011, DBRS and Moody's have been registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"), as amended by Regulation (EU) No 513/2011 and by Regulation (EU) No 462/2013 ("**CRA III**"). Reference is made to the list of registered or certified credit rating agencies as last updated on 1 May 2018 published by ESMA under <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>.

Each rating of the Class A Notes by Moody's and DBRS addresses the likelihood that the holders of the Class A Notes (together with the holders of the Class B Notes, the "**Noteholders**" and each, a "**Noteholder**") will receive all payments to which they are entitled, as described herein. The ratings of "**Aaa (sf)**" and "**AAA (sf)**" are the highest ratings that each of Moody's and DBRS, respectively, assigns to long-term obligations. Each rating takes into consideration the characteristics of the Purchased Receivables and the structural, legal, tax and Issuer-related aspects associated with the Class A Notes. The ratings address the expected loss posed to investors by the Legal Maturity Date. In particular, the ratings assigned by Moody's to the Class A Notes address the expected loss to a Noteholder by the Legal Maturity Date for such Notes and reflect Moody's opinion that the structure allows for timely payment of interest and ultimate payment of principal by the Legal Maturity Date. The Moody's rating addresses only the credit risks associated with this Transaction. The rating assigned to the Class A Notes by DBRS addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Payment Date and the ultimate payment of principal by the Legal Maturity Date.

However, the ratings assigned to the Class A Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the holders of the Class A Notes might suffer a lower than expected yield due to prepayments or amortisation or may fail to recoup their initial investments. Prepayments may for example occur in the event of a clean-up call. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement — Clean-Up Call Option" and "TERMS AND CONDITIONS OF THE NOTES — Condition 7.4 (Early Redemption)".

The ratings assigned to the Class A Notes should be evaluated independently against similar ratings of other types of securities. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal by the Rating Agencies at any time.

The Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agencies and has not requested any rating of the Class B Notes; there can be no assurance, however, as to whether any rating agency other than the Rating Agencies will rate the Class A Notes or whether any rating agency will rate the Class B Notes or, if it does, what rating would be assigned by such rating agency. The rating assigned to the Class A Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

### **Regulatory Disclosure**

Under article 405 of Regulation 2013/575/EU (the "**CRR**"), an institution (i.e. a credit institution or an investment firm), other than when acting as an originator, a sponsor or original lender, may hold the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the institution that it will retain, on an on-going basis, a material net economic interest which, in any event, will not be less than 5 per cent. of the aggregate nominal amount of securitised exposures. Pursuant to article 405 paragraph (1)(d) of the CRR, a net economic interest may be retained, *inter alia*, by way of retention of a first loss tranche and, if necessary, of other tranches having the same or a more severe risk profile than the tranches sold or transferred to investors and not maturing any earlier than the tranches sold or transferred to the

investors, so that the retention equals in total no less than 5 per cent. of the aggregate nominal amount of the securitised exposures. For the purposes of compliance with the requirements of article 405 paragraph (1)(d) of the CRR by the relevant investor, the Seller will do each of the following: first, the Seller will retain, in its capacity as originator within the meaning of Article 405 of the CRR, on an ongoing basis until the earlier of (i) the redemption of the Notes in full and (ii) the Legal Maturity Date, a first loss tranche constituted by the claim for repayment of a loan advance of EUR 5,610,000 made available by the Seller in its capacity as Subordinated Loan Provider to the Issuer under the Subordinated Loan Agreement as of the Note Issuance Date. The nominal amount of such loan advance equals 1 per cent. of the Class A Principal Amount as of the Note Issuance Date. Subject to certain additional restrictions, the loan advance will only become repayable to the Seller on any relevant date if and to the extent its outstanding amount exceeds an amount equal to the Required Reserve Amount as of such date. Prior to the redemption of the Notes in full, the Required Reserve Amount will be equal to at least EUR 1,000,000. Pursuant to the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments (as applicable), any payments due under the Subordinated Loan Agreement are subordinated to payments due under the Notes. Second, the Seller will retain, on an ongoing basis until the earlier of (i) the redemption of the Class A Notes in full and (ii) the Legal Maturity Date, the Class B Notes in an aggregate principal amount equal to at least 5 per cent. of the Aggregate Outstanding Note Principal Amount as of the Note Issuance Date (the "**Retained Class B Notes**"). Pursuant to the Subscription Agreement, the Seller undertakes to purchase and retain the Retained Class B Notes and not to sell and/or transfer them (whether in full or in part) to any third party until the earlier of (i) the redemption of the Class A Notes in full and (ii) the Legal Maturity Date.

Article 409 of the CRR requires, *inter alia*, that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting the securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. For that purpose, materially relevant data shall be determined pursuant to article 409 as at the date of the securitisation and where appropriate due to the nature of the securitisation thereafter.

In addition, investors and Noteholders should be aware of article 17 of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFMD**") and Article 51 (1) of Chapter III, Section 5 of the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 ("**AIFMR**") which introduced risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under AIFM, and of article 135 of the Directive (2009/138/EC) ("**Solvency II**") and articles 254 *et seq.* of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II ("**Solvency II Delegated Regulation**"), which impose risk retention and due diligence requirements and provide for proportionate increases of the solvency capital requirements, should the risk retention rule not be complied with in respect of any relevant investment of an insurance or reinsurance undertaking.

With a view to support compliance with article 409 of the CRR, article 52 (g) of the AIFMR and article 254(1) of the Solvency II Delegated Regulation, the Seller in its capacity as Servicer will, on a monthly basis after the Note Issuance Date, provide certain information to investors in the form of the Detailed Investor Reports including data with regard to the Purchased Receivables and an overview of the retention of the material net economic interest. The Cash Administrator will make each Detailed Investor Report provided to it by the Servicer publicly available without undue delay by posting it on the website of Bloomberg (<https://bloomberg.com>) and by arranging for its publication on the website of True Sale International GmbH ([www.true-sale-international.de](http://www.true-sale-international.de)).

Each prospective investor and Noteholder is required to independently assess and determine the sufficiency of the information described in the preceding paragraphs for the purposes of complying with article 405 *et seqq.* of the CRR and similar requirements under AIFMD, AIFMR, Solvency II and the Solvency II Delegated Regulation, and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Managers or the Arranger gives any representation or assurance that such information is sufficient for such purposes. In addition, if and to the extent Articles 405 *et seqq.* of the CRR or any similar requirements are relevant to any prospective investor and Noteholder, such investor and Noteholder should ensure that it complies with articles 405 *et seqq.* of the CRR or such other applicable requirements (as relevant). Investors who are uncertain as to the requirements which apply to them in any relevant jurisdiction should seek guidance from the competent regulator.

The issuance of the Notes was not designed to comply with the U.S. Risk Retention Rules other than the safe harbour for certain non-U.S. related transactions under Rule 20 of the U.S. Risk Retention Rules, and no other steps have been taken by the Issuer, the Seller, the Arranger, the Joint Lead Managers or any of their affiliates or any other party to accomplish such compliance.

#### **No Offer to Retail Investors**

The Notes are not intended, to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**").

For these purposes "retail investor" means a person who is one (or more) of the following: (a) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or (b) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II or (c) not a qualified investor as specified in Directive 2003/71/EC (as amended) and the term "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

#### **MIFID II Product Governance/Target Market**

Solely for the purposes of the Arranger's, the Joint Lead Managers' and the Seller's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the Arranger's, the Joint Lead Managers' and the Seller's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the Arranger's, the Joint Lead Managers' and the Seller's target market assessment) and determining appropriate distribution channels.

In this Prospectus, references to "**euro**", "**Euro**", " or "**EUR**" are to the single currency which was introduced in Germany as of 1 January 1999. In this Prospectus, references to "**USD**" or "**\$**" are to the lawful currency of the United States of America.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus.

## Responsibility for the Contents of this Prospectus

The Issuer assumes responsibility for the information contained in this Prospectus except that:

- (i) the Seller only is responsible for the information under "OUTLINE OF THE TRANSACTION - The Portfolio: Purchased Receivables and Related Collateral" on page 22, "OUTLINE OF THE TRANSACTION - Servicing of the Portfolio" on page 22, "RISK FACTORS - Reliance on Administration and Collection Procedures" on page 78, "CREDIT STRUCTURE - Vehicle Loan Interest Rates" on page 82, "CREDIT STRUCTURE - Cash Collection Arrangements" on page 82, "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS" on page 200, "DESCRIPTION OF THE PORTFOLIO" on page 201 (except for the information under "DESCRIPTION OF THE PORTFOLIO - Eligibility Criteria"), "CREDIT AND COLLECTION POLICY" on pages 233 to 236, "THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER" on pages 240 to 243;
- (ii) the Account Bank, the Calculation Agent, the Listing Agent and the Principal Paying Agent only is responsible for the information under "THE ACCOUNT BANK, THE CALCULATION AGENT, THE LISTING AGENT AND THE PRINCIPAL PAYING AGENT" on page 244;
- (iii) the Cash Administrator, the Corporate Administrator, the EURIBOR Determination Agent and the Back-Up Servicer Facilitator only is responsible for the information under "THE CASH ADMINISTRATOR, THE CORPORATE ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR" on page 245;
- (iv) each Interest Rate Swap Counterparty only is responsible for the respective information applicable to it under "THE INTEREST RATE SWAP COUNTERPARTIES" on pages 246 to 247;
- (v) the Transaction Security Trustee only is responsible for the information under "THE TRANSACTION SECURITY TRUSTEE" on page 248;
- (vi) the Data Trustee only is responsible for the information under "THE DATA TRUSTEE" on page 249; and
- (vii) the Corporate Administrator only is responsible for the information under "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS - Corporate Administration Agreement" on pages 196 to 199,

provided that, with respect to any information included herein and specified to be sourced from a third party (i) the Issuer confirms and assumes responsibility that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information available to it from such third party, no facts have been omitted, the omission of which would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy thereof (for the avoidance of doubt, except for its responsibility for the correct reproduction thereof).

The Issuer hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which the Issuer is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Seller hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which the Seller is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Interest Rate Swap Counterparties hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information



contained herein for which the relevant Interest Rate Swap Counterparty is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Transaction Security Trustee hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which the Transaction Security Trustee is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Data Trustee hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which the Data Trustee is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Cash Administrator, the Corporate Administrator, the EURIBOR Determination Agent and the Back-Up Servicer Facilitator hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which each of the Cash Administrator, the Corporate Administrator, the EURIBOR Determination Agent and the Back-Up Servicer Facilitator, respectively, is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Account Bank, the Calculation Agent, the Listing Agent and the Principal Paying Agent hereby declares that, to the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), all information contained herein for which the Account Bank, the Calculation Agent, the Listing Agent and the Principal Paying Agent, respectively, is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

*No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue, offering, subscription or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the managing directors of the Issuer, the Transaction Security Trustee, any Manager or the Arranger.*

*Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes shall, under any circumstances, create any implication (i) that the information in this Prospectus is correct as of any time subsequent to the date hereof, or, as the case may be, subsequent to the date on which this Prospectus has been most recently amended or supplemented, or (ii) that there has been no adverse change in the financial situation of the Issuer since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently amended or supplemented, or the date of the most recent financial information which is contained in this Prospectus by reference, or (iii) that any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.*

*Prospective purchasers of Notes should conduct such independent investigation and analysis as they deem appropriate to evaluate the merits and risks of an investment in the Notes. **If you are in doubt about the contents of this document, you should consult your stockbroker, bank manager, legal adviser, accountant or other financial adviser.** Neither any of the Managers nor the Arranger makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied by the Issuer in connection with the Notes and accepts any responsibility or liability therefor. Neither any of the Managers nor the Arranger undertakes to review the financial condition or affairs of the Issuer or to advise any investor or potential investor in the Notes of any information coming to the attention of the Managers or the Arranger.*

THE NOTES OFFERED BY THIS PROSPECTUS MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE FINAL RULES PROMULGATED UNDER SECTION 15G OF THE UNITED STATES SECURITIES EXCHANGE

ACT OF 1934, AS AMENDED, ADOPTED PURSUANT TO THE REQUIREMENTS OF SECTION 941 OF THE DODD FRANK WALL STREET REFORM AND CONSUMER PROTECTION ACT AND CODIFIED AT 17 C.F.R. PART 246 (THE "U.S. RISK RETENTION RULES") (SUCH PERSONS, "RISK RETENTION U.S. PERSONS"), EXCEPT WITH (I) THE PRIOR WRITTEN CONSENT OF SANTANDER CONSUMER BANK AG AND (II) WHERE SUCH SALE FALLS WITHIN THE SAFE HARBOUR FOR CERTAIN NON-U.S. RELATED TRANSACTIONS UNDER RULE 20 OF THE U.S. RISK RETENTION RULES. IN ANY CASE, THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF ANY "U.S. PERSON" AS DEFINED UNDER REGULATION S UNDER THE UNITED STATES SECURITIES ACT 1933, AS AMENDED ("REGULATION S"). PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S UNDER THE SECURITIES ACT. EACH PURCHASER OF NOTES, INCLUDING BENEFICIAL INTERESTS THEREIN, WILL BE REQUIRED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (I) (1) IS NOT A RISK RETENTION U.S. PERSON, (2) IS ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTES; AND (3) IS NOT ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO AVOID THE 10 PER CENT RISK RETENTION U.S. PERSON LIMITATION IN THE SAFE HARBOUR FOR CERTAIN NON-U.S. RELATED TRANSACTIONS UNDER RULE 20 OF THE U.S. RISK RETENTION RULES) OR (II) (1) IS A RISK RETENTION U.S. PERSON AND (2) IS NOT A "U.S. PERSON" AS DEFINED UNDER REGULATION S.

With respect to the U.S. Risk Retention Rules, the Seller does not intend to retain at least 5 per cent of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on a safe harbour provided for in Rule 20 of the U.S. Risk Retention Rules regarding certain non-U.S. related transactions. The determination of the proper characterisation of potential investors for determining the availability of the a safe harbour for certain non-U.S. related transactions provided for in Rule 20 of the U.S. Risk Retention Rules is solely the responsibility of the Seller, and neither the Corporate Administrator, nor the Arranger, nor any of the Joint Lead Managers or any person who controls them or any of their directors, officers, employees, agents or Affiliates will have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the a safe harbour for certain non-U.S. related transactions provided for in Rule 20 of the U.S. Risk Retention Rules, and neither the Corporate Administrator, nor the Arranger, nor any of the Joint Lead Managers or any person who controls them or any of their directors, officers, employees, agents or Affiliates accept any liability or responsibility whatsoever for any such determination or characterisation. See "RISK FACTORS — Legal Risks — U.S. Risk Retention".

NO ACTION HAS BEEN TAKEN BY THE ISSUER OR ANY MANAGER OR THE ARRANGER OTHER THAN AS SET OUT IN THIS PROSPECTUS THAT WOULD PERMIT A PUBLIC OFFERING OF THE NOTES, OR POSSESSION OR DISTRIBUTION OF THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL IN ANY COUNTRY OR JURISDICTION WHERE ACTION FOR THAT PURPOSE IS REQUIRED. ACCORDINGLY, THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS PROSPECTUS (NOR ANY PART THEREOF) NOR ANY OTHER INFORMATION MEMORANDUM, PROSPECTUS, FORM OF APPLICATION, ADVERTISEMENT, OTHER OFFERING MATERIAL OR OTHER INFORMATION MAY BE ISSUED, DISTRIBUTED OR PUBLISHED IN ANY COUNTRY OR JURISDICTION EXCEPT IN COMPLIANCE WITH APPLICABLE LAWS, ORDERS, RULES AND REGULATIONS, AND THE ISSUER AND THE MANAGERS HAVE REPRESENTED THAT ALL OFFERS AND SALES BY THEM HAVE BEEN AND WILL BE MADE ON SUCH TERMS.

*This Prospectus may be distributed and its contents disclosed only to the prospective investors to whom it is provided. By accepting delivery of this Prospectus, the prospective investors agree to these restrictions.*

*The distribution of this Prospectus (or any part thereof) and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about and to observe any such restriction.*

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF US PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. EACH OF THE MANAGERS HAS REPRESENTED AND AGREED THAT IT HAS NOT OFFERED AND SOLD, AND WILL NOT OFFER AND SELL, ANY NOTE CONSTITUTING PART OF ITS ALLOTMENT WITHIN THE UNITED STATES EXCEPT IN ACCORDANCE WITH RULE 903 UNDER REGULATION S UNDER THE SECURITIES ACT. ACCORDINGLY, EACH MANAGER HAS FURTHER REPRESENTED AND AGREED THAT NEITHER IT, ITS RESPECTIVE AFFILIATES NOR ANY PERSONS ACTING ON ITS OR THEIR BEHALF HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITH RESPECT TO ANY NOTE.

IN ADDITION, BEFORE 40 CALENDAR DAYS AFTER COMMENCEMENT OF THE OFFERING, AN OFFER OR SALE OF NOTES WITHIN THE UNITED STATES BY A DEALER OR OTHER PERSON THAT IS NOT PARTICIPATING IN THE OFFERING MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

EACH MANAGER HAS (I) ACKNOWLEDGED THAT THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN CERTAIN TRANSACTIONS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; (II) REPRESENTED AND AGREED THAT IT HAS NOT OFFERED, SOLD OR DELIVERED ANY NOTES, AND WILL NOT OFFER, SELL OR DELIVER ANY NOTES, (X) AS PART OF ITS DISTRIBUTION AT ANY TIME OR (Y) OTHERWISE BEFORE 40 CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE ISSUE DATE, EXCEPT IN ACCORDANCE WITH RULE 903 UNDER REGULATION S UNDER THE SECURITIES ACT; AND ACCORDINGLY, (III) FURTHER REPRESENTED AND AGREED THAT NEITHER IT, ITS AFFILIATES NOR ANY PERSONS ACTING ON ITS OR THEIR BEHALF HAVE ENGAGED OR WILL ENGAGE IN ANY DIRECTED SELLING EFFORTS WITH RESPECT TO ANY NOTE, AND THEY HAVE COMPLIED AND WILL COMPLY WITH THE OFFERING RESTRICTIONS REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, AND (IV) ALSO AGREED THAT, AT OR PRIOR TO CONFIRMATION OF ANY SALE OF NOTES, IT WILL HAVE SENT TO EACH DISTRIBUTOR, DEALER OR PERSON RECEIVING A SELLING CONCESSION, FEE OR OTHER REMUNERATION THAT PURCHASES NOTES FROM IT DURING THE DISTRIBUTION COMPLIANCE PERIOD A CONFIRMATION OR NOTICE TO SUBSTANTIALLY THE FOLLOWING EFFECT:

"THE SECURITIES COVERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS BY ANY PERSON REFERRED TO IN RULE 903 (B)(2) (III) (X) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (Y) OTHERWISE UNTIL 40 CALENDAR DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE NOTE ISSUANCE DATE (THE "**DISTRIBUTION COMPLIANCE PERIOD**"), EXCEPT IN EITHER CASE IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT. TERMS USED ABOVE HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT."

TERMS USED IN THE FOREGOING PARAGRAPH HAVE THE MEANING GIVEN TO THEM IN REGULATION S UNDER THE SECURITIES ACT.

NOTES WILL BE ISSUED IN ACCORDANCE WITH THE PROVISIONS OF UNITED STATES TREASURY REGULATION SECTION 1.163-5(C)(2)(I)(D) (OR SUCCESSOR RULES IN SUBSTANTIALLY THE SAME FORM) (THE "**TEFRA D RULES**").

FURTHER, EACH MANAGER HAS REPRESENTED AND AGREED THAT:

- (A) EXCEPT TO THE EXTENT PERMITTED UNDER THE TEFRA D RULES, (X) IT HAS NOT OFFERED OR SOLD, AND DURING THE RESTRICTED PERIOD WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, NOTES IN BEARER FORM TO A PERSON WHO IS WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO A UNITED STATES PERSON, AND (Y) IT HAS NOT DELIVERED AND WILL NOT DELIVER, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR ITS POSSESSIONS DEFINITIVE NOTES IN BEARER FORM THAT ARE SOLD DURING THE RESTRICTED PERIOD;
- (B) IT HAS AND THROUGHOUT THE RESTRICTED PERIOD WILL HAVE IN EFFECT PROCEDURES REASONABLY DESIGNED TO ENSURE THAT ITS EMPLOYEES OR AGENTS WHO ARE DIRECTLY ENGAGED IN SELLING NOTES IN BEARER FORM ARE AWARE THAT SUCH NOTES MAY NOT BE OFFERED OR SOLD DURING THE RESTRICTED PERIOD TO A PERSON WHO IS WITHIN THE UNITED STATES OR ITS POSSESSIONS OR TO A UNITED STATES PERSON, EXCEPT AS PERMITTED BY THE TEFRA D RULES;
- (C) IF IT IS CONSIDERED A UNITED STATES PERSON, THAT IT IS ACQUIRING THE NOTES FOR PURPOSES OF RESALE IN CONNECTION WITH THEIR ORIGINAL ISSUANCE AND AGREES THAT IF IT RETAINS NOTES IN BEARER FORM FOR ITS OWN ACCOUNT, IT WILL ONLY DO SO IN ACCORDANCE WITH THE REQUIREMENTS OF UNITED STATES TREASURY REGULATION SECTION 1.163-5(C)(2)(I)(D)(6) (OR SUCCESSOR RULES IN SUBSTANTIALLY THE SAME FORM);
- (D) WITH RESPECT TO EACH AFFILIATE THAT ACQUIRES FROM IT NOTES IN BEARER FORM FOR THE PURPOSE OF OFFERING OR SELLING SUCH NOTES DURING THE RESTRICTED PERIOD THAT IT WILL EITHER (I) REPEAT AND CONFIRM THE REPRESENTATIONS AND AGREEMENTS CONTAINED IN SUB-CLAUSES (A), (B) AND (C) ON SUCH AFFILIATE'S BEHALF; OR (II) OBTAIN FROM SUCH AFFILIATE FOR THE BENEFIT OF THE PURCHASER OF THE NOTES AND THE ISSUER THE REPRESENTATIONS AND AGREEMENTS CONTAINED IN SUB-CLAUSES (A), (B) AND (C) ABOVE; AND
- (E) IT WILL OBTAIN FOR THE BENEFIT OF THE ISSUER THE REPRESENTATIONS AND AGREEMENTS CONTAINED IN SUB-CLAUSES (A), (B), (C) AND (D) ABOVE FROM ANY PERSON OTHER THAN ITS AFFILIATE WITH WHOM IT ENTERS INTO A WRITTEN CONTRACT, AS DEFINED IN UNITED STATES TREASURY REGULATION SECTION 1.163-5(C)(2)(I)(D)(4) (OR SUCCESSOR RULES IN SUBSTANTIALLY THE SAME FORM), FOR THE OFFER AND SALE DURING THE RESTRICTED PERIOD OF NOTES.

TERMS USED IN THE FOREGOING PARAGRAPH HAVE THE MEANINGS GIVEN TO THEM BY THE U.S. INTERNAL REVENUE CODE AND REGULATIONS THEREUNDER, INCLUDING THE TEFRA D RULES.

EACH MANAGER HAS REPRESENTED AND AGREED THAT IN RELATION TO EACH MEMBER STATE OF THE EUROPEAN ECONOMIC AREA WHICH HAS IMPLEMENTED THE PROSPECTUS DIRECTIVE (EACH, A "**RELEVANT MEMBER STATE**") AND WITH EFFECT FROM AND INCLUDING THE DATE ON WHICH THE PROSPECTUS DIRECTIVE IS IMPLEMENTED IN THAT MEMBER STATE (THE "**RELEVANT IMPLEMENTATION DATE**") SINCE 1 JANUARY 2018 (BEING THE DATE OF APPLICATION OF PRIIPS REGULATION), IT HAS NOT MADE AND WILL NOT MAKE AN OFFER OF NOTES TO THE PUBLIC IN THAT RELEVANT MEMBER STATE PRIOR TO THE PUBLICATION OF A PROSPECTUS IN RELATION TO THE NOTES WHICH HAS BEEN APPROVED BY THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE IN ACCORDANCE WITH

THE PROSPECTUS DIRECTIVE OR, WHERE APPROPRIATE, PUBLISHED IN ANOTHER RELEVANT MEMBER STATE AND NOTIFIED TO THE COMPETENT AUTHORITY IN THAT RELEVANT MEMBER STATE IN ACCORDANCE WITH ARTICLE 18 OF THE PROSPECTUS DIRECTIVE, EXCEPT THAT IT MAY, WITH EFFECT FROM AND INCLUDING THE RELEVANT IMPLEMENTATION DATE, MAKE AN OFFER OF THE NOTES TO THE PUBLIC IN THE RELEVANT MEMBER STATE AT ANY TIME:

- (A) TO ANY LEGAL ENTITY WHICH IS A QUALIFIED INVESTOR AS DEFINED IN THE PROSPECTUS DIRECTIVE;
- (B) TO FEWER THAN 100 OR, IF THE RELEVANT MEMBER STATE HAS IMPLEMENTED THE RELEVANT PROVISION OF THE 2010 PD AMENDING DIRECTIVE, 150 NATURAL OR LEGAL PERSONS (OTHER THAN QUALIFIED INVESTORS AS DEFINED IN THE PROSPECTUS DIRECTIVE), AS PERMITTED UNDER THE PROSPECTUS DIRECTIVE; OR IN ANY OTHER CIRCUMSTANCES FALLING WITHIN ARTICLE 3(2) OF THE PROSPECTUS DIRECTIVE,

PROVIDED THAT NO SUCH OFFER OF THE NOTES SHALL REQUIRE THE ISSUER OR THE MANAGERS TO PUBLISH A PROSPECTUS PURSUANT TO ARTICLE 3 OF THE PROSPECTUS DIRECTIVE OR SUPPLEMENT A PROSPECTUS PURSUANT TO ARTICLE 16 OF THE PROSPECTUS DIRECTIVE.

IN THE FOREGOING SENTENCE, THE EXPRESSION AN "**OFFER OF NOTES TO THE PUBLIC**" IN RELATION TO ANY NOTES IN ANY RELEVANT MEMBER STATE MEANS THE COMMUNICATION IN ANY FORM BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE NOTES, AS THE SAME MAY BE VARIED IN THAT MEMBER STATE BY ANY MEASURE IMPLEMENTING THE PROSPECTUS DIRECTIVE IN THAT MEMBER STATE, AND THE EXPRESSION "**PROSPECTUS DIRECTIVE**" MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION "**2010 PD AMENDING DIRECTIVE**" MEANS DIRECTIVE 2010/73/EU.

EACH OF THE MANAGERS HAS REPRESENTED AND AGREED WITH THE ISSUER IN THE SUBSCRIPTION AGREEMENT THAT:

THE NOTES HAVE NOT BEEN OFFERED OR SOLD AND WILL NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES HAS NOT BEEN DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT BE DISTRIBUTED OR CAUSED TO BE DISTRIBUTED TO RETAIL INVESTORS IN THE EUROPEAN ECONOMIC AREA.

FOR THE PURPOSES OF THIS PROVISION:

- (I) THE EXPRESSION "**RETAIL INVESTOR**" MEANS A PERSON WHO IS ONE (OR MORE) OF THE FOLLOWING:
  - (A) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU (AS AMENDED, "**MIFID II**"); OR
  - (B) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC (AS AMENDED, THE "**INSURANCE MEDIATION DIRECTIVE**"), WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF MIFID II; OR
  - (C) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC (AS AMENDED, THE "**PROSPECTUS DIRECTIVE**"); AND

- (II) THE EXPRESSION "**OFFER**" INCLUDES THE COMMUNICATION IN ANY FORM AND BY ANY MEANS OF SUFFICIENT INFORMATION ON THE TERMS OF THE OFFER AND THE NOTES TO BE OFFERED SO AS TO ENABLE AN INVESTOR TO DECIDE TO PURCHASE OR SUBSCRIBE THE NOTES.

EACH MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT:

- (A) IT HAS ONLY COMMUNICATED OR CAUSED TO BE COMMUNICATED AND WILL ONLY COMMUNICATE OR CAUSE TO BE COMMUNICATED ANY INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "**FSMA**")) RECEIVED BY IT IN CONNECTION WITH THE ISSUE OF THE NOTES IN CIRCUMSTANCES IN WHICH SECTION 21 (1) OF THE FSMA DOES NOT APPLY TO THE ISSUER, AND
- (B) IT HAS COMPLIED AND WILL COMPLY WITH ALL APPLICABLE PROVISIONS OF THE FSMA WITH RESPECT TO ANYTHING DONE BY IT IN RELATION TO THE NOTES IN, FROM OR OTHERWISE INVOLVING THE UNITED KINGDOM.

IN THE FOREGOING PARAGRAPH, "**UNITED KINGDOM**" SHALL MEAN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND.

EACH MANAGER HAS REPRESENTED, WARRANTED AND AGREED THAT IT HAS NOT OFFERED OR SOLD AND WILL NOT OFFER OR SELL, DIRECTLY OR INDIRECTLY, NOTES TO THE PUBLIC IN FRANCE WITHIN THE MEANING OF ARTICLE L.411-1 OF THE FRENCH MONETARY AND FINANCIAL CODE (CODE MONÉTAIRE ET FINANCIER), AND THAT IT HAS NOT DISTRIBUTED OR CAUSED TO BE DISTRIBUTED AND WILL NOT DISTRIBUTE OR CAUSE TO BE DISTRIBUTED TO THE PUBLIC IN FRANCE THIS PROSPECTUS OR ANY OTHER OFFERING MATERIAL RELATING TO THE NOTES AND SUCH OFFERS, SALES AND DISTRIBUTIONS HAVE BEEN AND WILL BE MADE IN FRANCE ONLY TO (A) PROVIDERS OF INVESTMENT SERVICES RELATING TO PORTFOLIO MANAGEMENT FOR THE ACCOUNT OF THIRD PARTIES (*PERSONNES FOURNISSANT LE SERVICE D'INVESTISSEMENT DE GESTION DE PORTEFEUILLE POUR COMPTE DE TIERS*), AND/OR (B) QUALIFIED INVESTORS (*INVESTISSEURS QUALIFIÉS*) INVESTING FOR THEIR OWN ACCOUNT AND/OR (C) A RESTRICTED CIRCLE OF INVESTORS (*CERCLE RESTREINT D'INVESTISSEURS*) INVESTING FOR THEIR OWN ACCOUNT, AS DEFINED IN AND IN ACCORDANCE WITH ARTICLES L.411-1, L.411-2 AND D.411-1 TO D.411-4 OF THE FRENCH MONETARY AND FINANCIAL CODE (*CODE MONÉTAIRE ET FINANCIER*).

*This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy any of the securities offered hereby in any circumstances in which such offer or solicitation is unlawful. This Prospectus does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus, or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for or to purchase any of the Notes (or of any part thereof), see "SUBSCRIPTION AND SALE".*

**An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses which may result from such investment.**

**It should be remembered that the price of securities and the income from them can go down as well as up.**

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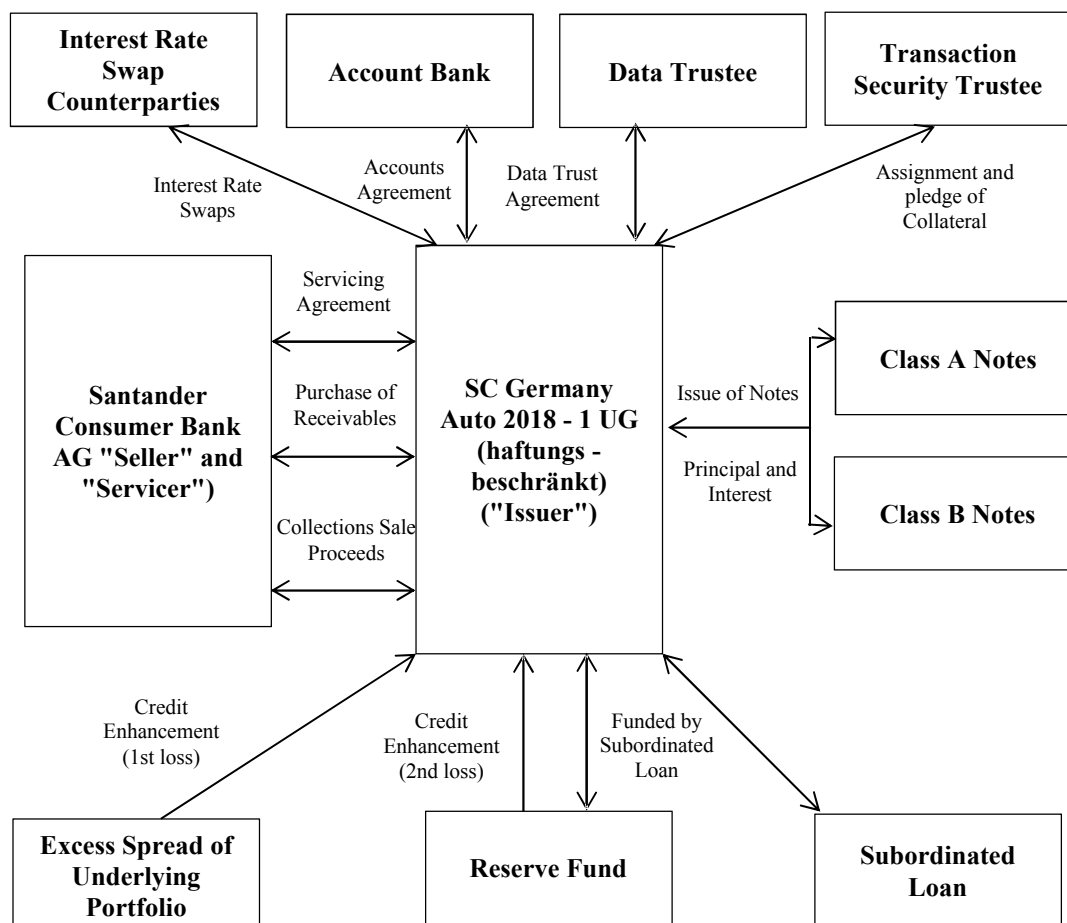
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## TRANSACTION STRUCTURE

### Diagrammatic Overview

(as of the close of business on the Note Issuance Date)

This diagrammatic overview of the transaction structure is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Prospectus.





## OUTLINE OF THE TRANSACTION

The following outline should be read in conjunction with, and is qualified in its entirety by, the detailed information appearing elsewhere in this Prospectus. In the event of any inconsistency between this outline of the transaction and the information provided elsewhere in this Prospectus, the latter shall prevail.

### THE PARTIES

Issuer/Purchaser		SC Germany Auto 2018-1 UG (haftungsbeschränkt), a limited liability company ( <i>Unternehmergeellschaft</i> (haftungsbeschränkt)) established under the laws of Germany, registered with the commercial register ( <i>Handelsregister</i> ) of the local court ( <i>Amtsgericht</i> ) of Frankfurt am Main under registration number HRB 111618 and with its registered office at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "THE ISSUER".
Corporate Administrator		Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Corporate Administration Agreement" and "THE CORPORATE ADMINISTRATOR, THE CASH ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR".
Seller		Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany. See "THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER".
Servicer		The Loan Contracts will be serviced by the Seller in its capacity, as Servicer. See "THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement".
Transaction Trustee	Security	TMF Trustee Limited, 6 St Andrew Street, London EC4A 3AE, United Kingdom. See "THE TRANSACTION SECURITY TRUSTEE".
Data Trustee		TMF Trustee Services GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement" and "THE DATA TRUSTEE".
Interest Rate Counterparties	Swap	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Platz der Republik, 60325 Frankfurt am Main, Germany; and ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Interest Rate Swaps" and "CREDIT STRUCTURE — Interest Rate Swaps".
Subordinated Loan Provider		Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany. See "THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement".

Account Bank	ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement" and "THE ACCOUNT BANK, THE CALCULATION AGENT, THE LISTING AGENT AND THE PRINCIPAL PAYING AGENT" and "THE ACCOUNTS".
Arranger	UniCredit Bank AG, Arabellastrasse 12, 81925 Munich, Germany.
Joint Lead Managers	Banco Santander, S.A. (acting through its Santander Global Corporate Banking division), Paseo de Pereda, 9-12, 39004, Santander, Spain, UniCredit Bank AG, Arabellastrasse 12, 81925 Munich, Germany and Société Générale S.A., 29 Boulevard Haussmann, 75009 Paris, Republic of France, acting through its London branch and namely, its Société Générale Corporate and Investment Banking department, at SG House, 41 Tower Hill, London EC3N 4SG, United Kingdom. See "SUBSCRIPTION AND SALE".
Calculation Agent, the Listing Agent and Principal Paying Agent	ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Agency Agreement" and "THE ACCOUNT BANK, THE CALCULATION AGENT, THE LISTING AGENT AND THE PRINCIPAL PAYING AGENT".
Cash Administrator and EURIBOR Determination Agent	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Corporate Administration Agreement" and "THE CORPORATE ADMINISTRATOR, THE CASH ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR".
Back-Up Servicer Facilitator	Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Corporate Administration Agreement" and "THE CORPORATE ADMINISTRATOR, THE CASH ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR".
Rating Agencies	Moody's Investors Service Limited and DBRS Ratings Limited.

## THE NOTES

The Transaction	The Seller will sell and assign Receivables, together with the Related Collateral, to the Issuer on or before the Note Issuance Date pursuant to a receivables purchase agreement dated 19 June 2018 and entered into between the Issuer and the Seller (the " <b>Receivables Purchase Agreement</b> "). See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement".
Classes of Notes	The EUR 561,000,000 Class A Floating Rate Notes due on the Payment Date falling in December 2027 (the " <b>Class A Notes</b> ") and the EUR 39,000,000 Class B Fixed Rate Notes due on the Payment Date falling in December 2027 (the " <b>Class B Notes</b> "), will be backed by the Portfolio. See "TERMS AND CONDITIONS OF THE NOTES".
Note Issuance Date	21 June 2018.
Form and Denomination	Each of the Class A Notes and the Class B Notes will initially be represented by a Temporary Global Note of the relevant Class in bearer

form, without interest coupons attached. The Global Notes representing the Class A Notes will be deposited with a common safekeeper for Clearstream Luxembourg and Euroclear and the Global Notes representing the Class B Notes will be deposited with a common safekeeper for Clearstream Luxembourg and Euroclear. The Notes will be transferred in book-entry form only. The Notes will be issued in denominations of EUR 100,000. The Global Notes will not be exchangeable for definitive securities. See "TERMS AND CONDITIONS OF THE NOTES"— Form and Denomination".

Status and Priority

The Notes constitute direct, secured and (subject to Condition 3.2 (Limited Recourse) of the terms and conditions of the Notes (the "**Terms and Conditions of the Notes**")) unconditional obligations of the Issuer. The Class A Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default (as defined in Condition 3.5 (Issuer Event of Default) of the Terms and Conditions of the Notes), the Class A Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. The Class B Notes rank *pari passu* among themselves in respect of security. Following the occurrence of an Issuer Event of Default, the Class B Notes rank against all other current and future obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments, see "CREDIT STRUCTURE — Post-Enforcement Priority of Payments" and "TERMS AND CONDITIONS OF THE NOTES"— Status and Priority".

Prior to the occurrence of an Issuer Event of Default, the Issuer's obligations to make payments of principal and interest on the Class A Notes and the Class B Notes rank in accordance with the Pre-Enforcement Priority of Payments.

The Issuer's obligations to make payments of principal and interest on the Class B Notes are subordinated to the Issuer's obligations to make respective payments of principal and interest on the Class A Notes in accordance with the Terms and Conditions of the Notes, see "CREDIT STRUCTURE — Pre-Enforcement Priority of Payments" and "TERMS AND CONDITIONS OF THE NOTES — Redemption — Pre-Enforcement Priority of Payments".

Limited Recourse

The Notes will be limited recourse obligations of the Issuer. See "TERMS AND CONDITIONS OF THE NOTES — Provision of Security; Limited Payment Obligation; Issuer Event of Default" and "RISK FACTORS — Liability under the Notes; Limited Recourse".

Interest

On each Payment Date, interest on each Class A Note is payable monthly in arrears by applying EURIBOR plus 0.4 per cent. *per annum* to the Note Principal Amount (as defined in Condition 5.2 (Note Principal Amount) of the Terms and Conditions of the Notes) of such Note and, for the avoidance of doubt, if such rate is below zero, the Interest Rate will be zero. On each Payment Date, interest on each Class B Note is payable monthly in arrears by applying a fixed interest rate of 0.633 per cent. *per annum* to the Note Principal Amount (as defined in Condition 5.2 (Note Principal Amount) of the Terms and Conditions of the Notes) of such Note. See "TERMS AND CONDITIONS OF THE NOTES — Payments of Interest".

In the event that the EURIBOR Determination Agent is on any EURIBOR Determination Date required but unable to determine EURIBOR for the relevant Interest Period as provided in Condition 6.3 of the Terms and Conditions of the Notes, EURIBOR for such Interest

Period shall be EURIBOR as determined on the previous EURIBOR Determination Date.

The Interest Period with respect to each Payment Date will be the period commencing on (and including) the Payment Date immediately preceding such Payment Date and ending on (but excluding) such Payment Date with the first Interest Period commencing on (and including) the Note Issuance Date and ending on (but excluding) the first Payment Date.

Amounts payable on the Class A Notes are calculated by reference to EURIBOR. As at the date of this Prospectus, the administrator of EURIBOR is not included in ESMA's register of administrators under article 36 of the Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**").

As far as the Issuer is aware, the transitional provisions in article 51 of the Benchmark Regulation apply, such that the European Money Markets Institute (as the administrator of EURIBOR) is not currently required to obtain authorisation/registration.

If there has been a public announcement of the permanent or indefinite discontinuation of EURIBOR that applies to the Class A Notes at that time (the date of such public announcement being the "Relevant Time"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with Condition 12(b) (Modifications) of the Terms and Conditions of the Notes. See "TERMS AND CONDITIONS OF THE NOTES — Condition 6 (Payments of Interests)".

Payment Dates

Payments of principal and interest will be made to the Noteholders on the thirteenth day of any calendar month, unless such date is not a Business Day in which case the Payment Date shall be the next succeeding Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day. The first Payment Date will be the Payment Date falling in July 2018.

Legal Maturity Date

Unless previously redeemed as described herein, each Class of Notes will be redeemed on the Payment Date falling in December 2027, subject to the limitations set forth in Condition 3.2 (Limited Recourse) of the Terms and Conditions of the Notes. The Issuer will be under no obligation to make any payment under the Notes after the Legal Maturity Date. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Legal Maturity Date".

Scheduled Maturity Date

The Payment Date falling in June 2025. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Scheduled Maturity Date".

Amortisation

On each Payment Date, the Notes will be subject to redemption in accordance with the Pre-Enforcement Priority of Payments sequentially in the following order: first the Class A Notes until full redemption and thereafter the Class B Notes. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Amortisation".

Clean-Up Call Option

On any Payment Date following the Cut-Off Date on which the Aggregate Outstanding Principal Amount has been reduced to less than 10 per cent. of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date or on any Payment Date following thereafter, the

Seller will have, subject to certain requirements, the option under the Receivables Purchase Agreement to repurchase all outstanding Purchased Receivables (together with any Related Collateral) held by the Issuer, and the Issuer shall, upon due exercise of such repurchase option, redeem all (but not some only) of the Notes on the Early Redemption Date, if the proceeds distributable as a result of such repurchase will be at least equal to the then outstanding Note Principal Amounts of the Class A Notes plus accrued but unpaid interest thereon together with all amounts ranking prior thereto according to the Pre-Enforcement Priority of Payments. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Early Redemption" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement — Resale and Retransfer of Purchased Receivables – Clean-Up Call Option".

Optional Redemption for Taxation Reasons	In the event that the Issuer is required by law to deduct or withhold certain taxes with respect to any payment under the Notes, the Notes may, at the option of the Issuer and subject to certain conditions, be redeemed in whole but not in part at their then outstanding aggregate Note Principal Amounts, together with accrued interest (if any) to the date (which must be a Payment Date) fixed for redemption. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Optional Redemption for Taxation Reasons".
Taxation	All payments of principal of, and interest on, the Notes will be made free and clear of, and without any withholding or deduction for or on account of, tax (if any) applicable to the Notes under any applicable jurisdiction, unless such withholding or deduction is required by law. If any such withholding or deduction is imposed, the Issuer will not be obliged to pay any additional or further amounts as a result thereof. See "TAXATION".
Resolutions of Noteholders	In accordance with the German Act on Debt Securities of 2009 ( <i>Schuldverschreibungsgesetz</i> ), the Notes contain provisions pursuant to which the Noteholders may agree by resolution to amend the Terms and Conditions of the Notes and to decide upon certain other matters regarding the Notes including, without limitation, the appointment or removal of a common representative for the Noteholders of any Class. Resolutions of Noteholders of any Class properly adopted, by vote taken without a meeting in accordance with the Terms and Conditions of the Notes, are binding upon all Noteholders of such Class. Resolutions which do not provide for identical conditions for all Noteholders of any Class are void, unless Noteholders of such Class which are disadvantaged expressly consent to their being treated disadvantageously. In no event, however, may any obligation to make any payment or render any other performance be imposed on any Noteholder of any Class by resolution. As set out in the Terms and Conditions of the Notes, resolutions providing for certain material amendments to the Terms and Conditions of the Notes require a majority of not less than 75 per cent. of the votes cast. Resolutions regarding other amendments are passed by a simple majority of the votes cast. See "TERMS AND CONDITIONS OF THE NOTES — Resolutions of Noteholders".
Note Collateral	The obligations of the Issuer under the Notes will be secured by first ranking security interests granted to the Transaction Security Trustee for the benefit of the Noteholders and other Beneficiaries in respect of (i) the Issuer's claims under the Purchased Receivables and the Related Collateral acquired by the Issuer pursuant to the Receivables Purchase Agreement; and (ii) the Issuer's claims under certain Transaction Documents and the rights of the Issuer under the Accounts, all of which

have been assigned, transferred and pledged by way of security to the Transaction Security Trustee pursuant to the Transaction Security Agreement (collectively, the "**Collateral**"). In addition, the obligations of the Issuer will be secured by a first priority security interest granted to the Transaction Security Trustee in the Issuer's rights under the Interest Rate Swaps in accordance with the English Security Deed and in respect of the Accounts and all amounts standing to the credit of the Accounts from time to time in accordance with the Dutch Account Pledge Agreement (such security interests together with the Collateral, the "**Note Collateral**").

Upon the occurrence of an Issuer Event of Default, the Transaction Security Trustee will enforce or will arrange for the enforcement of the Note Collateral and any credit in the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account (excluding certain amounts stated in clause 23.1 of the Transaction Security Agreement), and any proceeds obtained from the enforcement of the Note Collateral pursuant to the Transaction Security Agreement will be applied exclusively in accordance with the Post-Enforcement Priority of Payments. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments".

The Portfolio: Purchased Receivables and Related Collateral

The Portfolio backing the Notes consists of the Purchased Receivables and the Related Collateral. The Purchased Receivables are loan instalment claims arising under amortising loan agreements originated by the Seller in its ordinary course of business (the "**Loan Contracts**") entered into between the Seller, as lender, and certain debtors (the "**Debtors**"), as borrowers, for the purpose of financing (i) the acquisition of the relevant Financed Vehicles and, if relevant, (ii) the contribution owed by the Debtors for accession to certain insurance agreements in connection with the financing of the acquisition of the related Financed Vehicle. The Aggregate Outstanding Principal Amount as of the close of business (in Mönchengladbach) on 31 May 2018 was EUR 599,999,998.18. The Related Collateral includes, *inter alia*, the security interest in the Financed Vehicles obtained by the Seller and any guarantee given for the loan and insurance claims relating to the Financed Vehicles. The Purchased Receivables, together with the Related Collateral, will be assigned and transferred to the Issuer on or before the Note Issuance Date pursuant to the Receivables Purchase Agreement. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT".

Servicing of the Portfolio

The Purchased Receivables and the Related Collateral will be administered, collected and enforced by the Seller in its capacity as Servicer under a servicing agreement dated on or about 19 June 2018 (as amended or amended and restated from time to time, the "**Servicing Agreement**"), and, upon outsourcing of the servicing and collection of the Purchased Receivables and the Related Collateral of the Seller to a (direct or indirect) subsidiary of the Seller or of a parent of the Seller and the appointment of such subsidiary as new Servicer by the Issuer, by such subsidiary in its capacity as new Servicer under the Servicing Agreement, and, upon termination of the appointment of the Servicer following the occurrence of a Servicer Termination Event, by a substitute servicer appointed by the Issuer. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement" and "CREDIT AND COLLECTION POLICY".

Collections

Subject to the Pre-Enforcement Priority of Payments, the Collections received on the Portfolio will be available for the payment of interest and principal on the Notes. The Collections will include, *inter alia*, all

cash amounts and proceeds received under the Purchased Receivables and the Related Collateral, any proceeds from the sale of Defaulted Receivables to a third party, and Deemed Collections. Pursuant to the Receivables Purchase Agreement, the Seller has undertaken to pay to the Issuer any Deemed Collection which is equal to the amount of the Outstanding Principal Amount (or the affected portion thereof) of any Purchased Receivable if such Purchased Receivable becomes a Disputed Receivable, such Purchased Receivable proves not to have been an Eligible Receivable on the Purchase Date, such Purchased Receivable is deferred, redeemed or modified other than in accordance with the Servicing Agreement or certain other events occur. See "DEFINITIONS — Deemed Collection".

#### Reserve Fund

The Notes will have the benefit of a reserve fund which will provide limited protection against shortfalls in the amounts required to pay interest and, to a certain extent, principal on the Notes (the "**Reserve Fund**"). See "CREDIT STRUCTURE — Reserve Fund" and "RISK FACTORS — Limited Availability of the Reserve Fund". The Reserve Fund will be maintained as a ledger to the Transaction Account. The Reserve Fund has two components, the Required Liquidity Reserve Amount and the Required Reserve Amount. However, for the avoidance of doubt, the Required Liquidity Reserve Amount and the Required Reserve Amount are not kept as separate sub-ledgers of the Reserve Fund and are not to be considered as separate reserve funds but are operands (*Rechengrößen*) as long as the Class A Principal Amount is greater than zero. The Required Liquidity Reserve Amount is designed to provide limited protection against shortfalls in the amounts required to be paid under items *first* to *seventh* of the Pre-Enforcement Priority of Payments. The Required Reserve Amount is designed to provide limited protection against shortfalls in the amounts required to be paid under items *ninth* to *twelfth* of the Pre-Enforcement Priority of Payments. Prior to the occurrence of an Issuer Event of Default, to the extent the amounts standing to the credit of the Reserve Fund have been applied to meet the payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments, the Reserve Fund will be replenished on each Payment Date up to (i) the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *first* to *seventh* of the Pre-Enforcement Priority of Payments and (ii) the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *ninth* to *twelfth* of the Pre-Enforcement Priority of Payments until the balance standing to the credit of the Reserve Fund equals the Required Reserve Amount. Once the Class A Principal Amount has been reduced to zero, the funds standing to the credit of the Reserve Fund will be available to meet the payment obligations of the Issuer under items *first* to *twelfth* of the Pre-Enforcement Priority of Payments. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Pre-Enforcement Priority of Payments" and "CREDIT STRUCTURE — Pre-Enforcement Priority of Payments".

To the extent that the Required Reserve Amount for the Notes is lower than the amount credited on the Reserve Fund at any time prior to the occurrence of an Issuer Event of Default, the difference between the Required Reserve Amount for the Notes and the actual amount standing

to the credit of the Reserve Fund will be used to meet certain other payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments, including (without limitation) to repay the Subordinated Loan. For the avoidance of doubts, on the Legal Maturity Date, all amounts standing to the credit of the Reserve Fund shall be used, in accordance with the Pre-Enforcement Priority of Payments, to pay the then Aggregate Outstanding Note Principal Amounts of the Notes until the then Aggregate Outstanding Note Principal Amounts of the Notes is reduced to zero.

**Required Reserve Amount** Pursuant to the Receivables Purchase Agreement and the Terms and Conditions of the Notes, the Required Reserve Amount will be an amount equal to the higher of (i) the Required Liquidity Reserve Amount and (ii) EUR 1,000,000, provided that the Required Reserve Amount shall be equal to zero if the Aggregate Outstanding Note Principal Amount is zero. See "DEFINITIONS — Required Reserve Amount".

On the Closing Date, the Required Reserve Amount is 0.935 per cent. of the initial Aggregate Outstanding Note Principal Amount being EUR 5,610,000.

**Required Liquidity Reserve Amount** Pursuant to the Receivables Purchase Agreement and the Terms and Conditions of the Notes, the Required Liquidity Reserve Amount will be, on the Note Issuance Date and as of any following Payment Date, an amount equal to one per cent. of the Class A Principal Amount as of the Note Issuance Date or the Cut Off Date immediately preceding the relevant Payment Date, as applicable, provided, that the Required Liquidity Reserve Amount will be equal to zero if the Class A Principal Amount is zero or if the Aggregate Outstanding Principal Amount is zero. See "DEFINITIONS — Required Liquidity Reserve Amount".

**Subordinated Loan** Santander Consumer Bank AG (the "**Subordinated Loan Provider**") will make available to the Issuer an interest-bearing subordinated loan facility (the "**Subordinated Loan**") in the principal amount of EUR 5,610,000 for the purpose of establishing the Reserve Fund. The obligations of the Issuer under the Subordinated Loan are subordinated to the obligations of the Issuer under the Notes and, following an Issuer Event of Default, rank junior against the Notes and all other obligations of the Issuer in accordance with the Post-Enforcement Priority of Payments. Prior to the occurrence of an Issuer Event of Default, interest under the Subordinated Loan will be payable by the Issuer monthly in arrears on each Payment Date, subject to and in accordance with the Pre-Enforcement Priority of Payments. The outstanding principal amount of the Subordinated Loan will be repaid by the Issuer from reductions of the Required Reserve Amount in accordance with the Pre-Enforcement Priority of Payments. See "CREDIT STRUCTURE — Subordinated Loan" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement".

**Commingling Reserve** Only following the occurrence of a Commingling Reserve Trigger Event, the Notes will have the benefit of a commingling reserve which will provide limited protection against the commingling risk in respect of the Seller acting as the Servicer. See "CREDIT STRUCTURE — Commingling Reserve". If, at any time as long as the Seller is the Servicer, a Commingling Reserve Trigger Event occurs, the Seller will be required, within 30 calendar days, to transfer the Commingling Reserve Amount to an account of the Issuer held with the Account Bank (the "**Commingling Reserve Account**"). If, at any time as long as the Seller is the Servicer, the balance credited to the Commingling Reserve Account as of any Cut-Off Date following the occurrence of a



Commingling Reserve Trigger Event is less than the Commingling Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Commingling Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, the Servicer will be required to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Commingling Reserve Account. The amounts, if any, standing to the credit of the Commingling Reserve Account shall be included in the Available Distribution Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item *fifth* of the Pre-Enforcement Priority of Payments) if and to the extent that the Seller has, on such Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date or if the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or if the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under section 21 of the German Insolvency Code or under sections 45, 46 or 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Purchaser shall pay to the Seller in its capacity as Servicer, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Commingling Reserve Excess Amount, using the balance credited to the Commingling Reserve Account.

**"Commingling Reserve Excess Amount"** means, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (h) of the definition of the Available Distribution Amount.

A **"Commingling Reserve Trigger Event"** will have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Commingling Required Rating.

**"Commingling Reserve Amount"** means

- (a) if on any Payment Date a Commingling Reserve Trigger Event has occurred and is continuing, an amount equal to the larger of zero and the sum of
  - (i) the amount of the Scheduled Collections for the period from the beginning of the Collection Period immediately following the Cut-Off Date immediately preceding the relevant Payment Date to the last Business Day of the second Collection Period after such Cut-Off Date (both inclusive); plus
  - (ii) 2.5 per cent. of the Aggregate Outstanding Principal Amount as of the relevant Cut-Off Date immediately

preceding the relevant Payment Date;

(iii) less the Commingling Reserve Reduction Amount; or

(b) otherwise, zero;

**"Commingling Reserve Reduction Amount"** shall mean on any Payment Date, the product of (i) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date and (ii) the difference, if positive, of (A) less (B) where:

(a) (A) is the result of (x) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Principal Amount on such Payment Date plus the Reserve Fund on such Payment Date, divided by (y) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date; and

(b) (B) is the result of (x) the Aggregate Outstanding Principal Amount on the first Cut-Off Date minus the Class A Principal Amount on the Note Issuance Date plus the Reserve Fund on the Note Issuance Date, divided by (y) the Aggregate Outstanding Principal Amount as of the first Cut-Off Date.

On the Closing Date, the Commingling Reserve Amount shall be zero;

**"Commingling Required Rating"** shall mean, with respect to any entity, that:

(a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's; and

(b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS,

and, in each case, any such rating has not been withdrawn.

**"Scheduled Collections"** means, with respect to any Collection Period, the amount of Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period.

#### Set-Off Reserve

Only following the occurrence of a Set-Off Reserve Trigger Event, the Notes will have the benefit of a set-off reserve which will provide limited protection against the set-off risk in respect of the Seller. See "CREDIT STRUCTURE — Set-Off Reserve". If a Set-Off Reserve Trigger Event occurs, the Seller will be required, within 30 calendar days, to transfer the Set-Off Reserve Amount to an account of the Issuer held with the Account Bank (the **"Set-Off Reserve Account"**). If the balance credited to the Set-Off Reserve Account as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event is less than the Set-Off Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Set-Off Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, the Seller will be required to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Set-Off Reserve Account. The amounts, if any, standing to the credit of the Set-Off Reserve Account shall be included in the Available Distribution

Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item *fifth* of the Pre-Enforcement Priority of Payments) if and to the extent that (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections and (ii) the Issuer does not have a right of set-off against the Seller with respect to such amounts on the relevant Payment Date. On any Payment Date following the occurrence of a Set-Off Reserve Trigger Event, the Purchaser shall pay to the Seller, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Set-Off Reserve Excess Amount, using the balance credited to the Set-Off Reserve Account.

**"Set-Off Required Rating"** shall mean, with respect to any entity, that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's,

and, in each case, such rating has not been withdrawn.

**"Set-Off Reserve Amount"** shall mean the sum of (X) and (Y), where:

- (X) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, an amount sufficient to capture the set-off risk related to the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at the Cut-Off Date immediately preceding the relevant Payment Date, as determined by the Servicer and set forth in the Set-Off Report in respect of such Cut-Off Date, provided that (X) shall be reduced to a lower amount or zero if (i) the Issuer determines that such lower amount will be sufficient, or (in case of a reduction to zero) an additional amount will no longer be required, to avoid a downgrading of the ratings assigned to the Class A Notes and (ii) the Issuer has notified Moody's, DBRS and the Seller of such reduction, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero; and
- (Y) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, the sum of the amounts which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the Cut-Off Date immediately preceding the relevant Payment Date, holds Seller Deposits, and are in each case equal to the lower of (x) the amount of such Seller Deposits and (y) the Outstanding Principal Amount of the Purchased Receivables owed by such Debtor as of the relevant Cut-Off Date, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero.

**"Set-Off Reserve Excess Amount"** shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with item 9 of the definition of Available Distribution Amount.

A **"Set-Off Reserve Trigger Event"** shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Set-Off Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Set-Off Required Rating.

**"Capitalised Service Fees"** shall mean, in respect of any Purchased Receivable, the total amount of the outstanding balance of the relevant Loan Contract which relates to the fees or premiums charged for the related Payment Protection Insurance (*Ratenschutzversicherung*), (ii) the related Gap Insurance (*Gap-Versicherung*) and/or (iii) the related Repair Cost Insurance (*Reparaturkostenversicherung*).

**"Seller Deposits"** means, with respect to any Debtor, the actual aggregate amount held by such Debtor in the form of money market accounts (*Tagesgeldkonten*), savings certificates (*Sparbriefe*), savings accounts (*Sparkonten*), current accounts (*Girokonten*) and/or credit cards (*Kreditkarten*) with the Seller at the relevant time.

**"Set-Off Report"** means, with respect to any Cut-Off Date, following the occurrence of a Set-Off Reserve Trigger Event and if a Set-Off Reserve Trigger Event is continuing, a report prepared by the Servicer on a monthly basis reasonably detailing (i) the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at such Cut-Off Date and (ii) an amount that is sufficient to capture the set-off risk of the Issuer related to such Capitalised Service Fees, and provided to the Rating Agencies as well as the Issuer and (unless the Seller acts as Servicer) the Seller in accordance with the Servicing Agreement no later than on the Set-Off Reporting Date in respect of such Cut-Off Date.

**"Set-Off Reporting Date"** means, with respect to any Cut-Off Date, the third Business Day prior to the Payment Date immediately following such Cut-Off Date.

#### Issuer's Sources of Income

The following amounts will be used by the Issuer to pay interest on and principal of the Notes and to pay any amounts due to the other creditors of the Issuer: (i) all payments of principal and interest and certain other payments and any Deemed Collections received under or with respect to the Purchased Receivables pursuant to the Receivables Purchase Agreement and/or the Servicing Agreement, (ii) all amounts received under the Interest Rate Swaps, (iii) all amounts of interest earned on the euro denominated interest bearing transaction account of the Issuer (the **"Transaction Account"**), (iv) all amounts standing to the credit of the Transaction Account which represent the credit standing to the Reserve Fund, (v) all amounts standing to the credit of the Commingling Reserve Account (except interest earned on such amounts), (vi) all amounts standing to the credit of the Set-Off Reserve Account (except interest earned on such amounts), (vii) all amounts paid by any third party as purchase price for Defaulted Receivables and (viii) all other amounts which constitute the Available Distribution Amount and which have not been mentioned in (i) to (viii) above.

Available Distribution  
Amount

**"Available Distribution Amount"** means, with respect to any Cut-Off Date and the Collection Period ending on such Cut-Off Date, an amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Corporate Administrator, the Calculation Agent, the Principal Paying Agent, the Cash Administrator and the Transaction Security Trustee not later than on the second Business Day after such Cut-Off Date (or, if the Servicer fails to calculate such amount, the amount calculated by the Cash Administrator with respect to such Cut-Off Date on the basis of the information available to the Cash Administrator at that time (for the avoidance of doubt, the Cash Administrator will not be obliged to request such information from any party to the Transaction Documents (other than the Calculation Agent or the EURIBOR Determination Agent as long as the Cash Administrator, the Calculation Agent and the EURIBOR Determination Agent are the same entity) or any other third party) and notified to the Issuer, the Corporate Administrator, the Principal Paying Agent, the Calculation Agent and the Transaction Security Trustee not later than on the third Business Day preceding the Payment Date following such Cut-Off Date), as the sum of:

1. the amounts standing to the credit of the Reserve Fund as of such Cut-Off Date;
2. any Collections (including, for the avoidance of doubt, Deemed Collections paid by the Seller or (if different) the Servicer) received by the Purchaser from the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date;
3. any amount paid by any Interest Rate Swap Counterparty to the Issuer under the relevant Interest Rate Swap (or otherwise received by the Issuer in respect thereof) on or before and with respect to the Payment Date immediately following such Cut-Off Date (excluding, however, (i) any Swap Collateral other than any proceeds from such Swap Collateral applied in satisfaction of payments due to the Issuer in accordance with the relevant Interest Rate Swap upon early termination of such Interest Rate Swap, (ii) any Excess Swap Collateral, (iii) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount is required to be applied directly to pay a termination payment due and payable by the Issuer to the relevant Interest Rate Swap Counterparty upon termination of the relevant Interest Rate Swap, and (iv) any Swap Tax Credits);
4. (i)(A) any stamp duty, registration and other similar taxes, (B) any taxes levied on the Purchaser and any relevant parties involved in the financing of the Purchaser due to the Purchaser and such parties having entered into the Receivables Purchase Agreement, the other Transaction Documents or other agreements relating to the financing of the acquisition by the Purchaser of the Purchased Receivables, (C) any liabilities, costs, claims and expenses which arise from the non-payment or the delayed payment of any taxes specified under (B) above, except for those penalties and interest charges which are attributable to the gross negligence of the Purchaser, and (D) any additional amounts corresponding to sums which the Seller is required to deduct or withhold for or on account of tax with respect to all payments made by the Seller to the Purchaser under the Receivables Purchase Agreement, in each case paid by the Seller pursuant to the Receivables Purchase Agreement,

and (ii) any taxes, increased costs and other amounts, in each case, paid by the Seller to the Purchaser pursuant to the Receivables Purchase Agreement and any taxes, increased costs and other amounts paid by the Servicer to the Purchaser pursuant to the Servicing Agreement, in each case as collected during such Collection Period;

5. (i)(A) any default interest on unpaid sums due by the Seller to the Purchaser and (B) indemnities against any loss or expense, including legal fees, incurred by the Purchaser as a consequence of any default of the Seller, in each case paid by the Seller to the Purchaser pursuant to the Receivables Purchase Agreement and (ii) any default interest and indemnities paid by the Servicer to the Purchaser pursuant to the Servicing Agreement, in each case as collected during such Collection Period;
6. any other amounts paid by the Seller to the Purchaser under or with respect to the Receivables Purchase Agreement or the Purchased Receivables or the Related Collateral and any other amounts paid by the Servicer to the Purchaser under or with respect to the Servicing Agreement, the Purchased Receivables or the Related Collateral, in each case as collected during such Collection Period;
7. any interest earned (if any) on any balance credited to the Transaction Account during such Collection Period;
8. the amounts (if any) standing to the credit of the Commingling Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Commingling Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Seller in its capacity as Servicer under item fifth of the Pre-Enforcement Priority of Payments), provided, however, that such amounts shall only be included in the Available Distribution Amount if and to the extent that the Seller or (if different) the Servicer have, as of the relevant Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller or (if different) the Servicer (x) during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding the relevant Payment Date, (y) during, or with respect to, previous Collection Periods for which the relevant amounts have not been included in the Available Distribution Amount previously or (z) if the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or if the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under Section 21 of the German Insolvency Code or under Sections 45, 46 or 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer;
9. the amounts (if any) standing to the credit of the Set-Off Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Set-Off Reserve Account), but only to the extent necessary for the fulfilment on

the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Seller in its capacity as Servicer under item *fifth* of the Pre-Enforcement Priority of Payments), provided, however, that such amounts shall only be included in the Available Distribution Amount if and to the extent that (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date, or with respect to previous Collection Periods for which the relevant amounts have not been included in the Available Distribution Amount previously, were not received by the Issuer as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections, and (ii) the Issuer does not have a right of set-off against the Seller or (if different) the Servicer with respect to such amounts on the relevant Payment Date;

10. the amounts (if any) standing to the credit of the Transaction Account which would have been distributed as Available Distribution Amount on any Payment Date prior to such Cut-Off Date, but were not distributed due to such Payment Date falling on a Servicer Disruption Date or the prior occurrence of a Termination Event; and
11. any amount (other than covered by ( 1) through ( 10) above) (if any) paid to the Issuer by any other party to any Transaction Document up to (and including) the Payment Date immediately following such Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount.

Pre-Enforcement Priority of Payments

On each Payment Date, prior to the occurrence of an Issuer Event of Default, the Available Distribution Amount as of the Cut-Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities (the "**Pre-Enforcement Priority of Payments**"):

*first*, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

*second*, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Transaction Security Trustee for itself under the Transaction Documents;

*third*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Corporate Administrator under the Corporate Administration Agreement, the Back-Up Servicer Facilitator under the Servicing Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of

the Issuer of up to EUR 500 annually;

*fourth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Rating Agencies (including any on-going monitoring fees), the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the EURIBOR Determination Agent under the Agency Agreement, the Managers under the Subscription Agreement (excluding any commissions and concessions which are payable to the Managers under the Subscription Agreement on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeepers and any other relevant party with respect to the issue of the Notes;

*fifth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement or otherwise, and any such amounts due and payable to any substitute servicer or back-up servicer (including any expenses, costs and fees incurred in the course of replacement) for the Purchased Receivables and the Related Collateral which may be appointed from time to time in accordance with the Receivables Purchase Agreement or the Servicing Agreement and any such costs and expenses incurred by the Issuer itself in the event that the Issuer collects and/or services the Purchased Receivables or the Related Collateral;

*sixth*, to pay *pari passu* with each other on a *pro rata* basis any amount due and payable to the Interest Rate Swap Counterparties under the Interest Rate Swaps, other than any termination payment (as determined pursuant to the relevant Interest Rate Swap) due and payable to an Interest Rate Swap Counterparty if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty

*seventh*, to pay Class A Notes Interest due and payable on such Payment Date *pro rata* on each Class A Note;

*eighth*, to credit to the Reserve Fund with effect as from such Payment Date up to the amount of the Required Liquidity Reserve Amount;

*ninth*, if no Principal Deficiency Trigger Event occurs, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*tenth*, to pay any Class A Notes Principal as of such Cut-Off Date, *pro rata* on each Class A Note, but only until the Class A Principal Amount following such payment is equal to the Class A Target Principal Amount;

*eleventh*, upon the occurrence of a Principal Deficiency Trigger Event, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*twelfth*, after the Class A Notes have been redeemed in full, to pay any Class B Notes Principal as of such Cut-Off Date, *pro rata* on each Class B Note, but only until the Class B Principal Amount following such



payment is equal to the Class B Target Principal Amount;

*thirteenth*, unless the Payment Date falls on a Servicer Disruption Date, to credit to the Reserve Fund with effect as from such Payment Date up to the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount;

*fourteenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Commingling Reserve Trigger Event has occurred, to credit to the Commingling Reserve Account with effect as from such Payment Date up to the amount of the Commingling Reserve Amount;

*fifteenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Set-Off Reserve Trigger Event has occurred, to credit to the Set-Off Reserve Account with effect as from such Payment Date up to the amount of the Set-Off Reserve Amount;

*sixteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay *pari passu* with each other on a *pro rata* basis any termination payment due and payable to any Interest Rate Swap Counterparty under its Interest Rate Swap if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty;

*seventeenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay *pari passu* with each other on a *pro rata* basis any fees owed by the Issuer to the Seller due and payable by the Issuer with respect to amounts standing to the credit of the Commingling Reserve Account and the Set-Off Reserve Account;

*eighteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay first, interest (including accrued interest) due and payable under the Subordinated Loan Agreement and thereafter, outstanding principal under the Subordinated Loan Agreement in the event of any reduction of the Required Reserve Amount from time to time (if any) in accordance with the provisions of the Receivables Purchase Agreement, in an amount (if any) which is equal to the difference between the Required Reserve Amount as of the Payment Date immediately preceding such Payment Date and the Required Reserve Amount as of such Payment Date, but in no event more than the difference between the actual credit then standing to the Reserve Fund as of such Payment Date and the Required Reserve Amount as of such Payment Date (and if such difference is negative, it shall be deemed to be zero);

*nineteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller due and payable (x) under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftückbelastung*) (to the extent such returns do not reduce the Collections for the Collection Period ending on such Cut-Off Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or (y) otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement (including, without limitation, any Commingling Reserve Excess Amount and any Set-Off Reserve Excess Amount) or other Transaction Documents; and

*twentieth*, unless the Payment Date falls on a Servicer Disruption Date, to pay, prior to the occurrence of a Termination Event, any remaining amount to the Seller in accordance with the Receivables Purchase Agreement,

provided that any payment to be made by the Issuer under items *first* to *fifth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Transaction Account and, if applicable, the Commingling Reserve Account and, if applicable, the Set-Off Reserve Account, and provided further that outside of such Pre-Enforcement Priority of Payments, any interest earned on the Commingling Reserve Account and Set-Off Reserve Account any Excess Swap Collateral, Replacement Swap Premium, Swap Tax Credit or any other Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) due to be transferred or paid by the Issuer to such Interest Rate Swap Counterparty pursuant to the terms and conditions of the relevant Interest Rate Swap shall be transferred or paid (as applicable) to such Interest Rate Swap Counterparty.

#### Termination Event

A "**Termination Event**" occurs when

1. the Seller fails to make a payment due under the Receivables Purchase Agreement at the latest on the fifth Business Day after its due date, or, in the event no due date has been determined, within five Business Days after the demand for payment, where such aggregate amount due is at least EUR 50,000;
2. the Seller fails within five Business Days to perform its material (as determined by the Purchaser) obligations (other than those referred to in (1) above) owed to the Purchaser under the Receivables Purchase Agreement after its due date, or, in the event no due date has been determined, within five Business Days after the demand for performance;
3. any of the representations and warranties made by the Seller, with respect to or under the Receivables Purchase Agreement or information transmitted is materially inaccurate or incorrect, unless such inaccuracy or incorrectness, insofar as it relates to Purchased Receivables, Related Collateral, or the Loan Contracts, has been remedied by the tenth Business Day (inclusive) after the Seller has become aware that such representations or warranties were inaccurate or incorrect;
4. the Seller is overindebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or intends to propose the institution of insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings) or dissolution proceedings and the Seller fails to remedy such status within 20 Business Days;
5. the Seller is in default with respect to any Material Payment Obligations owed to any third parties for a period of more than five calendar days;

6. the banking licence of the Seller is revoked, restricted or made subject to any conditions or any of the proceedings referred to in or any action under Sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*) have been taken with respect to the Seller;
7. the Seller fails to perform any material obligation under the Loan Contracts or in relation to the Related Collateral;
8. an Issuer Event of Default has occurred; or
9. a material adverse change in the business or financial conditions of the Seller has occurred which materially affects its ability to perform its obligations under the Receivables Purchase Agreement.

Issuer Event of Default

An "**Issuer Event of Default**" occurs when:

1. the Issuer becomes overindebted (*überschuldet*) or is unable to pay its debts as they fall due (*zahlungsunfähig*) or the inability of the Issuer to pay its debts as they fall due is imminent (*drohende Zahlungsunfähigkeit*) or measures under section 21 of the German Insolvency Code (*Insolvenzordnung*) are taken with respect to the Issuer or the Issuer initiates or otherwise becomes subject to liquidation, insolvency, or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Transaction Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets;
2. the Issuer defaults in the payment of any interest due and payable in respect of any Class A Note and such default continues for a period of at least five Business Days;
3. the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in clause 7 (Security Purpose) of the Transaction Security Agreement), other than those mentioned under items *sixteenth* to *twentieth* of the Pre-Enforcement Priority of Payments, in each case to the extent that the Available Distribution Amount as of the Cut-Off Date immediately preceding the relevant Payment Date would have been sufficient to pay such amounts, and such default continues for a period of at least five Business Days;
4. a distress, execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within 30 calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally; or
5. the Transaction Security Trustee ceases to have a valid and enforceable security interest in any of the Note Collateral or any other security interest created under any Transaction

Security Document.

Upon the occurrence of an Issuer Event of Default, the full Class Principal Amount shall become due and payable in accordance with the Post-Enforcement Priority of Payments.

Upon the occurrence of an Issuer Event of Default and prior to the full discharge of all Transaction Secured Obligations, any credit (other than:

- (a) any interest on any balance credited to the Commingling Reserve Account which shall be paid to the Seller;
- (b) any interest on any balance credited to the Set-Off Reserve Account which shall be paid to the Seller;
- (c) amounts representing any Excess Swap Collateral which shall be returned directly to an Interest Rate Swap Counterparty;
- (d) any Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by the an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) which shall be returned directly to such Interest Rate Swap Counterparty;
- (e) any Swap Tax Credits which shall be paid directly to an Interest Rate Swap Counterparty; and
- (f) any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Counterparty) which shall be paid directly to such Interest Rate Swap Counterparty),

standing to the credit of the Transaction Account, on the Commingling Reserve Account, on the Set-Off Reserve Account and on any Swap Collateral Account (including, for the avoidance of doubt, any account of the Transaction Security Trustee opened in accordance with clause 14 (Accounts termination) of the Transaction Security Agreement and any proceeds obtained from the enforcement of the Note Collateral in accordance with clause 19 (Enforcement of Note Collateral) of the Transaction Security Agreement (together, the "**Credit**")) shall be applied exclusively in accordance with the post-enforcement priority of payments ("**Post-Enforcement Priority of Payments**") set out below.

Post-Enforcement Priority of Payments

Upon the occurrence of an Issuer Event of Default, on any Payment Date any Credit (which excludes certain amounts stated in clause 24.1 of the Transaction Security Agreement) will be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

*first*, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

*second*, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Transaction Security Trustee for itself under the Transaction Documents;

*third*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Corporate Administrator under the Corporate Administration Agreement, the Back-Up Servicer Facilitator under the Servicing Agreement, the Data Trustee under the Data Trust Agreement and the Account Bank under the Accounts Agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

*fourth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Rating Agencies (including any on-going monitoring fees), the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the EURIBOR Determination Agent under the Agency Agreement, the Managers under the Subscription Agreement (excluding any commissions and concessions which are payable to the Managers under the Subscription Agreement on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeepers and any other relevant party with respect to the issue of the Notes;

*fifth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement or otherwise, and any such amounts due and payable to any substitute servicer or back-up servicer (including any expenses, costs and fees incurred in the course of replacement) for the Purchased Receivables and the Related Collateral which may be appointed from time to time in accordance with the Receivables Purchase Agreement or the Servicing Agreement and any such costs and expenses incurred by the Issuer itself in the event that the Issuer collects and/or services the Purchased Receivables or the Related Collateral;

*sixth*, to pay *pari passu* with each other on a *pro rata* basis any amount due and payable to the Interest Rate Swap Counterparties under the Interest Rate Swaps, other than any termination payment (as determined pursuant to the relevant Interest Rate Swap) due and payable to an Interest Rate Swap Counterparty if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty;

*seventh*, to pay Class A Notes Interest due and payable on such Payment Date *pro rata* on each Class A Note;

*eighth*, to pay any Class A Notes Principal as of such Payment Date, *pro rata* on each Class A Note;

*ninth*, after the Class A Notes have been redeemed in full, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*tenth*, to pay any Class B Notes Principal as of such Payment Date, *pro*

*rata* on each Class B Note;

*eleventh*, to pay *pari passu* with each other on a *pro rata* basis any termination payment due and payable to any Interest Rate Swap Counterparty under its Interest Rate Swap if an event of default has occurred under the relevant Interest Rate Swap with respect to such Interest Rate Swap Counterparty;

*twelfth*, to pay *pari passu* with each other on a *pro rata* basis any fees owed by the Issuer to the Seller due and payable with respect to any amounts standing to the credit of the Commingling Reserve Account and the Set-Off Reserve Account as of such Payment Date;

*thirteenth*, to pay interest (including accrued interest) due and payable under the Subordinated Loan Agreement;

*fourteenth*, to pay any amounts owed by the Issuer to the Seller due and payable (x) under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (Lastschriftückbelastung) (to the extent such returns do not reduce the Collections for the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (rechtskräftig festgestellt) to be an enforceable Purchased Receivable, or (y) otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement (including, without limitation, any interest on any balance credited to the Commingling Reserve Account and the Set-Off Reserve Account, the Commingling Reserve Excess Amount and any Set-Off Reserve Excess Amount) or other Transaction Documents;

*fifteenth*, to repay outstanding principal due and payable under the Subordinated Loan Agreement; and

*sixteenth*, to pay any remaining amount to the Seller,

provided that any payment to be made by the Issuer under items *first* to *fifth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using the Credit; and for the avoidance of doubt, provided further that outside of Post-Enforcement Priority of Payments, any Excess Swap Collateral, Replacement Swap Premium, Swap Tax Credit or any other Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) due to be transferred or paid by the Issuer to such Interest Rate Swap Counterparty pursuant to the terms and conditions of the relevant Interest Rate Swap shall be transferred or paid (as applicable) to such Interest Rate Swap Counterparty.

## Interest Rate Swaps

As the Receivables bear interest at a fixed rate and the Class A Notes will bear interest at a floating rate calculated by reference to EURIBOR, the Issuer has entered into two separate interest rate swap agreements, each on the basis of an ISDA Master Agreement (2002) (including any schedule thereto and confirmation thereunder as well as any related Credit Support Annex, the "**Interest Rate Swap**") with an Interest Rate Swap Counterparty in order to hedge its floating rate exposure under

	<p>the Class A Notes. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Interest Rate Swaps".</p>
Ratings	<p>The Class A Notes are expected on issue to be assigned a long-term rating of Aaa (sf) by Moody's, and a long-term rating of AAA (sf) by DBRS. The Issuer has not requested a rating of the Class B Notes.</p>
Approval, Listing and Admission to Trading	<p><i>Commission de Surveillance du Secteur Financier</i>, as competent authority under the Prospectus Directive, has approved the Prospectus for the purposes of the Prospectus Directive. By approving this Prospectus the <i>Commission de Surveillance du Secteur Financier</i> assumes no responsibility as to the economic or financial soundness of this transaction or the quality and solvency of the Issuer. The Notes will be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The direct cost of the admission of the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange amounts to approximately EUR 10,500.</p>
Clearing	<p>Euroclear of 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Luxembourg of 42 Avenue J.F. Kennedy, 1855 Luxembourg, Luxembourg (together, the "<b>Clearing Systems</b>", the "<b>International Central Securities Depositories</b>" or the "<b>ICSDs</b>").</p>
Governing Law	<p>The Notes will be governed by, and construed in accordance with, the laws of Germany.</p>
Transaction Documents	<p>The Receivables Purchase Agreement, the Servicing Agreement, the Transaction Security Agreement, the English Security Deed, the Dutch Account Pledge Agreement, the Interest Rate Swaps, the Subordinated Loan Agreement, the Corporate Administration Agreement, the Accounts Agreement, the Data Trust Agreement, the Notes, the Agency Agreement and any amendment agreement, termination agreement or replacement agreement relating to any such agreement. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS".</p>

## RISK FACTORS

The following is an overview of certain factors which prospective investors should consider before deciding to purchase the Notes. While the Issuer believes that the following statements describe the material risk factors in relation to the Issuer and the material risk factors inherent to the Notes and are up to date as of the date of this Prospectus, the following statements are not exhaustive; prospective investors are requested to consider all the information in this Prospectus, make such other enquiries and investigations as they consider appropriate and reach their own views prior to making any investment decisions.

The Notes will be solely contractual obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), the Transaction Security Trustee, the Interest Rate Swap Counterparties, the Data Trustee, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the EURIBOR Determination Agent, the Account Bank, the Managers, the Arranger, the Listing Agent, the Common Safekeepers, the Subordinated Loan Provider or any of their respective affiliates or any affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third person or entity other than the Issuer.

Furthermore, no person other than the Issuer will accept any liability whatsoever to Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

### The Issuer

#### Credit Aspects of the Transaction and other considerations relating to the Notes

##### Liability under the Notes, Limited Recourse

The Notes represent obligations of the Issuer only, and do not represent obligations of, and are not guaranteed by, any other person or entity. In particular, the Notes do not represent obligations of, and will not be guaranteed by, any of the Seller, the Servicer (if different), the Transaction Security Trustee, the Interest Rate Swap Counterparties, the Data Trustee, the Principal Paying Agent, the Calculation Agent, the EURIBOR Determination Agent, the Cash Administrator, the Account Bank, the Managers, the Arranger, the Listing Agent, the Common Safekeepers, the Subordinated Loan Provider or any of their respective affiliates or any affiliate of the Issuer or any other party (other than the Issuer) to the Transaction Documents or any other third person or entity other than the Issuer. No person other than the Issuer will accept any liability whatsoever to the Noteholders in respect of any failure by the Issuer to pay any amount due under the Notes.

Prior to the occurrence of an Issuer Event of Default, all payment obligations of the Issuer under the Notes constitute exclusive obligations to pay out on each Payment Date the Available Distribution Amount determined as of the Cut-Off Date immediately preceding such Payment Date in accordance with the Pre-Enforcement Priority of Payments. Upon the occurrence of an Issuer Event of Default, all payment obligations of the Issuer under the Notes constitute exclusive obligations to pay out the credit standing to the Transaction Account, the Commingling Reserve Account and the Set-Off Reserve Account (excluding certain amounts stated in clause 23.1 of the Transaction Security Agreement) and the proceeds of the Note Collateral in accordance with the Post-Enforcement Priority of Payments and shall only be settled if and to the extent that the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any current positive balance of the net assets (*anderes freies Vermögen*) of the Issuer. The Notes shall not give rise to any payment obligation in excess of such amounts and recourse shall be limited accordingly.

None of the Noteholders, the Transaction Security Trustee nor the other Beneficiaries (nor any other person acting on behalf of any of them) shall be entitled, until the expiration of two years and one day after all outstanding amounts under the last maturing Note issued by the Issuer have been paid in full, to take any corporate action or other steps or legal proceedings for the winding-up, administration, examinership, dissolution or re-organisation or for the appointment of a receiver, administrator, examiner, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues and assets of the Issuer or have any right to take any steps for the purpose of obtaining payment (other than through the enforcement of the Note Collateral) of any amounts payable to it under the Transaction Documents by the Issuer (including, for the avoidance of



doubt, any payment obligation arising from false representations under the Transaction Security Agreement) and shall not until such time take any steps to recover any debts or liabilities of any nature whatsoever owing to it by the Issuer.

There is no specific statutory or judicial authority in German law on the validity of non-petition clauses. It cannot be excluded that a German court might hold that any of the non-petition clauses in the German law governed Transaction Documents is void in cases where the Issuer intentionally breaches its duties or intentionally does not fulfil its respective obligations under such documents. The foregoing would apply to other restrictions of liability of the Issuer as well. In individual cases, German courts held that a non-petition clause in a lease agreement preventing the lessee from initiating court proceedings against the lessor was void as it violated *bonos mores* and that the parties to a contract may only waive their respective right to take legal action in advance to a certain specified extent, but not entirely, because the right to take legal action is a core principle of the German legal system. However, this Issuer has been advised that these rulings are based on the particularities of the respective cases and, therefore, should not give rise to the conclusion that non-petition clauses are generally void under German law. Additionally, because under German law a party is generally free to waive its claim against another party in advance, a partial waiver, in the sense that the party waives only its rights to enforce its claims, should *a fortiori* be valid.

### **Non-Existence of Purchased Receivables**

The Issuer retains the right to bring indemnification claims against the Seller but no other person against the risk that the Purchased Receivables do not exist or cease to exist without encumbrance (*Bestands- und Veritätshaftung*) in accordance with the Receivables Purchase Agreement. If the Loan Contract relating to a Purchased Receivable proves not to have been legally valid as of the Purchase Date, the Seller will pay to the Issuer a Deemed Collection in an amount equal to the Outstanding Principal Amount of such Purchased Receivable (or the affected portion thereof) pursuant to the Receivables Purchase Agreement (see also "RISK FACTORS — Commercial Risks — Creditworthiness of Parties to the Transaction Documents").

The same applies if a Debtor uses its right of withdrawal (*Widerrufsrecht*). Such withdrawals are legally possible even after the expiry of the regular two week time period for withdrawals if the instruction of withdrawal (*Widerrufsbelehrung*) used by the Seller or the counterparty of a linked contract within the meaning of section 358 of the German Civil Code (*Bürgerliches Gesetzbuch*) does not comply with legal requirements. The legal requirements applicable to instructions of withdrawal are under constant review of the German courts. See "RISK FACTORS — German Consumer Loan Legislation".

### **Limited Resources of the Issuer**

The Issuer is a special purpose financing entity with no business operations other than the issue of the Notes and the purchase and financing of the Purchased Receivables. Therefore, the ability of the Issuer to meet its obligations under the Notes will depend, *inter alia*, upon receipt of:

- payments of principal and interest and certain other payments received as Collections under the Purchased Receivables pursuant to the Servicing Agreement and the Receivables Purchase Agreement;
- Deemed Collections (if due) from the Seller;
- funds (if due) from any Interest Rate Swap Counterparty under the relevant Interest Rate Swap (excluding, however, (i) any Swap Collateral other than any proceeds from such Swap Collateral applied in satisfaction of payments due to the Issuer in accordance with an Interest Rate Swap upon early termination of such Interest Rate Swap, (ii) any Excess Swap Collateral, (iii) any amount received by the Issuer in respect of a Replacement Swap);
- proceeds of the realisation of the Note Collateral;
- Premium to the extent that such amount is required to be applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Counterparty upon termination of the relevant Interest Rate Swap, and (iv) any Swap Tax Credits);

- interest earned on the amounts credited to the Transaction Account;
- amounts paid by any third party as purchase prices for Defaulted Receivables and any relevant Related Collateral; and
- payments (if any) under the other Transaction Documents in accordance with the terms thereof.

Other than the foregoing, the Issuer will have no funds available to meet its obligations under the Notes.

### **Subordination**

The Issuer's obligations under the Interest Rate Swaps will be secured by the Note Collateral and such obligations (excluding termination payments due to an Interest Rate Swap Counterparty because of an event of default relating to it) will rank, in respect of payment and security upon the occurrence of an Issuer Event of Default, senior to the Issuer's obligations under the Notes. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments".

### **The Notes**

#### **Interest Rate Risk**

Payments made to the Seller by any Debtor under a Loan Contract which enables such Debtor to purchase a Financed Vehicle comprise monthly amounts calculated with respect to a fixed interest rate. However, payments of interest on the Class A Notes are calculated with respect to EURIBOR plus a margin. To ensure that the Issuer will not be exposed to any material interest rate discrepancy, the Issuer and each Interest Rate Swap Counterparty have entered into separate Interest Rate Swaps under which the Issuer will make payments by reference to a fixed rate and each Interest Rate Swap Counterparty will make payments by reference to EURIBOR under its respective Interest Rate Swap, in each case calculated with respect to the notional amount as determined under such Interest Rate Swap.

During periods in which floating rate interests payable by an Interest Rate Swap Counterparty under the relevant Interest Rate Swap are greater than the fixed rate interests payable by the Issuer under such Interest Rate Swap, the Issuer will be more dependent on receiving net payments from the Interest Rate Swap Counterparties in order to make interest payments on the Class A Notes. Consequently, a default by an Interest Rate Swap Counterparty on its obligations under the relevant Interest Rate Swap may lead to the Issuer not having sufficient funds to meet its obligations to pay interest on the Class A Notes. The Interest Rate Swaps are independent of each other, and none of the Interest Rate Swap Counterparties will be liable for the obligations of the other Interest Rate Swap Counterparty under its respective Interest Rate Swap.

#### **Changes or Uncertainty in respect of EURIBOR may affect the Value or Payment of Interest under the Class A Notes**

Various interest rate and other indices which are deemed to be "benchmarks", in the case at hand EURIBOR, are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms and other pressures may cause such benchmarks to disappear entirely or to perform differently than in the past (as a result of a change in methodology or otherwise), create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted at the date of this Prospectus. Any such consequence could have a material adverse effect on any Notes linked to such a benchmark as further described below.

Key regulatory proposals and initiatives in this area include (amongst others) International Organization of Securities Commissions' (IOSCO) Principles for Financial Market Benchmarks and the Regulation (EU) 2016/1011 (the "**Benchmark Regulation**"). The Benchmark Regulation entered into force in June 2016 and became fully applicable in the EU on 1 January 2018 (save that certain provisions, including those related to "critical benchmarks", took effect on 30 June 2016), subject to certain transitional provisions. The Benchmark Regulation applies to the contribution of input data to a

"benchmark", the provision or administration of a "benchmark" and the use of a "benchmark" in the EU. Among other things, it (i) requires EU benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to the administration of "benchmarks" and (ii) prohibits certain uses by EU supervised entities of "benchmarks" provided by EU administrators which are not authorised or registered in accordance with the Benchmark Regulation (or, if located outside of the EU, subject to equivalence, recognition or endorsement).

On 9 March 2017, the European Money Markets Institute published a position paper setting out the legal grounds for proposed reforms to EURIBOR. The position paper considered the need to ensure the alignment of EURIBOR with the relevant principles of the Benchmark Regulation, as well as the proposed transition from a "quote-based" methodology to a "transaction-based" methodology for determining EURIBOR. This involved a six-month "Pre-Live Verification Programme" to test a proposed seamless transition to a fully transaction-based methodology. The outcome of this programme was published in May 2017, which concluded that a seamless transition to a transaction-based methodology would not be feasible, and that EURIBOR will continue to operate as a "quote-based" system whilst a "hybrid methodology" for determining EURIBOR is being developed.

On 17 January 2018, the following Delegated Regulations were published in the Official Journal of the EU: (i) Commission Delegated Regulation (EU) 2018/64, which supplements the Benchmark Regulation with regard to specifying how the criteria of article 20(1)(c)(iii) of the Benchmark Regulation are to be applied for assessing whether certain events would result in significant and adverse impacts on market integrity, financial stability, consumers, the real economy or the financing of households and businesses in one or more member states, (ii) Commission Delegated Regulation (EU) 2018/65, which supplements the Benchmark Regulation specifying technical elements of the definitions laid down in article 3(1) of the Benchmark Regulation, (iii) Commission Delegated Regulation (EU) 2018/66, which supplements the Benchmark Regulation specifying how the nominal amount of financial instruments other than derivatives, the notional amount of derivatives and the net asset value (NAV) of investment funds are to be assessed; the Commission adopted Delegated Regulations (EU) 2018/64, (EU) 2018/65 and (EU) 2018/66 on 29 September 2017, and (iv) Commission Delegated Regulation (EU) 2018/67, which supplements the BMR with regard to the establishment of the conditions to assess the impact resulting from the cessation of or change to existing benchmarks on 3 October 2017. All the Delegated Regulations entered into force on 6 February 2018.

The reforms referred to above could result in one or more interest rate benchmarks ceasing to be provided, or performing in a different manner than was previously the case.

Based on the information set out above, investors should, in particular, be aware of the following:

- (a) any of the reforms referred to above, or proposed changes to a benchmark (including EURIBOR) could impact on the published rate or level (i.e. it could be lower/more volatile than would otherwise be the case);
- (b) if EURIBOR is discontinued or is otherwise permanently unavailable and an amendment as described in paragraph (c) below has not been made, then the rate of interest on the Class A Notes will be determined for a period by the fall-back provisions provided for under Condition 6.3 (Interest Rate), i.e. in the event that the EURIBOR Determination Agent is on any EURIBOR Determination Date required but unable to determine EURIBOR for the relevant Interest Period in accordance with the above, EURIBOR for such Interest Period shall be EURIBOR as determined on the previous EURIBOR Determination Date, although such provisions, being dependent in part upon the provision by reference banks of offered quotations for the EURIBOR rate, may not operate as intended (depending on market circumstances and the availability of rates information at the relevant time) and may result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available;
- (c) while (i) an amendment may be made under Condition 12(b)(i) of the Terms and Conditions of the Notes to change the EURIBOR rate on the Class A Notes to an alternative base rate under certain circumstances broadly related to EURIBOR dysfunction or discontinuation, (ii) the Issuer (acting on the advice of the Servicer) is under an obligation to use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with

Condition 12(b)(i) of the Terms and Conditions of the Notes under Condition 6.3 (Interest Rate) of the Terms and Conditions of the Notes, and (iii) an amendment may be made under Condition 12(b)(i) of the Terms and Conditions of the Notes to change the base rate that then applies in respect of the Interest Rate Swaps for the purpose of aligning the base rate of the Interest Rate Swaps to the base rate of the Class A Notes following a Base Rate Modification, there can be no assurance that any such amendments will be made or, if made, that they (i) will fully or effectively mitigate interest rate risks or result in an equivalent methodology for determining the interest rates on the Class A Notes and the Interest Rate Swaps or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant;

- (d) if EURIBOR is discontinued, and whether or not an amendment is made under Condition 12(b)(i) of the Terms and Conditions of the Notes to change the base rate on the Class A Notes as described in paragraph (c) above, if a proposal for an equivalent change to the base rate on the Interest Rate Swaps is not approved in accordance with Condition 12(b)(i) of the Terms and Conditions of the Notes, there can be no assurance that the applicable fallback provisions under the Interest Rate Swaps would operate so as to ensure that the base floating interest rate used to determine payments under the Swap Agreement is the same as that used to determine interest payments under the Class A Notes, or that any such amendment made under Condition 12(b)(i) of the Terms and Conditions of the Notes would allow the transaction under the Interest Rate Swaps to effectively mitigate interest rate risk on the Class A Notes. This, in turn, could cause a risk of mismatch of interest and reduced payments on the Class A Notes; and
- (e) in the event EURIBOR cannot be used as a benchmark (for whatever reason), there can be no guarantee that the alternative reference rate will operate in a manner that would enable the relevant transactions contemplated under this prospectus, to mitigate interest rate risk under the Notes in the manner intended.

Any of the above matters (including an amendment to change the base rate as described in paragraph (c) above) or any other significant change to the setting or existence of EURIBOR could affect the ability of the Issuer to meet its obligations under the Class A Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Class A Notes. Changes in the manner of administration of EURIBOR could result in amendments to the Conditions of the Class A Notes and the Interest Rate Swaps in line with Conditions 12(b)(i) of the Terms and Conditions of the Notes. No assurance may be provided that relevant changes will not be made to EURIBOR or any other relevant benchmark rate and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Class A Notes.

#### **Early Redemption of the Notes and Effect on Yield**

The yield to maturity of any Note of each Class will depend on, *inter alia*, the amount and timing of payment of principal and interest on the Purchased Receivables and the price paid by the Noteholder for such Note.

On any Payment Date following the Cut-Off Date on which the Aggregate Outstanding Principal Amount has been reduced to less than 10 per cent. of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date or on any Payment Date following thereafter, the Seller may, subject to certain conditions, repurchase all Purchased Receivables (together with any Related Collateral) which have not been sold to a third party and the proceeds from such repurchase shall constitute Collections and the payments of interest and principal in accordance with the Pre-Enforcement Priority of Payment on such Payment Date will lead to an early redemption of the Notes (see Condition 7.4 (Early Redemption) of the Terms and Conditions of the Notes). This may adversely affect the yield on each Class of Notes.

In addition, the Issuer may, subject to certain conditions, redeem all of the Notes if under applicable law the Issuer is required to make a deduction or withholding for or on account of tax (see Condition 7.5 (Optional Redemption for Taxation Reasons) of the Terms and Conditions of the Notes). This may adversely affect the yield on each Class of Notes.

### **Non-availability of Subordinated Loan**

After the Note Issuance Date, the Issuer will not be entitled to any further drawings under the Subordinated Loan to fill or re-fill the Reserve Fund up to the Required Reserve Amount or otherwise to make payments in respect of principal or interest on the Notes. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement".

### **Conflicts of Interest**

Banco Santander, S.A., being affiliated with the Seller, is acting in a number of capacities in connection with this transaction. Banco Santander, S.A. will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. Banco Santander, S.A., in its various capacities in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

Wilmington Trust SP Services (Frankfurt) GmbH is acting in a number of capacities in connection with this transaction. Wilmington Trust SP Services (Frankfurt) GmbH will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. Wilmington Trust SP Services (Frankfurt) GmbH, in its various capacities in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

ABN AMRO Bank N.V. is acting in a number of capacities in connection with this transaction. ABN AMRO Bank N.V. will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. ABN AMRO Bank N.V., in its various capacities in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

TMF Trustee Limited, being affiliated with the Data Trustee, is acting in its capacity as Transaction Security Trustee in connection with this transaction. TMF Trustee Limited will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. TMF Trustee Limited, in its capacity as Transaction Security Trustee in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

TMF Trustee Services GmbH, being affiliated with the Transaction Security Trustee, is acting in its capacity as Data Trustee in connection with this transaction. TMF Trustee Services GmbH will have only those duties and responsibilities expressly agreed to by it in the Transaction Documents to which it is a party and will not, by virtue of its or any of its affiliates' acting in any other capacity, be deemed to have any other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided therein. TMF Trustee Services GmbH, in its capacity as Data Trustee in connection with this transaction, may enter into business dealings from which it may derive revenues and profits without any duty to account therefor in connection with this transaction.

The Servicer may hold and/or service claims against the Debtors with respect to receivables other than the Purchased Receivables. The interests or obligations of the Servicer in its respective capacities with respect to such other claims may in certain aspects conflict with the interests of the Noteholders.

The Transaction Security Trustee, the Data Trustee, the Managers, the Interest Rate Swap Counterparties, the Principal Paying Agent, the Cash Administrator, the Calculation Agent, the EURIBOR Determination Agent, the Back-Up Servicer Facilitator, the Listing Agent, the Account Bank, the Subordinated Loan Provider and the Arranger may engage in commercial relationships, in

particular, hold assets in other securitisation transactions as security trustee, be lenders, provide investment banking and other financial services to the Debtors, the other parties to the Transaction Documents and other third parties. In such relationships the Data Trustee, the Transaction Security Trustee, the Managers, the Interest Rate Swap Counterparties, the Principal Paying Agent, the Cash Administrator, the Calculation Agent, the EURIBOR Determination Agent, the Back-Up Servicer Facilitator, the Listing Agent, the Account Bank, the Subordinated Loan Provider and the Arranger are not obliged to take into account the interests of the Noteholders. Accordingly, conflicts of interest may arise in this transaction.

### **Risks from Reliance on Certification by True Sale International GmbH**

True Sale International GmbH ("TSI") grants a registered certification label if a special purpose vehicle complies with certain TSI conditions. These conditions ensure that securitisations involving a German special purpose vehicle adhere to certain quality standards. The label "*Certified by TSI – Deutscher Verbriefungsstandard*" thus indicates that standards based on the conditions established by TSI have been met. Nonetheless, the TSI certification is not a recommendation to buy, sell or hold securities. Certification is granted on the basis of the Seller's or Issuer's declaration of undertaking to comply with the main quality criteria of the "*Certified by TSI – Deutscher Verbriefungsstandard*" label, in particular with the lending and servicing standards and disclosure requirements throughout the duration of the transaction. The certification does not represent any assessment of the expected performance of the underlying loans portfolio or the Notes. For a more detailed explanation, see "CERTIFICATION BY TRUE SALE INTERNATIONAL GMBH".

TSI has carried out no other investigations or surveys in respect of the Issuer or the Notes and disclaims any responsibility for monitoring the Issuer's continuing compliance with these standards or any other aspect of the Issuer's activities or operations. Investors should therefore not evaluate their investments in the Notes on the basis of this certification.

### **PCS Label**

Application has been made to Prime Collateralised Securities (UK) Limited for the Class A Notes to receive the Prime Collateralised Securities label (the "**PCS Label**"). The PCS Label is not a recommendation to buy, sell or hold securities. There can be no assurance that the Class A Notes will receive the PCS Label (either before the Note Issuance Date or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the United States Securities Acts of 1933 (as amended).

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. To understand the nature of the PCS Label, you must read the information set out in [www.pcsmarket.org](http://pcsmarket.org). The website <http://pcsmarket.org> does not form part of this Prospectus.

### **Ratings of the Class A Notes**

Each rating assigned to the Class A Notes by any Rating Agency takes into consideration the structural and legal aspects associated with the Class A Notes and the underlying Purchased Receivables, the credit quality of the Portfolio, the extent to which the Debtors' payments under the Purchased Receivables are adequate to make the payments required under the Class A Notes as well as other relevant features of the structure, including, *inter alia*, the credit situation of the Interest Rate Swap Counterparties, the Account Bank, the Seller and the Servicer (if different). Each Rating Agency's rating reflects only the view of that Rating Agency. Each rating assigned to the Class A Notes addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Payment Date and the ultimate payment of principal on the Legal Maturity Date of the Notes. In particular, the ratings assigned by Moody's to the Class A Notes address the expected loss to a Noteholder by the Legal Maturity Date for such Notes and reflect Moody's opinion that the

structure allows for timely payment of interest and ultimate payment of principal by the Legal Maturity Date. The Moody's rating addresses only the credit risks associated with this transaction. The rating assigned to the Class A Notes by DBRS addresses the likelihood of full and timely payment to the Noteholders of all payments of interest on the Notes on each Payment Date and the ultimate payment of principal by the Legal Maturity Date.

The Issuer has not requested any rating of the Class B Notes and the Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agencies. However, rating organisations may seek to rate the Class B Notes or rating organisations other than the Rating Agencies may seek to rate the Class A Notes and, if such "shadow ratings" or "unsolicited ratings" are low, in particular, in the case of the Class A Notes, lower than the comparable ratings assigned to the Class A Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the value of any Class of Notes. Future events, including events affecting any Interest Rate Swap Counterparty, the Account Bank, the Seller and the Servicer (if different) could also have an adverse effect on the rating of any Class of Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organisation. The ratings assigned to the Class A Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In the event that the ratings initially assigned to the Class A Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason (including, without limitation, any subsequent change of the rating methodologies and/or criteria applied by the relevant Rating Agency), no person or entity is obliged to provide any additional support or credit enhancement to the Notes.

Each of the Rating Agencies is established in the European Community. According to the press release of the European Securities Markets Authority (ESMA) dated 31 October 2011 and the list of registered and certified rating agencies ("**List of Registered CRAs**") published by the European Securities and Markets Authority (ESMA), Moody's and DBRS have been registered in accordance with Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by Regulation (EU) No. 513/2011 of the European Parliament and of the Council of 11 May 2011. The latest update of the List of Registered CRAs is available on the website of the European Securities and Markets Authority (ESMA) under [www.esma.europa.eu/page/List-registered-and-certified-CRAs](http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) (see also the section entitled "**CRA III**" below).

### **Resolutions of Noteholders**

The Notes provide for resolutions of Noteholders to be passed by vote taken without meetings. Each Noteholder is subject to the risk of being outvoted. As resolutions properly adopted are binding on all Noteholders, certain rights of such Noteholder against the Issuer under the Terms and Conditions of the Notes may be amended or reduced or even cancelled.

### **Noteholders' Representative**

If the Noteholders appoint a Noteholders' representative by a majority resolution of the Noteholders, it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer, such right passing to the Noteholders' Representative who is then exclusively responsible to claim and enforce the rights of all the Noteholders.

### **Absent or Limited Secondary Market Liquidity and Market Value of Notes**

Although application has been made to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, liquidity of a secondary market for the Notes could be limited or absent. There can be no assurance that there will be bids and offers and that a liquid secondary market for the Notes will develop or that a market will develop for all Classes of Notes or, if it develops, that it provides sufficient liquidity to absorb any bids, or that it will continue for the whole life of the Notes.

Limited liquidity in the secondary market for asset-backed securities has had a serious adverse effect on the market value of asset-backed securities. Limited liquidity in the secondary market may continue to have a serious adverse effect on the market value of asset-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors.

In addition, prospective investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date hereof); the market values of the Notes may fluctuate with changes in market conditions. Any such fluctuation may be significant and could result in significant losses to investors in the Notes. Consequently, any sale of Notes by Noteholders in any secondary market transaction may be at a discount to the original purchase price of such Notes. Accordingly, investors should be prepared to remain invested in the Notes until the Legal Maturity Date.

### **Eurosystem Eligibility**

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Class A Notes Common Safekeeper and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem (the "**Eurosystem eligible collateral**") either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria set out in the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), as amended and supplemented from time to time and as supplemented by the temporary criteria for certain asset-backed securities contained in, *inter alios*, Guideline (ECB/2014/31) on additional temporary measures relating to Eurosystem refinancing operations and eligibility of collateral and amending Guideline ECB/2007/9 (recast) and Decision (EU) 2015/5 of the European Central Bank of 19 November 2014 on the implementation of the asset-backed securities purchase programme (ECB/2014/45) (as amended from time to time).

In addition, on 15 December 2010, the Governing Council of the European Central Bank (the "**ECB**") has decided on the establishment of loan-by-loan information requirements for asset-backed securities ("**ABS**") in the Eurosystem collateral framework. The Auto Loan ABS template was published in May 2012 and was last updated in September 2013. The loan-by-loan information requirement for Auto Loan ABS is applicable since 1 January 2014 (with a nine-month transition period which ended on 30 September 2014). The Issuer will use its best efforts to make loan level details available in such manner as may be required to comply with the Eurosystem eligibility criteria, subject to applicable Secrecy Rules.

If the Class A Notes do not satisfy the criteria specified by the European Central Bank, or if the Servicer fails to submit the required loan-level data, there is a risk that the Class A Notes will not be qualified as Eurosystem eligible collateral. Neither the Issuer, any Manager nor the Arranger gives any representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or any or at all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem eligible collateral. Any prospective investor in the Class A Notes should consult its professional advisers with respect to whether or not the Class A Notes constitute Eurosystem eligible collateral at any point of time during the life of the Class A Notes.

### **Revisions to Basel III Framework, CRD IV and CRR as well as CRR Requirements for Investor Institutions**

The Basel Committee on Banking Supervision (the "**Committee**") published in July 2009 "Revisions to the Basel II market risk framework" and "Enhancements to the Basel II framework", which provide for a number of enhancements targeting each of the three Pillars "minimum capital requirements", "supervisory review process" and "market discipline" set-forth by the Committee in its June 2006 publication "Basel II: International Convergence of Capital Measurement and Capital Standards: A Revised Framework (Comprehensive Version)" (the "**Framework**"). In the EU, the Framework had been implemented on the basis of EU and national legislative measures.



In December 2010, the Committee published proposals for further changes to the Framework ("Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer"). The proposals include new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for institutions (such as credit institutions). These include, without limitation, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the liquidity coverage ratio and net stable funding ratio, respectively). The European Parliament and the Council adopted a new set of legislation to implement these amendments in the European Union. The relevant legislation encompasses a directive, Directive 2013/36/EU ("**CRD IV**"), dated 26 June 2013, governing, amongst other things, the basic rules and requirements for the banking business and its supervision and a regulation ("**CRR**"), dated 26 June 2013, containing detailed requirements regarding liquidity, capital base, leverage and counterparty credit risks. The directive had to be transposed into national law by each of the EU Member States in general by 31 December 2013, provided that certain provisions may be applied after that date (together known as the "**CRD IV Regime**"). The regulation has direct binding effect in the EU Member States and applies since 1 January 2014 (subject to certain exceptions and transitional provisions).

Member states were required to implement the new capital standards from 2014, the new liquidity coverage ratio from January 2015 and the net stable funding ratio from January 2018. In January 2015 the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 regarding the liquidity coverage requirements was published in the Official Journal of the European Union ("**LCR Delegated Regulation**"). The liquidity coverage ratio under the LCR Delegated Regulation applies as from 1 October 2015. The LCR Delegated Regulation specifies that the minimum requirement will begin at 60 per cent., rising in equal annual steps of 10 percentage points to reach 100 per cent. as from 1 January 2019. In January 2015 the Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 regarding the liquidity coverage requirements was published in the Official Journal of the European Union ("**LCR Delegated Regulation**"). The LCR Delegated Regulation also sets out requirements for so-called "Level 2B Assets" as set forth in article 13 of the LCR Delegated Regulation. On 24 January 2018, the European Commission proposed a delegated regulation amending the LCR Delegated Regulation. However, with respect to the Notes, there can be no assurance that such requirements will be met at all times or will be accepted by the competent authorities to have been fulfilled for the purposes set forth in the LCR Delegated Regulation and, accordingly, investors are required to independently assess and determine the suitability of their investment in the Notes for their respective purpose. None of the Issuer, the Seller, the Joint Lead Managers or the Arranger makes any representation that the information described above is sufficient in all circumstances for such purposes.

On 28 December 2017, the Regulation (EU) 2017/2401 of the European Parliament and of the Council amending the CRR (the "**CRR Amending Regulation**") was published in the Official Journal which will apply from 1 January 2019, except that certain provisions may continue to apply for a certain grace period thereafter. The CRR Amending Regulation implements changes to the CRR on the basis of the revised securitisation framework developed by the Basel Committee. In particular, the changes include to make, *inter alia*, capital requirements with respect to securitisation exposures more prudent and risk sensitive and at the same time serve to reduce mechanic reliance on external credit ratings. The changes also include, amongst other things, (i) a revised hierarchy of approaches of risk evaluation and capital assignment applicable to certain types of securitisation exposures, (ii) revised ratings based approach and modified supervisory formula approach incorporating additional risk drivers (such as maturity), which are intended to create a more risk-sensitive and prudent calibration, and (iii) new approaches, such as a simplified supervisory approach and different applications of the concentration ratio based approach. Investors should carefully consider (and, where appropriate, take independent advice) the changes introduced by the CRR Amending Regulation, in particular, the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes. It should be noted that a new set of regulatory technical standards will be required to add detail to the CRR Amending Regulation, the impact of which is, at this point, difficult to predict.

On 7 December 2017, the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision, endorsed the outstanding Basel III regulatory reforms which are commonly referred to as "Basel IV". The document concludes the proposals and consultations on-going since 2014 in relation to credit risk, credit value adjustment ("**CVA**") risk, operational risk, output floors and

leverage ratio. The key objective of the revisions is to reduce excessive variability of risk-weighted assets (RWAs). The reforms include the following elements: revised standardised approach for credit risk, which will improve the robustness and risk-sensitivity of the existing approach, revisions to the internal ratings-based approach for credit risk, where the use of the most advanced internally modelled approaches for low-default portfolios will be limited, revisions to the CVA framework, including the removal of the internally modelled approach and the introduction of a revised standardised approach and revised standardised approach for operational risk, which will replace the existing standardised approaches and the advanced measurement approaches. The implementation date is 1 January 2022, with the output floor phased from 1 January 2022 to 1 January 2027.

The CRR, the CRR Amending Regulation and the CRD IV as well as any implementing legislation or (as the case may be) the Basel III Framework and its amendments could affect the risk-based capital treatment of the Notes for investors which are subject to bank capital adequacy requirements under the CRR and relevant national legislation implementing the CRD IV and/or requirements that follow or are based on the Basel III Framework. Accordingly, the changes under the CRD IV Regime may have an impact on incentives to hold the Notes for investors that are subject to requirements that follow the revised framework and, as a result, they may affect the liquidity and/or value of the Notes.

It is reasonable to expect further amendments to the Basel framework also having effect on German national legislation (e.g. the German Banking Act (*Kreditwesengesetz*), the CRD IV and the CRR in the near and medium term future, and there is no assurance that the regulatory capital treatment of the Notes for investors will not be affected by any future change to the Framework, the CRD IV or the CRR.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences to and effect on them of any changes to the Basel framework (including the Basel IV changes described above) and by the CRD IV Regime in particular and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

### **Securitisation Regulation and Simple, Transparent and Standardised Securitisations**

On 17 January 2018, as part of the implementation of the European Commission's Action Plan on Building a Capital Markets Union, Regulation (EU) 2017/2402 came into force which will – together with the CRR Amending Regulation – harmonise rules on risk retention, due diligence and disclosure across the different categories of European institutional investors which will apply to all securitisations (subject to grandfathering provisions) and will introduce a new framework for simple, transparent and standardised securitisations (the "**Securitisation Regulation**"). The Securitisation Regulation will apply from 1 January 2019. Prior to such date the European Banking Authority and the European Securities and Markets Authority will develop technical standards clarifying certain requirements under the draft regulation, including for simple, transparent and standardised securitisations.

The Transaction is not structured to fully comply with the requirements for simple, transparent and standardised securitisations under the Securitisation Regulation and it is also not intended to make use of the grandfathering provision set out in article 43 para. 2 of the Securitisation Regulation.

However, investors should carefully consider (and, where appropriate, take independent advice) the changes introduced by the Securitisation Regulation and the CRR Amending Regulation, in particular, the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes. It should be noted that a new set of regulatory technical standards will be required to add detail to the Securitisation Regulation and the CRR Amending Regulation, the impact of which is at this point difficult to predict.

### **Risk Retention and Due Diligence Requirements**

Furthermore, investors should be aware of the EU risk retention and due diligence requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorized alternative investment fund managers, investment firms, insurance and reinsurance undertakings and Undertakings for Collective Investment in Transferable Securities (UCITS) funds. In particular, the CRR provides that where an institution (i.e. a credit institution or an investment firm within the meaning of the CRR) does not meet the requirements

set out in articles 405, 406 and 409 of the CRR in any material respect by reason of the negligence or omission of the institution, the competent authorities shall impose a proportionate additional risk weight of no less than 250 per cent. of the risk weight (the total risk weight being capped at 1250 per cent.) to the relevant securitisation positions. The additional risk weight shall progressively increase with each subsequent infringement of the due diligence provisions. Pursuant to article 405 of the CRR, an institution, other than when acting as an originator, a sponsor or original lender, may hold the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the institution that it will retain, on an on-going basis, a material net economic interest which, in any event, will not be less than 5 per cent. Article 406 of the CRR imposes certain due diligence requirements on investor institutions. Article 409 of the CRR requires, *inter alia*, that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting the securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. Hence, the additional risk weight does not only apply in case of a relevant non-compliance with the due diligence obligations on the part of an institution investing in the Notes. Also non-compliance of the Seller with articles 405 and 409 of the CRR may result in such additional risk weights and hence negatively affect the price received for, and/or the ability of the Noteholders to sell, the Notes in the secondary market. In particular, there is no assurance that any reference to the Seller's retention of net economic risk in this Prospectus constitutes sufficient disclosure by the Seller in view of adequately supporting the due diligence investigation on the part of the Noteholders for the purposes of article 406 of the CRR.

Consequently, prospective investors and Noteholders should consult their professional advisers as to the consequences to and effect on them of the application of the Framework and its amendments and any relevant implementing measures. No predictions can be made as to, and the Issuer is not responsible for informing the prospective investors and Noteholders of, the effects of the changes to risk-weighting as a result of implementation of the Framework and its amendments.

Under article 405 of Regulation 2013/575/EU (the "**CRR**"), an institution (i.e. a credit institution or an investment firm), other than when acting as an originator, a sponsor or original lender, may hold the credit risk of a securitisation position in its trading book or non-trading book only if the originator, sponsor or original lender has explicitly disclosed to the institution that it will retain, on an on-going basis, a material net economic interest which, in any event, will not be less than 5 per cent. of the aggregate nominal amount of securitised exposures. Pursuant to article 405 paragraph (1)(d) of the CRR, a net economic interest may be retained, *inter alia*, by way of retention of a first loss tranche and, if necessary, of other tranches having the same or a more severe risk profile than the tranches sold or transferred to investors and not maturing any earlier than the tranches sold or transferred to the investors, so that the retention equals in total no less than 5 per cent. of the aggregate nominal amount of the securitised exposures. For the purposes of compliance with the requirements of article 405 paragraph (1)(d) of the CRR by the relevant investor, the Seller will do each of the following: first, the Seller will retain, in its capacity as originator within the meaning of Article 405 of the CRR, on an on-going basis until the earlier of (i) the redemption of the Notes in full and (ii) the Legal Maturity Date, a first loss tranche constituted by the claim for repayment of a loan advance of EUR 5,610,000 made available by the Seller in its capacity as Subordinated Loan Provider to the Issuer under the Subordinated Loan Agreement as of the Note Issuance Date. The nominal amount of such loan advance equals 1 per cent. of the Class A Principal Amount as of the Note Issuance Date. Subject to certain additional restrictions, the loan advance will only become repayable to the Seller on any relevant date if and to the extent its outstanding amount exceeds an amount equal to the Required Reserve Amount as of such date. Prior to the redemption of the Notes in full, the Required Reserve Amount will be equal to at least EUR 1,000,000. Pursuant to the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments (as applicable), any payments due under the Subordinated Loan Agreement are subordinated to payments due under the Notes. Second, the Seller will retain, on an on-going basis until the earlier of (i) the redemption of the Class A Notes in full and (ii) the Legal Maturity Date, the Class B Notes in an aggregate principal amount equal to at least 5 per cent. of the Aggregate Outstanding Note Principal Amount as of the Note Issuance Date (the "**Retained Class B Notes**"). Pursuant to the Subscription Agreement, the Seller undertakes to purchase and retain the Retained Class B Notes and not to sell and/or transfer them (whether in full or in part) to any third party until the earlier of (i) the redemption of the Class A Notes in full and (ii) the Legal Maturity Date.

Article 409 of the CRR requires, *inter alia*, that prospective investors have readily available access to all materially relevant data on the credit quality and performance of the individual underlying exposures, cash flows and collateral supporting the securitisation exposure as well as such information that is necessary to conduct comprehensive and well informed stress tests on the cash flows and collateral values supporting the underlying exposures. For that purpose, materially relevant data shall be determined pursuant to article 409 as at the date of the securitisation and where appropriate due to the nature of the securitisation thereafter.

In addition, investors and Noteholders should be aware of article 17 of the Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers ("**AIFMD**") and Article 51 (1) of Chapter III, Section 5 of the Commission Delegated Regulation (EU) 231/2013 of 19 December 2012 ("**AIFMR**") which introduced risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under AIFM, and of article 135 of the Directive (2009/138/EC) ("**Solvency II**") and articles 254 *et seq.* of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II ("**Solvency II Delegated Regulation**"), which impose risk retention and due diligence requirements and provide for proportionate increases of the solvency capital requirements, should the risk retention rule not be complied with in respect of any relevant investment of an insurance or reinsurance undertaking. While the requirements applicable to AIFMs under Chapter III, section 5 of the AIFMR are similar to those which apply under articles 405 to 409 of the CRR, they are not identical and, in particular, additional due diligence obligations and a requirement to take corrective action if an investment does not comply with the risk retention requirements apply to AIFMs. Additional due diligence obligations apply to relevant alternative investment fund managers especially in respect of requirements for retained interest and qualitative requirements concerning sponsors and originators, and AIFMs exposed to securitisations.

With a view to support compliance with article 409 of the CRR, article 52 (g) of the AIFMR and article 254(1) of the Solvency II Delegated Regulation, the Seller in its capacity as Servicer will, on a monthly basis after the Note Issuance Date, provide certain information to investors in the form of the Detailed Investor Reports including data with regard to the Purchased Receivables and an overview of the retention of the material net economic interest. The Cash Administrator will make each Detailed Investor Report provided to it by the Servicer publicly available without undue delay by posting it on the website of Bloomberg (<https://bloomberg.com>) and by arranging for its publication on the website of True Sale International GmbH ([www.true-sale-international.de](http://www.true-sale-international.de)).

Similar requirements also apply to insurance and reinsurance undertakings under article 135(2)(a) of Solvency II and articles 254 *et seq.* of the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II, which impose risk retention and due diligence requirements and provide for proportionate increases of the solvency capital requirements, should the risk retention rule not be complied with in respect of any relevant investment of an insurance or reinsurance undertaking.

Each of articles 405 to 409 of the CRR and Chapter III, section 5 of the AIFMR and the relevant provisions of Solvency II applies in respect of the Notes, so investors which are EU regulated credit institutions, AIFMs or insurance or reinsurance undertakings should therefore make themselves aware of such requirements (and any corresponding implementing rules) of the CRR or AIFMR or Solvency II applicable to them and should be aware that a failure to comply with applicable provisions may result in administrative penalties, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Relevant investors are required to independently assess and determine the sufficiency of the information described in this Prospectus and in any Detailed Investor Report provided in relation to the transaction for the purposes of complying with any relevant requirements including articles 405 to 409 of the CRR, Chapter III, section 5 of the AIFMR and the relevant provisions of Solvency II and none of the Issuer, the Managers, the Arranger, the Seller or the Servicer or any other party to the Transaction Documents makes any representation that the information described above is sufficient in all circumstances for such purposes.

Certain aspects of the CRR and Chapter III, section 5 of the AIFMD, the relevant provisions of Solvency II and what is required to demonstrate compliance to national regulators remain unclear. Investors who are uncertain as to the requirements that will need to be complied with in order to avoid the additional regulatory capital charges for non-compliance with articles 405 to 409 or to avoid being

required to take corrective action under Chapter III, section 5 of the AIFMR or under the relevant provisions under Solvency II should seek guidance from their regulator.

Articles 405 to 409 of the CRR, Chapter III Section 5 of the AIFMR, the relevant provisions of Solvency II and any other changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

### **CRA III**

In general, European regulated investors are restricted under the Regulation 1060/2009/EC of the European Parliament and the Council of 16 September 2009 on credit rating agencies, as amended pursuant to Regulation 513/2011/EU of the European Parliament and the Council of 11 May 2011 and to Regulation 462/2013/EU of the European Parliament and of the Council of 31 May 2013 ("**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. In addition, the CRA Regulation provides, *inter alia*, for requirements as regards the use of ratings for regulatory purposes of banks, insurance companies, reinsurance undertakings, UCITS and institutions for occupational retirement provision, the avoidance of conflict of interests, the monitoring of the ratings, the registration of rating agencies and the withdrawal of such registration as well as the supervision of rating agencies. If a registration of a rating agency is withdrawn, ratings issued by such rating agency may not be used for regulatory purposes. EU regulation 462/2013 ("**CRA III**"), which came into effect on 20 June 2013, amends the CRA Regulation and now provides, *inter alia*, for requirements as regards the use of ratings for regulatory purposes also for investment firms, management companies, alternative investment fund managers (AIFMs) and central counterparties, the obligation of an investor to make its own credit assessment, the establishment of a European rating platform and civil liability of rating agencies.

CRA III also provides for certain additional disclosure requirements which are applicable in relation to structured finance instruments. Such disclosures will need to be made via a website to be set up by the ESMA. The precise scope and manner of such disclosure is subject to regulatory technical standards prepared by ESMA. ESMA has published its final report on such draft regulatory technical standards on 20 June 2014, which was subsequently submitted to the European Commission. The Commission Delegated Regulation (EU) 2015/3 of 30 September 2014 supplementing the CRA with regard to regulatory technical standards on disclosure requirements for structured finance instruments was published in the Official Journal on 6 January 2015 and entered into force on 26 January 2015. The reporting obligations laid down in such Commission Delegated Regulation applied from 1 January 2017 and applies to any structured finance instrument issued on or after 26 January 2015 and still outstanding on 1 January 2017, although no backlog of information relating to the period between those two dates will need to be published. Reporting will take place on a website to be established by ESMA and the information will be accessible to the general public.

Additionally, CRA III has introduced a requirement that where an issuer or related third parties (which term includes sponsors and originators) intends to solicit a credit rating of a structured finance instrument it will appoint at least two credit rating agencies to provide ratings independently of each other; and should consider appointing at least one rating agency having not more than a 10 per cent. total market share (as measured in accordance with article 8d(3) of the CRA (as amended by CRA III)) (a "**small CRA**"), provided that a small CRA is capable of rating the relevant issuance or entity. Where the issuer or a related third party does not appoint at least one credit rating agency with no more than 10 per cent. market share, this must be documented. In order to give effect to those provisions of article 8d of CRA III, the ESMA is required to annually publish a list of registered CRAs, their total market share, and the types of credit rating they issue. The Issuer has appointed Moody's and DBRS, each of which is established in the EEA and is registered under the CRA and is listed in the latest update of the list of registered credit rating agencies as of 1 May 2018 published on the website of the European Securities and Markets Authority. DBRS is a small CRA in the meaning of CRA3 and, therefore, the Originator complies with article 8d (3) of the CRA3.

The above general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the

relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Noteholders should consult their own professional advisers to assess the effects of such EU regulations on their investment in the Notes.

### **Volcker Rule**

Under section 619 of the U.S. Dodd-Frank Act and the corresponding implementing rules (the "**Volcker Rule**"), U.S. banks, foreign banks with U.S. branches or agencies, bank holding companies, and their affiliates (collectively, the "**Relevant Banking Entities**" as defined under the Volcker Rule) are prohibited from, among other things, acquiring or retaining any ownership interest in, or acting as sponsor in respect of, certain investment entities referred to in the Volcker Rule as covered funds, except as may be permitted by an applicable exclusion or exception from the Volcker Rule. In addition, in certain circumstances, the Volcker Rule restricts relevant banking entities from entering into certain credit exposure related transactions with covered funds. Full conformance with the Volcker Rule is required since 21 July 2015.

Key terms are widely defined under the Volcker Rule, including "banking entity", "ownership interest", "sponsor" and "covered fund". In particular, "banking entity" is defined to include certain non-U.S. affiliates of U.S. banking entities. A "covered fund" is defined to include an issuer that would be an investment company under the Investment Company Act 1940 but is exempt from registration solely in reliance on section 3(c)(1) or 3(c)(7) of the Investment Company Act, subject to certain exemptions found in the Volcker Rule's implementing regulations. An "ownership interest" is defined to include, among other things, interests arising through a holder's exposure to profits and losses in the covered fund, as well as through any right of the holder to participate in the selection or removal of an investment advisor, manager, or general partner, trustee, or member of the board of directors of the covered fund.

If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. The Volcker Rule and any similar measures introduced in another relevant jurisdiction may, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

There is limited interpretive guidance regarding the Volcker Rule, and implementation of the regulatory framework for the Volcker Rule is still evolving. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and is considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each purchaser must determine for itself whether it is a banking entity subject to regulation under the Volcker Rule. Neither the Issuer nor the Arranger or any of the Joint Lead Managers makes any representation regarding the ability of any purchaser to acquire or hold the Notes, now or at any time in the future.

### **U.S. Risk Retention**

The final rules promulgated under section 15(G) of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd Frank Wall Street Reform and Consumer Protection Act and codified at 17 C.F.R. Part 246 (the "**U.S. Risk Retention Rules**"), came into effect with respect to all asset classes on 24 December 2016 and require the "sponsor" of a "securitization transaction" to retain at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined under the U.S. Risk Retention Rules, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

With respect to the U.S. Risk Retention Rules, the Seller does not intend to retain credit risk in connection with the offer and sale of the Notes in reliance upon a safe harbour provided for in Rule 20 of the U.S. Risk Retention Rules regarding certain non-U.S. related transactions. Such non-U.S. related transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the asset-backed securities are issued, as applicable) of all classes of asset-backed securities issued in the securitisation transaction are sold or transferred to "U.S. persons" (as defined in the U.S. Risk Retention Rules and referred to in this Prospectus as "**Risk Retention U.S. Persons**") or for the account or benefit of Risk Retention U.S. Persons; (3) neither the sponsor nor the issuer of the securitisation transaction is (i) chartered, incorporated or organised under the laws of the United States or any state, (ii) an unincorporated branch or office of an entity chartered, incorporated or organised under the laws of the United States or any state or (iii) an unincorporated branch or office located in the United States of an entity that is chartered, incorporated or organized under the laws of a jurisdiction other than the United States or any state; and (4) if the sponsor or issuer is chartered, incorporated or organised under the laws of a jurisdiction other than the United States or any state, no more than 25 per cent. (as determined based on unpaid principal balance) of the underlying collateral was acquired from a majority-owned affiliate or an unincorporated branch or office of the sponsor or issuer organised and located in the United States.

Purchasers of Notes that are Risk Retention U.S. Persons are required to obtain the written consent of the Seller, who will be monitoring the level of Notes purchased by, or for the account or benefit of, Risk Retention U.S. Persons. There can be no assurance that the requirement to obtain the Seller's prior written consent to the purchase of any Notes by, or for the account or benefit of, any Risk Retention U.S. Person will be complied with.

Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" under Regulation S under the Securities Act, and that persons who are not "U.S. persons" under Regulation S may be "U.S. persons" under the U.S. Risk Retention Rules. The definition of "U.S. person" in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" (and "Risk Retention U.S. Person" in this Prospectus) means

- (a) any of the following:
  - (i) any natural person resident in the United States;
  - (ii) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;
  - (iii) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
  - (iv) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
  - (v) any agency or branch of a foreign entity located in the United States;
  - (vi) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
  - (vii) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
  - (viii) any partnership, corporation, limited liability company, or other organisation or entity if:
    - (A) organised or incorporated under the laws of any foreign jurisdiction; and

- (B) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act; and
- (b) "U.S. person(s)" does not include:
- (i) any discretionary account or similar account (other than an estate or trust) held for the benefit or account of a person not constituting a U.S. person (as defined in paragraph (a) of this section) by a dealer or other professional fiduciary organised, incorporated, or (if an individual) resident in the United States;
  - (ii) any estate of which any professional fiduciary acting as executor or administrator is a U.S. person (as defined in paragraph (a) of this section) if:
    - (A) an executor or administrator of the estate who is not a U.S. person (as defined in paragraph (a) of this section) has sole or shared investment discretion with respect to the assets of the estate; and
    - (B) the estate is governed by foreign law;
  - (iii) any trust of which any professional fiduciary acting as trustee is a U.S. person (as defined in paragraph (a) of this section), if a trustee who is not a U.S. person (as defined in paragraph (a) of this section) has sole or shared investment discretion with respect to the trust assets, and no beneficiary of the trust (and no settlor if the trust is revocable) is a U.S. person (as defined in paragraph (a) of this section);
  - (iv) an employee benefit plan established and administered in accordance with the law of a country other than the United States and customary practices and documentation of such country;
  - (v) any agency or branch of a U.S. person (as defined in paragraph (I) of this section) located outside the United States if:
    - (A) the agency or branch operates for valid business reasons; and
    - (B) the agency or branch is engaged in the business of insurance or banking and is subject to substantive insurance or banking regulation, respectively, in the jurisdiction where located;
  - (vi) The International Monetary Fund, the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, the African Development Bank, the United Nations, and their agencies, affiliates and pension plans, and any other similar international organisations, their agencies, affiliates and pension plans.

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be required, to represent to the Issuer, the Seller and the Joint Lead Managers that it (1) (i) is not a Risk Retention U.S. Person, (ii) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes, and (iii) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to avoid the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Rule 20 of the U.S. Risk Retention Rules) or (2) (i) is a Risk Retention U.S. Person and (ii) is not a "U.S. person" as defined under Regulation S.

None of the Seller, the Issuer, the Corporate Administrator, the Arranger or the Joint Lead Managers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.



There can be no assurance that the safe harbour for certain non-U.S. related transactions provided for in Rule 20 of the U.S. Risk Retention Rules will be available. Failure of the offering under this Prospectus to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the impact of the U.S. Risk Retention Rules on the securitisation market generally is uncertain, and a failure by a transaction to comply with the U.S. Risk Retention Rules could negatively affect the market value and secondary market liquidity of the Notes.

### **EMIR and MiFID II/MiFIR**

Each of the Interest Rate Swap Counterparties has agreed to provide hedging to the Issuer and investors should be aware that, pursuant to Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 ("**EMIR**"), the Issuer is subject to certain regulatory requirements including, but not limited to, various compliance requirements for non-cleared "over-the-counter" derivative transactions (known as the 'risk mitigation techniques') and the requirement to report derivative transactions to a trade repository or to the ESMA which may result in future amendments by the Issuer to the Transaction Documents, in particular where Noteholder consent will not be required for such amendments. The 'risk mitigation techniques' include requirements for timely confirmation, portfolio reconciliation, and dispute resolution. EMIR imposes also a record-keeping requirement pursuant to which counterparties must keep record of any derivative contract they have concluded and any modification for at least five years following the termination of the contract. In Germany, a law implementing EMIR (*EMIR-Ausführungsgesetz*) has come into force on 16 February 2013. Pursuant to such law, non-compliance with the obligations imposed by EMIR that are applicable to the Issuer may qualify as administrative offences (*Ordnungswidrigkeiten*). From the Note Issuance Date, in accordance with the Corporate Administration Agreement, the Corporate Administrator will provide services to the Issuer which are required in order for the Issuer to comply with its reporting and portfolio reconciliation obligations under EMIR, to the extent that they may be delegated.

Further, under EMIR certain derivatives that are over-the-counter ("**OTC**") traded in the European Union have to be cleared via central counterparties ("**Clearing Obligation**"). The Clearing Obligation applies to financial counterparties ("**FCPs**"), such as investment firms, credit institutions and insurance companies, and certain non-financial counterparties ("**Non-FCPs**") that hold positions in such OTC derivatives exceeding specified 'clearing thresholds', subject to regulatory technical standards (RTS) and implementing technical standards (ITS) which have been or will be developed by ESMA in connection with EMIR. Such OTC derivatives also need to be of a class of derivative which has been designated by ESMA as being subject to the Clearing Obligation. While the Issuer does not expect that any Interest Rate Swap or a replacement swap will form part of a class of OTC derivatives that will be declared subject to the Clearing Obligation, this cannot be excluded. In addition, even though the Issuer enters into each Interest Rate Swap or a replacement swap as a non-financial counterparty and solely to reduce risks directly relating to its commercial activity or treasury financing activity, the relevant clearing threshold could be exceeded on a consolidated basis pursuant to article 10 (3) EMIR to the extent the Issuer forms part of the Seller's group. Thus, as of the date hereof, it cannot be excluded that the Issuer will be subject to the Clearing Obligation in the future in respect of any swap replacing any Interest Rate Swap.

If the Issuer intends to replace any of the Interest Rate Swap Counterparties and/or enter into a replacement swap, it cannot be excluded that the above-mentioned requirements under EMIR may materially increase the costs that are associated with the Interest Rate Swaps or the replacement swap (as the case may be). In addition, the Issuer may have to bear additional costs in connection with steps taken in the future that are necessary or desirable in order to comply with the provisions of EMIR and any national or EU measures implementing such regulation. No assurance can be given that such additional costs would not adversely affect the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

It should also be noted that further changes may be made to the EMIR framework in the context of the EMIR review process, including in respect of counterparty classification. In this regard, the European Commission has published legislative proposals providing for certain amendments to EMIR. If the proposals are adopted in their current form, the classification of certain counterparties under EMIR would change including with respect to certain securitisation vehicles such as the Issuer. It is not clear when, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted and will become applicable. In addition, the compliance position under any adopted amended

framework of swap transactions entered into prior to application is uncertain. No assurances can be given that any changes made to EMIR would not cause the status of the Issuer to change and lead to some or all of the potentially adverse consequences outlined above.

The EU regulatory framework and legal regime relating to derivatives is set not only by EMIR and various delegated regulations but also by the recast Markets in Financial Instruments Directive. The official texts of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("**MiFID II**") and Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 ("**MiFIR**") together with MiFID II, "**MiFID II/MiFIR**") were published in the EU Official Journal on 12 June 2014 and entered into force on 2 July 2014. MiFIR is a Level 1 regulation and requires secondary rules for full implementation of all elements. The implementing measures that supplement MiFIR take the form of technical standards and delegated acts implementing such technical standards. In April 2014, the European Commission asked ESMA to produce technical advice ("**TA**") as well as regulatory and implementing technical standards ("**RTS**" and "**TA**") on MiFID II and MiFIR. The RTS, amongst other things, determine which standardised derivatives will have to be traded on exchanges and electronic platforms pursuant to the requirements set forth under MiFIR. The provisions under MiFID II and MiFIR generally applied from 3 January 2018. On 17 January 2018, the Commission Delegated Regulation (EU) 2018/63 was published in the Official Journal of the EU, which amends Delegated Regulation (EU) 2017/571 supplementing the MiFID II with regard to regulatory technical standards on the authorisation, organisational requirements and the publication of transactions for data reporting services providers. The Commission has adopted this Delegated Regulation on 26 September 2017.

With respect to the adoption of delegated acts, however, it should be noted that while each of TA, RTS and ITS may provide an indication of the impact of the regulatory changes under MiFID II and MiFIR for the Issuer, the European Commission is not bound by such technical standards and will adopt the necessary delegated acts at its own discretion. Therefore, it is difficult to predict the full impact of these regulatory requirements on the Issuer.

Prospective investors should be aware that the regulatory changes arising from EMIR and MiFID II/MiFIR may in due course significantly raise the costs of entering into derivative contracts and may adversely affect the Issuer's ability to engage in OTC derivatives transactions. As a result of such increased costs or increased regulatory requirements, investors may receive less interest or return, as the case may be. Investors should be aware that such risks are material and that the Issuer could be materially and adversely affected thereby. As such, investors should consult their own independent advisers and make their own assessment about the potential risks posed by EMIR, technical standards made thereunder (including the adopted technical standards) and MiFID II/MiFIR, in making any investment decision in respect of the Notes.

### **Economic Conditions in the Euro-Zone**

Concerns relating to credit risks (including that of sovereigns and those of entities which are exposed to sovereigns) have intensified over the past few years. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the Euro-zone. If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break-up of, the Euro-zone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect one or more of the parties to the Transaction Documents (including the Seller, the Servicer and/or the Interest Rate Swap Counterparties) and/or any Debtor in respect of the Purchased Receivables. Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

### **Brexit**

The United Kingdom held a referendum on 23 June 2016 in which a majority voted to exit the European Union ("**Brexit**"). and on 29 March 2017 the United Kingdom gave formal notice under Article 50 of the Treaty on European Union of its intention to leave the European Union. The timing of

the UK's exit from the EU remains subject to some uncertainty, but it is unlikely to be before March of 2019.

The effects of Brexit will depend on any agreements the United Kingdom makes to retain access to European Union markets either during a transitional period or more permanently. Brexit may adversely affect European or worldwide economic or market conditions and may contribute to instability in global financial and foreign exchange markets. In addition, Brexit may lead to legal uncertainty and potentially divergent national laws and regulations as the United Kingdom determines which European Union laws to replace or replicate.

As such, no assurance can be given that Brexit will not adversely affect the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

### **Taxation in the Federal Republic of Germany**

The following should be read in conjunction with "TAXATION IN GERMANY" below.

#### **Corporate Income Tax**

Business profits derived by the Issuer will be subject to German corporate income tax (*Körperschaftsteuer*) at a rate of 15 per cent. and solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. thereon, as the Issuer is a corporation with its statutory seat and its place of effective management and control in Germany. The aggregate rate of corporate income tax and solidarity surcharge thereon will amount to 15.825 per cent.

The Issuer's business profits subject to tax will be determined on an accruals basis. Therefore, the Issuer's corporate income tax base will generally be calculated by deducting the interest payable on the Notes as well as any business expenses incurred by it, such as for instance fees from its income derived from the Purchased Receivables, such as interest, and the payments derived under the Interest Rate Swaps. Provided that, as expected by the Issuer, the aggregate amount of the income received by the Issuer does not substantially exceed the aggregate amount of the business expenses incurred by the Issuer in a taxable period, the Issuer's corporate tax base will be low or even zero and thus its corporate income tax liability will, as well, be low or even zero. If, by contrast, the aggregate amount of the income received by the Issuer were to exceed the aggregate amount of the business expenses incurred by the Issuer in a taxable period, the Issuer would be subject to corporate income tax and solidarity surcharge on the exceeding amount.

Without prejudice to this analysis, following published statements of an expert committee of the German Institute of Chartered Accountants (*Institut der Wirtschaftsprüfer - IDW*), the acquisition of the Receivables by the Issuer from the Seller could be perceived, from an economic angle, as the extension of a (secured) loan by the Issuer to the Seller. From such perspective, the Issuer would receive interest income under a (secured) loan extended to the Seller rather than the actual interest payments on the Purchased Receivables. However, the payments on such notional loan would depend on the respective Debtors under the Purchased Receivables actually paying interest on the Purchased Receivables. Even if the acquisition of the Purchased Receivables were indeed to be viewed as the extension of a (secured) loan, such recharacterisation should, in principle, not give rise to adverse corporate income tax consequences and the Issuer may still be expected to have a relatively low corporate income tax base. In this context it should be noted that the view taken by the IDW was recently indirectly confirmed by the German Federal Fiscal Court (*Bundesfinanzhof*). The court held in a decision dated 26 August 2010 (I R 17/09) that in respect of securitisation transactions beneficial ownership (*wirtschaftliches Eigentum*) in the receivables is not necessarily being transferred to the purchaser of the receivables. Instead, it generally remains with the seller if the risk of the inability of the debtors to pay their obligations (*Bonitätsrisiko*) has not been fully transferred to the purchaser which would, pursuant to the guiding principles (*Leitsatz*) of the decision, be the case if the purchaser - in determining the purchase price - takes into account a discount that is significantly higher than the expected default ratio, but which is adjustable depending on the actual receipt of payments under the receivables. Such transaction would rather have to be treated as a (secured) loan. The Issuer has been advised that this decision should not be applicable to the present transaction if the risk of the inability of the Debtors under the Purchased Receivables to pay their obligations (*Bonitätsrisiko*) would be fully, effectively and definitely transferred from the Seller of the Purchased Receivables to the Issuer. It should be noted that the decision of the German Federal Fiscal Court (*Bundesfinanzhof*) does not

elaborate in detail on the criteria of a full, effective and definite transfer. In particular, the court decision does not include any statements as to whether credit enhancement features (as, for example, the repurchase of notes by a seller) are to be taken into account when determining whether the risk of the inability of the Debtors under the Purchased Receivables to pay their obligations (*Bonitätsrisiko*) has been fully, effectively and definitely transferred to the acquirer of the receivables. Therefore, the Issuer has been advised that it cannot be ruled out that the tax authorities would take the decision of the German Federal Fiscal Court (*Bundesfinanzhof*) as a basis to argue that parts of the risk of the Debtor's inability to pay their obligations under the Purchased Receivables (*Bonitätsrisiko*) have not been fully, effectively and definitely transferred to the Issuer such that they could, consequently, treat the acquisition of the Purchased Receivables as the extension of a (secured) loan.

The deductibility of interest expenses for German tax purposes may, under certain circumstances, be limited. As a general rule, pursuant to the interest stripping rules (*Zinsschranke*) net interest expenses (i.e. interest expenses exceeding the interest income) exceeding 30 per cent. of the Issuer's earnings as determined for German tax purposes (adjusted by interest expenses, interest income, taxes and certain depreciations) are not deductible. The interest stripping rules only apply if the net interest expenses equal or exceed EUR 3,000,000 in the relevant business year. It is expected that the Issuer's interest income received should at any time equal or even be higher than the interest expenses to be paid on the Notes. Consequently, the net balance of interest payments in any given business year should not be negative (or, at least, not be negative in an amount of EUR 3,000,000 or higher). It should further be noted that it is questionable whether the interest stripping rules comply with constitutional law. A corresponding case is currently pending in front of the German Constitutional Court. Any tax assessments in relation to denied interest deductions under the interest stripping rules should therefore be kept open by filing an objection or appeal. Even if – due to unusual circumstances – the net interest payments equalled or exceeded the aforementioned threshold in a given year, the interest stripping rules would not apply to the Issuer if the Issuer qualified as a non-consolidated entity within the meaning of the interest stripping rules. This would be the case if the Issuer is not and may not be included into consolidated statements of a group in accordance with the applicable accounting standards. Pursuant to administrative guidance issued by the German Federal Ministry of Finance (*Bundesfinanzministerium*) on 4 July 2008 (German Federal Tax Gazette (*Bundessteuerblatt*) Vol. I 2008, 718) certain entities, such as special purpose vehicles used in securitisation transactions, are regarded as non-consolidated entities for purposes of the interest stripping rules if the entity is exclusively consolidated because of economic considerations taking into account the allocation of benefits and risks. Since - if at all - the Issuer may exclusively be consolidated by virtue of such economic considerations, the interest stripping rules would not apply to the Issuer provided that these considerations made by the tax authorities in the *Zinsschranke* decree were still applicable. However, whether this is still the case has become doubtful when the German GAAP were amended by the Accounting Modernisation Act (*Bilanzrechtsmodernisierungsgesetz*), which is generally applicable for accounting periods starting in 2010. Under the amended German GAAP, special purpose vehicles used in securitisation transactions might have to be consolidated on a mandatory (statutory) basis. However, the new consolidation rules stipulated in section 290 (2) no. 4 of the German Commercial Code (*Handelsgesetzbuch* – "**HGB**") are also primarily based on economic considerations taking into account the allocation of benefits and risks; consequently, the considerations included in the abovementioned *Zinsschranke* decree would still apply to the Issuer. The Issuer has, therefore, been advised that it should still be eligible for the exemption provided in the aforementioned decree such that the *Zinsschranke* should not apply to the Issuer. If, against such expectations, the interest stripping rules applied to the Issuer, the deductibility of interest payments would be limited in accordance with the principles described above, and any interest payments that are not deductible could be carried forward and would generally be deductible in subsequent business years, subject to limitations similar to those applicable in the business year when the non-deductible interest item accrued.

If a Debtor under a Purchased Receivable is in default with respect to payments under a Loan Contract, the Issuer is generally obliged to adjust the value of its claim as shown in its financial statements reflecting the value of the Purchased Receivable. The Issuer does, however, not incur a loss for tax purposes if its corresponding liability vis-à-vis the Noteholders as shown in its financial statements is reduced accordingly during the same fiscal year. Moreover, the Issuer does not incur a loss for tax purposes if the Purchased Receivables shown in the Issuer's financial statements (or, as the case may be, the loan receivable that the Issuer shows in its financial statements as a consequence of an economic perception of the purchase of the Purchased Receivables) form a valuation unit for accounting purposes (*Bewertungseinheit*) with the Issuer's liabilities vis-à-vis the Noteholders. If,

contrary to the expectations of the Issuer, the corresponding liability vis-à-vis the Noteholders could not be reduced and/or a valuation unit would not be recognized for tax purposes, the Issuer may incur a loss in a given fiscal year. In such a case, negative tax implications could arise to the extent that such loss cannot be fully utilised to off-set taxable income of the Issuer in the relevant year of origination of such loss. It is true that the exceeding loss could be carried-forward for tax purposes ("**Tax Loss Carry-Forward**") and could be used to set-off the Issuer's taxable profits arising in subsequent business years. However, under German tax laws, such full set-off would be limited to an amount of EUR 1,000,000 whereas only 60 per cent. of the Issuer's taxable profits exceeding such threshold amount ("**Excess Profit**") could be offset by the remaining Tax Loss Carry Forward. Therefore, a tax liability of the Issuer may arise to the extent the Excess Profit cannot be set-off by the Tax Loss Carry-Forward.

The Issuer may show in its financial statements its obligations regarding payments of principal and interest on the Notes. section 5(2a) of the German Income Tax Act (*Einkommensteuergesetz* or "**EStG**") should not disallow recognising such liabilities for corporate income and trade tax purposes since it requires that the relevant payment obligation is contingent on certain future profits or certain items of income which will be derived only in future assessment periods (contingent payment obligation). The Issuer's payment obligations vis-a-vis the Noteholders would not be contingent on future profits or items of income to be derived in future assessment periods but are unconditional and not contingent. Moreover, section 5(2a) of the EStG would not apply with regard to payment obligations incurred in order to refinance the acquisition of assets that would be shown in the financial statements; these criteria should be met, as the Notes will be issued for the purpose of refinancing the purchase of the Receivables.

Furthermore, section 8(3) 2nd sentence of the German Corporate Income Tax Act (*Körperschaftsteuergesetz* or "**KStG**"), which provides that certain profit distributions will be considered non-deductible expenses for German corporate income and trade tax purposes, should not apply with regard to interest payments on the Notes so that such payments may be deducted by the Issuer in the context of the computation of the Issuer's tax base for German corporate income tax and trade tax purposes. Interest payments on the Notes should not be covered by such provision, as only the entitlement to a participation of the Issuer's profits and to a participation in the proceeds from a liquidation (*Liquidationserlös*) of the Issuer fall within the scope of Section 8(3) 2nd sentence of the KStG. Pursuant to the Terms and Conditions of the Notes, payment of interest on the Notes is not contingent upon the Issuer's profits or turnover and the Notes do not grant any right to participate in the proceeds from the liquidation of the Issuer.

### **Trade Tax**

Since the activities of the Issuer qualify as a trade or business (*Gewerbebetrieb*) and the Issuer's statutory seat and place of effective management and control are in Germany, the Issuer will be subject to German trade tax. In principle, the taxpayer's corporate income tax base also constitutes the tax base for German trade tax purposes. However, as a general rule, for trade tax purposes, 25 per cent. of the interest payable by the Issuer (to the extent the interest (i) is deductible under the interest stripping rules (*Zinsschranke*) and (ii) exceeds a threshold of EUR 100,000) will be "added-back" to the Issuer's tax base and, consequently, increases the trade tax burden of the Issuer. The Issuer's tax base would, however, not have to be increased accordingly if it benefits from an exception to the add-back rule, provided for by section 19 para. 3 No. 2 of the German Trade Tax Application Directive (*Gewerbesteuerdurchführungsverordnung* - "**GewStDV**"). The exception applies where a business exclusively (i) acquires certain credit receivables (*Kredite*) or (ii) assumes certain credit risks (*Kreditrisiken*) pertaining to loans originated by credit institutions (*Kreditinstitute*) within the meaning of Section 1 of the German Banking Act (*Kreditwesengesetz*) and refinances by way of issuing debt instruments (*Schuldtitel*) in the case of (i) such acquisition of the acquired receivables and in the case of (ii) the provision of a security in respect of such assumption of credit risks. Pursuant to the Transaction Documents, the acquisition of the Purchased Receivables relates to the Seller's banking business and, consequently, the Issuer acquires credit receivables (*Kredite*) within the meaning of section 19 para. 3 no. 2 alternative 1 GewStDV. The Issuer issues the Notes as debt instruments in order to refinance the acquisition of the Purchased Receivables. Thus, the Issuer also fulfils the requirement of exclusively acquiring credit receivables or assuming credit risks and refinancing such acquisition by means of issuing debt instruments. On this basis, the Issuer has been advised that section 19 para. 3 no. 2 alternative 1 GewStDV should be satisfied and, consequently, the 25 per cent. interest-add back for trade tax purposes should not apply to the Issuer. However, it cannot be entirely ruled out

that section 19 para. 3 no. 2 GewStDV might not be regarded as applicable if pursuant to HFA 8 (see section "Corporate Income Tax" above) the Seller was viewed as having retained beneficial ownership in the Purchased Receivables; in such a case, the 25 per cent. interest-add back for trade tax purposes would apply. Further, if, contrary to the Issuer's expectations, certain items cannot be deducted for corporate income tax purposes (as described above) this would also increase the tax basis for trade tax purposes.

## VAT

The acquisition of the Purchased Receivables and the issuance of the Notes is a VAT-exempt (*umsatzsteuerfreie*) transaction under the German Value Added Tax Act (*Umsatzsteuergesetz* or "UStG"). Accordingly, the Issuer, being a taxable person (*Unternehmer*) for VAT purposes, (i) will not be required to charge VAT (*Umsatzsteuer*) upon issuing the Notes and (ii) will not be entitled to deduct any input-VAT (*Vorsteuer*) on services rendered to it. In particular, in the event that the servicing and management services provided by the Seller (in its capacity as Servicer) to the Issuer would be subject to VAT (see the subsequent paragraph on the VAT treatment of such services), the Issuer will not be entitled to recover any input VAT imposed on such services.

Pursuant to administrative guidance (Section 2.4 Value Added Tax Application Ordinance (*Umsatzsteuer-Anwendungserlass* or "UStAE") the acquisition of loan receivables is considered like a factoring transaction. The principles applying to factoring transactions had been developed in a decision of the European Court of Justice on 26 June 2003 (C-305/01; *MKG-Kraftfahrzeuge-Factoring*). Consequently, according to the UStAE, (i) neither the purchaser of loan receivables supplies services that are subject (*steuerbar*) to Value Added Tax (*Umsatzsteuer* or "VAT") nor (ii) the activities of the seller of the receivables trigger German VAT (the services are either not subject to German VAT or exempt from German VAT (*steuerfrei*)) if the seller (or a third party appointed by the seller) of the receivables continues to service (administration, collection and enforcement) the receivables after the sale. If instead the purchaser (or a third party appointed by the purchaser) services the receivables, the purchaser would be considered as supplying such a service to the seller. Such a factoring service would not be exempt from German VAT (section 2.4 para. 4 sentence 3 UStAE) if it was considered to be supplied in Germany in accordance with applicable VAT law.

In addition, the Issuer would in this situation be liable in accordance with the Pre-Enforcement Priority of Payments for any costs, fees (including VAT) and expenses charged to it by the substitute servicer. Finally, it should be mentioned that pursuant to the Servicing Agreement the Servicer has the right to delegate the performance of all or part of its duties under the Servicing Agreement to (i) a direct or indirect subsidiary of Santander Consumer Bank AG or of a parent of Santander Consumer Bank AG where such subsidiary constitutes an affiliated company and (ii) with the prior written consent of the Issuer and the Transaction Security Trustee, to any third party. In the latter case, the Issuer would have to reimburse the Servicer for any fees (including VAT, if any), costs, charges and expenses, indemnity claims and other amounts payable by the Servicer to any such agent in accordance with the Pre-Enforcement Priority of Payments.

It should be noted that the German tax authorities' conclusions described in the preceding paragraph regarding the VAT treatment of securitisation transactions (i.e. no VAT in case of the servicing being performed by the Seller), in particular the consequences and the relevance of either the Seller or the Issuer undertaking the servicing of the acquired receivables, have not yet been confirmed by the German Federal Fiscal Court (*Bundesfinanzhof*). Therefore, these conclusions could be overruled by a decision of the German Federal Fiscal Court (*Bundesfinanzhof*). Moreover, the tax authorities might change their interpretation, in particular if the German Federal Fiscal Court's (*Bundesfinanzhof*) conclusions in a court ruling were to deviate from those of the tax authorities. In this context it should be noted that the Tax Court Düsseldorf held in a judgement dated 15 February 2008 (1 K 3682/05 U) that the servicing of purchased loan receivables by the purchaser in its own interest - the purchaser not being a factoring company that renders services for the continuing benefit of the seller - does not constitute a supply of services. This judgment has been appealed. The German Federal Fiscal Court (*Bundesfinanzhof*) (V R 18/08) decided on 10 December 2009 to seek clarification from the European Court of Justice whether (and to what extent) the purchaser of a loan portfolio supplies services to the seller of such receivables. On 27 October 2011, the European Court of Justice (C-93/10) ruled that an operator who, at his own risk, purchased defaulted debts at a price below their face value does not effect a supply of services for consideration and does not carry out an economic activity when the difference between the face value of those debts and their purchase price reflects the actual economic

value of the debts at the time of their assignment. In the considerations of the decision, the European Court of Justice distinguished between a factoring transaction and a mere purchase of (in the court decision: defaulted) debts. It explicitly stated that the principles developed in the MKG-*Kraftfahrzeuge-Factoring*-decision only applied to factoring transactions but not to (mere) purchases of (defaulted) debts. The German Federal Fiscal Court (*Bundesfinanzhof*) has adopted the principles contained in the decision of the European Court of Justice dated 27 October 2011 in its follow-up decisions dated 26 January 2012 (V R 18/08) and 4 July 2013 (V R 8/10) and has explicitly confirmed that administrative practice, to the extent it was relevant in these decisions, was contradictory to the view of the European Court of Justice. Pursuant to a tax circular dated 2 December 2015, the German tax authorities have adopted this view whereby the sale and transfer of defaulted receivables is not treated as a factoring service even if the servicing is assumed by the purchaser. As in the case at hand the Receivables are, in principle, not defaulted receivables, the new tax circular should not apply to the Transaction and the view of the tax authorities in respect of factoring transactions should still be applicable.

The Issuer could under certain circumstances become secondarily liable for VAT owed and not paid by the Seller in respect of the Purchased Receivables pursuant to section 13c UStG. However, it can be expected that the Seller and originator of the Purchased Receivables could not and has not opted to a VATable treatment of its financing services rendered to the Debtors and, therefore, no VAT liability and consequently also no secondary liability should arise.

### **Withholding Tax**

The Issuer has been advised that withholding tax (*Kapitalertragsteuer*) and solidarity surcharge thereon does not have to be withheld by the Issuer on payments of interest on the Notes. This is based upon the consideration that the Notes do not qualify as profit participating loans (*partiarische Darlehen*) or silent partnerships (*stille Gesellschaft*) within the meaning of section 20 para. 1 no. 4 EStG. Pursuant to the terms and conditions of the Notes, payment of interest on the Notes is not contingent on the Issuer's profits. The Notes merely entitle its holders to a certain coupon; the relevant (variable) interest rate as defined in the terms and conditions of the Notes are (only) dependent on the development of the EURIBOR. On the basis of the prevailing view in German literature, the mere fact that a holder of an instrument bears the credit risk of an issuer is generally not sufficient to assume that such holder is provided with an effective participation in the respective issuer's profits. It should, however, be noted that the Bundesfinanzhof (decision dated 22 June 2010, I R 78/09) has stated as an obiter dictum that the mere fact that an interest payment is deferred until the borrower has sufficient liquidity would give rise to a treatment of the loan as profit participating as, in such a case, the interest claim would only be fulfilled once the borrower has realised an operating profit. The Issuer has, however, been advised that the facts of the court decision regarding the underlying loan are significantly different compared to the terms and conditions of the Notes. In addition, in comparable cases the tax authorities have confirmed by way of a binding ruling that this court decision was not applicable on the respective securitisation transaction. The Issuer has further been advised that the Notes should not convey to its holders a silent partnership in the business of the Issuer (*Beteiligung als stiller Gesellschafter*) within the meaning of Section 20 para. 1 no. 4 EStG. A necessary key characteristic of a silent partnership is that the (silent) investor and the owner of a business pursue a joint purpose. The pursuit of a joint purpose is, in particular, achieved by granting to the investor control and determination rights (*Mitentscheidungsrechte*). The Notes, however, are structured in such a way that they can be traded on the capital markets. The fungibility of instruments (and the resulting potential change of the investor structure) runs counter to the idea of the pursuit of a joint purpose between an investor (here: a Noteholder) and the Issuer.

If, contrary to the expectations of the Issuer, the Notes were recharacterised as profit participating loans or as a silent partnership, the Issuer would have to withhold taxes in an amount of 26.375 per cent. (plus church tax, if applicable upon payment to an individual noteholder in case no blocking notice (*Sperrvermerk*) has been filed) on each interest payment under a Note. Although a German tax resident Noteholder could generally treat such withholding tax as a prepayment of his German income tax and solidarity surcharge liability and amounts over-withheld would generally entitle him to a refund based on an assessment to tax, this credit and/or refund would only occur at a later point in time such that the Noteholder would suffer a liquidity disadvantage. For Noteholders who are not tax residents of Germany the possibility to obtain a tax credit or refund might be subject to additional requirements or, depending on applicable Double Tax Treaties, not be given at all.

The Issuer has not applied for an advance binding ruling (*verbindliche Auskunft*) with the competent tax office regarding the tax treatment of certain issues described in the preceding paragraphs. Therefore, the tax authorities did not have the opportunity to review the structure of the transaction before and to confirm by way of a binding statement the interpretation of the relevant tax law provisions as outlined in this Prospectus. Hence, it cannot be excluded that the tax authorities will take another position when it comes to assessing the tax liabilities of the Issuer.

### **The proposed European Financial Transaction Tax ("FTT")**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate. If the Commission's proposal were to be adopted, the FTT would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities) if it is adopted based on the Commission's proposal and the conditions for a charge to arise are satisfied. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the Commission's proposal. Primary market transactions referred to in article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

However, the FTT proposal remains subject to negotiation between Participating Member States. It may, therefore, be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

**Prospective holders of the Notes should consult their own tax advisers in relation to the consequences of the FTT associated with subscribing for, purchasing, holding and disposing of the Notes.**

### **Potential FATCA Withholding Tax after 31 December 2018**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986 (commonly known as "**FATCA**"), a "foreign financial institution" may be required to withhold on certain payments made to persons that fail to satisfy certain certification, reporting, or related requirements. The Issuer or an intermediary paying agent may be qualified as a foreign financial institution for these purposes. A number of jurisdictions (including Germany) have entered into intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of the German IGA as currently in effect, a foreign financial institution in Germany generally is not required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments



such as the Notes, including whether withholding will apply with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally are expected to be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer).

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their own tax advisors on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### **No Gross-Up for Taxes**

If required by law, any payments under the Notes will only be made after deduction of any applicable withholding taxes (including FATCA Withholdings) and other deductions. The Issuer will not be required to pay additional amounts in respect of any withholding or other deduction for or on account of any present or future taxes, duties or charges of whatever nature. See "TERMS AND CONDITIONS OF THE NOTES — Taxation". In such event, subject to certain conditions, the Issuer will be entitled (but will have no obligation) to redeem the Notes in whole but not in part at their then Aggregate Outstanding Note Principal Amount. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Optional Redemption for Taxation Reasons".

#### **Exchange Controls**

Except in limited embargo circumstances, there are no legal restrictions in Germany on international capital movements and foreign exchange transactions. However, for statistical purposes only, every individual or corporation residing in Germany must report to the German Central Bank (*Deutsche Bundesbank*), subject to certain exceptions, any payment received from or made to an individual or a corporation resident outside of Germany if such payment exceeds EUR 12,500 (or the equivalent in a foreign currency).

#### **Legal Structure**

##### **No Right in Loan Contracts**

The ownership of a Note does not confer any right to, or interest in, any Loan Contract or any right against any Debtor or any third party under or in connection with any Loan Contract or against the Seller or the Servicer.

#### **Insolvency Law**

##### **Sections 113 *et seqq.* of the German Insolvency Code (*Insolvenzordnung*)**

Under section 113 of the German Insolvency Code, the insolvency administrator of the principal is entitled to terminate service agreements (*Dienstleistungsverhältnisse*), and agency agreements (*Geschäftsbesorgungsverträge*), mandates (*Aufträge*) and powers of attorney (*Vollmachten*), according to sections 115 *et seqq.* of the German Insolvency Code, extinguish with the opening of insolvency proceedings against the principal by operation of law. A number of the Transaction Documents, to the extent that they qualify as service agreements or agency agreements or contain mandates or powers of attorney, would be affected by the application of these provisions in an insolvency of the principal thereunder. This would be particularly relevant for the Issuer's power of attorney granted by the Seller under the Receivables Purchase Agreement in order for the Issuer to notify the Debtors in the name of the Seller and the authorisation of, *inter alia*, the Issuer pursuant to the Servicing Agreement to cancel

and revoke direct debit arrangements the Servicer has established in respect of the Purchased Receivables with respect to any Debtors.

#### Section 166 of the German Insolvency Code (*Insolvenzordnung*)

Under German insolvency law, in insolvency proceedings of a debtor, a creditor who is secured by the assignment of receivables by way of security will have a preferential right to such receivables (*Absonderungsrecht*). Enforcement of such preferential right is subject to the provisions set forth in the German Insolvency Code (*Insolvenzordnung*). In particular, the secured creditor may not enforce its security interest itself. Instead, the insolvency administrator appointed in respect of the estate of the debtor will be entitled to enforcement pursuant to section 166 para. 2 of the German Insolvency Code. The insolvency administrator is obliged to transfer the proceeds from such enforcement to the creditor, however, the secured creditor has no control as to the timing of such procedure. In addition, the insolvency administrator may deduct from the enforcement proceeds fees for the benefit of the insolvency estate which may amount to 4 per cent. of the enforcement proceeds for assessing such preferential rights plus up to 5 per cent. of the enforcement proceeds as compensation for the costs of enforcement. In case the enforcement costs are considerably higher than 5 per cent. of the enforcement proceeds, the compensation for the enforcement costs may be higher.

Accordingly, the Issuer may have to share in the costs of any insolvency proceedings of the Seller in Germany, reducing the amount of money available upon enforcement of the Note Collateral to repay the Notes, if the sale and assignment of the Purchased Receivables by the Seller to the Issuer were to be regarded as a secured lending rather than a receivables sale.

The Issuer has been advised, however, that the transfer of the Purchased Receivables would be construed such that the risk of the insolvency of the Debtors lies with the Issuer and that, therefore, the Issuer would have the right to segregation (*Aussonderungsrecht*) of the Purchased Receivables from the estate of the Seller in the event of its insolvency and that, consequently, the cost sharing provisions described above would not apply with respect thereto.

However, such right of segregation will not apply with respect to the Related Collateral transferred to the Issuer, including the security interest created in respect of the Financed Vehicles relating to the Purchased Receivables if insolvency proceedings are instituted in respect of the relevant Debtor in Germany. In that case, the cost sharing provisions will apply.

Furthermore, even in the event that the sale and assignment of the Purchased Receivables were to be qualified as a secured loan, it is likely that the security granted to the Issuer would not be subject to an enforcement right of the insolvency administrator to the effect that the cost sharing provisions described above would not apply. This is based on the expectation that an assignment for security purposes in respect of the Purchased Receivables would qualify as "financial collateral" within the meaning of article 1 (1) of Directive 2002/47/EC of the European Parliament and the Council of 6 June 2002 (as amended by Directive 2009/44/EC of the European Parliament and the Council of 6 May 2009) and section 1 para. 17 of the German Banking Act and hence would benefit from the privileged treatment of financial collateral under the German Insolvency Code since pursuant to section 166 para. 3 no. 3 of the German Insolvency Code, "financial collateral" is not subject to the enforcement right of the insolvency administrator. The Receivables constitute credit claims within the meaning of article 2 (1) no. (o) of the aforementioned directive because they originate from loans granted by the Seller which is a credit institution within the meaning of article 4 (1) of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 (as referred to in Directive 2002/47/EC, however, repealed by Directive 2013/36/EU and now defined in article 4 (1) of Regulation 2013/575/EU). Consequently, their assignment for security purposes by the Seller to a legal entity, such as the Issuer, should satisfy the requirements of the provision of "financial collateral" within the meaning of the directive and statute referred to in the second sentence of this paragraph.

#### **Insolvency-Related Termination Clauses (*insolvenzabhängige Lösungsklauseln*)**

Certain Transaction Documents provide for a termination right in case that a party becomes insolvent. In German legal literature, it is disputed whether so-called insolvency-related termination clauses (*insolvenzabhängige Lösungsklauseln*) may be invalid or challengeable under German insolvency law.

In the context of termination clauses linked to the filing of a petition for the opening of insolvency proceedings, the Federal Court of Justice (*Bundesgerichtshof*) has ruled in a decision dated 15 November 2012 (IX ZR 169/11) (the "**Decision**") that a clause which provided for an automatic termination of an energy supply contract in the event of an application for the opening of insolvency proceedings of a contractual counterparty is invalid on the basis that such a clause deprives the insolvency administrator from its right to select whether to continue or discontinue a relevant contract. This judgment has an impact on the Purchaser's right to terminate the Receivables Purchase Agreement and other Transaction Documents to the extent it expressly refers to the insolvency of the Seller or are related to the insolvency. As the Decision has been made in connection with a supply contract in the energy sector and in relation to an automatic termination (*auflösende Bedingung*), it could be argued that it may not apply to other agreements containing termination rights (*Kündigungsrechte*) or to the occurrence of a statutory reason to open insolvency proceedings. In line with this argument, the VIIth senate of the Federal Court of Justice (*Bundesgerichtshof*) more recently ruled that a termination clause as provided for in section 8 para. 2 no. 1 alternative 2 in connection with section 8 para. 2 no. 2 of the Construction Contract Procedures Part B (*VOB/B*) is valid in a construction contract, even though it allows the principal to terminate the contract upon an insolvency application of the contractor and calculate its damage in deviation from the provisions in section 649 sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) (judgment of 7 April 2016 - VII ZR 56/15). The IXth senate on the other hand subsequently expanded the scope of its 2012 judgment and ruled that netting provisions which deviate from section 104 of the German Insolvency Code (*Insolvenzordnung*) are void (judgment of 9 June 2016 - IX ZR 314/14). While the judgment itself dealt with netting provisions in the master agreement for financial derivatives transactions as published by the Association of German Banks, the judgment contains wording that indicates that the IXth senate intends to apply its 2012 judgment broadly. There are contradictory court rulings in this regard (see BGH II ZR 394/12, OLG Schleswig 1 U 72/11 or OLG Celle 13 U 53/11).

However, there is a risk that a court could interpret the Decision as a landmark decision of the Federal Court of Justice (*Bundesgerichtshof*) with regard to the on-going dispute in relation to insolvency-related termination and expiration clauses (*insolvenzabhängige Lösungsklauseln*) such that the courts may apply the general principles set out in the Decision not only to automatic termination clauses or agreements made in the energy sector, but in relation to all termination rights and expiration clauses under any form of mutual contract which are linked to insolvency events, potentially also including statutory reasons to open insolvency proceedings.

### **Bail-In Instrument and other Restructuring and Resolution Measures**

As a result of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms (*the Banking Recovery and Resolution Directive – "BRRD"*), it is possible that a credit institution or investment firm with its head office in an European Economic Area state and/or certain group companies (such institution, investment firm or group company could encompass the Interest Rate Swap Counterparties) could be subject to certain resolution actions in that state.

The BRRD was transposed into German law by the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz - "SAG"*) with effect from 1 January 2015. For banks established in the eurozone, such as the Seller, which are supervised within the framework of the Single Supervisory Mechanism (the "**SSM**"), Regulation (EU) No 806/2014 of the European Parliament and of the Council (the "**SRM Regulation**" or "**SRMR**") provides for a coherent application of the resolution rules across the SSM under responsibility of the European Single Resolution Board, with effect since 1 January 2016 (referred to as the "**Single Resolution Mechanism**" or "**SRM**"). Under the SRM, the Single Resolution Board is responsible for adopting resolution decisions in close cooperation with the European Central Bank, the European Commission, and national resolution authorities in the event that a significant bank directly supervised by the European Central Bank, such as the Seller, is failing or likely to fail and certain other conditions are met. National resolution authorities in the European Union member states concerned would implement such resolution decisions adopted by the Single Resolution Board in accordance with the powers conferred on them under national law transposing the BRRD (article 29(1) SRM Regulation).

I.e. various actions and measures can be taken by the German national resolution authority, the Federal Financial Supervisory Authority acting through the national resolution authority as an independent operating department (the *Bundesanstalt für Finanzdienstleistungsaufsicht*, "**BaFin**") implementing the

resolution decisions that have been adopted by the Single Resolution Board in order to avoid systemic risks for the financial markets or the necessity of a public bail-out if a credit institution that is subject to BRRD is in financial difficulties. Amongst other things, BaFin could, under certain circumstances, require creditors of such credit institution to "bail-in" by a conversion of their claims into core capital or the reduction of the amount of such claims (section 90 SAG/article 27 SRMR). Furthermore, BaFin could transfer certain assets and liabilities of such credit institution to another entity or a bridge institution or an asset management vehicle under the control of BaFin (cf. section 107 SAG/articles 25, 26 SRMR).

However, the Issuer has been advised that, even if the Seller should be in financial difficulties and measures pursuant to the SAG are being taken, these measures should only have limited impact on the claims of the Issuer against the Seller for the following reasons: Claims of the Issuer against the Seller (in its capacity as Seller or Servicer) for payment of Collections received in respect of the Purchased Receivables and other claims under the Servicing Agreement are subject to a trust arrangement (*Treuhandverhältnis*) and, in principle, the Collections (unless commingled) are subject to substitute segregation (*Ersatzaussonderung*) and should therefore be excluded from any bail-in measures pursuant to section 91(2) no. 4 SAG/article 27 (3) d) SRMR. The Purchased Receivables should not be subject to bail-in pursuant to the SAG as long as the sale and transfer of the Purchased Receivables from the Seller to the Issuer will not be re-characterized as a secured loan. However, even if the sale and transfer of the Purchased Receivables was re-characterised as a secured loan, claims against the Seller would not become subject to bail-in to the extent these claims are secured claims within the meaning of section 91(2) no. 2 SAG/article 27 (3) b) SRMR. Consequently, if and to the extent the relevant claims against the Seller are secured by the Purchased Receivables and Related Collateral they should not be affected by bail-in. Finally, although the Issuer will not be in a position to prevent the transfer of any of the Seller's assets to another entity, such transfer pursuant to section 110(1) SAG may only occur in conjunction with a transfer of the security provided therefor and vice versa. A separation of the Purchased Receivables from the Related Collateral should therefore not result from any such transfer (see also section 110(3) no. 4 SAG).

On 23 November 2016, the European Commission published a proposal for a directive amending the BRRD and a proposal for a regulation amending the SRM Regulation primarily for the purpose of establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms. The proposals amend the regime as regards the application by resolution authorities of moratorium tools in the course of resolution, i.e. powers to suspend the executions of bank commitments towards third parties and/or in the course of the pre-resolution phase, as an early intervention power. The adoption could result in an early intervention power that freezes the flow of payments. The Issuer may not receive any payment from the Seller if such intervention power would be used. However, the proposals are currently subject to on-going discussions within the council or its preparatory bodies. No predictions can be made as to the final amendments and precise effects on investors or other parties.

In addition, credit institutions within the meaning of section 1 (1) of the German Banking Act (*Kreditwesengesetz*), such as the Seller, may under certain circumstances become subject to restructuring proceedings (*Sanierungsverfahren*) and/or reorganisation proceedings (*Reorganisationsverfahren*) in accordance with the Act on the Reorganisation of Credit Institutions (*Kreditreorganisationsgesetz*) that became effective on 1 January 2011.

All these proceedings may also result in an impairment of the rights of creditors of such credit institutions such as the Issuer. In particular, if during restructuring proceedings the affected credit institution enters into new financing arrangements as a borrower, the creditors of such new financing arrangements may rank ahead of existing creditors of such credit institution in any insolvency proceedings that will be commenced in respect of the affected credit institution within a period of three years after the commencement of such restructuring proceedings has been ordered. Reorganisation proceedings may, for example, result in a reduction or deferral of the claims and other rights of creditors (such as the Issuer) of the affected credit institution and resolution actions may, for example, result in the deferral or suspension of payment or delivery obligations of creditors (such as the Issuer) of the affected credit institution or in a change in the nature of the receivables or claims into equity of the affected credit institution, which may, in the worst case, have no value. If such proceedings are applied to the Seller and the Issuer has at that time claims for payments outstanding against the Seller (e.g. under the Servicing Agreement) such claims may be subordinated or deferred as set out above and the Issuer may not or not timely receive such amounts required to make payments under the Notes.

### **Enforceability of the Flip Clause**

Under the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments, termination payments owed by the Issuer to the Interest Rate Swap Counterparties are to be paid under item *sixth* prior to any payments on the Notes, unless an event of default has occurred under an Interest Rate Swap with respect to the relevant Interest Rate Swap Counterparty. In the latter case any termination payment owed by the Issuer to such Interest Rate Swap Counterparty will be subordinated and payable after the Notes as item *sixteenth* and item *eleventh*, respectively, of the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments, respectively.

Whether this so-called flip clause would be valid and enforceable in the event of insolvency of an Interest Rate Swap Counterparty is not entirely clear. In particular, as either Interest Rate Swap Counterparty may be replaced by a substitute interest rate swap counterparty in the future (for example to remedy a rating downgrade event) which may have its seat in any country, the relevant forum and applicable insolvency law cannot be predicted as at the date of this Prospectus. While the English Supreme Court has held that a flip clause as described above is valid under English law, the courts of other jurisdictions, such as for example the United States of America, have found such provisions to be contrary to mandatory provisions of their insolvency laws and therefore invalid. Should the subordination of the claims of any of the Interest Rate Swap Counterparties or a substitute interest rate swap counterparty be qualified as invalid, this would adversely affect the market value of each Class of Notes and/or the ability of the Issuer to satisfy its obligations under each Class of Notes.

### **Collateral and Transaction Security Trustee Claim**

The Issuer has granted to the Transaction Security Trustee the Transaction Security Trustee Claim (*Treuhänderanspruch*) under clause 4.2 of the Transaction Security Agreement. To secure the Transaction Security Trustee Claim (*Treuhänderanspruch*), the Issuer will assign the Assigned Security pursuant to clause 5 (Transfer for Security Purposes of the Assigned Security) of the Transaction Security Agreement and will grant a pledge (*Pfandrecht*) to the Transaction Security Trustee pursuant to clause 6 (Pledge) of the Transaction Security Agreement with respect to all its present and future claims against the Transaction Security Trustee arising under the Transaction Security Agreement. The Transaction Security Trustee Claim entitles the Transaction Security Trustee to demand, *inter alia*, that all present and future obligations of the Issuer under the Notes be fulfilled.

However, where an agreement provides that a security agent (e.g. the Transaction Security Trustee) holding assets on trust for other entities has an own separate and independent right to demand payment from the relevant grantor of security to it which mirrors the obligations of the relevant debtors to the secured creditors (e.g. the Transaction Security Trustee Claim), there is an argument that accessory security (such as the pledge granted by the Issuer to the Transaction Security Trustee in order to, amongst others, secure the Transaction Security Trustee Claim) created to secure such a parallel obligation is not enforceable for the benefit of such beneficiaries who are not a party to the relevant security agreement. This is because the parallel obligation could be seen as an instrument to avoid the accessory nature of, e.g. a pledge. This argument has – as far as the Issuer is aware – not yet been tested in court. Further, it is frequently seen in the market that accessory security such as a pledge is given to secure a parallel obligation such as the Transaction Security Trustee Claim. However, as there is no established case law confirming the validity of such pledge, the validity of such pledge is subject to some degree of legal uncertainty.

### **Assignability of Purchased Receivables**

As a general rule under German law, receivables governed by German law are, in principle, freely assignable on the basis of sections 398 *et seqq.* of the German Civil Code (*Bürgerliches Gesetzbuch*), unless their assignment is excluded (i) by mutual agreement, (ii) by the nature of the relevant receivable, or (iii) on the basis of legal restrictions applicable thereto. Except as stated below under the heading "Banking Secrecy", there is no published court precedent of the German Federal Court of Justice (*Bundesgerichtshof*) or any German Higher Regional Courts (*Oberlandesgerichte*) confirming that receivables arising out of consumer loan contracts or other credit contracts are not assignable either generally or in a refinancing transaction or an asset-backed securitisation. Pursuant to the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the Loan Contracts under which the Purchased Receivables have been generated are based on certain standard forms. Such standard forms do not specifically prohibit the Seller from transferring its rights under the relevant Loan Contract to a

third party for refinancing purposes. Pursuant to the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the provisions of the Loan Contracts are valid. The Seller has also warranted to the Issuer in the Receivables Purchase Agreement that the assignment of the Purchased Receivables to the Issuer is not prohibited and valid.

### **Notice of Assignment; Set-off Risk**

The assignment of the Purchased Receivables and the assignment and transfer of the Related Collateral may only be disclosed to the relevant Debtors at any time by the Issuer or through the Servicer in accordance with the Servicing Agreement or where the Seller agrees otherwise. Until the relevant Debtors have been notified of the assignment of the relevant Purchased Receivables, they may undertake payment with discharging effect to the Seller or enter into any other transaction with regard to such Purchased Receivables which will have binding effect on the Issuer and the Transaction Security Trustee.

According to section 404 of the German Civil Code (*Bürgerliches Gesetzbuch*), each Debtor may further raise defences against the Issuer and the Transaction Security Trustee arising from its relationship with the Seller which are existing at the time of the assignment of the Purchased Receivables. Further, pursuant to section 406 of the German Civil Code (*Bürgerliches Gesetzbuch*), each Debtor is entitled to set-off against the Issuer and the Transaction Security Trustee its claims, if any, against the Seller unless such Debtor has knowledge of the assignment upon acquiring such claims or such claims become due only after the Debtor acquires such knowledge and after the relevant Purchased Receivables themselves become due. The Seller has warranted that it is not aware that any Debtor has asserted any lien, right of rescission, counterclaim, set-off, right to contest or defence against it in relation to any Loan Contract. In addition, the risk of any shortfall due to certain set-off rights on the part of the Debtor is mitigated by the undertaking of the Seller in the Receivables Purchase Agreement to pay to the Issuer (in its capacity as Purchaser) Deemed Collections in the amount equal to the affected portion of the Purchased Receivable if certain events occur with respect to such Purchased Receivable (see the definition of Deemed Collection in "DEFINITIONS — Deemed Collection"). In particular, if the amount owed by a Debtor is reduced due to set-off, the differential amount will constitute a Deemed Collection within the meaning of item (B)(i) of the definition of such term. Following the occurrence of a Set-Off Reserve Trigger Event, the risk of any shortfall due to certain set-off rights on the part of the Debtor and the Seller's inability to pay to the Issuer (in its capacity as Purchaser) the amount of Deemed Collection within the meaning of item (B)(i) of the definition of such term is further mitigated by the Set-Off Reserve Amount to be credited to the Set-Off Reserve Account. See "CREDIT STRUCTURE — Set-Off Reserve".

For the purpose of notification of the Debtors in respect of the assignment of the Purchased Receivables, the Issuer (or the Corporate Administrator on its behalf) or any back-up servicer or substitute servicer will require the Portfolio Decryption Key which is in the possession of the Data Trustee. Under the Data Trust Agreement, the Seller or the Issuer (or, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee) is entitled to request delivery of the Portfolio Decryption Key from the Data Trustee under certain conditions if, among others, a Notification Event has occurred. However, the Issuer (or the Corporate Administrator on its behalf), any back-up servicer or substitute servicer (as applicable) might not be able to obtain such data in a timely manner as a result of which the notification of the Debtors may be considerably delayed. Until such notification has occurred, the Debtors may undertake payment with discharging effect to the Seller or enter into any other transaction with regard to the Purchased Receivables which will have binding effect on the Issuer and the Transaction Security Trustee.

### **Banking Secrecy**

On 25 May 2004, the Higher Regional Court (*Oberlandesgericht*) in Frankfurt am Main rendered a ruling with respect to the enforcement of collateral securing non-performing loan receivables. In its ruling, the court took the view that the banking secrecy duties embedded in the banking relationship create an implied restriction on the assignability of loan receivables pursuant to Section 399 of the German Civil Code (*Bürgerliches Gesetzbuch*), if the loan agreement is not a business transaction (*Handelsgeschäft*) within the meaning of Section 343 of the German Commercial Code (*Handelsgesetzbuch*) for both the borrower and the bank (see "Assignability of Purchased Receivables" above). On 27 February 2007, the German Federal Court of Justice (*Bundesgerichtshof*) issued a ruling (docket no. XI ZR 195/05) confirming the traditional view that a breach of the banking secrecy duty by

the bank does not render the sale and assignment invalid but may only give rise to defenses (including damage claims) against the assignor. The ruling relates to a mortgage loan agreement which included terms allowing for the assignment of the loan receivables and collateral thereunder for refinancing purposes. However, notwithstanding those terms, the court held as a general matter that banking secrecy duties do not create an implied restriction on the assignability of loan receivables and that the German Federal Data Protection Act (*Bundesdatenschutzgesetz*) does not constitute a statutory restriction on the assignability of loan receivables.

In addition, the Issuer has been advised that, while the aforementioned 2004 Frankfurt Higher Regional Court decision appeared to be based on the premise that an assignment of loan receivables leads necessarily to an undue disclosure of borrower-related data, this premise is not correct as the assignment can be structured in a way that avoids the disclosure of these data to the assignee. This view has been confirmed by the German Federal Court of Justice (*Bundesgerichtshof*) in its aforementioned recent ruling. In accordance with circular 4/97 of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) which was expressly referred to by the German Federal Court of Justice (*Bundesgerichtshof*) in the ruling, a breach of the banking secrecy duty may be avoided by using a data trustee who keeps all data relating to the identity and address of each borrower in safe custody and discloses such data only upon insolvency or material violation of the seller in respect of its obligations towards the purchaser. Here, the Issuer, the Seller and the Data Trustee have agreed that the Portfolio Decryption Key required to decrypt the required personal data including the identity and address of each Debtor and provider of Related Collateral is not to be sent to the Issuer on the Note Issuance Date but only to the Data Trustee. Under the Data Trust Agreement, the Data Trustee will safeguard the Portfolio Decryption Key and may provide the Portfolio Decryption Key to any substitute servicer or the Transaction Security Trustee only upon the occurrence of certain events, including (i) the Data Trustee has been notified that the appointment of the Servicer under the Servicing Agreement has been terminated, (ii) a Notification Event has occurred or (iii) the Data Trustee has been notified that knowledge of the relevant data is necessary for the Issuer (acting through such substitute servicer) to pursue legal remedies and prosecution of legal remedies through the Servicer is inadequate (see "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Data Trust Agreement").

The assignment of the Purchased Receivables, however, is not structured in strict compliance with the guidelines for German true sale securitisations of bank assets set out in the circular 4/97 of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*). In particular, these guidelines require a neutral entity to act as data trustee that is a public notary, a domestic credit institution or a credit institution having its seat in any member state of the European Union or any other state of the European Economic Area and being supervised pursuant to the EU Banking Directives. TMF Trustee Services GmbH acting as Data Trustee does not fall into any of these categories. Arguably, the rationale for identifying regulated credit institutions and notaries as eligible data trustees is, besides their neutrality, their reliability in relation to the protection of data when handling personal data. Thus, the Issuer has been advised that there are good arguments to construe the term "neutral entity" for this purpose to include other entities having their seat in the European Union or European Economic Area if the relevant entity is equally neutral and reliable in relation to the handling of personal data. Absent any court rulings, however, it cannot be ruled out that a court would find that the transmission of the Debtor data to the Data Trustee - though in anonymised form - occurred in violation of banking secrecy requirements.

### **General Data Protection Regulation (*Datenschutzgrundverordnung*)**

According to article 6 of the Regulation (EU) 2016/679 of 27 April 2016 (the "**General Data Protection Regulation**"), a transfer of a customer's personal data is permitted if (a) the data subject has given consent to the processing of his or her personal data for one or more specific purposes or (b) processing is necessary for the performance of a contract to which the data subject is party or in order to take steps at the request of the data subject prior to entering into a contract or (c) processing is necessary for compliance with a legal obligation to which the controller is subject or (d) processing is necessary in order to protect the vital interests of the data subject or of another natural person or (e) processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller or (f) processing is necessary for the purposes of the legitimate interests pursued by the controller or by a third party, except where such interests are overridden by the interests or fundamental rights and freedoms of the data subject which require protection of personal data, in particular where the data subject is a child, provided paragraph (f) shall

not apply to processing carried out by public authorities in the performance of their tasks. The Issuer is of the view that the transfer of the Debtors' personal data in connection with the assignment of the rights under the Purchased Receivables relating to the Related Collateral and the other transaction provided for in and contemplated by the Transaction Documents is in compliance with (f) above as well as the German Data Protection Act (*Bundesdatenschutzgesetz*) and is necessary to maintain the legitimate interests of the Seller, the Issuer and the Transaction Security Trustee.

The Transaction has been structured to comply with the General Data Protection Regulation and the German Data Protection Act (*Bundesdatenschutzgesetz*). The relevant Transaction Documents contain the provisions stipulating the control and the processing of the personal data of the Debtors by the Seller, the Purchaser, the Issuer, the Corporate Administrator and the Transaction Security Trustee, e.g. (i) the Seller will send two separate files to the Purchaser, one will contain personal data relating to the Debtors which will be encrypted by using a minimum encryption method of AES 256-bit encryption or similar type of encryption type and the other one will contain general information which does not qualify as protectable personal data which will not be encrypted. Pursuant to clause 5 (Personal Data; Maintenance of Secrecy; Data Protection) of the Receivables Purchase Agreement, the Seller shall deliver to the Purchaser at the latest on the Purchase Date the encrypted and the unencrypted data in respect of each Debtor for each Receivable and Related Collateral with respect to the Offer made at the Offer Date. Concurrently with such Offer, the Seller shall also provide the Data Trustee with the Portfolio Decryption Key in relation to the Encrypted Portfolio Information, and (ii) the Issuer and the Transaction Security Trustee have entered into a data processing agreement (*Auftragsdatenverarbeitung*) under the Transaction Security Agreement because, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee might receive the Portfolio Decryption Key from the Data Trustee and will then have access to the personal data of the Debtors which have been previously encrypted.

In addition, the Issuer has been advised that the protection mechanisms provided for in the Data Trust Agreement, the Receivables Purchase Agreement, the Transaction Security Agreement and the Corporate Administration Agreement take into account the legitimate interests of the Debtors to prevent the processing and use of data by any of the Seller, the Purchaser, the Issuer, the Corporate Administrator and the Transaction Security Trustee.

However, this data protection concept provided for in the above-mentioned Transaction Documents has not been tested in court and it cannot be ruled out that a German court would come to a different conclusion and, thus, that the Issuer could face administrative fines up to EUR 20,000,000, or in the case of an enterprise (*Unternehmen*), up to 4 per cent. of the total worldwide annual turnover of the preceding financial year (*gesamter weltweit erzielter Jahresumsatzes des vorangegangenen Geschäftsjahrs*), whichever is higher (cf. article 83 para. 6 of the General Data Protection Regulation).

### **German Consumer Loan Legislation**

The provisions of the German Civil Code which incorporate the provisions of the former German Consumer Credit Act (*Verbraucherkreditgesetz*) into the German Civil Code (*Bürgerliches Gesetzbuch*) apply to the Purchased Receivables. Consumers are defined as individuals acting for purposes relating neither to their commercial nor independent professional activities. Similarly the German consumer loan legislation also applies to individuals as entrepreneurs who enter into the Loan Contracts to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000. The Loan Contracts will qualify as consumer loan contracts and will therefore be subject to the consumer loan provisions of the German Civil Code (in particular sections 491 *et seqq.*). As the Purchased Receivables were originated on or after 11 June 2010, the amended provisions in the German Civil Code on consumer loans and linked contracts (*verbundene Verträge*) that have been enacted in order to implement the EU Consumer Credit Directive 2008/48/EC into German law apply. Such provisions have been further amended by the law implementing Directive 2011/83/EU on consumer rights which entered into force on 13 June 2014. The Loan Contracts are not all subject to the same, but to varying provisions of the German Civil Code regarding consumer loans and linked contracts and, in particular, as regards the required instructions on a Debtor's right of withdrawal (*Widerrufsrecht*).

Under the above-mentioned provisions, if the borrower is a consumer (or an individual as entrepreneur who enters into the Loan Contracts to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000), the borrower has the right to withdraw his or her



consent to a consumer loan contract for a period of fourteen days commencing after the conclusion of the consumer loan contract and the receipt of a written notice providing certain information including information regarding such right of withdrawal (*Widerrufsrecht*) (sections 492 (2), 495, 355, 356b of the German Civil Code as applicable). In the event that a consumer is not properly notified of his or her right of withdrawal or, in some cases, has not been provided with certain information about the lender and the contractual relationship created under the consumer loan, the consumer may withdraw his or her consent at any time during the term of the consumer loan contract. German courts have adopted strict standards with regard to the information and the notice to be provided to the consumer. Due to the strict standards applied by the courts, it cannot be excluded that a German court could consider the language and presentation used in certain Loan Contracts as falling short of such standards. Should a Debtor withdraw the consent to the relevant Loan Contract, the Debtor would be obliged to immediately repay the Purchased Receivable (i.e. prior to the contractual repayment date). Hence, the Issuer would receive interest under such Purchased Receivable for a shorter period of time than initially anticipated. In this instance, the Issuer's claims with regard to such repayment of the Purchased Receivable would not be secured by the Related Collateral granted therefor if the related security purpose agreement does not extend to such claims. In addition, depending on the specific circumstances, a Debtor may be able to successfully reduce the amount to be repaid if it can be proven that the interest he or she would have paid to another lender had the relevant Loan Contract not been made (i.e., that the market interest rate was lower at that time), would have been lower than the interest paid under the relevant Loan Contract until the Debtor's withdrawal of its consent to the relevant Loan Contract (see also "Prepayment of Loans" below).

If a Debtor is a consumer (or an individual as entrepreneur who enters into the Loan Contract to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000) and the relevant vehicle or other goods or related services are financed in whole or in part by the Loan Contract, such Loan Contract and the related purchase agreement or other agreement may constitute linked contracts (*verbundene Verträge*) within the meaning of section 358 of the German Civil Code (*Bürgerliches Gesetzbuch*) (as applicable). As a result, if such Debtor has any defences against the supplier of such vehicles or other goods or related services (e.g. in connection with a defect of a vehicle (in individual or collective cases resulting in recall campaigns or driving bans based on two recent rulings of the German Federal Administrative Court (*Bundesverwaltungsgericht*) on 27 February 2018 (docket number 7 C 26.16 and 7 C 30.17), including, but not limited to cases in connection with faulty software affecting emissions and fuel consumption tests used by the car manufacturer, as was revealed in November 2015 in respect of certain Volkswagen vehicles), such defences may also be raised as a defence against the Issuer's claim for payment under the relevant Loan Contract and, accordingly, the Debtor may deny the repayment of such part of the Loan Instalments as relates to the financing of the related vehicle or other goods or related services. Further, the withdrawal of the Debtor's consent to one of the contracts linked (*verbunden*) to the Loan Contract may also extend to such Loan Contract and such withdrawal may be raised as a defence against such Loan Contract. In addition, according to section 360 of the German Civil Code the withdrawal by the consumer of its consent to a contract extends to another contract that is not linked (*nicht verbunden*) but which qualifies as a related contract (*zusammenhängender Vertrag*). In section 360 (2) of the German Civil Code, the term "related contract" is defined as a contract which is related to the contract subject to withdrawal and under which goods or services are provided by the same contractor or by a third party on the basis of an agreement between the relevant contractor and such third party. The provision further states that a consumer loan agreement also qualifies as a related contract if (i) the loan exclusively serves to finance the goods or services under the contract subject to withdrawal and (ii) such goods or services are explicitly identified in the consumer loan agreement. Therefore, in the event the requirements of section 360 of the German Civil Code are met, the withdrawal extends also to the Loan Contract and the Debtor may raise the withdrawal of its consent to such other contract as a defence against its obligations under the Loan Contract. The notice providing information about the right of withdrawal must contain information about the aforementioned legal effects of linked and related contracts. In the event that a consumer is not properly notified of its right of withdrawal and such legal effects of linked and related contracts, the consumer may withdraw its consent to any of these contracts at any time during the term of these contracts (and may also raise such withdrawal as a defence against the relevant Loan Contract). If, for example, the purchase agreement for vehicles or other goods or the related services linked to a Loan Contract is invalid or has been rescinded, the Debtor has the right to refuse further payments under the relevant Loan Contract and may in certain circumstances also request repayment of the amount already paid under the Loan Contract.

The German Federal Court of Justice (*Bundesgerichtshof*, 15 December 2009 (11 ZR 45/09)) has decided that the abovementioned provisions and principles as regards linked contracts also apply to insurance policies, in particular to any payment protection insurance policy (*Restschuldversicherung*) (each a "**Relevant Insurance Policy**") entered into by the Debtor. Hence, section 358 (1) of the German Civil Code would also apply to cases where the consumer withdraws its consent to a Relevant Insurance Policy, i.e. the Loan Contract would be affected as described above. If the same principles apply to such cases in which the Relevant Insurance Policy is entered into by the Seller as policy holder (*Versicherungsnehmer*) and the Debtor merely accedes to it as insured person (*versicherte Person*), is disputed in literature and in jurisprudence. It could be argued that the Debtor should benefit from the same consumer protection as if the Debtor was the policy holder and the Relevant Insurance Policy and the related Loan Contract constituted linked contracts (to the extent the premiums to the relevant insurance have been financed by the Loan Contract). This would in particular imply that defences may be invoked by the Debtor against the Loan Contract on the basis of rights and claims the Debtor or the Seller may have under the Relevant Insurance Policies. While contradictory court rulings have been issued by a number of Higher Regional Courts (*Oberlandesgerichte*) and Regional Courts (*Landgerichte*), the German Federal Court of Justice (*Bundesgerichtshof*) has not decided this question.

In addition, there is legal uncertainty as to the interpretation of section 360 of the German Civil Code (as applicable) regarding the question whether the above described legal consequences could be triggered in relation to a Relevant Insurance Policy which is neither linked nor (on the basis of the line of arguments outlined in the preceding paragraph) treated as if it was linked to a Loan Contract but which is sufficiently specified in, and financed by (as applicable), such Loan Contract. If such consequences were triggered, it would be uncertain whether the Loan Contract would only be affected to the extent it finances the Relevant Insurance Policy or on the whole.

Further, it should be noted that the abovementioned provisions and consequences as regards linked contracts may also apply to other contracts (e.g. GAP insurance policies or extended warranty contracts) related to a Loan Contract if the loan under such Loan Contract serves, amongst others, to finance the relevant other contract and both contracts constitute an economic unit within the meaning of section 358 of the German Civil Code.

However, if the relevant Loan Contract is revoked or voided due to a revocation of a linked contract or related payment protection insurance agreement, the Seller shall make a payment in form of a Deemed Collection in the amount of the Outstanding Principal Amount of Purchased Receivable under such Loan Contract. See "DEFINITIONS — Deemed Collections". As a consequence, the Issuer will, upon receipt of a Deemed Collection, pay such amounts to Noteholders on the next Payment Date in accordance with the Terms and Conditions of the Notes. See "TERMS AND CONDITIONS OF THE NOTES — Redemption - Amortisation". Consequently, in the event that any such revocation occurs and the corresponding Deemed Collections are not paid by the Seller, the Issuer's ability to make payments to the Noteholders may be adversely affected.

Further, the Loan Contracts in the version used prior to 1 January 2013 provide for an obligation of the Debtor to pay a loan administration fee (*Bearbeitungsgebühr*) which is directly included in the Loan Contract. In 2014, the German Federal Court of Justice (*Bundesgerichtshof*) has held that the obligation to pay the loan administration fee is void because it constitutes an unreasonable disadvantage to the borrower. According to the conclusion of the courts, the loan administration fee is neither a compensation for the main service under a loan (i.e., making advances available to the borrower) nor for any other service by the lender to the borrower but constitutes an ancillary price element and, as part of the ancillary terms of the loan agreement, is subject to judicial review (and potentially invalidation) under statutory principles of good faith. As a result, the Debtor is entitled to set off its claims towards the Seller for repayment of the loan administration fee against any payment claims of the Issuer under the relevant Purchased Receivable.

However, the number of Loan Contracts which provide for a loan administration fee and in respect of which the respective fee has not yet been repaid to the relevant Debtor is very small, and in the event that any Debtor exercises a right of set-off in respect of a Purchased Receivable, the Seller will be required to pay to the Issuer Deemed Collections in the amount of the reduction by such set-off of the Outstanding Principal Amount of any Purchased Receivable (or the affected portion thereof). See "DEFINITIONS – Deemed Collections" and "TERMS AND CONDITIONS OF THE NOTES – Redemption - Amortisation". However, in the event that any such set-off right is exercised and the

corresponding Deemed Collections are not paid by the Seller, the Issuer's ability to make payments to the Noteholders may be adversely affected.

### **German Insurance Contract Act**

Sections 8 and 9 of the German Insurance Contract Act (*Versicherungsvertragsgesetz*) contain statutory withdrawal rights applicable to insurance contracts. The relevant withdrawal right is exercisable for a period of two weeks 30 calendar days in case of life insurance) after the policy holder has been properly notified of such right and provided with certain other information and documents. The withdrawal right applies to insurance contracts entered into by consumers as well as non-consumers and, pursuant to section 9 (2) of the German Insurance Contract Act, also affects related contracts. However, unlike the definition of related contracts included in section 360 (2) of the German Civil Code, the definition of related contracts set forth in section 9 (2) of the German Insurance Contract Act does not provide for specific provisions under which consumer loan agreements are to be qualified as related contracts. The omission of the relevant provisions could be interpreted to the effect that consumer loan agreements which explicitly identify and serve to finance the relevant insurance contract in deviation from section 360 (2) of the German Civil Code do not qualify as related contracts for the purposes of section 9 (2) of the German Insurance Contract Act unless the other requirements set out therein are also met. To date, neither this interpretation of section 9 (2) of the German Insurance Contract Act nor its interaction with sections 358 and 360 of the German Civil Code (as applicable) have been the subject matter of in depth judicial review or analysis by legal commentators. It is also unclear whether section 9 (2) of the German Insurance Contract Act would apply to the withdrawal of a group insurance contract (*Gruppenversicherungsvertrag*) exercised by the insured person (*versicherte Person*) rather than the policy holder (*Versicherungsnehmer*). Currently, it cannot be ruled out that a Debtor may raise the withdrawal of its consent to a Relevant Insurance Policy (including, but not limited to, any payment protection insurance policy (*Restschuldversicherung*)) as a defence against its obligations under the Loan Contract. In such case, however, the Issuer would be entitled to receive Deemed Collections from the Seller (see the definition of Deemed Collections in "DEFINITIONS — Deemed Collections"). Noteholders may nevertheless suffer losses if the Seller is unable to make payments of such Deemed Collections to the Issuer.

### **Prepayment of Loans**

Pursuant to section 500 para. 2 of the German Civil Code, the borrower may in case of a consumer loan contract prepay the loan (*vorzeitige Rückzahlung*) in whole or in part at any time. In addition, the borrower may terminate the loan agreement at any time without observing a notice period for good cause (*aus wichtigem Grund*). In case of a prepayment, the Issuer would receive interest on such loan for a shorter period of time than initially anticipated.

The Loan Contracts provide for an obligation of the Debtor to pay a prepayment penalty (*Vorfälligkeitsentschädigung*) in accordance with section 502 of the German Civil Code. In the event of a termination and prepayment of a loan, the Issuer would therefore be entitled to claim compensation from the Debtor for the interest which would have been payable by the Debtor on the prepaid amount had such amount been outstanding for the remainder of the term of the loan pursuant to and as provided for in section 502 of the German Civil Code. In accordance with section 502 para. 1 sentence 2 of the German Civil Code such prepayment penalty may not exceed the following amounts: (i) 1 per cent. or, if the period between the prepayment and the agreed repayment date (*vereinbarte Rückzahlung*) is no longer than one year, 0.5 per cent. of the prepaid amount; and (ii) the amount of interest that the borrower would have paid for the period between the prepayment and the agreed repayment date. The prepayments of loans would, *inter alia*, reduce the excess spread following such prepayments.

### **Overcollateralisation of Loans**

According to German law, the granting of security for a loan may be held invalid and the security or part of the security may have to be released if the loan is overcollateralised. Overcollateralisation occurs where the creditor is granted collateral the value of which excessively exceeds the value of the secured obligations or if the granting of security leads to an inappropriate disadvantage for the debtor. Although there is no direct legal authority on point, the Issuer is of the view that the Purchased Receivables are not overcollateralised, although it cannot be ruled out that a German court would hold otherwise. Some German courts have for instance held that an assignment of wage claims in addition to other security interests provided for the same secured obligation may be invalid due to

overcollateralization under certain circumstances. In the Receivables Purchase Agreement, the Seller has warranted to the Issuer that the Related Collateral relating to Purchased Receivables is legal, valid, binding and enforceable.

### **Change of Law**

The structure of the Notes and the underlying transaction (including the Transaction Security Agreement, the Receivables Purchase Agreement and the other Transaction Documents governed by German law), the Loan Contracts underlying the Purchased Receivables and the Related Collateral as well as the ratings which are to be assigned to any Class of Notes are based on German law in effect as at the date of this Prospectus as applied by the courts and other competent authorities of Germany. No assurance can be given as to the impact of any possible change of German law, the interpretation thereof or judicial or administrative practice after the date of this Prospectus.

The Interest Rate Swaps and the English Security Deed are governed by English law in effect as at the date of this Prospectus as applied by the courts and other competent authorities of England and Wales or the United Kingdom. No assurance can be given as to the impact of any possible change of English law, the interpretation thereof or judicial or administrative practice after the date of this Prospectus and the Brexit (see above under "RISK FACTORS - Brexit").

The Dutch Account Pledge Agreement is governed by Dutch law in effect as at the date of this Prospectus as applied by the courts and other competent authorities of The Netherlands. No assurance can be given as to the impact of any possible change of Dutch law, the interpretation thereof or judicial or administrative practice after the date of this Prospectus.

### **Recharacterisation of the English Law Collateral as a Floating Charge**

Pursuant to the English Security Deed, the Issuer has, as a continuing security for the discharge and payment of Transaction Secured Obligations and the Transaction Security Trustee Claim, assigned absolutely to the Transaction Security Trustee all of its right, title, interest and benefit, present and future, in and to the Interest Rate Swaps. In addition, in the event that such assets are not subject to a valid assignment, the Issuer has granted a fixed charge in favour of the Transaction Security Trustee over all of its rights, title, interest and benefit, present and future, to the Interest Rate Swaps. Whether this charge will be upheld as a fixed charge rather than a floating charge will depend, among other things, on whether the Transaction Security Trustee has under the respective agreement real control over the Issuer's ability to deal with the relevant assets and their proceeds and, if so, whether such control is exercised by the Transaction Security Trustee in practice. If the courts consider that the elements required to establish the creation of a fixed charge have not been satisfied in respect of the security, the Issuer would expect the security to be recharacterised as a floating charge. The claims of the Transaction Security Trustee under any fixed charge which is recharacterised as a floating charge will be subject to the matters which are given priority over a floating charge by law, including fixed charges, any expenses of winding-up and the claims of preferential creditors.

### **Licence Requirement of the Transaction Security Trustee under the German Legal Services Act**

Legal services which are provided by a person for the benefit of another person (*Tätigkeit in konkreten fremden Angelegenheiten*) are subject to the restrictions of the German Legal Services Act (*Rechtsdienstleistungsgesetz*) (**RDG**) if the relevant service requires in each case individual legal analysis (*rechtliche Prüfung des Einzelfalls*), as set out in section 2 (1) of the RDG. The collection of receivables (*Einziehung von Forderungen*) is expressed to be a legal service within the meaning of the RDG if rendered as an independent business (*eigenständiges Geschäft*) pursuant to section 2 (2) of the RDG. Any appointment of a service provider and any Collateral granted and any agreement entered into in violation of such registration requirement may be void and may also lead to the relevant service provider being fined and prohibited from further performing such contravening services. Depending on the relevant activities of the Transaction Security Trustee in connection with the enforcement of the Collateral following an Issuer Event of Default, the Transaction Security Trustee may be regarded as acting as collection agent for the Noteholders and other Beneficiaries with the consequence that the restrictions of the RDG could apply. In addition, the above considerations may become relevant in case of the appointment of a back-up servicer.

With respect to the Transaction Security Trustee, the Issuer has been advised, however, that as of the date of the Transaction Security Agreement, the Transaction Security Trustee will not be subject to the requirement to register under the German Legal Services Act solely by entering into the Transaction Security Agreement as the Transaction Security Trustee has its own claim against the debtors of the security granted to the Transaction Security Trustee under the Transaction Security Agreement and, accordingly, when enforcing the security, it also does so in order to satisfy its own claim. Further, even if the services provided by the Transaction Security Trustee were to be regarded as legal services within the meaning of the German Legal Services Act, such services would be permitted to be performed without registration provided that these services are services ancillary to the profession or activity (*Nebenleistung zum Berufs- oder Tätigkeitsbild*) whereby an ancillary activity requires only a thematic interrelation to the profession rather than a direct connection. Any enforcement services conducted by a security trustee should, in general, not qualify as main business of a security trustee as the main task of a security trustee is rather to hold and administer the security and when enforcing security, it does so only in the event of default or a similar event. The Transaction Security Trustee should, therefore, be exempt from the registration requirement under German Legal Services Act. In the absence of an express court precedent or developed rule, there remains some legal uncertainty with respect to this issue.

### **Commercial Risks**

#### **Interest Rate Swaps**

If any Interest Rate Swap Counterparty defaults in respect of its obligations under the relevant Interest Rate Swap which results in a termination of such Interest Rate Swap, the Issuer will be obliged to enter into a replacement arrangement with another appropriately rated entity (which may also be the other Interest Rate Swap Counterparty). A failure to enter into such a replacement arrangement may result in a downgrading of the rating of any Class of Notes. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Interest Rate Swaps".

#### **Reliance on Representations and Warranties**

If the Portfolio does not correspond, in whole or in part, to the representations and warranties made by the Seller in the Receivables Purchase Agreement, the Issuer has certain rights of recourse against the Seller. These rights are not collateralised with respect to the Seller except that, in the case of a breach of certain representations and warranties, the Seller will be required to pay Deemed Collections to the Issuer (see items (ii) through (v) of the definition of Deemed Collections under "DEFINITIONS — Deemed Collections" and "TERMS AND CONDITIONS OF THE NOTES — Redemption — Amortisation"). Consequently, a risk of loss exists in the event that such a representation or warranty is breached and the corresponding Deemed Collections are not paid. This could potentially cause the Issuer to default under the Notes.

#### **Reliance on Administration and Collection Procedures**

The Servicer will carry out the administration, collection and enforcement of the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement.

Accordingly, the Noteholders are relying on the business judgement and practices of the Servicer when enforcing claims against the Debtors, including taking decisions with respect to enforcement in respect of the Purchased Receivables and the Related Collateral. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement" and "CREDIT AND COLLECTION POLICY".

#### **Replacement of the Servicer**

If the appointment of the Servicer is terminated, the Issuer, with the assistance of the Back-Up Servicer Facilitator, may appoint a substitute servicer pursuant to the Servicing Agreement. Any substitute servicer which may replace the Servicer in accordance with the terms of the Servicing Agreement would have to be able to administer the Purchased Receivables and the Related Collateral in accordance with the terms of the Servicing Agreement, be duly qualified and licensed to administer finance contracts in Germany such as the Loan Contracts, be a bank or credit institution established within the European Economic Area and supervised in accordance with the relevant EU directives, and

may be subject to certain residence and/or regulatory requirements. Further, it should be noted that any substitute servicer (other than a (direct or indirect) subsidiary of the Seller or of a parent of the Seller to which the servicing and collection of the receivables and the related collateral of the Seller is outsourced) may charge a servicing fee on a basis different from that of the Servicer. In addition, it should be noted that the Seller intends to outsource the servicing and collection of its receivables and related collateral to a subsidiary of the Seller or of a parent of the Seller, with the consequence that upon such outsourcing, the Servicer (which is currently the Seller) will be replaced by the new (direct or indirect) subsidiary of the Seller or of a parent of the Seller in its capacity as new Servicer. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Receivables Purchase Agreement" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Servicing Agreement".

### **Historical Data; Forecasts and Estimates**

The historical information set out in particular under the heading "Historical Data" is based on the past experience and present procedures of the Seller. None of the Managers, the Arranger, the Transaction Security Trustee or the Issuer has undertaken or will undertake any investigation or review of, or search to verify, such historical information. In addition, based on such historical information, there can be no assurance as to the future performance of the Purchased Receivables.

Estimates of the weighted average life of the Class A Notes included in this Prospectus together with any other projections, forecasts and estimates are supplied for information only and are forward-looking statements. Such projections, forecasts and estimates are speculative in nature and it can be expected that some or all of the underlying assumptions may differ or may prove substantially different from the actual realised figures. Consequently, the actual results might differ from the projections and such differences may be significant.

### **No Independent Investigation and Limited Information**

None of the Managers, the Arranger, the Transaction Security Trustee or the Issuer has undertaken or will undertake any investigations, searches or other actions to verify the details of the Purchased Receivables or to establish the creditworthiness of any Debtor or any other party to the Transaction Documents. Each such person will rely solely on the accuracy of the representations and warranties given by the Seller to the Issuer in the Receivables Purchase Agreement in respect of, *inter alia*, the Purchased Receivables, the Debtors, the Loan Contracts underlying the Purchased Receivables and the Related Collateral, including, without limitation, security interests in the Financed Vehicles. The benefit of all such representations and warranties given to the Issuer will be transferred by the Issuer in favour of the Transaction Security Trustee under the Transaction Security Agreement.

The Seller is under no obligation to, and will not, provide the Managers, the Arranger, the Transaction Security Trustee or the Issuer with financial or other information specific to individual Debtors and certain underlying Loan Contracts to which the Purchased Receivables relate. The Managers, the Arranger, the Transaction Security Trustee and the Issuer will only be supplied with general information in relation to the aggregate of the Debtors and the underlying Loan Contracts. Further, none of the Managers, the Arranger, the Transaction Security Trustee or the Issuer will have any right to inspect the internal records of the Seller.

The primary remedy of the Transaction Security Trustee and the Issuer for breaches of any representation or warranty with respect to the enforceability of the Purchased Receivables, the existence of the Related Collateral, the absence of material litigation with respect to the Seller, the transfer of free title to the Issuer and the compliance of the Purchased Receivables with the Eligibility Criteria will be to require the Seller to pay Deemed Collections in an amount equal to the then Outstanding Principal Amount of such Purchased Receivables (or the affected portion thereof). With respect to breaches of representations or warranties under the Receivables Purchase Agreement generally, the Seller is obliged to indemnify the Issuer against any liability, losses and damages directly resulting from such breaches.

### **Credit Risk of the Debtor; Sale of Financed Vehicles and Risk of Losses on the Purchased Receivables**

If the Seller does not receive the full amount due from the Debtors in respect of the Purchased Receivables, the Noteholders are at risk to receive less than the face value of their Notes and interest payable thereon. Consequently, the Noteholders are exposed to the credit risk of the Debtors. Neither the Seller nor the Issuer guarantees or warrants the full and timely payment by the Debtors of any sums payable under the Purchased Receivables. The ability of any Debtor to make timely payments of amounts due under the relevant Loan Contract will mainly depend on his or her assets and liabilities as well as his or her ability to generate sufficient income to make the required payments. The Debtors' ability to generate income may be adversely affected by a large number of factors.

There is no assurance that the present value of the Purchased Receivables will at any time be equal to or greater than the principal amounts outstanding of the Notes.

In addition, there can be no assurance as to the future geographical distribution of the Debtors or the Financed Vehicles within Germany and its effect, in particular, on the rate of amortisation of the Purchased Receivables. Consequently, any deterioration in the economic condition of Germany where Debtors and Financed Vehicles are located could have an adverse effect on the ability of the Debtors to repay the loans and the ability of the Transaction Security Trustee to sell the Financed Vehicles and could trigger losses in respect of the Notes or reduce their yield to maturity. Furthermore, although the Debtors are located throughout Germany, these Debtors may be concentrated in certain locations, such as densely populated or industrial areas. Any deterioration in the economic condition of the area in which the Debtors are located (or any deterioration in the economic condition of other areas) may have an adverse effect on the ability of the Debtors to make payments under the Loan Contracts. A concentration of the Debtors in such area may therefore result in a greater risk that the Noteholders will ultimately not receive the full principal amount of the Notes and interest thereon than if such concentration had not been present.

The rate of recovery upon a Debtor default may itself be influenced by various economic, tax, legal and other factors such as changes in the value of the Financed Vehicles (including, but not limited to cases in connection with faulty software affecting emissions and fuel consumption tests used by the car manufacturer, as was revealed first in November 2015 in respect of certain Volkswagen vehicles and later with respect to vehicles from a number of other manufacturers) or the level of interest rates from time to time. There might be various risks involved in the sales of used vehicles which could significantly influence the amount of proceeds generated from the sale, e.g. high damages and mileages, less popular configuration (engine, colour etc.), oversized special equipment, huge numbers of homogeneous types of vehicles in short time intervals, general price volatility in the used vehicles market or seasonal impact on sales. In addition, the market value of a Financed Vehicle might be negatively affected by possible future prohibitive legislation in respect of the use of Diesel cars (e.g. driving restrictions have been implemented with respect to certain types of Diesel cars in one major city and are presently under discussion in a number of others) (for the amount of diesel vehicles contained in the Portfolio, see "INFORMATION TABLES REGARDING THE PORTFOLIO — item 5. (Vehicle Distribution)").

The risk to the Class A Noteholders that they will not receive the maximum amount due to them under the Class A Notes as stated on the cover page of this Prospectus as a result of the above is mitigated by the subordination of the Class B Notes to the Class A Notes as well as the amounts credited to the Reserve Fund which will be available on any Payment Date to meet certain obligations of the Issuer, including its obligations under the Class A Notes in accordance with the Pre-Enforcement Priority of Payments. The Reserve Fund will be maintained as a ledger to the Transaction Account. The Reserve Fund has two components, the Required Liquidity Reserve Amount and the Required Reserve Amount. However, for the avoidance of doubt, the Required Liquidity Reserve Amount and the Required Reserve Amount are not kept as separate sub-ledgers of the Reserve Fund and are not to be considered as separate reserve funds but are operands (*Rechengrößen*) as long as the Class A Principal Amount is greater than zero. Prior to the occurrence of an Issuer Event of Default, to the extent the amounts standing to the credit of the Reserve Fund have been applied to meet the payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments, the Reserve Fund will be replenished on each Payment Date up to (i) the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under

items *first* to *seventh* of the Pre-Enforcement Priority of Payments and (ii) the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *ninth* to *twelfth* of the Pre-Enforcement Priority of Payments until the balance standing to the credit of the Reserve Fund equals the Required Reserve Amount. Once the Class A Principal Amount has been reduced to zero, the funds standing to the credit of the Reserve Fund will be available to meet the payment obligations of the Issuer under items *first* to *twelfth* of the Pre-Enforcement Priority of Payments.

However, there is no assurance that the Class A Noteholders will receive for each Class A Note the total initial Note Principal Amount plus interest as stated in the Terms and Conditions of the Notes nor that the distributions and amortisations which are made will correspond to the monthly payments originally agreed upon in the underlying Loan Contracts.

There is no assurance that the Class B Noteholders will receive for each Class B Note the total initial Note Principal Amount plus interest as stated in the Terms and Conditions of the Notes nor that the distributions and amortisations which are made will correspond to the monthly payments originally agreed upon in the underlying Loan Contracts. The risk to the Class B Noteholders that they will not receive the maximum amount due to them under the Class B Notes as stated on the cover page of this Prospectus is mitigated by the Reserve Fund which will be available on any Payment Date to meet certain obligations of the Issuer, including its obligations under the Class B Notes in accordance with the Pre-Enforcement Priority of Payments.

#### **Limited Availability of the Reserve Fund in respect of Interest and Principal due on the Notes**

Prior to the occurrence of an Issuer Event of Default in the event of shortfalls under the Purchased Receivables, amounts from the Reserve Fund may only be drawn to, among others, reduce shortfalls with respect to interest and principal due under the Notes in accordance with the Pre-Enforcement Priority of Payments. The Reserve Fund will be maintained as a ledger to the Transaction Account. The Reserve Fund has two components, the Required Liquidity Reserve Amount and the Required Reserve Amount. However, for the avoidance of doubt, the Required Liquidity Reserve Amount and the Required Reserve Amount are not kept as separate sub-ledgers of the Reserve Fund and are not to be considered as separate reserve funds but are operands (*Rechengrößen*) as long as the Class A Principal Amount is greater than zero. Prior to the occurrence of an Issuer Event of Default, to the extent the amounts standing to the credit of the Reserve Fund have been applied to meet the payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments, the Reserve Fund will be replenished on each Payment Date up to (i) the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *first* to *seventh* of the Pre-Enforcement Priority of Payments and (ii) the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *ninth* to *twelfth* of the Pre-Enforcement Priority of Payments until the balance standing to the credit of the Reserve Fund equals the Required Reserve Amount. Once the Class A Principal Amount has been reduced to zero, the funds standing to the credit of the Reserve Fund will be available to meet the payment obligations of the Issuer under items *first* to *twelfth* of the Pre-Enforcement Priority of Payments.

#### **Risk of Late Payment or Deferral of Payment**

The Issuer is subject to the risk of insufficiency of funds as a result of late payment by a Debtor of an instalment due on a Receivable which would reduce the value of a Receivable for the Issuer. Further, under the Servicing Agreement, the Servicer may, in specific circumstances, grant a deferral of the date on which certain payments are due under the Loan Contracts. This results in a risk of late payment of instalments pursuant to the Loan Contracts underlying the Purchased Receivables.



### **Risk of Late Forwarding of Payments received by the Servicer**

During the life of the transaction, the Seller in its capacity as Servicer is entitled to commingle any Collections from the Purchased Receivables with its own funds during each Collection Period and will only be required to transfer the amounts collected to the Transaction Account on each Payment Date. Commingled funds may be used or invested by the Seller at its own risk and for its own benefit until the relevant Payment Date.

No assurance can be given that the Servicer will promptly forward all amounts collected from Debtors pursuant to the relevant Loan Contracts to the Issuer in respect of a particular Collection Period in accordance with the Servicing Agreement. Losses or delays in the processing of payments may in particular occur where the Servicer is replaced due to a disruption in service because a substitute servicer or back-up servicer is not immediately available or less experienced and efficient than the Servicer. It should be noted that no specific cash reserve (other than the Commingling Reserve following the occurrence of a Commingling Reserve Trigger Event) will be established to avoid any resulting shortfall in the payments of principal and interest by the Issuer in respect of the Notes on the Payment Date immediately following such Collection Period. Consequently, any Collections that are forwarded late will only be paid to the Noteholders on the subsequent Payment Date. However, the Servicer has undertaken to transfer any Collections received during any Collection Period (including, without limitation, Deemed Collections) on the Payment Date immediately following such Collection Period to the Transaction Account. Pursuant to the Servicing Agreement, if the Servicer fails to make a payment due under the Servicing Agreement at the latest on the second Business Day after its due date, or, in the event no due date has been determined, within three Business Days after the demand for payment, the Issuer may terminate the appointment of the Servicer and appoint a substitute servicer, provided the aggregate amount due is at least EUR 50,000. Following the occurrence of a Commingling Reserve Trigger Event, the risk of any shortfall due to late forwarding of Collections (including, without limitation, Deemed Collections other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for which the provisions governing the Set-off Reserve Account apply, see "CREDIT STRUCTURE — Set-Off Reserve") received or payable by the Servicer is mitigated by the balance credited to the Commingling Reserve Account. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS - Servicing Agreement - Termination of the Servicer" and "CREDIT STRUCTURE — Commingling Reserve".

### **Creditworthiness of Parties to the Transaction Documents**

The ability of the Issuer to meet its obligations under the Notes will be dependent on the performance of the duties by each party to the Transaction Documents.

No assurance can be given that the creditworthiness of the parties to the Transaction Documents, in particular the Seller, the Servicer, the Principal Paying Agent, the Interest Rate Swap Counterparties and the Account Bank, will not deteriorate in the future. This may affect the performance of their respective obligations under the respective Transaction Documents. In particular, it may affect the payment of the Deemed Collections by the Seller in accordance with the Receivables Purchase Agreement as well as the administration, collection and enforcement of the Purchased Receivables by the Servicer in accordance with the Servicing Agreement.

### **Sharing with other Creditors**

The proceeds of enforcement and collection of the Note Collateral created by the Issuer in favour of the Transaction Security Trustee will be used in accordance with the Post-Enforcement Priority of Payments to satisfy claims of all Beneficiaries thereunder. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments".

*The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholder, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risk of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of these risks for the Noteholders, there can be no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.*

## CREDIT STRUCTURE

### Vehicle Loan Interest Rates

The Receivables which will be purchased by the Issuer include annuity loans, under which instalments are calculated on the basis of equal monthly amounts during the life of each loan, and balloon loans under which the final instalment may be higher than the previous instalments. Each instalment is comprised of a portion allocable to interest and a portion allocable to principal under such loan. In general, the interest portion of each instalment under annuity loans decreases in proportion to the principal portion over the life of such loan whereas towards maturity of such loan a greater part of each monthly instalment is allocated to principal.

### Cash Collection Arrangements

Payments by the Debtors under the Purchased Receivables are due on a monthly basis, generally on the first or fifteenth calendar day, interest being payable in arrears. Prior to a Servicer Termination Event, all Collections will be paid by the Servicer to the Transaction Account maintained by the Issuer with the Account Bank on the Payment Date immediately following each Collection Period. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Servicing Agreement" and "The Transaction Account".

The Servicer will identify all amounts paid into any of the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account or the Swap Collateral Accounts by crediting such amounts to the respective accounts and ledgers established for such purpose. A ledger will be maintained to record amounts held in the Transaction Account in respect of the balance of the Reserve Fund.

If at any time (i) the Account Bank ceases to have the Account Bank Required Rating or (ii) the Account Bank is no longer rated by any of the Rating Agencies (each of such events listed in (i) or (ii), an "**Account Bank Downgrade**"), the Issuer will be required, within 30 calendar days after the Account Bank Downgrade, to transfer any amounts credited to any Account (including, for the avoidance of doubt, the Reserve Fund), at no cost to the Issuer, to an alternative bank with at least the Account Bank Required Rating.

"**Account Bank Required Rating**" means, at any time in respect of any financial institution acting as Account Bank:

- (a) a short-term deposit rating of at least P-1 (or its replacement) by Moody's (or, if it does not have a short-term deposit rating assigned by Moody's, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least P-1 (or its replacement) by Moody's); and
- (b) (i) if it does have a DBRS Critical Obligations Rating, (y) a DBRS Critical Obligations Rating of at least A(high) or (z) a long-term senior unsecured debt rating of at least A from DBRS, or (ii) if it does not have a DBRS Critical Obligations Rating, an issuer rating or deposit rating or long-term senior unsecured debt rating of at least A from DBRS, or (iii) such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement; or
- (c) such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes.

### Available Distribution Amount

The Available Distribution Amount will be calculated as at each Cut-Off Date with respect to the Collection Period ending on such Cut-Off Date for the purpose of determining, *inter alia*, the amount to be applied under the Pre-Enforcement Priority of Payments on the immediately following Payment Date. The Available Distribution Amount is defined in Appendix A to the Terms and Conditions of the Notes. See "DEFINITIONS — Available Distribution Amount".

The amounts to be applied under the Pre-Enforcement Priority of Payments will vary during the life of the transaction as a result of possible variations in the amount of Collections and certain costs and expenses of the Issuer. The amount of Collections received by the Issuer under the Receivables Purchase Agreement will vary during the life of the Notes as a result of the level of delinquencies, defaults, repayments and prepayments in respect of the Purchased Receivables. The effect of such variations could lead to drawings, and the replenishment of such drawings, under the Reserve Fund.

### **Pre-Enforcement Priority of Payments**

The Available Distribution Amount will, pursuant to the Terms and Conditions of the Notes and the Receivables Purchase Agreement, be applied as of each Payment Date in accordance with the Pre-Enforcement Priority of Payments. The Pre-Enforcement Priority of Payments is set out in Condition 7.6 (Pre-Enforcement Priority of Payments) of the Terms and Conditions of the Notes. The amount of interest and principal payable under the Notes on each Payment Date will depend primarily on the amount of Collections received by the Issuer during the Collection Period immediately preceding such Payment Date and certain costs and expenses of the Issuer. See "TERMS AND CONDITIONS OF THE NOTES —Redemption — Pre-Enforcement Priority of Payments".

Payments to satisfy amounts due to third parties (other than pursuant to the Transaction Documents) and payable in connection with the Issuer's business may be made from the Transaction Account, and, if applicable, the Commingling Reserve Account and, if applicable, the Set-Off Reserve Account, other than on a Payment Date.

### **Residual Payment to the Seller**

On each Payment Date prior to the occurrence of a Termination Event and the occurrence of an Issuer Event of Default, the difference (if any) between the Available Distribution Amount and the sum of all amounts payable or to be applied (as the case may be) by the Issuer under items *first* to *nineteenth* (inclusive) of the Pre-Enforcement Priority of Payments with respect to the Cut-Off Date immediately preceding such Payment Date shall be disbursed to the Seller as residual payment in accordance with and subject to the Pre-Enforcement Priority of Payments. Upon the occurrence of an Issuer Event of Default, the difference (if any) between the Credit and the sum of all amounts payable or to be applied (as the case may be) by the Issuer under items *first* to *fifteenth* (inclusive) of the Post-Enforcement Priority of Payments with respect to the Cut-Off Date immediately preceding any Payment Date shall be disbursed to the Seller as residual payment in accordance with and subject to the Post-Enforcement Priority of Payments.

### **Post-Enforcement Priority of Payments**

Upon the occurrence of an Issuer Event of Default prior to the full discharge of all Transaction Secured Obligations, any amounts payable by the Issuer will be paid in accordance with the Post-Enforcement Priority of Payments set out in clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT — Post-Enforcement Priority of Payments".

### **Reserve Fund**

On the Note Issuance Date, advances in an aggregate amount of EUR 5,610,000 by the Subordinated Loan Provider under the Subordinated Loan have been credited to the Reserve Fund.

The Reserve Fund will be maintained as a ledger to the Transaction Account.

The Reserve Fund will be maintained as a ledger to the Transaction Account. The Reserve Fund has two components, the Required Liquidity Reserve Amount and the Required Reserve Amount. However, for the avoidance of doubt, the Required Liquidity Reserve Amount and the Required Reserve Amount are not kept as separate sub-ledgers of the Reserve Fund and are not to be considered as separate reserve funds but are operands (*Rechengrößen*) as long as the Class A Principal Amount is greater than zero. Prior to the occurrence of an Issuer Event of Default, to the extent the amounts standing to the credit of the Reserve Fund have been applied to meet the payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments, the Reserve Fund will be replenished on each Payment Date up to (i) the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the

Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *first* to *seventh* of the Pre-Enforcement Priority of Payments and (ii) the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount as determined on the relevant Cut-Off Date immediately preceding such Payment Date by any excess funds of the Available Distribution Amount which are not used to meet the payment obligations of the Issuer under items *ninth* to *twelfth* of the Pre-Enforcement Priority of Payments until the balance standing to the credit of the Reserve Fund equals the Required Reserve Amount. Once the Class A Principal Amount has been reduced to zero, the funds standing to the credit of the Reserve Fund will be available to meet the payment obligations of the Issuer under items *first* to *twelfth* of the Pre-Enforcement Priority of Payments.

Pursuant to the Receivables Purchase Agreement and the Terms and Conditions of the Notes,

- (a) the Required Liquidity Reserve Amount is, on the Note Issuance Date and as of any following Payment Date, an amount equal to one per cent. of the Class A Principal Amount as of the Note Issuance Date or the Cut Off Date immediately preceding the relevant Payment Date, as applicable, provided, that the Required Liquidity Reserve Amount will be equal to zero if the Class A Principal Amount is zero or if the Aggregate Outstanding Principal Amount is zero; and
- (b) the Required Reserve Amount will be an amount equal to the higher of (i) the Required Liquidity Reserve Amount and (ii) EUR 1,000,000, provided that the Required Reserve Amount shall be equal to zero if the Aggregate Outstanding Note Principal Amount is zero. On the Closing Date, the Required Reserve Amount is 0.935 per cent. of the initial Aggregate Outstanding Note Principal Amount being EUR 5,610,000.

On the Legal Maturity Date, all amounts standing to the credit of the Reserve Fund shall be used, in accordance with the Pre-Enforcement Priority of Payments, to pay the then Aggregate Outstanding Note Principal Amounts of the Notes until the then Aggregate Outstanding Note Principal Amounts of the Notes is reduced to zero. After all amounts of interest and principal due in respect of the Notes have been paid, the Reserve Fund will be reduced to zero.

### **Commingling Reserve**

If, at any time as long as the Seller is the Servicer, a Commingling Reserve Trigger Event occurs, the Seller is required to transfer, within 30 calendar days, the Commingling Reserve Amount to an account of the Issuer held with the Account Bank (the "**Commingling Reserve Account**"). If, at any time as long as the Seller is the Servicer, the balance credited to the Commingling Reserve Account as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event is less than the Commingling Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Commingling Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, the Servicer will be required to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Commingling Reserve Account.

A "**Commingling Reserve Trigger Event**" will have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Commingling Required Rating..

"**Commingling Required Rating**" means, with respect to any entity, that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS,

and, in each case, any such rating has not been withdrawn.

"**Commingling Reserve Amount**" means

- (a) if on any Payment Date a Commingling Reserve Trigger Event has occurred and is continuing, an amount equal to the larger of zero and the sum of
  - (i) the amount of the Scheduled Collections for the period from the beginning of the Collection Period immediately following the Cut-Off Date immediately preceding the relevant Payment Date to the last Business Day of the second Collection Period after such Cut-Off Date (both inclusive); plus
  - (ii) 2.5 per cent. of the Aggregate Outstanding Principal Amount as of the relevant Cut-Off Date immediately preceding the relevant Payment Date;
  - (iii) less the Commingling Reserve Reduction Amount; or
- (b) otherwise, zero;

"**Commingling Reserve Reduction Amount**" means on any Payment Date, the product of (i) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date and (ii) the difference, if positive, of (A) less (B) where:

- (a) (A) is the result of (x) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Principal Amount on such Payment Date plus the Reserve Fund on such Payment Date, divided by (y) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date; and
- (b) (B) is the result of (x) the Aggregate Outstanding Principal Amount on the first Cut-Off Date minus the Class A Principal Amount on the Note Issuance Date plus the Reserve Fund on the Note Issuance Date, divided by (y) the Aggregate Outstanding Principal Amount as of the first Cut-Off Date.

On the Closing Date, the Commingling Reserve Amount shall be zero;

The amounts, if any, standing to the credit of the Commingling Reserve Account shall be included in the Available Distribution Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item fifth of the Pre-Enforcement Priority of Payments) if and to the extent that the Seller has, on such Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date or if the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or if the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under Section 21 of the German Insolvency Code or under sections 45, 46 or 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Purchaser shall pay to the Seller in its capacity as Servicer, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Commingling Reserve Excess Amount, using the balance credited to the Commingling Reserve Account.

"**Commingling Reserve Excess Amount**" means, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (h) of the definition of the Available Distribution Amount.

#### **Set-Off Reserve**

If, at any time, a Set-Off Reserve Trigger Event occurs, the Seller is required to transfer, within 30 calendar days, the Set-Off Reserve Amount to an account of the Issuer (the "**Set-Off Reserve Account**"). If the balance credited to the Set-Off Reserve Account as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event is less than the Set-Off Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Set-Off Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority

of Payments, the Seller will be required to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Set-Off Reserve Account.

A "**Set-Off Reserve Trigger Event**" will have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Set-Off Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Set-Off Required Rating.

"**Set-Off Required Rating**" means, with respect to any entity, that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's,

and, in each case, such rating has not been withdrawn.

"**Set-Off Reserve Amount**" shall mean the sum of (X) and (Y), where:

- (X) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, an amount sufficient to capture the set-off risk related to the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at the Cut-Off Date immediately preceding the relevant Payment Date, as determined by the Servicer and set forth in the Set-Off Report in respect of such Cut-Off Date, provided that (X) shall be reduced to a lower amount or zero if (i) the Issuer determines that such lower amount will be sufficient, or (in case of a reduction to zero) an additional amount will no longer be required, to avoid a downgrading of the ratings assigned to the Class A Notes and (ii) the Issuer has notified Moody's, DBRS and the Seller of such reduction, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero; and
- (Y) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, the sum of the amounts which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the Cut-Off Date immediately preceding the relevant Payment Date, holds Seller Deposits, and are in each case equal to the lower of (x) the amount of such Seller Deposits and (y) the Outstanding Principal Amount of the Purchased Receivables owed by such Debtor as of the relevant Cut-Off Date, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero.

"**Capitalised Service Fees**" means, in respect of any Purchased Receivable, the total amount of the outstanding balance of the relevant Loan Contract which relates to the fees or premiums charged for the related Payment Protection Insurance (*Ratenschutzversicherung*), (ii) the related Gap Insurance (*Gap-Versicherung*) and/or (iii) the related Repair Cost Insurance (*Reparaturkostenversicherung*).

"**Seller Deposits**" means, with respect to any Debtor, the actual aggregate amount held by such Debtor in the form of money market accounts (*Tagesgeldkonten*), savings certificates (*Sparbriefe*), savings accounts (*Sparkonten*), current accounts (*Girokonten*) and/or credit cards (*Kreditkarten*) with the Seller at the relevant time.

"**Set-Off Report**" means, with respect to any Cut-Off Date, following the occurrence of a Set-Off Reserve Trigger Event and if a Set-Off Reserve Trigger Event is continuing, a report prepared by the Servicer on a monthly basis reasonably detailing (i) the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at such Cut-Off Date and (ii) an amount that is sufficient to capture the set-off risk of the Issuer related to such Capitalised Service Fees, and provided to the Rating Agencies as well as the Issuer and (unless the Seller acts as Servicer) the Seller in accordance with the Servicing Agreement no later than on the Set-Off Reporting Date in respect of such Cut-Off Date.

"**Set-Off Reporting Date**" means, with respect to any Cut-Off Date, the third Business Day prior to the Payment Date immediately following such Cut-Off Date.

The amounts, if any, standing to the credit of the Set-Off Reserve Account shall be included in the Available Distribution Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item fifth of the Pre-Enforcement Priority of Payments) if and to the extent (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections, and (ii) the Issuer does not have a right of set-off against the Seller with respect to such amounts on the relevant Payment Date. On any Payment Date following the occurrence of a Set-Off Reserve Trigger Event, the Purchaser shall pay to the Seller, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Set-Off Reserve Excess Amount, using the balance credited to the Set-Off Reserve Account.

**"Set-Off Reserve Excess Amount"** means, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (i) of the definition of Available Distribution Amount.

### **Interest Rate Swaps**

The Eligibility Criteria require that all Receivables bear a fixed interest rate. The interest rate payable by the Issuer with respect to the Class A Notes is calculated as the sum of EURIBOR and a margin as set out in the Terms and Conditions of the Notes.

The Issuer has hedged this fixed-floating interest rate exposure by entering into two separate Interest Rate Swaps with the Interest Rate Swap Counterparties. Under each Interest Rate Swap, on each Payment Date the Issuer will pay a fixed rate (the **"Fixed Swap Rate"**) applied to 50 per cent. of the lower of (a) the aggregate of the Note Principal Amounts of all Class A Notes as of the immediately preceding Payment Date (less any corresponding amount of principal repaid or scheduled to be repaid by the Issuer under the Class A Notes on such immediately preceding Payment Date) (or, in the case of the first Payment Date, as of the Note Issuance Date) and (b) a scheduled notional amount determined on the basis of expected Class A Note amortisation assuming a constant prepayment rate of 0 per cent., a cumulative default rate of 0 per cent. and a time lag of six months (the **"Notional Amount"**) and the relevant Interest Rate Swap Counterparty will pay a floating rate equal to EURIBOR as set by such Interest Rate Swap Counterparty in respect of the Interest Period immediately preceding such Payment Date applied to the same Notional Amount. Payments under each Interest Rate Swap will be made on a net basis. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Interest Rate Swaps".

In respect of each Interest Rate Swap, a segregated Swap Collateral Account is established with the Account Bank and security created over such account in favour of the Transaction Security Trustee in accordance with provisions in the Accounts Agreement and the Dutch Account Pledge Agreement. Any cash collateral posted to such Swap Collateral Accounts as a result of a ratings downgrade shall be monitored on a specific collateral ledger and shall bear interest. Such cash collateral shall be segregated from the Transaction Account and from the general cash flow of the Issuer and shall not constitute Collections. Collateral posted to such Swap Collateral Accounts is solely for the purposes of, and in connection with, collateralising the Interest Rate Swaps.

Each Interest Rate Swap has been structured and designed with the view to comply with the current applicable hedge counterparty criteria for structured finance transactions as promulgated by each of the Rating Agencies. In particular, each Interest Rate Swap in accordance with the current applicable rating criteria provides for certain measures to be taken by the relevant Interest Rate Swap Counterparty should it cease to have certain pre-determined minimum ratings of its short-term or long-term unsecured, unsubordinated and unguaranteed debt obligations or, in the case of Moody's, counterparty risk assessment (the **"Interest Rate Swap Counterparty Required Ratings"**). Such measures include (i) the posting of cash collateral in accordance with the terms of the Credit Support Annex and (ii) the relevant Interest Rate Swap Counterparty being obliged, to either (x) obtain a guarantee of its obligations under the relevant Interest Rate Swap from a third party with the Interest Rate Swap Counterparty Required Ratings; or (y) transfer all of its rights and obligations under the relevant Interest Rate Swap or the relevant interest rate swap transaction(s) to a third party with the Interest Rate

Swap Counterparty Required Ratings. Failure by any Interest Rate Swap Counterparty to comply with any of the aforementioned requirements will constitute a reason for termination by the Issuer of the relevant Interest Rate Swap in accordance with the terms and conditions thereof. Where the relevant Interest Rate Swap Counterparty provides collateral in accordance with the provisions of the Credit Support Annex, such collateral or interest thereon will not form part of the Available Distribution Amount (other than collateral amounts applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under an Interest Rate Swap). See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Interest Rate Swaps" and "THE INTEREST RATE SWAP COUNTERPARTIES".

### **Credit Enhancement**

As, on the Note Issuance Date, the average interest rate under the Loan Contracts exceeds the average interest rate of the Notes, it is expected that the aggregate interest portions of the Collections received and forming part of lit. (b) of the definition of Available Distribution Amount will exceed the amounts required to meet the items ranking higher than Class A Notes Interest (item *seventh*) in the Pre-Enforcement Priority of Payments.

Prior to the occurrence of an Issuer Event of Default, the Class A Notes have the benefit of credit enhancement provided through the subordination of the Class B Notes and through the Reserve Fund, provided that (i) if no Principal Deficiency Trigger Event occurs as of any Payment Date, the payment of interest of the Class B Notes is subordinated to the respective payment of interest of the Class A Notes and the payment of principal of the Class B Notes is subordinated to the payment of principal of the Class A Notes, and (ii) if a Principal Deficiency Trigger Event occurs as of any Payment Date, the payment of interest and principal of the Class B Notes is subordinated to the payment of interest and principal of the Class A Notes. The Class B Notes have the benefit of credit enhancement provided through the Reserve Fund.

Following the occurrence of an Issuer Event of Default, the Class A Notes have the benefit of credit enhancement provided through the subordination, both as to payment of interest and principal and on enforcement of the Note Collateral, of the Class B Notes and the Reserve Fund.

### **Subordinated Loan**

The Subordinated Loan Provider has made available to the Issuer on or prior to the Purchase Date a subordinated loan facility (the "**Subordinated Loan**") in the principal amount of EUR 5,610,000 which has been utilised for the purpose of establishing the Reserve Fund. The obligations of the Issuer under the Subordinated Loan are subordinated to the obligations of the Issuer under the Notes. The Subordinated Loan will amortise in accordance with the applicable Priority of Payments.

Prior to the occurrence of an Issuer Event of Default, interest under the Subordinated Loan will be payable by the Issuer monthly in arrears on each Payment Date, subject to and in accordance with the Pre-Enforcement Priority of Payments. The principal amount outstanding and unpaid on the Subordinated Loan will be repaid by the Issuer out of any reduction in the amount of the Required Reserve Amount in accordance with the Pre-Enforcement Priority of Payments. See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS — Subordinated Loan Agreement".



## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes are set out below. Appendix A to the Terms and Conditions of the Notes is set out under "DEFINITIONS". Appendix B to the Terms and Conditions of the Notes is set out under "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT". Appendix C to the Terms and Conditions of the Notes is set out under "DESCRIPTION OF THE PORTFOLIO — Eligibility Criteria". Appendix D to the Terms and Conditions of the Notes is set out under "CREDIT AND COLLECTION POLICY". Appendix E to the Terms and Conditions of the Notes is set out under "PROVISIONS REGARDING RESOLUTIONS OF NOTEHOLDERS". Each of Appendix A, Appendix B, Appendix C, Appendix D and Appendix E forms an integral part of the Terms and Conditions of the Notes.

### 1. Form and Denomination

- (a) SC Germany Auto 2018-1 UG (haftungsbeschränkt), incorporated with limited liability (*Unternehmergeellschaft (haftungsbeschränkt)*) in the Federal Republic of Germany ("**Germany**") registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Frankfurt am Main under the registration number HRB 111618 and having its registered office at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany (the "**Issuer**") issues the following classes of floating or fixed rate amortising asset-backed notes in bearer form (each, a "**Class**" and collectively, the "**Notes**") pursuant to these terms and conditions (the "**Terms and Conditions of the Notes**"):
- (i) Class A Floating Rate Notes due on the Payment Date falling in December 2027 (the "**Class A Notes**") which are issued in an initial aggregate principal amount of EUR 561,000,000 and divided into 5,610 Notes, each having a principal amount of EUR 100,000,
- (ii) Class B Fixed Rate Notes due on the Payment Date falling in December 2027 (the "**Class B Notes**") which are issued in the aggregate principal amount of EUR 39,000,000 and divided into 390 Notes, each having a principal amount of EUR 100,000.

The Notes shall be issued on or about 21 June 2018 (the "**Note Issuance Date**"). All Notes shall be issued in new global note form. The holders of the Notes are referred to as the "**Noteholders**".

- (b) Each Class of Notes shall be initially represented by a temporary global bearer note (the "**Temporary Global Note**") without interest coupons. The Temporary Global Notes shall be exchangeable, as provided in paragraph (c) below, for permanent global bearer notes which are recorded in the records of the ICSDs (the "**Permanent Global Note**") without interest coupons representing each such Class. Definitive Notes and interest coupons shall not be issued. Each Permanent Global Note and each Temporary Global Note is also referred to herein as a "**Global Note**" and, together, as "**Global Notes**". Each Global Note representing the Class A Notes shall be deposited with an entity appointed as common safekeeper (the "**Class A Notes Common Safekeeper**") by the ICSDs. Each Global Note representing the Class B Notes shall be deposited with an entity appointed as common safekeeper (the "**Class B Notes Common Safekeeper**") and together with the Class A Notes Common Safekeeper, the "**Common Safekeepers**") by the ICSDs.
- (c) The Temporary Global Notes shall be exchanged for the Permanent Global Notes recorded in the records of the ICSDs on a date (the "**Exchange Date**") not earlier than 40 calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant participants to the ICSDs, as relevant, and by the ICSDs to the Principal Paying Agent, of certificates in the form which forms part of the Temporary Global Notes and are available from the Principal Paying Agent for such purpose, to the effect that the beneficial owner or owners of the Notes represented by the relevant Temporary Global Note is not a U.S. person or are not U.S. persons other than certain financial institutions or certain persons holding through such financial institutions. Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall be delivered only outside of the United States. "**United States**" shall mean, for the purposes of this Condition 1(c), the United States of America

(including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands). Any exchange of a Temporary Global Note pursuant to this Condition 1(c) shall be made free of charge to the Noteholders. Upon an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

- (d) The Notes will bear a legend on their Global Notes to the following effect:

"Any United States person (as defined in the Internal Revenue Code of the United States) who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of 1986, as amended."

- (e) Payments of interest or principal on the Notes represented by a Temporary Global Note shall be made only after delivery by the relevant participants to the ICSDs, as relevant, and by an ICSD to the Principal Paying Agent of the certifications described in paragraph (c) above.

- (f) Each Global Note shall be manually signed by or on behalf of the Issuer and shall be authenticated by the Principal Paying Agent and, in respect of each Global Note representing the Class A Notes, effectuated by the Class A Notes Common Safekeeper on behalf of the Issuer and, in respect of each Global Note representing the Class B Notes, effectuated by the Class B Notes Common Safekeeper on behalf of the Issuer.

- (g) The aggregate nominal amount of the Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. Absent errors, the records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate nominal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the aggregate nominal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate nominal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

- (h) The provisions set out in Schedule 8 of the agency agreement (the "**Agency Agreement**") between the Issuer, ABN AMRO Bank N.V. as principal paying agent (or any successor or substitute appointed with such capacity, the "**Principal Paying Agent**") and as calculation agent (or any successor or substitute appointed with such capacity, the "**Calculation Agent**"), Wilmington Trust SP Services (Frankfurt) GmbH as cash administrator (or any successor or substitute appointed with such capacity, the "**Cash Administrator**"), as EURIBOR determination agent (or any successor or substitute appointed with such capacity, the "**EURIBOR Determination Agent**") and as Corporate Administrator dated on or about 19 June 2018 which contain primarily the procedural provisions regarding resolutions of Noteholders shall hereby be fully incorporated into these Terms and Conditions of the Notes. The Issuer shall specify, by means of a notification in accordance with Condition 13 (Form of Notices), at any time, but no later than upon publication of a convening notice for a Noteholders' meeting, a website for the purpose of publications under such procedural provisions. Such notification shall hereby be fully incorporated into these Terms and Conditions of the Notes upon publication or delivery thereof in accordance with Condition 13 (Form of Notices).

- (i) Copies of the Global Notes are available free of charge at the main offices of the Issuer and of the Principal Paying Agent (as defined in Condition 9 (Paying Agents; Determinations Binding)).
- (j) Certain terms not defined but used herein shall have the same meanings herein as in Appendix A, Appendix B, Appendix C, Appendix D or Appendix E to these Terms and Conditions of the Notes ("**Appendix A**", "**Appendix B**", "**Appendix C**", "**Appendix D**" and "**Appendix E**", respectively) each of which constitutes an integral part of these Terms and Conditions of the Notes.
- (k) The Notes are subject to the provisions of a transaction security agreement (the "**Transaction Security Agreement**") between the Issuer, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the EURIBOR Determination Agent, the Back-Up Servicer Facilitator, the Interest Rate Swap Counterparties, the Data Trustee, the Account Bank, the Corporate Administrator, the Seller, the Servicer, the Subordinated Loan Provider and TMF Trustee Limited as transaction security trustee (including any successor or substitute appointed with such capacity, the "**Transaction Security Trustee**") dated on or about 19 June 2018. The main provisions of the Transaction Security Agreement are set out in Appendix B which constitutes an integral part of these Terms and Conditions of the Notes. Terms defined in the Transaction Security Agreement shall have the same meanings herein.

## 2. **Status and Priority**

- (a) The Notes constitute direct, secured and (subject to Condition 3.2 (Limited Recourse)) unconditional obligations of the Issuer.
- (b) The obligations of the Issuer under the Class A Notes rank *pari passu* amongst themselves without any preference among themselves in respect of priority of payments. With respect to the other obligations of the Issuer, the obligations of the Issuer under the Class A Notes rank in accordance with the applicable Priority of Payments as set out in Condition 7.1 (Amortisation), Condition 7.6 (Pre-Enforcement Priority of Payments) and clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement (see Appendix B). The obligations of the Issuer under the Class B Notes rank *pari passu* amongst themselves in respect of priority of payments. With respect to the other obligations of the Issuer, the obligations of the Issuer under the Class B Notes rank in accordance with the applicable Priority of Payments as set out in Condition 7.1 (Amortisation), Condition 7.6 (Pre-Enforcement Priority of Payments) and clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement (see Appendix B).

## 3. **Provision of Security; Limited Payment Obligation; Issuer Event of Default**

### 3.1 **Security**

Pursuant to the Transaction Security Agreement, the Issuer has transferred or pledged its rights and claims in all Purchased Receivables and the Related Collateral transferred by the Seller to it under the Receivables Purchase Agreement, all of its rights and claims arising under certain Transaction Documents to which the Issuer is a party and certain other rights specified in the Transaction Security Agreement (such collateral as defined in clause 7 (Security Purpose) of the Transaction Security Agreement, the "**Collateral**") as security for the Notes and other obligations specified in the Transaction Security Agreement. As to the form and contents of such provision of security, reference is made to clauses 5 (Transfer for Security Purposes of the Assigned Security) and 6 (Pledge) and the other provisions of the Transaction Security Agreement (see Appendix B). In addition, the Issuer has granted a security interest to the Transaction Security Trustee in respect of all present and future rights, claims and interests which the Issuer is or becomes entitled to from or in relation to the Interest Rate Swap Counterparties and/or any other party pursuant to or in respect of each Interest Rate Swap to the Transaction Security Trustee in accordance with an English security deed dated on or about 19 June 2018 (the "**English Security Deed**") and over the Accounts and all amounts standing to the credit of the Accounts from time to time as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Transaction Security Trustee in accordance with a Dutch account pledge agreement dated on

or about 19 June 2018 (the "**Dutch Account Pledge Agreement**", the security interests granted in accordance with the English Security Deed and the Dutch Account Pledge Agreement together with the Collateral, the "**Note Collateral**").

### 3.2 **Limited Recourse**

- (a) All payment obligations of the Issuer under the Notes constitute exclusive obligations to pay out the Credit (as defined in clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement) in accordance with the Post-Enforcement Priority of Payments. Such funds shall be generated by, and limited to (i) payments made to the Issuer by the Servicer under the Servicing Agreement, (ii) payments made to the Issuer by the Interest Rate Swap Counterparties under the Interest Rate Swaps, (iii) payments made to the Issuer under the other Transaction Documents, (iv) proceeds from the realisation of the Note Collateral, and (v) interest earned on the balance credited to the Transaction Account, as available on the relevant Payment Date (Condition 5.1 (Payment Dates)) according to the Post-Enforcement Priority of Payments (clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement) provided that, prior to the occurrence of an Issuer Event of Default, the Available Distribution Amount shall be applied in accordance with the Pre-Enforcement Priority of Payments (Condition 7.6 (Pre-Enforcement Priority of Payments)). The payment obligations of the Issuer shall only be settled if and to the extent that the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any current positive balance of the net assets (*anderes freies Vermögen*) of the Issuer. The Notes shall not give rise to any payment obligation in excess of the Credit and recourse shall be limited accordingly.
- (b) The Issuer shall hold all monies paid to it in the Transaction Account, except the Commingling Reserve Amount which the Issuer shall hold in the Commingling Reserve Account and the Set-Off Reserve Amount which the Issuer shall hold in the Set-Off Reserve Account and any Swap Collateral, Swap Tax Credit and Replacement Swap Premium received by the Issuer which the Issuer shall hold in the respective Swap Collateral Account. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may be performed to the fullest extent possible.
- (c) The obligations of the Issuer arising hereunder are limited recourse obligations payable solely from the proceeds of the Note Collateral or any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) and, following realisation of the Note Collateral and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments set out in clause 23.2 (Post-Enforcement Priority of Payments) of the Transaction Security Agreement, any claims of the Noteholders under the Notes against the Issuer (and the obligation of the Issuer) shall be extinguished.

"**Extinguished**" for these purposes shall mean that such claim shall not lapse, but shall be subordinated in accordance with section 39 para 2 of the German Insolvency Code (*Insolvenzordnung*) to all current and future claims of the other creditors of the Issuer as set out in section 39 para 1 no. 1 to 5 of the German Insolvency Code (*Insolvenzordnung*). Any such claims shall be settled only after all current and future claims of the Issuer's other creditors have been settled if and to the extent the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any positive balance of the net assets (*anderes freies Vermögen*) of the Issuer.

### 3.3 **Enforcement of Payment Obligations**

The enforcement of the payment obligations under the Notes shall only be effected by the Transaction Security Trustee for the benefit of all Noteholders, provided that each Noteholder shall be entitled to proceed directly against the Issuer in the event that the Transaction Security Trustee, after having become obliged to enforce the Note Collateral and having been given notice thereof, fails to do so within a reasonable time period and such failure continues. The Transaction Security Trustee shall foreclose on the Note Collateral upon the occurrence of an

Issuer Event of Default on the conditions and in accordance with the terms of the Transaction Security Agreement including, in particular, clauses 19 (Enforcement of Note Collateral) and 20 (Payments upon Occurrence of an Issuer Event of Default) of the Transaction Security Agreement (see Appendix B) and the terms of the English Security Deed and the Dutch Account Pledge Agreement.

#### 3.4 **Obligations of the Issuer only**

The Notes represent obligations of the Issuer only and do not represent an interest in or obligation of the Transaction Security Trustee, any other party to the Transaction Documents or any other third party.

#### 3.5 **Issuer Event of Default**

An "**Issuer Event of Default**" shall occur when:

- (a) the Issuer becomes overindebted (*überschuldet*) or is unable to pay its debts as they fall due (*zahlungsunfähig*) or the inability of the Issuer to pay its debts as they fall due is imminent (*drohende Zahlungsunfähigkeit*) or measures under section 21 of the German Insolvency Code (*Insolvenzordnung*) are taken with respect to the Issuer or the Issuer initiates or otherwise becomes subject to liquidation, insolvency, or similar proceedings under any applicable law, which affect or prejudice the performance of its obligations under the Notes or the other Transaction Documents, and are not, in the opinion of the Transaction Security Trustee, being disputed in good faith with a reasonable prospect of discontinuing or discharging the same, or such proceedings are not instituted for lack of assets;
- (b) the Issuer defaults in the payment of any interest due and payable in respect of any Class A Note and such default continues for a period of at least five Business Days;
- (c) the Issuer defaults in the payment of any interest or principal due and payable in respect of any Note or in the due payment or performance of any other Transaction Secured Obligation (as such term is defined in clause 7 (Security Purpose) of the Transaction Security Agreement), other than those mentioned under items *sixteenth* to *twentieth* of the Pre-Enforcement Priority of Payments, in each case to the extent that the Available Distribution Amount as of the Cut-Off Date immediately preceding the relevant Payment Date would have been sufficient to pay such amounts, and such default continues for a period of at least five Business Days;
- (d) a distress, execution, attachment or other legal process is levied or enforced upon or sued out against all or any substantial part of the assets of the Issuer and is not discharged or does not otherwise cease to apply within 30 calendar days of being levied, enforced or sued out or legal proceedings are commenced for any of the aforesaid, or the Issuer makes a conveyance or assignment for the benefit of its creditors generally; or
- (e) the Transaction Security Trustee ceases to have a valid and enforceable security interest in any of the Note Collateral or any other security interest created under any Transaction Security Document.

Upon the occurrence of an Issuer Event of Default, the full Class Principal Amount shall become due and payable in accordance with the Post-Enforcement Priority of Payments.

#### 4. **General Covenants of the Issuer**

##### 4.1 **Restrictions on Activities**

As long as any Notes are outstanding, the Issuer shall not be entitled, unless (i) each Rating Agency has been notified of such action and the prior consent of the Transaction Security Trustee has been obtained or (ii) required by applicable law, to engage in or undertake any of the activities or transactions specified in clause 39 (Actions of the Issuer Requiring Consent) of the Transaction Security Agreement (see Appendix B).

#### 4.2 **Appointment of Transaction Security Trustee**

As long as any Notes are outstanding, the Issuer shall ensure that a transaction security trustee is appointed at all times who has undertaken substantially the same functions and obligations as the Transaction Security Trustee pursuant to these Terms and Conditions of the Notes and the Transaction Security Agreement.

### 5. **Payments on the Notes**

#### 5.1 **Payment Dates**

Payments of interest and in accordance with the provisions herein, principal in respect of the Notes to the Noteholders shall become due and payable monthly on the thirteenth day of each calendar month or if such day is not a Business Day, on the next succeeding day which is a Business Day unless such date would thereby fall into the next calendar month, in which case the payment will be made on the immediately preceding Business Day, commencing on 13 July 2018 (each such day, a "**Payment Date**"). "**Business Day**" shall mean a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET2**") are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in Luxembourg, Mönchengladbach (Germany), Frankfurt am Main (Germany), Amsterdam (The Netherlands) and London (United Kingdom).

#### 5.2 **Note Principal Amount**

Payments of principal and interest on each Note as of any Payment Date shall be made on the Note Principal Amount of such Note. The "**Note Principal Amount**" of any Note as of any date shall be the aggregate amount from time to time entered in the records of both ICSDs. "**Class A Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class A Notes and "**Class B Principal Amount**" shall mean, as of any date, the sum of the Note Principal Amounts of all Class B Notes. Each of the Class A Principal Amount and the Class B Principal Amount is referred to herein as a "**Class Principal Amount**". The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the aggregate principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the aggregate principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled.

On an exchange of a portion only of the Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered *pro rata* in the records of the ICSDs.

#### 5.3 **Payments and Discharge**

- (a) Payments of principal and interest in respect of the Notes shall be made by the Issuer, through the Principal Paying Agent, on each Payment Date to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the Noteholders.
- (b) Payments in respect of interest on any Notes represented by the Temporary Global Note shall be made to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the relevant Noteholders upon due certification as provided in Condition 1(c) (Form and Denomination).

- (c) All payments made by the Issuer to, or to the order of, the ICSDs, as relevant, shall discharge the liability of the Issuer under the relevant Notes to the extent of the sums so paid. Any failure to make the entries in the records of the ICSDs referred to in Condition 5.2 (Note Principal Amount) shall not affect the discharge referred to in the preceding sentence.

## 6. Payments of Interest

### 6.1 Interest Calculation

- (a) Subject to the limitations set forth in Condition 3.2 (Limited Recourse) and, in particular, subject to the Pre-Enforcement Priority of Payments and, upon the occurrence of an Issuer Event of Default, the Post-Enforcement Priority of Payments, each Note shall bear interest on its Note Principal Amount from the Note Issuance Date until the close of the day preceding the day on which such Note has been redeemed in full (both days inclusive).
- (b) The amount of interest payable by the Issuer in respect of each Note on any Payment Date (the "**Interest Amount**") shall be calculated by applying the relevant Interest Rate (Condition 6.3 (Interest Rate)), for the relevant Interest Period (Condition 6.2 (Interest Period)), to the Note Principal Amount outstanding immediately prior to the relevant Payment Date and multiplying the result by the actual number of days in the relevant Interest Period divided by 360 and rounding the result to the nearest EUR 0.01 (with EUR 0.005 being rounded upwards). "**Class A Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class A Notes on any date and "**Class B Notes Interest**" shall mean the aggregate Interest Amount payable (including any Interest Shortfall) in respect of all Class B Notes on any date.

### 6.2 Interest Period

"**Interest Period**" shall mean, in respect of the first Payment Date, the period commencing on (and including) the Note Issuance Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) a Payment Date and ending on (but excluding) the immediately following Payment Date.

### 6.3 Interest Rate

- (a) The interest rate payable on the Note for each Interest Period (each, an "**Interest Rate**") shall be
- (i) in the case of the Class A Notes, EURIBOR plus 0.4 per cent. *per annum* and, for the avoidance of doubt, if such rate is below zero, the Interest Rate shall be zero,
- (ii) in the case of the Class B Notes, 0.633 per cent. *per annum*.
- (b) "**EURIBOR**" for each Interest Period shall mean the rate for deposits in euro for a period of one month (with respect to the first Interest Period, the linear interpolation between two weeks and one month) which appears on Reuters screen page EURIBOR01 (or such other page as may replace such page on that service for the purpose of displaying Brussels inter-bank offered rate quotations of major banks) as of 11:00 a.m. (Brussels time) on the second Business Day immediately preceding the commencement of such Interest Period (each, a "**EURIBOR Determination Date**"), all as determined by the EURIBOR Determination Agent. If Reuters screen page EURIBOR01 is not available or if no such quotation appears thereon, in each case as at such time, the EURIBOR Determination Agent shall request the principal Euro-zone office of the Reference Banks selected by it to provide the EURIBOR Determination Agent with its offered quotation (expressed as a percentage rate *per annum*) for one-month deposits (with respect to the first Interest Period, the linear interpolation between two weeks and one month) in euro at approximately 11:00 a.m. (Brussels time) on the relevant EURIBOR Determination Date to prime banks in the Euro-zone inter-bank market for the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time. If two or more of the selected Reference Banks provide the EURIBOR Determination Agent with such offered quotations, EURIBOR for such Interest Period shall be the arithmetic mean of such offered quotations (rounded if necessary to the nearest one thousandth of a percentage point, with 0.000005 being rounded upwards). If on the relevant

EURIBOR Determination Date fewer than two of the selected Reference Banks provide the EURIBOR Determination Agent with such offered quotations, EURIBOR for such Interest Period shall be the rate *per annum* which the EURIBOR Determination Agent determines as being the arithmetic mean (rounded if necessary to the nearest one thousandth of a percentage point, with 0.00005 being rounded upwards) of the rates communicated to (and at the request of) the EURIBOR Determination Agent by major banks in the Euro-zone, selected by the EURIBOR Determination Agent, at approximately 11:00 a.m. (Brussels time) on such EURIBOR Determination Date for loans in euro to leading European banks for such Interest Period and in an amount that is representative for a single transaction in that market at that time. "**Reference Banks**" shall mean four major banks in the Euro-zone inter-bank market. "**Euro-zone**" shall mean the region comprising member states of the European Union that have adopted the single currency, the euro, in accordance with the EC Treaty. "**EC Treaty**" shall mean the Treaty originally signed in Rome on 25 March 1957 as the Treaty establishing the European Community, as amended from time to time, including by the Treaty on European Union signed in Maastricht on 7 February 1992 and the Treaty of Amsterdam signed in Amsterdam on 2 October 1997 and as amended and renamed Treaty on the Functioning of the European Union by the Lisbon Treaty signed in Lisbon on 13 December 2007.

- (c) In the event that the EURIBOR Determination Agent is on any EURIBOR Determination Date required but unable to determine EURIBOR for the relevant Interest Period in accordance with the above for any reason other than as described under (d) below, EURIBOR for such Interest Period shall be EURIBOR as determined on the previous EURIBOR Determination Date.
- (d) If there has been a public announcement of the permanent or indefinite discontinuation of EURIBOR that applies to the Class A Notes at that time (the date of such public announcement being the "**Relevant Time**"), the Issuer (acting on the advice of the Servicer) shall, without undue delay, use commercially reasonable endeavours to propose an Alternative Base Rate in accordance with Condition 12(b) (Modifications) (the "**Relevant Condition**").

This Condition 6.3 shall be without prejudice to the application of any higher interest under applicable mandatory law.

#### 6.4 **Notifications**

The Calculation Agent shall, as soon as practicable either on each EURIBOR Determination Date or on the Business Day immediately following each EURIBOR Determination Date but no later than 11:00 a.m. (CET) on such Business Day, determine the relevant Interest Period, Interest Rate, Interest Amount and Payment Date with respect to each Class of Notes and notify such information to each of the Principal Paying Agent, the Issuer, the Cash Administrator, each Interest Rate Swap Counterparty, the Corporate Administrator and the Transaction Security Trustee in writing without undue delay. Upon receipt of such information and if applicable, relevant completed forms, by no later than 2:00 p.m. (CET) on the day of intended notification, the Principal Paying Agent shall notify such information (i) as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange as well as to the holders of such Notes in accordance with Condition 13 (Form of Notices) and (ii) if any Notes are listed on any other stock exchange, to such exchange as well as to the holders of such Notes in accordance with Condition 13 (Form of Notices). In the event that such notification is required to be given to the Luxembourg Stock Exchange, this notification, together with any completed forms required by the Luxembourg Stock Exchange, shall be given no later than the close of the day of intended notification.

#### 6.5 **Interest Shortfall**

Accrued interest not paid on any Payment Date related to the Interest Period in which it accrued, shall be an "**Interest Shortfall**" with respect to the relevant Note. Without prejudice to item (ii) of the definition of Issuer Event of Default, an Interest Shortfall shall become due and payable on the next Payment Date and on any following Payment Date (subject to Condition 3.2 (Limited Recourse)) until it is reduced to zero. Interest shall not accrue on Interest Shortfalls at any time.



## 7. Redemption

### 7.1 Amortisation

Subject to the limitations set forth in Condition 3.2 (Limited Recourse) and, in particular, subject to the Post-Enforcement Priority of Payments upon the occurrence of an Issuer Event of Default, the Class A Notes and, after the Class A Notes have been redeemed in full, the Class B Notes, in this order sequentially, shall be redeemed on each Payment Date in an amount equal to the Available Distribution Amount less the sum of all amounts payable or to be applied (as the case may be) by the Issuer as set forth in the Pre-Enforcement Priority of Payments under items *first* to *ninth* (inclusive) and item *eleventh* (if relevant) and subject to the relevant Class Target Principal Amount, provided that each Note of a particular Class shall be redeemed on each Payment Date in an amount equal to the redemption amount allocated to such Class divided by the number of Notes in such Class. "**Class A Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class A Notes on any date and "**Class B Notes Principal**" shall mean the aggregate principal amount payable in respect of all Class B Notes on any date.

### 7.2 Scheduled Maturity Date

On the Payment Date falling in June 2025 (the "**Scheduled Maturity Date**"), each Class A Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class A Notes have been redeemed in full, each Class B Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount, subject to the availability of funds pursuant to the Pre-Enforcement Priority of Payments. In the event of insufficient funds pursuant to the Pre-Enforcement Priority of Payments, any outstanding Note shall be redeemed on the next Payment Date and on any following Payment Date in accordance with and subject to the limitations set forth in Condition 3.2 (Limited Recourse) until each Note has been redeemed in full, subject to the Condition 7.3 (Legal Maturity Date).

### 7.3 Legal Maturity Date

On the Payment Date falling in December 2027 (the "**Legal Maturity Date**"), each Class A Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount and, after all Class A Notes have been redeemed in full, each Class B Note shall, unless previously redeemed or purchased and cancelled, be redeemed in full at the then outstanding Note Principal Amount, in each case subject to the limitations set forth in Condition 3.2 (Limited Recourse). The Issuer shall be under no obligation to make any payment under the Notes after the Legal Maturity Date.

### 7.4 Early Redemption

- (a) On any Payment Date following the Cut-Off Date on which the Aggregate Outstanding Principal Amount has been reduced to less than 10 per cent. of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date or on any Payment Date following thereafter, the Seller shall have the option under the Receivables Purchase Agreement to repurchase all Purchased Receivables (together with any Related Collateral) which have not been sold to a third party and the proceeds from such repurchase shall constitute Collections and shall be deemed to be received during the Collection Period relating to such Payment Date, subject to the following requirements:
- (i) the proceeds distributable as a result of such repurchase on the Early Redemption Date shall be at least equal to the sum of the then outstanding Note Principal Amounts of the Class A Notes plus accrued but unpaid interest thereon together with all amounts ranking prior thereto according to the Pre-Enforcement Priority of Payments;
  - (ii) the Seller shall advise the Issuer of its intention to exercise the repurchase option at least one month prior to the contemplated termination date which must be a Payment Date (the "**Early Redemption Date**"); and

- (iii) the repurchase price to be paid by the Seller is equal to the Aggregate Outstanding Principal Amount as at the Early Redemption Date plus any interest accrued but unpaid on all Purchased Receivables which are not Defaulted Receivables as at such time.
- (b) The repurchase option by the Seller under the Receivables Purchase Agreement and, accordingly, the early redemption of the Notes pursuant to this Condition 7.4 shall be excluded if the sum of the repurchase price determined pursuant to Condition 7.4(a)(iii) above and all other amounts forming part of the Available Distribution Amount relating to such Payment Date is not sufficient to fully satisfy the obligations of the Issuer specified under Condition 7.4(a)(i) above.
- (c) Upon payment in full of the amounts pursuant to Condition 7.4(a)(i) to the Noteholders, the Noteholders shall not receive any further payments of interest or principal.

#### 7.5 **Optional Redemption for Taxation Reasons**

If the Issuer is or becomes at any time required by law to deduct or withhold in respect of any payment under the Notes current or future taxes, levies or governmental charges, regardless of their nature, which are imposed under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, the Issuer shall determine within 20 calendar days of such circumstance occurring whether it would be practicable to arrange for the substitution of the Issuer in accordance with Condition 11 (Substitution of the Issuer) or to change its tax residence to another jurisdiction approved by the Transaction Security Trustee. The Transaction Security Trustee shall not give such approval unless each Rating Agency has been notified in writing of such substitution or change of the tax residence of the Issuer. If the Issuer determines that any of such measures would be practicable, it shall effect such substitution in accordance with Condition 11 (Substitution of the Issuer) or (as relevant) such change of tax residence within 60 calendar days from such determination. If, however, it determines within 20 calendar days of such circumstance occurring that none of such measures would be practicable or if, having determined that any of such measures would be practicable, it is unable so to avoid such deduction or withholding within such further period of 60 calendar days, then the Issuer shall be entitled at its option (but shall have no obligation) to fully redeem all (but not some only) of the Notes, upon not more than 60 calendar days' nor less than 30 calendar days' notice of redemption given to the Transaction Security Trustee, to the Principal Paying Agent and, in accordance with Condition 13 (Form of Notices), to the Noteholders at their then aggregate outstanding Note Principal Amounts, together with accrued but unpaid interest (if any) to the date (which must be a Payment Date) fixed for redemption. Any such notice shall be irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer so to redeem.

#### 7.6 **Pre-Enforcement Priority of Payments**

On each Payment Date prior to the occurrence of an Issuer Event of Default, the Available Distribution Amount as of the Cut-Off Date immediately preceding such Payment Date shall be applied in accordance with the following order of priorities (the "**Pre-Enforcement Priority of Payments**"):

*first*, to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

*second*, to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Transaction Security Trustee for itself under the Transaction Documents;

*third*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Corporate Administrator under the Corporate Administration Agreement, the Back-Up Servicer

Facilitator under the Servicing Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses, and a reserved profit of the Issuer of up to EUR 500 annually;

*fourth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Rating Agencies (including any on-going monitoring fees), the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the EURIBOR Determination Agent under the Agency Agreement, the Managers under the Subscription Agreement (excluding any commissions and concessions which are payable to the Managers under the Subscription Agreement on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeepers and any other relevant party with respect to the issue of the Notes;

*fifth*, to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement or otherwise, and any such amounts due and payable to any substitute servicer or back-up servicer (including any expenses, costs and fees incurred in the course of replacement) for the Purchased Receivables and the Related Collateral which may be appointed from time to time in accordance with the Receivables Purchase Agreement or the Servicing Agreement and any such costs and expenses incurred by the Issuer itself in the event that the Issuer collects and/or services the Purchased Receivables or the Related Collateral;

*sixth*, to pay *pari passu* with each other on a *pro rata* basis any amount due and payable to the Interest Rate Swap Counterparties under the Interest Rate Swaps, other than any termination payment (as determined pursuant to the relevant Interest Rate Swap) due and payable to an Interest Rate Swap Counterparty if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty

*seventh*, to pay Class A Notes Interest due and payable on such Payment Date *pro rata* on each Class A Note;

*eighth*, to credit to the Reserve Fund with effect as from such Payment Date up to the amount of the Required Liquidity Reserve Amount;

*ninth*, if no Principal Deficiency Trigger Event occurs, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*tenth*, to pay any Class A Notes Principal as of such Cut-Off Date, *pro rata* on each Class A Note, but only until the Class A Principal Amount following such payment is equal to the Class A Target Principal Amount;

*eleventh*, upon the occurrence of a Principal Deficiency Trigger Event, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*twelfth*, after the Class A Notes have been redeemed in full, to pay any Class B Notes Principal as of such Cut-Off Date, *pro rata* on each Class B Note, but only until the Class B Principal Amount following such payment is equal to the Class B Target Principal Amount;

*thirteenth*, unless the Payment Date falls on a Servicer Disruption Date, to credit to the Reserve Fund with effect as from such Payment Date up to the excess of (x) the amount of the Required Reserve Amount over (y) the amount of the Required Liquidity Reserve Amount;

*fourteenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Commingling Reserve Trigger Event has occurred, to credit to the Commingling Reserve Account with effect as from such Payment Date up to the amount of the Commingling Reserve Amount;

*fifteenth*, unless the Payment Date falls on a Servicer Disruption Date, after a Set-Off Reserve Trigger Event has occurred, to credit to the Set-Off Reserve Account with effect as from such Payment Date up to the amount of the Set-Off Reserve Amount;

*sixteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay *pari passu* with each other on a *pro rata* basis any termination payment due and payable to any Interest Rate Swap Counterparty under its Interest Rate Swap if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty;

*seventeenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay *pari passu* with each other on a *pro rata* basis any fees owed by the Issuer to the Seller due and payable by the Issuer with respect to amounts standing to the credit of the Commingling Reserve Account and the Set-Off Reserve Account;

*eighteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay first, interest (including accrued interest) due and payable under the Subordinated Loan Agreement and thereafter, outstanding principal under the Subordinated Loan Agreement in the event of any reduction of the Required Reserve Amount from time to time (if any) in accordance with the provisions of the Receivables Purchase Agreement, in an amount (if any) which is equal to the difference between the Required Reserve Amount as of the Payment Date immediately preceding such Payment Date and the Required Reserve Amount as of such Payment Date, but in no event more than the difference between the actual credit then standing to the Reserve Fund as of such Payment Date and the Required Reserve Amount as of such Payment Date (and if such difference is negative, it shall be deemed to be zero);

*nineteenth*, unless the Payment Date falls on a Servicer Disruption Date, to pay any amounts owed by the Issuer to the Seller due and payable (x) under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftückbelastung*) (to the extent such returns do not reduce the Collections for the Collection Period ending on such Cut-Off Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or (y) otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement (including, without limitation, any Commingling Reserve Excess Amount and any Set-Off Reserve Excess Amount) or other Transaction Documents; and

*twentieth*, unless the Payment Date falls on a Servicer Disruption Date, to pay, prior to the occurrence of a Termination Event, any remaining amount to the Seller in accordance with the Receivables Purchase Agreement,

provided that any payment to be made by the Issuer under items *first* to *fifth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using any amounts then credited to the Transaction Account and, if applicable, the Commingling Reserve Account and, if applicable, the Set-Off Reserve Account, and *provided further* that outside of such Pre-Enforcement Priority of Payments, any interest earned on the Commingling Reserve Account and Set-Off Reserve Account any Excess Swap Collateral, Replacement Swap Premium, Swap Tax Credit or any other Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) due to be transferred or paid by the Issuer to such Interest Rate Swap Counterparty pursuant to the terms and conditions of the relevant Interest Rate Swap shall be transferred or paid (as applicable) to such Interest Rate Swap Counterparty.

## 8. **Notifications**

The Principal Paying Agent shall notify the Issuer, the Corporate Administrator, the Cash Administrator, the Transaction Security Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 13 (Form of Notices), the Noteholders, and so long

as any of the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange, the Luxembourg Stock Exchange and if any Notes are listed on any other stock exchanges, such stock exchange:

- (a) with respect to each Payment Date, of the Interest Amount pursuant to Condition 6.1 (Interest Calculation);
- (b) with respect to each Payment Date, of the amount of Interest Shortfall pursuant to Condition 6.5 (Interest Shortfall), if any;
- (c) with respect to each Payment Date, of the amount of principal on each Class A Note and each Class B Note pursuant to Condition 7 (Redemption) to be paid on such Payment Date and, if applicable, that such Payment Date constitutes a Servicer Disruption Date;
- (d) with respect to each Payment Date, of the Note Principal Amount of each Class A Note and each Class B Note and the Class A Principal Amount and the Class B Principal Amount as from such Payment Date; and
- (e) in the event the payments to be made on a Payment Date constitute the final payment with respect to Notes pursuant to Condition 7.3 (Legal Maturity Date), Condition 7.4 (Early Redemption) or Condition 7.5 (Optional Redemption for Taxation Reasons), of the fact that such is the final payment.

In each case, such notification shall be made by the Principal Paying Agent on the EURIBOR Determination Date preceding the relevant Payment Date.

## 9. **Agents; Determinations Binding**

- 9.1 The Issuer has appointed (i) ABN AMRO Bank N.V., as principal paying agent (in such capacity, or any successor or substitute appointed with such capacity, the "**Principal Paying Agent**") and as calculation agent (in such capacity, or any successor or substitute appointed with such capacity, the "**Calculation Agent**") and (ii) Wilmington Trust SP Services (Frankfurt) GmbH as cash administrator (in such capacity, the "**Cash Administrator**") and as EURIBOR determination agent (in such capacity, or any successor or substitute appointed with such capacity, the "**EURIBOR Determination Agent**") and each of the Principal Paying Agent, the Calculation Agent, the EURIBOR Determination Agent and the Cash Administrator, an "**Agent**").
- 9.2 The Issuer shall procure that for as long as any Notes are outstanding there shall always be a Principal Paying Agent, a Calculation Agent, a Cash Administrator and a EURIBOR Determination Agent to perform the functions assigned to it in these Terms and Conditions of the Notes. The Issuer may at any time, by giving not less than 30 calendar days' notice by publication in accordance with Condition 13 (Form of Notices), replace any of the Agents by one or more banks or other financial institutions or other suitable service providers which assume such functions, provided that (i) the Issuer shall maintain at all times an agent having a specified office in the European Union for as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and (ii) no agent located in the United States of America will be appointed. Each of the Agents shall act solely as agents for the Issuer and shall not have any agency or trustee relationship with the Noteholders. The Issuer shall procure that for so long as any Notes are listed on the official list of the Luxembourg Stock Exchange, there shall be a Listing Agent.
- 9.3 All Interest Rates and Interest Amounts determined and other calculations and determinations made by the Principal Paying Agent for the purposes of these Terms and Conditions of the Notes shall, in the absence of manifest error, be final and binding. All determinations of the rate of EURIBOR made by the EURIBOR Determination Agent for the purposes of these Terms and Conditions of the Notes shall, in the absence of manifest error, be final and binding.

10. **Taxes**

Payments shall only be made by the Issuer after the deduction and withholding of current or future taxes, levies or governmental charges, regardless of their nature, which are imposed, levied or collected (collectively, "taxes") under any applicable system of law or in any country which claims fiscal jurisdiction by, or for the account of, any political subdivision thereof or government agency therein authorised to levy taxes, to the extent that such deduction or withholding is required by law or by agreement with the U.S. Internal Revenue Service entered into pursuant to FATCA. The Issuer shall account for the deducted or withheld taxes with the competent government agencies and shall, upon request of a Noteholder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes.

11. **Substitution of the Issuer**

(a) If, in the determination of the Issuer and the reasonable opinion of the Transaction Security Trustee (who may rely on one or more legal opinions from reputable law firms), as a result of any enactment of or supplement or amendment to, or change in, the laws of any relevant jurisdiction or as a result of an official communication of previously not existing or not publicly available official interpretation, or a change in the official interpretation, implementation or application of such laws that becomes effective on or after the Note Issuance Date:

- (i) any of the Issuer, the Seller, the Servicer or any Interest Rate Swap Counterparty would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), be materially restricted from performing any of its obligations under the Notes or the other Transaction Documents to which it is a party; or
- (ii) any of the Issuer, the Seller, the Servicer or any Interest Rate Swap Counterparty would, for reasons beyond its control, and after taking reasonable measures (such measures not involving any material additional payment or other expenses), (x) be required to make any tax withholding or deduction in respect of any payments on the Notes and/or the other Transaction Documents to which it is a party or (y) would not be entitled to relief for tax purposes for any amount which it is obliged to pay, or would be treated as receiving for tax purposes an amount which it is not entitled to receive, in each case under the Notes or the other Transaction Documents;

then the Issuer shall inform the Transaction Security Trustee accordingly and shall, in order to avoid the relevant event described in paragraph (i) or (ii) above, use its reasonable endeavours to arrange the substitution of the Issuer with a company incorporated in another jurisdiction in accordance with Condition 11(b) or to effect any other measure suitable to avoid the relevant event described in paragraph (i) or (ii) above.

(b) The Issuer is entitled to substitute in its place another company (the "**New Issuer**") as debtor for all obligations arising under and in connection with the Notes only subject to the provisions of Condition 11(a) and the following conditions:

- (i) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Notes and the Transaction Documents by means of an agreement with the Issuer and/or the other parties to the Transaction Documents, and that the Note Collateral created in accordance with Condition 3.1 (Security) is held by the Transaction Security Trustee for the purpose of securing the obligations of the New Issuer upon the Issuer's substitution;
- (ii) no additional expenses or legal disadvantages of any kind arise for either the Noteholders or any Interest Rate Swap Counterparty from such assumption of debt and the Issuer has obtained a tax opinion to this effect from a reputable tax lawyer in the relevant jurisdiction which can be examined at the offices of the Principal Paying Agent;

- (iii) the New Issuer provides proof satisfactory to the Transaction Security Trustee that it has obtained all of the necessary governmental approvals in the jurisdiction in which it has its registered address and that it is permitted to fulfil all of the obligations arising under or in connection with the Notes without discrimination against the Noteholders in their entirety;
- (iv) the Issuer and the New Issuer enter into such agreements and execute such documents necessary for the effectiveness of the substitution; and
- (v) each Rating Agency has been notified of such substitution.

Upon fulfilment of the aforementioned conditions, the New Issuer shall in every respect substitute the Issuer and the Issuer shall, vis-à-vis the Noteholders, be released from all obligations relating to the function of issuer under or in connection with the Notes.

- (c) Notice of such substitution of the Issuer shall be given in accordance with Condition 13 (Form of Notices).
- (d) In the event of such substitution of the Issuer, each reference to the Issuer in these Terms and Conditions of the Notes shall be deemed to be a reference to the New Issuer.

## 12. Resolutions of Noteholders and Modifications

- (a) Resolutions of Noteholders
  - (i) The Noteholders of any Class may agree by majority resolution to amend these Terms and Conditions of the Notes, provided that no obligation to make any payment or render any other performance shall be imposed on any Noteholder by majority resolution.
  - (ii) Majority resolutions shall be binding on all Noteholders of the relevant Class. Resolutions which do not provide for identical conditions for all Noteholders of relevant Class are void, unless the Noteholders of such Class who are disadvantaged have expressly consented to their being treated disadvantageously.
  - (iii) Noteholders of any Class may in particular agree by majority resolution in relation to such Class to the following:
    - (A) the change of the due date for payment of interest, the reduction, or the cancellation, of interest;
    - (B) the change of the due date for payment of principal;
    - (C) the reduction of principal;
    - (D) the subordination of claims arising from the Notes of such Class in insolvency proceedings of the Issuer;
    - (E) the conversion of the Notes of such Class into, or the exchange of the Notes of such Class for, shares, other securities or obligations;
    - (F) the exchange or release of security;
    - (G) the change of the currency of the Notes of such Class;
    - (H) the waiver or restriction of Noteholders' rights to terminate the Notes of such Class;
    - (I) the substitution of the Issuer;
    - (J) the appointment or removal of a common representative for the Noteholders of such Class; and

- (K) the amendment or rescission of ancillary provisions of the Notes.
- (iv) Resolutions shall be passed by simple majority of the votes cast. Resolutions relating to material amendments to these Terms and Conditions of the Notes, in particular to provisions relating to the matters specified in Condition 12(a)(iii) items (A) through (J) above, require a majority of not less than 75 per cent. of the votes cast (a "**Qualified Majority**").
- (v) Noteholders of the relevant Class shall pass resolutions by vote taken without a meeting.
- (vi) Each Noteholder participating in any vote shall cast votes in accordance with the nominal amount or the notional share of its entitlement to the outstanding Notes of the relevant Class. As long as the entitlement to the Notes of the relevant Class lies with, or the Notes of the relevant Class are held for the account of, the Issuer or any of its affiliates (section 271(2) of the German Commercial Code (*Handelsgesetzbuch*)), the right to vote in respect of such Notes shall be suspended. The Issuer may not transfer Notes, of which the voting rights are so suspended, to another person for the purpose of exercising such voting rights in the place of the Issuer; this shall also apply to any affiliate of the Issuer.
- (vii) No person shall be permitted to exercise such voting right for the purpose stipulated in sentence 3, first half sentence, herein above.
- (viii) No person shall be permitted to offer, promise or grant any benefit or advantage to another person entitled to vote in consideration of such person abstaining from voting or voting in a certain way.
- (ix) A person entitled to vote may not demand, accept or accept the promise of, any benefit, advantage or consideration for abstaining from voting or voting in a certain way.
- (x) The Noteholders of any Class may by qualified majority resolution appoint a common representative (*gemeinsamer Vertreter*) (the "**Noteholders' Representative**") to exercise rights of the Noteholders of such Class on behalf of each Noteholder. Any natural person having legal capacity or any qualified legal person may act as Noteholders' Representative. Any person who:
- (A) is a member of the management board, the supervisory board, the board of directors or any similar body, or an officer or employee, of the Issuer or any of its affiliates;
  - (B) holds an interest of at least 20 per cent. in the share capital of the Issuer or of any of its affiliates;
  - (C) is a financial creditor of the Issuer or any of its affiliates, holding a claim in the amount of at least 20 per cent. of the outstanding Notes of such Class, or is a member of a corporate body, an officer or other employee of such financial creditor; or
  - (D) is subject to the control of any of the persons set forth in sub-paragraphs (i) to (iii) above by reason of a special personal relationship with such person,

must disclose the relevant circumstances to the Noteholders of such Class prior to being appointed as a Noteholders' Representative. If any such circumstances arise after the appointment of a Noteholders' Representative, the Noteholders' Representative shall inform the Noteholders of the relevant Class promptly in appropriate form and manner.

If the Noteholders of different Classes appoint a Noteholders' Representative, such person may be the same person as is appointed Noteholders' Representative of such other Class.



- (xi) The Noteholders' Representative shall have the duties and powers provided by law or granted by majority resolution of the Noteholders of the relevant Class. The Noteholders' Representative shall comply with the instructions of the Noteholders of the relevant Class. To the extent that the Noteholders' Representative has been authorized to assert certain rights of the Noteholders of the relevant Class, the Noteholders of such Class shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant majority resolution. The Noteholders' Representative shall provide reports to the Noteholders of the relevant Class on its activities.
- (xii) The Noteholders' Representative shall be liable for the performance of its duties towards the Noteholders of the relevant Class who shall be joint and several creditors (*Gesamtgläubiger*); in the performance of its duties it shall act with the diligence and care of a prudent business manager. The liability of the Noteholders' Representative may be limited by a resolution passed by the Noteholders of the relevant Class. The Noteholders of the relevant Class shall decide upon the assertion of claims for compensation of the Noteholders of such Class against the Noteholders' Representative.
- (xiii) Each Noteholders' Representative may be removed from office at any time by the Noteholders of the relevant Class without specifying any reasons. Each Noteholders' Representative may demand from the Issuer to furnish all information required for the performance of the duties entrusted to it. The Issuer shall bear the costs and expenses arising from the appointment of each Noteholders' Representative, including reasonable remuneration of such Noteholders' Representative.

(b) Modifications

The Transaction Security Trustee shall be obliged, without any consent or sanction of the Noteholders and, subject to paragraph (ii)(C) below, any of the other Beneficiaries, to concur with the Issuer in making any modification (other than in respect of a matter for a Qualified Majority is required) to the Transaction Security Agreement, the Terms and Conditions of the Notes or any other Transaction Document to which it is a party or in relation to which it holds security that the Issuer considers necessary:

- (i) for the purpose of changing EURIBOR that then applies in respect of the Class A Notes to an alternative base rate (any such rate, an "**Alternative Base Rate**") and making such other amendments as are necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) to facilitate such change (a "**Base Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Transaction Security Trustee in writing (such certificate, a "**Base Rate Modification Certificate**") that:
  - (A) such Base Rate Modification is being undertaken due to:
    - I. a material disruption to EURIBOR, an adverse change in the methodology of calculating EURIBOR or EURIBOR ceasing to exist or be published;
    - II. a public statement by the EURIBOR administrator that it will cease publishing EURIBOR permanently or indefinitely (in circumstances where no successor EURIBOR administrator has been appointed that will continue publication of EURIBOR);
    - III. a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;
    - IV. a public announcement of the permanent or indefinite discontinuation of EURIBOR that applies to the Class A Notes at such time;
    - V. a public statement by the supervisor for the EURIBOR administrator that means EURIBOR may no longer be used or that its use is subject to restrictions or adverse consequences; or

VI. the reasonable expectation of the Servicer that any of the events specified in sub-paragraphs i., ii., iii., iv. or v. above will occur or exist within six months Modification,

and, in each case, such modification is required solely for such purpose and it has been drafted solely to such effect; and

(B) such Alternative Base Rate is:

I. a base rate published, endorsed, approved or recognised by the relevant regulatory authority or any stock exchange on which the Notes are listed or any relevant committee or other body established, sponsored or approved by any of the foregoing);

II. a base rate utilised in a material number of publicly-listed new issues of Euro denominated asset backed floating rate notes prior to the effective date of such Base Rate Modification;

III. a base rate utilised in a publicly-listed new issue of Euro denominated asset backed floating rate notes where the originator of the relevant assets is an Affiliate of Santander Consumer Bank AG; or

IV. such other base rate as the Servicer reasonably determines,

and:

V. in each case, the change to the Alternative Base Rate will not, in the Servicer's opinion, be materially prejudicial to the interest of the Noteholders; and

VI. for the avoidance of doubt, the Servicer may propose an Alternative Base Rate on more than one occasion provided that the conditions set out in this Condition 12(b)(i)(i) are satisfied;

(ii) for the purpose of changing the base rate that then applies in respect of the Interest Rate Swap to an alternative base rate as is necessary or advisable in the commercially reasonable judgment of the Issuer (or the Servicer on its behalf) and the Interest Rate Swap Counterparties solely as a consequence of a Base Rate Modification and solely for the purpose of aligning the base rate of the Class A Swap to the base rate of the Class A Notes following such Base Rate Modification (a "**Interest Rate Swap Rate Modification**"), provided that the Servicer, on behalf of the Issuer, certifies to the Transaction Security Trustee in writing that such modification is required solely for such purpose and it has been drafted solely to such effect (such certificate being a "**Interest Rate Swap Rate Modification Certificate**");

provided that, in the case of any modification made pursuant to sub-paragraph (A) or (B) above:

(A) at least 30 days' prior written notice of any such proposed modification has been given to the Transaction Security Trustee;

(B) the Base Rate Modification Certificate or the Interest Rate Swap Rate Modification Certificate, as applicable, in relation to such modification is provided to the Transaction Security Trustee both at the time the Transaction Security Trustee is notified of the proposed modification in accordance with sub-paragraph (A) above and on the date that such modification takes effect;

(C) the consent of each Beneficiary which is party to the relevant Transaction Document (with respect to a Base Rate Modification or a Swap Rate Modification, any Transaction Document proposed to be amended by such Base Rate Modification or Interest Swap Rate Modification, as applicable) or which

has a right to consent to such modification pursuant to the provisions of the relevant Transaction Document has been obtained;

- (D) the person who proposes such modification (being, in the case of a Base Rate Modification or an Interest Rate Swap Rate Modification, the Servicer) pays (or arranges for the payment of) all fees, costs and expenses (including legal fees) properly incurred by the Issuer and the Transaction Security Trustee and each other applicable party including, without limitation, any of the Agents and the Account Bank, in connection with such modifications;
  - (E) with respect to each Rating Agency, either:
    - I. the Issuer obtains from such Rating Agency written confirmation that such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent) and delivers a copy of each such confirmation to the Transaction Security Trustee; or
    - II. the Issuer certifies in writing to the Transaction Security Trustee that it has notified such Rating Agency of the proposed modification and, in its reasonable opinion, formed on the basis of due consideration and consultation with such Rating Agency (including, as applicable, upon receipt of oral confirmation from an appropriately authorised person at such Rating Agency), such modification would not result in (x) a downgrade, withdrawal or suspension of the then current ratings assigned to the Class A Notes or by such Rating Agency or (y) such Rating Agency placing the Class A Notes on rating watch negative (or equivalent); and
  - (F) the Issuer has provided at least 30 days' prior written notice to the Noteholders of each Class of Notes of the proposed modification in accordance with Condition 13 (Form of Notices).
- (iii) The Transaction Security Trustee shall not be obliged to agree to any modification under this Condition 12(b) which, in the sole opinion of the Transaction Security Trustee would have the effect of (a) exposing the Transaction Security Trustee to any liability against which it has not been indemnified and/or prefunded and/or secured to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections, rights or indemnities, of the Transaction Security Trustee in the Transaction Documents and/or the Terms and Conditions of the Notes.
  - (iv) The Issuer shall notify, or shall cause notice thereof to be given to, the Noteholders and the other Beneficiary of any such effected modifications in accordance with Condition 13 (Form of Notices).

13. **Form of Notices**

- (a) All notices to the Noteholders hereunder shall be either (i) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Noteholders or (ii) made available for a period of not less than 30 calendar days but in any case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange on the following website: [www.bourse.lu](http://www.bourse.lu).
- (b) Any notice referred to under Condition 13(a) above shall be deemed to have been given to all Noteholders upon such notice was delivered to Euroclear and Clearstream Luxembourg. Any notice referred to under Condition 13(b) above shall be deemed to have been given to all Noteholders on the day on which it is made available on the website, provided that if so made available after 4:00 p.m. (Frankfurt time) it shall be deemed to have been given on the immediately following calendar day.

- (c) If any Notes are listed on any stock exchange other than the Luxembourg Stock Exchange, all notices to the Noteholders shall be published in a manner conforming to the rules of such stock exchange. Any notice shall be deemed to have been given to all Noteholders on the date of such publication conforming to the rules of such stock exchange.

14. **Miscellaneous**

14.1 **Presentation Period**

The presentation period for the Global Notes provided in section 801(1), first sentence, of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to five years.

14.2 **Replacement of Global Notes**

If any of the Global Notes is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provision of proof regarding the existence of indemnification and/or the provision of adequate collateral. In the event of any of the Global Notes being damaged, such Global Note shall be surrendered before a replacement is issued. If any Global Note is lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of such Global Note pursuant to the provisions of the laws of Germany.

14.3 **Governing Law**

The form and content of the Notes and all of the rights and obligations (including any non-contractual obligations) of the Noteholders and the Issuer under the Notes shall be governed in all respects by the laws of Germany.

14.4 **Jurisdiction**

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Notes shall be the District Court (*Landgericht*) of Frankfurt am Main. The Issuer hereby submits to the jurisdiction of such court. The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their loss or destruction.

## DEFINITIONS

"**Accession Agreement**" shall mean any agreement entered into between the Transaction Security Trustee and any Replacement Beneficiary substantially in the form of Schedule 2 to the Transaction Security Agreement;

"**Account**" shall mean any of the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Swap Collateral Accounts and any other bank account specified as such by or on behalf of the Issuer in the future in addition to, or in replacement of, the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Swap Collateral Accounts in accordance with the Accounts Agreement and the Transaction Security Agreement;

"**Account Bank**" shall mean ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands as well as any successor thereof or any other person appointed as Account Bank in accordance with the Accounts Agreement and the Transaction Security Agreement from time to time as the bank with whom the Issuer holds the Accounts, and any reference to the Account Bank shall include any successor thereof;

"**Account Bank Downgrade**" shall mean that (i) any of the ratings of the Account Bank has ceased to have the Account Bank Required Rating or (ii) the Account Bank is no longer rated by any of the Rating Agencies;

"**Account Bank Required Rating**" shall mean, at any time in respect of any financial institution acting as Account Bank:

- (a) a short-term deposit rating of at least P-1 (or its replacement) by Moody's (or, if it does not have a short-term deposit rating assigned by Moody's, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least P-1 (or its replacement) by Moody's); and
- (b) (i) if it does have a DBRS Critical Obligations Rating, (y) a DBRS Critical Obligations Rating of at least A(high) or (z) a long-term senior unsecured debt rating of at least A from DBRS, or (ii) if it does not have a DBRS Critical Obligations Rating, an issuer rating or deposit rating or long-term senior unsecured debt rating of at least A from DBRS, or (iii) such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement; or
- (c) such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes;

"**Accounts Agreement**" shall mean an agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, entered into between the Issuer, the Account Bank, the Cash Administrator, the Transaction Security Trustee and the Corporate Administrator in relation to the Accounts;

"**Adverse Claim**" shall mean any ownership interest, lien, security interest, charge or encumbrance, or other right or claim in, over or on any person's assets or properties in favour of any other person;

"**Affiliate**" shall mean, in relation to any Person, any entity controlled, directly or indirectly by the Person, any entity that controls, directly or indirectly the Person or any entity directly or indirectly under common control with such Person (for this purpose, "control" of any entity of Person means ownership of a majority of the voting power of the entity or Person);

"**Agency Agreement**" shall mean an agency agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, under which the Principal Paying Agent, the Calculation Agent, the Listing Agent and the EURIBOR Determination Agent are appointed with respect to any Notes and the Cash Administrator is appointed as agent of the Issuer with respect to certain cash administrative services;

"**Agent**" shall mean each of the Principal Paying Agent, the Calculation Agent, the Cash Administrator and the EURIBOR Determination Agent;

**"Aggregate Offered Receivables Purchase Price"** shall mean the Purchase Price to be paid on the Purchase Date for the Eligible Receivables offered to the Purchaser on such Offer Date;

**"Aggregate Outstanding Note Principal Amount"** shall mean, in respect of all Notes at any time, the aggregate of the Note Principal Amounts of all Notes;

**"Aggregate Outstanding Principal Amount"** shall mean, in respect of all Purchased Receivables at any time, the aggregate of the Outstanding Principal Amounts of all Purchased Receivables which, as of such time, are not Defaulted Receivables;

**"AIFMD"** shall mean the Alternative Investment Fund Managers Directive 2011/61/EU of the European Parliament and the Council of 22 July 2013 on alternative investment fund managers;

**"AIFMR"** shall mean the Commission Delegated Regulation 231/2013 of 19 December 2012, as currently in effect, supplementing AIFMD;

**"Alternative Base Rate"** shall have the meaning given to such term in Condition 12 (b)(i) of the Terms and Conditions of the Notes;

**"Applicable Law"** shall mean any law or regulation including, but not limited to: (a) any domestic or foreign statute or regulation; (b) any rule or practice of any Authority, stock exchange or self-regulatory organisation with which the Account Bank is bound or accustomed to comply; and (c) any agreement entered into by the Account Bank and any Authority or between any two or more Authorities;

**"Arranger"** shall mean UniCredit Bank AG, with its registered office at Arabellastrasse 12, 81925 Munich, Germany;

**"Assigned Security"** shall have the meaning given to such term in clause 5.1 of the Transaction Security Agreement;

**"Authority"** shall mean any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction;

**"Authorised Person"** shall mean any person who is designated in writing by the Issuer from time to time to give Instructions to the Transaction Security Trustee under the terms of the Transaction Security Agreement;

**"Available Distribution Amount"** shall mean with respect to any Cut-Off Date and the Collection Period ending on such Cut-Off Date, an amount calculated by the Servicer pursuant to the Servicing Agreement as of such Cut-Off Date and notified to the Issuer, the Corporate Administrator, the Calculation Agent, the Principal Paying Agent, the Cash Administrator and the Transaction Security Trustee not later than on the second Business Day after such Cut-Off Date (or, if the Servicer fails to calculate such amount, the amount calculated by the Cash Administrator with respect to such Cut-Off Date on the basis of the information available to the Cash Administrator at that time (for the avoidance of doubt, the Cash Administrator shall not be obliged to request such information from any party to the Transaction Documents or any other third party) and notified to the Issuer, the Corporate Administrator, the Principal Paying Agent, the Calculation Agent and the Transaction Security Trustee not later than on the third Business Day preceding the Payment Date following such Cut-Off Date), as the sum of:

- (a) the amounts standing to the credit of the Reserve Fund as of such Cut-Off Date;
- (b) any Collections (including, for the avoidance of doubt, Deemed Collections paid by the Seller or (if different) the Servicer) received by the Issuer from the Seller or (if different) the Servicer during the Collection Period ending on such Cut-Off Date;
- (c) any amount paid by any Interest Rate Swap Counterparty to the Issuer under the relevant Interest Rate Swap (or otherwise received by the Issuer in respect thereof) on or before and with respect to the Payment Date immediately following such Cut-Off Date (excluding, however, (i) any Swap Collateral other than any proceeds from such Swap Collateral applied in satisfaction of payments due to the Issuer in accordance with the relevant Interest Rate

Swap upon early termination of such Interest Rate Swap, (ii) any Excess Swap Collateral, (iii) any amount received by the Issuer in respect of Replacement Swap Premium to the extent that such amount is required to be applied directly to pay a termination payment due and payable by the Issuer to the relevant Interest Rate Swap Counterparty upon termination of the relevant Interest Rate Swap, and (iv) any Swap Tax Credits);

- (d) (i)(A) any stamp duty, registration and other similar taxes, (B) any taxes levied on the Issuer and any relevant parties involved in the financing of the Issuer due to the Issuer and such parties having entered into the Receivables Purchase Agreement, the other Transaction Documents or other agreements relating to the financing of the acquisition by the Issuer of the Purchased Receivables, (C) any liabilities, costs, claims and expenses which arise from the non-payment or the delayed payment of any taxes specified under (B) above, except for those penalties and interest charges which are attributable to the gross negligence of the Issuer, and (D) any additional amounts corresponding to sums which the Seller is required to deduct or withhold for or on account of tax with respect to all payments made by the Seller to the Issuer under the Receivables Purchase Agreement, in each case paid by the Seller pursuant to the Receivables Purchase Agreement, and (ii) any taxes, increased costs and other amounts, in each case, paid by the Seller to the Issuer pursuant to the Receivables Purchase Agreement and any taxes, increased costs and other amounts paid by the Servicer to the Issuer pursuant to the Servicing Agreement, in each case as collected during such Collection Period;
- (e) (i)(A) any default interest on unpaid sums due by the Seller to the Issuer and (B) indemnities against any loss or expense, including legal fees, incurred by the Issuer as a consequence of any default of the Seller, in each case paid by the Seller to the Issuer pursuant to the Receivables Purchase Agreement and (ii) any default interest and indemnities paid by the Servicer to the Issuer pursuant to the Servicing Agreement, in each case as collected during such Collection Period;
- (f) any other amounts paid by the Seller to the Issuer under or with respect to the Receivables Purchase Agreement or the Purchased Receivables or the Related Collateral and any other amounts paid by the Servicer to the Issuer under or with respect to the Servicing Agreement, the Purchased Receivables or the Related Collateral, in each case as collected during such Collection Period;
- (g) any interest earned (if any) on any balance credited to the Transaction Account during such Collection Period;
- (h) the amounts (if any) standing to the credit of the Commingling Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Commingling Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Seller in its capacity as Servicer under item fifth of the Pre-Enforcement Priority of Payments), provided, however, that such amounts shall only be included in the Available Distribution Amount if and to the extent that the Seller or (if different) the Servicer have, as of the relevant Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller or (if different) the Servicer (x) during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding the relevant Payment Date, (y) during, or with respect to, previous Collection Periods for which the relevant amounts have not been included in the Available Distribution Amount previously or (z) if the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or if the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under section 21 of the German Insolvency Code or under sections 45, 46 or 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer;
- (i) the amounts (if any) standing to the credit of the Set-Off Reserve Account (excluding, for the avoidance of doubt, any interest earned on any balance credited to the Set-Off Reserve Account), but only to the extent necessary for the fulfilment on the relevant Payment Date of the payment obligations of the Issuer under items *first* to *twelfth* (inclusive) of the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Seller

in its capacity as Servicer under item *fifth* of the Pre-Enforcement Priority of Payments), provided, however, that such amounts shall only be included in the Available Distribution Amount if and to the extent that (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date, or with respect to previous Collection Periods for which the relevant amounts have not been included in the Available Distribution Amount previously, were not received by the Issuer as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections, and (ii) the Issuer does not have a right of set-off against the Seller or (if different) the Servicer with respect to such amounts on the relevant Payment Date;

- (j) the amounts (if any) standing to the credit of the Transaction Account which would have been distributed as Available Distribution Amount on any Payment Date prior to such Cut-Off Date, but were not distributed due to such Payment Date falling on a Servicer Disruption Date or the prior occurrence of a Termination Event; and
- (k) any amount (other than covered by (a) through (j) above) (if any) paid to the Issuer by any other party to any Transaction Document up to (and including) the Payment Date immediately following such Cut-Off Date, unless otherwise specified, which according to such Transaction Document is to be allocated to the Available Distribution Amount;

**"Back-Up Servicer Facilitator"** shall mean Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany, as facilitator in respect of a successor servicer or any successor thereof or any other person appointed as replacement corporate administrator from time to time;

A **"Back-Up Servicer Trigger Event"** shall occur if at any time (i) Santander Consumer Finance, S.A. ceases to hold directly or indirectly 75 per cent. of the Servicer's share capital or voting rights, or (ii) the counterparty risk assessment of Santander Consumer Finance, S.A. is lower than Baa3(cr) (or its replacement) by Moody's (or, if at any time Santander Consumer Finance, S.A. does not have a counterparty risk assessment from Moody's, the long term unsecured, unsubordinated and unguaranteed obligations of Santander Consumer Finance, S.A. are assigned a rating less than Baa3 (or its replacement) by Moody's), unless the Servicer then has a counterparty risk assessment of or higher than Baa3(cr) (or its replacement) by Moody's (or, if at any time the Servicer does not have a counterparty risk assessment from Moody's, the long-term unsecured, unsubordinated and unguaranteed obligations of the Servicer are then assigned a rating of or higher than Baa3 (or its replacement) by Moody's), or (iii) an issuer rating or long-term senior unsecured debt rating of at least BBB(low) (or its replacement) by DBRS;

**"Balloon Loan"** shall mean a loan where the final payment due is higher than any of the previous loan instalments payable by the relevant Debtor;

**"Base Rate Modification"** shall have the meaning given to such term in Condition 12 (b)(i) of the Terms and Conditions of the Notes ;

**"Base Rate Modification Certificate"** shall have the meaning given to such term in Condition 12 (b)(i) of the Terms and Conditions of the Notes;

**"Beneficiary"** shall mean each of the Noteholders, the Principal Paying Agent, the Calculation Agent, the Cash Administrator, the EURIBOR Determination Agent, the Listing Agent, the Back-Up Servicer Facilitator, each Interest Rate Swap Counterparty, the Account Bank, the Transaction Security Trustee, the Data Trustee, the Corporate Administrator, the Seller, the Servicer, the Subordinated Loan Provider and any other party acceding to the Transaction Security Agreement as Replacement Beneficiary pursuant to clause 40 (Accession of Replacement Beneficiaries) of the Transaction Security Agreement and any successor, assignee, transferee or replacement thereof;

**"Business Day"** shall mean a day on which all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 ("**TARGET2**") are operational and on which commercial banks and foreign exchange markets are open or required to be open for business in Luxembourg, Mönchengladbach (Germany), Frankfurt am Main (Germany), Amsterdam (The Netherlands) and London (United Kingdom);



**"Calculation Agent"** shall mean ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and any successor or replacement cash administrator appointed from time to time in accordance with the Agency Agreement;

**"Capitalised Service Fees"** shall mean, in respect of any Purchased Receivable, the total amount of the outstanding balance of the relevant Loan Contract which relates to the fees or premiums charged for the related Payment Protection Insurance (*Ratenschutzversicherung*), (ii) the related Gap Insurance (*Gap-Versicherung*) and/or (iii) the related Repair Cost Insurance (*Reparaturkostenversicherung*);

**"Cash Administrator"** shall mean Wilmington Trust SP Services (Frankfurt) GmbH at Steinweg 3-5, 60313 Frankfurt am Main, Germany and any successor or replacement calculation agent appointed from time to time in accordance with the Agency Agreement;

**"Class"** shall mean each of the Class A Note and the Class B Notes;

**"Class A Noteholder"** shall mean a holder of Class A Notes;

**"Class A Notes"** shall mean Class A Floating Rate Notes due on the Payment Date falling in December 2027 which are issued in an initial aggregate principal amount of EUR 561,000,000 and divided into 5,610 Notes, each having a principal amount of EUR 100,000;

**"Class A Notes Common Safekeeper"** shall mean a common safekeeper which is appointed by the ICSDs with respect to this transaction until all obligations of the Issuer under the Class A Notes have been satisfied;

**"Class A Notes Interest"** shall mean the aggregate interest amount payable (including any Interest Shortfall) in respect of all Class A Notes on any date and in accordance with the Terms and Conditions of the Notes;

**"Class A Notes Principal"** shall mean the aggregate principal amount payable in respect of all Class A Notes on any date;

**"Class A Principal Amount"** shall mean, as of any date, the sum of the Note Principal Amounts of all Class A Notes;

**"Class A Target Principal Amount"** shall mean:

- (a) as of any Payment Date which does not fall on a Servicer Disruption Date, (a) if a Principal Deficiency Trigger Event does not occur, the excess (if any) of (i) the Aggregate Outstanding Principal Amount (as calculated by the Servicer) as of the Cut-Off Date immediately preceding such Payment Date over (ii) the Class B Principal Amount outstanding as of the Cut-Off Date immediately preceding such Payment Date, as calculated by the Calculation Agent, or (b) if a Principal Deficiency Trigger Event has occurred as of such Payment Date, zero; or
- (b) as of any Payment Date falling on a Servicer Disruption Date, an amount equal to the Class A Principal Amount outstanding as of the Cut-Off Date immediately preceding such Payment Date, as calculated by the Calculation Agent;

**"Class B Noteholder"** shall mean a holder of Class B Notes;

**"Class B Notes"** shall mean Class B Fixed Rate Notes due on the Payment Date falling in December 2027 which are issued in an initial aggregate principal amount of EUR 39,000,000 and divided into 390 Notes, each having a principal amount of EUR 100,000;

**"Class B Notes Common Safekeeper"** shall mean a common safekeeper which is appointed by the ICSDs with respect to this transaction until all obligations of the Issuer under the Class B Notes have been satisfied;

**"Class B Notes Interest"** shall mean the aggregate interest amount payable (including any Interest Shortfall) in respect of all Class B Notes on any date and in accordance with the Terms and Conditions of the Notes;

**"Class B Notes Principal"** shall mean the aggregate principal amount payable in respect of all Class B Notes on any date;

**"Class B Principal Amount"** shall mean, as of any date, the sum of the Note Principal Amounts of all Class B Notes;

**"Class B Target Principal Amount"** shall mean:

- (a) as of any Payment Date falling on or after the date on which all Class A Notes have been redeemed in full, but not falling on a Servicer Disruption Date, (a) if a Principal Deficiency Trigger Event does not occur, the Aggregate Outstanding Principal Amount (as calculated by the Servicer) as of the Cut-Off Date immediately preceding such Payment Date, or (b) if a Principal Deficiency Trigger Event has occurred as of such Payment Date, zero; or
- (b) as of any Payment Date falling on or after the date on which all Class A Notes have been redeemed in full and falling on a Servicer Disruption Date, the Class B Principal Amount outstanding as of the Cut-Off Date immediately preceding such Payment Date, as calculated by the Calculation Agent;

**"Class Principal Amount"** shall mean each of the Class A Principal Amount and the Class B Principal Amount;

**"Class Target Principal Amount"** shall mean either of the Class A Target Principal Amount or the Class B Target Principal Amount;

**"Clean-Up Call Option"** shall have the meaning given to such term in clause 22.3 of the Receivables Purchase Agreement;

**"Clearing System"** shall mean either of Euroclear or Clearstream, Luxembourg, and **"Clearing Systems"** shall mean Euroclear and Clearstream, Luxembourg collectively;

**"Clearstream, Luxembourg"** shall mean the Clearstream clearance system for internationally traded securities operated by Clearstream Banking *société anonyme*, Luxembourg at 42 Avenue John F. Kennedy, L-1855 Luxembourg and any successor thereto;

**"Code"** shall mean the U.S. Internal Revenue Code of 1986, as amended;

**"Collateral"** shall mean the security interests granted to the Transaction Security Trustee for the benefit of the Noteholders and other Beneficiaries to secure the Transaction Security Trustee Claim and the Transaction Secured Obligations pursuant to the Transaction Security Agreement;

**"Collection Period"** shall mean, in relation to any Cut-Off Date, the period commencing on (but excluding) the Cut-Off Date immediately preceding such Cut-Off Date and ending on (and including) such Cut-Off Date, and with respect to the first Payment Date the period commencing on (but excluding) 31 May 2018 and ending on (and including) 30 June 2018;

**"Collections"** shall mean, with respect to any Purchased Receivable and any Related Collateral, all cash collections, finance, interest, late payment or similar charges and other cash proceeds of such Purchased Receivable or other amounts received or recovered in respect thereof, including, without limitation, all proceeds from any loss compensation insurance policies (*Ratenschutzversicherung*), all proceeds from insurance policies relating to the Financed Vehicles or otherwise entered into in connection with the financing of the acquisition of the Financed Vehicles, all cash proceeds of any Related Collateral, any proceeds from the sale of Defaulted Receivables (together with the relevant Related Collateral) received by the Servicer on behalf of the Issuer from any third party and any participation in extraordinary profits (*Mehrerlösbeteiligungen*) after realisation of the Related Collateral to which the Issuer is entitled under the relevant Loan Contract, in each case which is irrevocable and final (provided that any direct debit (*Lastschriftinzug*) shall constitute a Collection irrespective of any subsequent valid return thereof (*Lastschriftrückbelastung*)), and any Deemed Collections of such Purchased Receivable less any amount previously received but required to be repaid on account of a valid return of a direct debit (*Lastschriftrückbelastung*), provided that, for the avoidance of doubt, any Collection which is less than the amount then outstanding and due from the

relevant Debtor shall be applied in accordance with Sections 366 *et seqq.* of the German Civil Code (*Bürgerliches Gesetzbuch*);

"**Commingling Required Rating**" shall mean, with respect to any entity, that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS,

and, in each case, any such rating has not been withdrawn;

"**Commingling Reserve Account**" shall mean the bank account with the account number as specified in the Accounts Agreement and held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer in the future in addition to or as substitute for such Commingling Reserve Account in accordance with the Accounts Agreement and the Transaction Security Agreement, to which the Seller shall transfer the Commingling Reserve Amount following the occurrence of a Commingling Reserve Trigger Event and if the balance credited to the Commingling Reserve Account as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event is less than the Commingling Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Commingling Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, an amount equal to such shortfall as determined as of such Cut-Off Date;

"**Commingling Reserve Amount**" shall mean

- (a) if on any Payment Date a Commingling Reserve Trigger Event has occurred and is continuing, an amount equal to the larger of zero and the sum of
  - (i) the amount of the Scheduled Collections for the period from the beginning of the Collection Period immediately following the Cut-Off Date immediately preceding the relevant Payment Date to the last Business Day of the second Collection Period after such Cut-Off Date (both inclusive); plus
  - (ii) 2.5 per cent. of the Aggregate Outstanding Principal Amount as of the relevant Cut-Off Date immediately preceding the relevant Payment Date;
  - (iii) less the Commingling Reserve Reduction Amount; or
- (b) otherwise, zero;

"**Commingling Reserve Excess Amount**" shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount, on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (h) of the definition of Available Distribution Amount;

"**Commingling Reserve Reduction Amount**" shall mean on any Payment Date, the product of (i) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date and (ii) the difference, if positive, of (A) less (B) where:

- (a) (A) is the result of (x) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Principal Amount on such Payment Date plus the Reserve Fund on such Payment Date, divided by (y) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date; and
- (b) (B) is the result of (x) the Aggregate Outstanding Principal Amount on the first Cut-Off Date minus the Class A Principal Amount on the Note Issuance Date plus the Reserve Fund on the Note Issuance Date, divided by (y) the Aggregate Outstanding Principal Amount as of the first Cut-Off Date.

On the Closing Date, the Commingling Reserve Amount shall be zero;

A "**Commingling Reserve Trigger Event**" will have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Commingling Required Rating;

"**Common Safekeeper**" shall mean any of the Class A Notes Common Safekeeper and the Class B Notes Common Safekeeper;

"**Concentration Limit**" shall mean any of the concentration limits set out in item 13 of the Eligibility Criteria contained in schedule 2 (Eligible Receivables) of the Receivables Purchase Agreement;

"**Conditions Precedent**" shall mean the conditions precedent (*Ankaufsvoraussetzungen*) set out in schedule 1 (Conditions Precedent) of the Receivables Purchase Agreement;

"**Corporate Administration Agreement**" shall mean a corporate administration agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into between the Corporate Administrator and the Issuer;

"**Corporate Administrator**" shall mean Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany, as administrator or any successor thereof or any other person appointed as replacement corporate administrator from time to time in accordance with the Corporate Administration Agreement;

"**CRA Regulation**" shall mean Regulation (EC) No 1060/2009, as may be amended or supplemented from time to time;

"**CRD IV**" shall mean Directive 2013/36/EU, dated 26 June 2013, governing, amongst other things, the basic rules and requirements for the banking business and its supervision;

"**Credit**" shall have the meaning given to such term in the Transaction Security Agreement;

"**Credit and Collection Policy**" shall mean the credit and collection policy and practices as applied by the Seller and as set out in Appendix D (Credit and Collection Policy) to the Terms and Conditions of the Notes;

"**Credit Support Annex**" shall mean any credit support document entered into between the Issuer and an Interest Rate Swap Counterparty from time to time which forms part of, and is subject to the relevant Interest Rate Swap and is part of the schedule thereto;

"**CRR**" shall mean Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (as amended from time to time);

"**Cut-Off Date**" shall mean the last day of each calendar month, and the Cut-Off Date with respect to each Payment Date is the Cut-Off Date immediately preceding such Payment Date and the first Cut-Off Date is 31 May 2018;

"**Data Trustee**" shall mean TMF Trustee Services GmbH, Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany, any successor thereof or any other person appointed as Data Trustee from time to time in accordance with the Data Trust Agreement;

"**Data Trust Agreement**" shall mean a data trust agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into between the Issuer, the Data Trustee, the Seller and the Transaction Security Trustee;

"**DBRS**" shall mean DBRS Ratings Limited or any successor to its rating business;

"**DBRS Critical Obligations Rating**" or "**COR**" shall mean, in relation to a relevant entity, the rating assigned by DBRS which addresses the risk of default of particular obligations and/or exposures of the relevant entity that in the view of DBRS have a higher probability of being excluded from bail-in and

remaining in a continuing bank in the event of the resolution of a troubled bank than other senior unsecured obligations. If the COR assigned by DBRS to the entity is public, it will be indicated on the website of DBRS (www.dbrs.com); or if the COR assigned by DBRS to the entity is private, such entity shall give notice to the other party as soon as reasonably practicable upon the occurrence of any change relevant for the purpose of the applicability of the COR;

"**Debtor**" shall mean each of the persons obliged to make payments under a Loan Contract (together, the "**Debtors**");

"**Deemed Collection**" shall mean an amount equal to the sum of (A) the Outstanding Principal Amount of the affected portion of any Purchased Receivable if (i) such Purchased Receivable becomes a Disputed Receivable (irrespective of any subsequent court determination in respect thereof), (ii) the relevant Loan Contract proves not to have been legally valid, binding, enforceable and assignable as of the Purchase Date and not to have been entered into with respect to a Financed Vehicle registered in Germany title to which was transferred by the relevant Debtor to the Seller as Related Collateral, (iii) the Related Collateral contemplated in the relevant Loan Contract proves not to have existed as of the Purchase Date, (iv) the Issuer proves not to have acquired, upon the payment of the purchase price for such Purchased Receivable on the Purchase Date, title to such Purchased Receivable and to the Related Collateral contemplated in the relevant Loan Contract free and clear of any Adverse Claim, (v) such Purchased Receivable proves not to have been an Eligible Receivable on the Purchase Date, (vi) such Purchased Receivable or Related Collateral contemplated in the relevant Loan Contract is deferred to a new maturity date falling on a date which is less than six months prior to the Legal Maturity Date or is deferred (other than in accordance with the Servicing Agreement or the Credit and Collection Policy, or with the prior approval of the Issuer), redeemed or otherwise modified (other than in accordance with the Servicing Agreement) (in each case other than an early termination of the relevant Loan Contract in accordance with the Credit and Collection Policy prior to the expiry date of the relevant Loan Contract as scheduled therein), or (vii) such Purchased Receivable or the relevant Related Collateral contemplated in the relevant Loan Contract otherwise did not exist in whole or partly prior to its sale and assignment to the Issuer or ceases to exist for any reason (including, without limitation, in the case of a termination of the Loan Contract following a request of the relevant Debtor for an exchange of the Financed Vehicle, but in any event other than by payment to the Servicer or the Issuer or because of a breach by the relevant Debtor of its payment obligations under the Loan Contract), and (B) any reduction of the Outstanding Principal Amount of any Purchased Receivable or any other amount owed by a Debtor due to (i) any set-off against the Seller due to a counterclaim of the Debtor or any set-off or equivalent action against the relevant Debtor by the Seller or (ii) any discount or other credit in favour of the Debtor, in each case as of the date of such reduction for such Purchased Receivable;

"**Defaulted Receivable**" shall mean, as of any date, any Purchased Receivable (which is not a Disputed Receivable) which has been declared due and payable in full (*insgesamt fällig gestellt*) in accordance with the Credit and Collection Policy;

"**Delinquent Receivable**" shall mean, as of any date, any Purchased Receivable (which is not a Disputed Receivable and not a Defaulted Receivable) which, as of such date, is more than 30 days overdue;

"**Detailed Investor Report**" shall have the meaning given to such term in clause 5.3 of the Servicing Agreement;

"**Disputed Receivable**" shall mean any Purchased Receivable in respect of which payment is not made and disputed by the Debtor (other than where the Servicer has given written notice, specifying the relevant facts, to the Issuer that, in its reasonable opinion, such dispute is made because of the inability (*Bonitätsrisiko*) of the relevant Debtor to pay), whether by reason of any matter concerning the Financed Vehicles or by reason of any other matter or in respect of which a set-off or counterclaim is being claimed by such Debtor;

"**Distance Marketing Provisions**" shall mean section 491(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) and the Introductory Act to the German Civil Code (*Einführungsgesetz zum Bürgerlichen Gesetzbuch*);

"**Dodd-Frank Act**" shall mean the Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted on 21 July 2010, as may be amended or supplemented from time to time;

"**Dutch Account Pledge Agreement**" shall mean a Dutch account pledge agreement dated on or about 19 June 2018, as supplemented or amended and restated from time to time, and entered into by the Issuer and the Transaction Security Trustee;

"**Early Redemption Date**" shall have the meaning given to such term in Condition 7.4(a)(ii) of the Terms and Conditions of the Notes;

"**ECB**" shall mean the European Central Bank;

"**Effective Interest Rate**" shall mean the higher of (i) the agreed interest rate to be paid by the relevant Debtors under the relevant Loan Contract with respect to the Outstanding Principal Amount as of the Cut-Off Date immediately preceding the Purchase Date and (ii) the interest rate agreed between the Seller and the relevant car dealer, importer or manufacturer who has subsidised the financing of the Financed Vehicles under the relevant Loan Contract by paying an up-front subsidy to the Seller, in each case as such interest rate has been notified by the Seller to the Issuer in accordance with the Receivables Purchase Agreement;

"**Eligibility Criteria**" shall mean the criteria that a Receivable has to satisfy to be eligible for purchase by the Purchaser as listed in schedule 2 (Eligible Receivables) of the Receivables Purchase Agreement;

"**Eligible Back-Up Servicer**" shall mean a credit institution licensed to do banking business in the European Economic Area and supervised in accordance with EU directives that (i) has the experience or capability of administering assets similar to the Purchased Receivables and the Related Collateral and (ii) is registered under the German Legal Services Act (*Rechtsdienstleistungsgesetz*) to collect and enforce receivables and related collateral;

"**Eligible Institution**" shall mean a reputable accounting firm or financial institution or other suitable service provider which is experienced in the business of transaction security trusteeship in the context of securitisations of assets originated in Germany and which has obtained any required authorisations and licences (including, without limitation, registration under the German Legal Services Act (*Rechtsdienstleistungsgesetz*) to collect and enforce receivables and related collateral);

"**Eligible Receivable**" shall mean any Receivable which satisfies the eligibility criteria specified in Appendix C (Eligibility Criteria) to the Terms and Conditions of the Notes;

"**Encrypted Portfolio Information**" shall have the meaning given to such term in clause 5.1 of the Receivables Purchase Agreement;

"**English Security Deed**" shall mean an English security deed dated on or about 19 June 2018, as supplemented or amended and restated from time to time, and entered into by the Issuer and the Transaction Security Trustee;

"**Enforcement Instruction**" shall have the meaning given to such term in clause 19.2 of the Transaction Security Agreement (as set out in Appendix B (Text of the Transaction Security Agreement) to the Terms and Conditions of the Notes);

"**EONIA**" shall mean with respect to any Business Day, the weighted average overnight euro rate for unsecured lending transactions in the euro interbank market as calculated by the European Central Bank and appearing on the Reuters Screen EONIA Page in respect of such day; if such page ceases to be available, the relevant interest rate shall be determined by reference to any successor page thereto;

"**EURIBOR**" shall have the meaning given to such term in Condition 6.3 (Interest Rate) of the Terms and Conditions of the Notes;

"**EURIBOR Determination Agent**" shall mean Wilmington Trust SP Services (Frankfurt) GmbH and any successor / or replacement EURIBOR determination agent appointed from time to time in accordance with the Agency Agreement;

"**EURIBOR Determination Date**" shall mean the second Business Day immediately preceding the commencement of the Interest Period;

"**Euroclear**" shall mean the Euroclear system operated by Euroclear Bank S.A./N.V. at 1 boulevard du Roi Albert II, 1210 Brussels, Belgium and any successor thereto;

"**Excess Swap Collateral**" shall mean, in respect of any Interest Rate Swap, an amount (which shall be transferred directly to an Interest Rate Swap Counterparty in accordance with the relevant Interest Rate Swap) equal to the amount by which the value of the Swap Collateral (or the applicable part of any Swap Collateral) provided by such Interest Rate Swap Counterparty to the Issuer pursuant to the relevant Interest Rate Swap exceeds such Interest Rate Swap Counterparty's liability under the relevant Interest Rate Swap as at the date of termination of such Interest Rate Swap or which it is otherwise entitled to have returned to it under the terms of such Interest Rate Swap;

"**Exchange Date**" shall mean a date when the Temporary Global Notes shall be exchanged for the Permanent Global Notes recorded in the records of the ICSDs, not earlier than 40 calendar days after the date of issue of the Temporary Global Notes upon delivery by the relevant participants to the ICSDs;

"**FATCA**" shall mean sections 1471 through 1474 of the U.S. Internal Revenue Code (as the same may be amended from time to time) and, any current or future regulations promulgated thereunder or official interpretations thereof, any intergovernmental agreement entered into with the United States in furtherance of such Sections of the U.S. Internal Revenue Code, and any legislation, rules or guidance implementing such an intergovernmental agreement or analogous provisions of non-U.S. laws;

"**FATCA Agreement**" shall mean an agreement between the Issuer and the U.S. Internal Revenue Service (the "**IRS**") pursuant to which the Issuer agrees to report to the IRS information about its "United States accounts" and complies with certain procedures to be further determined by the IRS;

"**FATCA Withholding**" shall mean any withholding or deduction required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto;

"**Fitch**" shall mean Fitch Ratings Limited or its affiliate and its successors;

"**Financed Vehicle**" shall mean any vehicle designated to be a passenger car, motorcycle, utility vehicle or trailer pursuant to its German car certificate (*Fahrzeugbrief*), registration certificate part II (*Zulassungsbescheinigung Teil II*) or any equivalent documents located in Germany which is financed pursuant to the relevant Loan Contract;

"**Fixed Swap Rate**" shall mean the fixed rate to be paid by the Purchaser under an Interest Rate Swap;

"**Gap Insurance**" (*Gap-Versicherung*) shall mean an insurance entered into by a Debtor in respect of the financing of the acquisition of a Financed Vehicle by such Debtor by way of accession to a group insurance agreement (*Gruppenversicherungsvertrag*) between the Seller in its capacity as insurance policy holder and an insurer which covers the risk that loss is incurred if the relevant Financed Vehicle has to be completely written off (*Totalschaden*) due to fire, accident (irrespective of whether such accident was caused by the Debtor or a third party), flooding or theft, such loss being an amount equal to the difference between the original purchase price paid by the Debtor for such Financed Vehicle according to the relevant Loan Contract and the then current market value of such Financed Vehicle or the replacement cost of such Financed Vehicle at such time, taking also into account a certain value-based compensation. The Gap Insurance is subject to certain exclusions. For instance, no coverage is provided if the insured event has been caused by a deliberate act (*vorsätzlich*) of the insured person and only limited coverage is provided if the insured person has acted with gross negligence (*grobe Fahrlässigkeit*). The contribution owed by the Debtor for the accession to the Gap Insurance is added to the Principal Amount owed by the Debtor as part of the Loan Instalments under the Loan Contract to which the Debtor is party;

"**Geoban**" shall mean Geoban S.A., Niederlassung Deutschland; "Global Note" shall mean each of the Permanent Global Notes and the Temporary Global Notes;

"**HGB**" shall mean the German Commercial Code (Handelsgesetzbuch);

"**GDPR**" shall mean the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016);

"**Germany**" shall mean the Federal Republic of Germany;

"**ICSD**" shall mean either of Clearstream Banking, société anonyme or Euroclear Bank S.A./N.V., and "**ICSDs**" shall mean Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V. collectively;

"**Instructions**" shall mean any notices, directions or instructions in written form (in *Textform*) received by the Transaction Security Trustee in accordance with the Transaction Security Agreement from an Authorised Person or from a person reasonably believed by the Transaction Security Trustee to be an Authorised Person;

"**Insurance Agreement**" shall mean any of (i) a Payment Protection Insurance (*Raten-schutzversicherung*), (ii) a Gap Insurance (*Gap-Versicherung*), (iii) a Repair Cost Insurance (*Reparaturkostenversicherung*) and (iv) any other insurance agreement entered into by the Seller as insurance policy holder (*Versicherungsnehmer*) in connection with the financing of the acquisition of a Financed Vehicle where the relevant Debtor is the insured person;

"**Interest Amount**" shall mean the amount of interest payable by the Issuer in respect of each Note on any Payment Date;

"**Interest Period**" shall mean, with respect to the Notes, as applicable, the period commencing on (and including) any Payment Date and ending on (but excluding) the immediately following Payment Date, and the first Interest Period under the Notes shall commence on (and include) the Note Issuance Date and shall end on (but exclude) the first Payment Date;

"**Interest Rate**" shall mean the interest rate payable on the Notes for each Interest Period, which is, (i) in the case of the Class A Notes, EURIBOR plus 0.4 per cent. *per annum* (and, for the avoidance of doubt, if such rate is below zero, such Interest Rate shall be zero), and, (ii) in the case of the Class B Notes, 0.633 per cent. *per annum*;

"**Interest Rate Swap**" shall mean each interest rate swap agreement on the basis of an ISDA Master Agreement (2002) (including any schedule thereto and confirmation thereunder as well as any related Credit Support Annex) entered into on or about 19 June 2018, as amended or amended and restated from time to time, between the Issuer and an Interest Rate Swap Counterparty;

"**Interest Rate Swap Counterparty**" shall mean each of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main with its office at Platz der Republik, 60325 Frankfurt am Main, Germany and ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands, or its respective successor or any transferee appointed in accordance with the relevant Interest Rate Swap;

"**Interest Rate Swap Rate Modification**" shall have the meaning given to such term in Condition 12(b)(ii) of the Terms and Conditions of the Notes;

"**Interest Rate Swap Rate Modification Certificate**" shall have the meaning given to such term in Condition 12(b)(ii) of the Terms and Conditions of the Notes;

"**Interest Shortfall**" shall mean accrued interest not paid on any Payment Date related to the Interest Period in which it accrued with respect to the relevant Note;

"**International Central Securities Depository**" or "**ICSD**" shall mean each operator of the Euroclear System and Clearstream Banking, *société anonyme*;

"**Issuer**" shall mean SC Germany Auto 2018-1 UG (haftungsbeschränkt) and any successor thereof or substitute issuer appointed in accordance with the Terms and Conditions of the Notes;



**"Issuer Event of Default"** shall have the meaning given to such term in Condition 3.5 (Issuer Event of Default) of the Terms and Conditions of the Notes;

**"Joint Lead Manager"** shall mean any of Banco Santander, S.A. (acting through its Santander Global Corporate Banking division), with its registered office at Paseo de Pereda, 9-12, 39004 Santander, Spain, UniCredit Bank AG, with its registered office at Arabellastrasse 12, 81925 Munich, Germany and Société Générale S.A. with its registered office at 29 Boulevard Haussmann, 75009 Paris, Republic of France, acting through its London branch and namely, its Société Générale Corporate and Investment Banking department, at SG House, 41 Tower Hill, London EC3N 4SG, United Kingdom (together, the **"Joint Lead Managers"**);

**"Legal Maturity Date"** shall mean the Payment Date falling in December 2027;

**"Listing Agent"** shall mean ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands;

**"Loan Contract"** shall mean any loan contract entered into between the Seller and any Debtor for the purpose of financing (i) the acquisition of a Financed Vehicle and (ii) the contribution due and payable by the Debtor for accession to any Insurance Agreement in respect of the financing of the acquisition of such Financed Vehicle;

**"Loan Instalment"** shall mean any obligation of a Debtor under a Loan Contract to pay principal, interest, fees, costs, prepayment penalties (if any), and default interest owed under any relevant Loan Contract or any Related Collateral relating to any of the foregoing;

**"Losses"** shall mean any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained by any party to the Transaction Documents or any Noteholder due to the contents contained in any Instruction received by Transaction Security Trustee from any Authorised Person being incomplete or incorrect;

**"Luxembourg"** shall mean the Grand Duchy of Luxembourg;

**"Luxembourg Stock Exchange"** shall mean Société de la Bourse de Luxembourg with its registered address at 11, avenue de la Porte-Neuve, L-2227 Luxembourg;

**"Manager"** shall mean any of the Joint Lead Managers and together, the **"Managers"**;

**"Material Payment Obligation"** shall mean a payment due and payable in the amount of or in excess of EUR 10,000,000 (ten million euro);

**"Maximum Purchase Amount"** shall mean EUR 600,000,000;

**"Monthly Report"** shall mean any monthly report substantially in the form (based on an Microsoft-Office template) as set out in a schedule to the Servicing Agreement or otherwise agreed between the Seller, the Servicer (if different) and the Issuer, which shall be prepared by the Servicer with respect to each Collection Period and delivered to the Issuer with a copy to the Corporate Administrator, the Cash Administrator, the Principal Paying Agent and the Calculation Agent at the latest on the fourth Business Day after the Cut-Off Date on which the relevant Collection Period ends;

**"New Corporate Administrator"** shall mean any entity replacing the Corporate Administrator in accordance with the terms of the Transaction Documents;

**"New Issuer"** shall mean any entity replacing the Issuer in accordance with the terms of the Transaction Documents;

**"New Transaction Security Trustee"** shall mean any entity replacing the Transaction Security Trustee in accordance with the terms of the Transaction Documents;

**"Note Collateral"** shall mean (i) the Collateral, (ii) the security interest granted to the Transaction Security Trustee in accordance with the English Security Deed for the benefit of the Beneficiaries and

(iii) the security interest granted to the Transaction Security Trustee in accordance with the Dutch Account Pledge Agreement for the benefit of the Beneficiaries;

"**Note Issuance Date**" shall mean 21 June 2018;

"**Note Principal Amount**" of any Note as of any date shall equal the initial note principal amount of EUR 100,000 as reduced by all amounts paid prior to such date on such Note in respect of principal;

"**Noteholder**" shall mean any holder of Notes;

"**Noteholders**" shall mean the Class A Noteholders and the Class B Noteholders;

"**Noteholders' Representative**" shall mean a common representative (*gemeinsamer Vertreter*) to exercise rights of the Noteholders of such Class on behalf of each Noteholder. Any natural person having legal capacity or any qualified legal person may act as Noteholders' Representative;

"**Note(s)**" shall mean any of the Class A Notes and the Class B Notes;

"**Notification Event**" shall mean any of the following events:

- (a) the Servicer fails to make a payment due under or with respect to the Servicing Agreement at the latest on the second Business Day after its due date, or, in the event no due date has been determined, within three Business Days after the demand for payment;
- (b) the Servicer fails within five Business Days to perform its material obligations (other than those referred to in paragraph (a) above) owed to the Issuer under or with respect to the Servicing Agreement;
- (c) either the Seller or the Servicer is (i) overindebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or (ii) intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), dissolution proceedings or any measure taken by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) pursuant to sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*), and, other than with respect to (i), the Seller or (as relevant) the Servicer fails to remedy such status within 20 Business Days;
- (d) either of the Seller or the Servicer is in breach of any of the covenants in relation to, inter alia, financial reporting, conduct of business, compliance with laws, rules, regulations, judgements, furnishing of information and inspection and keeping of records, the Credit and Collection Policy, tax, software and banking licences, prolongation or supplementation of Purchased Receivables, change of business policy, sales and liens as set out in the Receivables Purchase Agreement or any of the covenants set out in the Servicing Agreement; or
- (e) a Servicer Termination Event has occurred;

"**Offer**" shall mean the offer pursuant to clause 2 (Offer) of the Receivables Purchase Agreement;

"**Offer Date**" shall mean 21 June 2018;

"**Outstanding Principal Amount**" shall mean, with respect to any Purchased Receivable, at any time, the Principal Amount of such Purchased Receivable less the amount of the principal portion of the Collections received by the Issuer and applied to the Principal Amount of such Purchased Receivable in accordance with the Loan Contract, provided that Collections shall not be treated as received by the Issuer until credited to the Transaction Account;

"**Payment Date**" shall mean any day which falls on the 13th day of any calendar month, unless such date is not a Business Day in which case the Payment Date shall be the next succeeding Business Day unless such date would thereby fall into the next calendar month, in which case such date shall be the immediately preceding Business Day, commencing on 13 July 2018;

**"Payment Instruction"** shall have the meaning given to such term in clause 5.1 of the Accounts Agreement;

**"Payment Protection Insurance"** (*Ratenschutzversicherung*) shall mean either (i) a life insurance (a) including an accident insurance (*Ratenschutz-Lebensversicherung mit Unfall-Zusatzversicherung*) entered into by a Debtor in respect of the financing of the acquisition of a Financed Vehicle by such Debtor by way of accession to a group insurance agreement (*Gruppenversicherungsvertrag*) between the Seller in its capacity as insurance policy holder and an insurer which covers the risk that such Debtor in its capacity as insured person is unable to pay the Loan Instalments owed by such Debtor under the relevant Loan Contract due to such Debtor (1) deceasing due to such Debtor falling victim to an accident or (2) deceasing due to other reasons and (b) including a temporary disability insurance (*Arbeitsunfähigkeitsversicherung*) entered into by a Debtor who is not older than 60 years at such time in respect of the financing of the acquisition of a Financed Vehicle by way of accession to a group insurance agreement (*Gruppenversicherungsvertrag*) between the Seller in its capacity as insurance policy holder and an insurer which covers the risk that such Debtor in its capacity as insured person is unable to pay the Loan Instalments owed by such Debtor under the relevant Loan Contract due to such Debtor becoming temporary disabled (*arbeitsunfähig*) or (ii) an additional unemployment insurance (*Ratenschutz-Arbeitslosigkeitsversicherung*) entered into by a Debtor who is less than 55 years old at such time in respect of the financing of the acquisition of a Financed Vehicle by way of accession to a group insurance agreement (*Gruppenversicherungsvertrag*) between the Seller in its capacity as insurance policy holder and an insurer which covers the risk that such Debtor in its capacity as insured person is unable to pay the Loan Instalments owed by such Debtor under the relevant Loan Contract due to such Debtor becoming unemployed; in each case (i) the accession of such Debtor to a group insurance agreement (*Gruppenversicherungsvertrag*) referring to a Payment Protection Insurance (*Ratenschutzversicherung*) between the Seller in its capacity as insurance policy holder is no precondition of the financing of the acquisition of a Financed Vehicle and (ii) the contribution owed by the Debtor for accession to the Payment Protection Insurance is added to the Principal Amount owed by the Debtor as part of the Loan Instalments under the Loan Contract to which the Debtor is party;

**"Permanent Global Note"** shall mean each permanent global note representing the Class A Notes and the Class B Notes, respectively;

**"Person"** shall mean an individual, partnership, corporation (including a business trust), unincorporated association, trust, joint stock company, limited liability company, joint venture or other entity, or a government or political subdivision, agency or instrumentality thereof;

**"Portfolio"** shall mean the portfolio of Purchased Receivables secured by security interests in the Related Collateral;

**"Portfolio Decryption Key"** shall mean a file of information sent by the Seller to the Data Trustee required to decrypt the Encrypted Portfolio Information;

**"Portfolio Information"** shall mean (i) the Encrypted Portfolio Information (readable only together with the Portfolio Decryption Key) and (ii) the Unencrypted Portfolio Information;

**"Post-Enforcement Priority of Payments"** shall mean the post-enforcement priority of payments set out in of clause 23.2 of the Transaction Security Agreement;

**"Pre-Enforcement Priority of Payments"** shall mean the pre-enforcement priority of payments set out in Condition 7.6 (Pre-Enforcement Priority of Payments) of the Terms and Conditions of the Notes ;

**"Principal Amount"** shall mean, with respect to any Receivable, the aggregate principal amount of such Receivable as discounted by the Effective Interest Rate and which is scheduled to become due after the Cut-Off Date immediately preceding the Purchase Date;

**"Principal Deficiency Trigger Event"** shall have occurred if, as of any Payment Date (other than a Servicer Disruption Date), the Aggregate Outstanding Note Principal Amount as of such Payment Date would, on such Payment Date having given effect to the application of the Available Distribution Amount in accordance with the Pre-Enforcement Priority of Payments if a Principal Deficiency Trigger Event were not to occur on such date, exceed the Aggregate Outstanding Principal Amount of the Purchased Receivables, as of such Payment Date by at least EUR 7,500,000;

**"Principal Paying Agent"** shall mean ABN AMRO Bank N.V., Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands and any successor or replacement principal paying agent appointed from time to time in accordance with the Agency Agreement;

**"Priority of Payments"** shall mean either the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable);

**"Prospectus"** shall mean the prospectus to be issued by the Purchaser with respect to the issue of Notes on or about 19 June 2018;

**"Prospectus Directive"** shall mean Directive 2003/71/EC (and amendments thereto, including the 2010 PD amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in the relevant Member State;

**"Purchase"** shall mean any purchase of any Receivable together with the Related Collateral pursuant to the Receivables Purchase Agreement;

**"Purchase Date"** shall mean, with respect to the purchase of the Receivables together with the Related Collateral by the Issuer from the Seller under the Receivables Purchase Agreement, the calendar day specified as such in the Offer;

**"Purchase Price"** shall have the meaning given to such term in clause 4.1 of the Receivables Purchase Agreement;

**"Purchased Receivable"** shall mean any Receivable which is sold and assigned or purported to be assigned to the Issuer in accordance with the Receivables Purchase Agreement;

**"Purchaser"** shall mean SC Germany Auto 2018-1 UG (haftungsbeschränkt) in its capacity as the purchaser of the Purchased Receivables under the Receivables Purchase Agreement;

**"Qualified Majority"** shall have the meaning given to such term in Condition 12.(a)(iv) of the Terms and Conditions of the Notes;

**"Rating Agencies"** shall mean Moody's Investors Service Limited (Attn.: Structured Finance Monitoring, Moody's Deutschland GmbH, SF Monitoring, An der Welle 5, 60322 Frankfurt am Main, Germany, Email: monitor.abs@moodys.com or such other contact details as may be notified by Moody's to the Issuer from time to time) or its successor ("**Moody's**") and DBRS Ratings Limited (Attn.: DBRS Ratings Limited, 20 Fenchurch Street, 31 Floor, EC3M 3BY London, United Kingdom, Email: EU.ABS.Surveillance@dbrs.com or such other contact details as may be notified by DBRS to the Issuer from time to time) or its successor ("**DBRS**"), in each case with respect to the relevant contact details as may be otherwise notified by any of the Rating Agencies from time to time;

**"Receivable"** shall mean any liability to pay Loan Instalments which a Debtor owes to the Seller in accordance with a Loan Contract, together with any and all present and future ancillary rights under the relevant Loan Contracts, in particular rights to determine legal relationships (*Gestaltungsrechte*), including termination rights (*Kündigungsrechte*) and the rights to give directions (*Weisungsrechte*);

**"Receivables Purchase Agreement"** shall mean a receivables purchase agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into between the Purchaser and the Seller;

**"Records"** shall mean with respect to any Purchased Receivable, Related Collateral, Financed Vehicle and the related Debtors all contracts, correspondence, files, notes of dealings and other documents, books, books of accounts, registers, records and other information regardless of how stored;

**"Related Collateral"** shall mean with respect to any Purchased Receivable:

- (a) any accessory security rights (*akzessorische Sicherheiten*) for such Purchased Receivable;
- (b) security title (*Sicherungseigentum*) and any conditional rights (*Anwartschaftsrechte*) relating to the Financed Vehicles or any other moveable objects granted as collateral in favour of the Seller to secure the payment of such Purchased Receivable;

- (c) any and all other present and future claims and rights under the respective Loan Contract or in respect of the Financed Vehicles, including, without limitation, (i) claims against comprehensive insurers (*Kaskoversicherer*) taken with respect to the relevant specified Financed Vehicles except for claims for partial refund of the premium in the event of early termination of the insurance, (ii) claims against the relevant insurer under any Insurance Agreement entered into in connection with the financing of the acquisition of the relevant specified Financed Vehicles and (iii) damage compensation claims based on contracts or torts against the respective Debtors or against third parties (including comprehensive insurers (*Kaskoversicherer*)) due to damage to, or loss of, the Financed Vehicles;
- (d) any other ownership interests, liens, charges, encumbrances, security interest or other rights or claims in favour of the Seller on any property from time to time securing the payment of such Purchased Receivable, and the Records relating thereto;
- (e) any sureties, guarantees, and any and all present and future rights and claims under insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Purchased Receivable whether pursuant to the Loan Contract relating to such Receivable or otherwise, including any and all such present and future rights and claims under any Payment Protection Insurance (*Ratenschutzversicherung*);
- (f) all Records relating to the Purchased Receivables and/or the Related Collateral under items (a) through (e) and (g); and
- (g) any claims to receive proceeds which arise from the disposal of or recourse to the Related Collateral, provided that any costs incurred by the Seller or (if different) the Servicer in connection with such disposal or recourse and any amounts which are due to the relevant Debtor in accordance with the relevant Loan Contract shall be deducted from such proceeds;

**"Repair Cost Insurance"** (*Reparaturkostenversicherung*) shall mean an insurance entered into by a Debtor in respect of the financing of the acquisition of a Financed Vehicle by such Debtor by way of accession to a group insurance agreement (*Gruppenversicherungsvertrag*) between the Seller in its capacity as insurance policy holder and an insurer which covers repair costs for the repair of certain important components of the Financed Vehicle such as engine (*Motor*), gear (*Getriebe*) and steering (*Lenkung*);

**"Replacement Beneficiary"** shall mean any party replacing any of the parties to an existing or future Transaction Document;

**"Replacement Swap Premium"** shall mean an amount received by the Issuer from a replacement interest rate swap provider upon entry by the Issuer into an agreement with such replacement interest rate swap provider to replace an Interest Rate Swap;

**"Required Liquidity Reserve Amount"** shall mean, on the Note Issuance Date and as of any following Payment Date, an amount equal to one per cent. of the Class A Principal Amount as of the Note Issuance Date or the Cut Off Date immediately preceding the relevant Payment Date, as applicable, provided, that the Required Liquidity Reserve Amount will be equal to zero if the Class A Principal Amount is zero or if the Aggregate Outstanding Principal Amount is zero;

**"Required Reserve Amount"** shall mean an amount equal to the higher of (i) the Required Liquidity Reserve Amount and (ii) EUR 1,000,000, provided that the Required Reserve Amount shall be equal to zero if the Aggregate Outstanding Note Principal Amount is zero;

**"Reserve Fund"** shall mean a ledger account to the Transaction Account to which the relevant portion of the Available Distribution Amount is applied and credited pursuant to items *eighth* and *thirteenth* of the Pre-Enforcement Priority of Payments on each Payment Date;

**"Santander Consumer Bank"** shall mean the Seller, Santander Consumer Bank AG, a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Mönchengladbach under registration number HRB 1747 and having its registered office at Santander-Platz 1, 41061 Mönchengladbach, Germany, or any successor thereof;

"SCF" shall mean Santander Consumer Finance S.A.;

"Scheduled Collections" shall mean, with respect to any Collection Period, the amount of Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period;

"Scheduled Maturity Date" shall mean the Payment Date falling in June 2025;

"Secrecy Rules" shall mean, collectively, the rules of German banking secrecy (*Bankgeheimnis*), the provisions of the German Data Protection Act (*Bundesdatenschutzgesetz*) and the provisions of the GDPR, as such rules are binding the relevant Transaction Party to the Transaction Documents with respect to the Purchased Receivables and the Related Collateral from time to time;

"Securities Act" shall mean the United States Securities Act of 1933, as amended;

"Seller" shall mean Santander Consumer Bank;

"Seller Deposits" shall mean, with respect to any Debtor, the actual aggregate amount held by such Debtor in the form of money market accounts (*Tagesgeldkonten*), savings certificates (*Sparbriefe*), savings accounts (*Sparkonten*), current accounts (*Girokonten*) and/or credit cards (*Kreditkarten*) with the Seller at the relevant time;

"Servicer" shall mean the Seller and any successor thereof, a substitute servicer or an Eligible Back-Up Servicer appointed by the Purchaser in accordance with the Servicing Agreement or the Receivables Purchase Agreement;

"Servicer Disruption Date" shall mean any Payment Date in respect of which the Servicer fails to provide a Monthly Report for the immediately preceding Collection Period to the Calculation Agent in time, as notified by the Principal Paying Agent to the Noteholders in accordance with Conditions 8 (Notifications) and 13 (Form of Notices) of the Terms and Conditions of the Notes;

"Servicer Termination Event" shall mean the occurrence of any of the following events:

- (a) the Servicer fails to make a payment due under the Servicing Agreement at the latest on the second Business Day after its due date, or, in the event no due date has been determined, within three Business Days after the demand for payment, where such aggregate amount due is at least EUR 50,000;
- (b) following a demand for performance the Servicer fails within five Business Days to perform its material (as determined by the Issuer) obligations (other than those referred to in paragraph (a) above) owed to the Purchaser under the Servicing Agreement;
- (c) any of the representations and warranties made by the Servicer with respect to or under the Servicing Agreement or any Monthly Report or information transmitted is materially false or incorrect;
- (d) the Servicer is in default with respect to any Material Payment Obligation owed to any third party for a period of more than five calendar days;
- (e) the Servicer is in breach of any of the covenants set out in the Servicing Agreement;
- (f) any licence, authorisation or registration of the Servicer required with respect to the Servicing Agreement and the Services to be performed thereunder is revoked, restricted or made subject to any conditions;
- (g) the Servicer is not collecting Purchased Receivables or Related Collateral pursuant to the Servicing Agreement or is no longer entitled or capable to collect the Purchased Receivables and the Related Collateral for practical or legal reasons;
- (h) at any time there is otherwise no person which holds any required licence, authorisation or registration appointed by the Issuer to collect the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement;

- (i) there are valid reasons to cause the fulfilment of material duties and material obligations under the Servicing Agreement or under the Loan Contracts or Related Collateral on the part of the Servicer or the Seller (acting in its capacity as the Servicer) to appear to be impeded; or
- (j) the Servicer (to the extent that it is identical with the Seller) is in breach of any of the covenants set out in the Receivables Purchase Agreement. A material adverse change in the business or financial conditions of the Servicer has occurred which materially affects its ability to perform its obligations under the Servicing Agreement;

"**Services**" shall mean the duties of the Servicer as set out in the Servicing Agreement;

"**Servicing Agreement**" shall mean a servicing agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into by the Issuer, the Servicer, the Corporate Administrator and the Transaction Security Trustee;

"**Set-Off Report**" shall mean, with respect to any Cut-Off Date, following the occurrence of a Set-Off Reserve Trigger Event and if a Set-Off Reserve Trigger Event is continuing, a report prepared by the Servicer on a monthly basis reasonably detailing (i) the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at such Cut-Off Date and (ii) an amount that is sufficient to capture the set-off risk of the Issuer related to such Capitalised Service Fees, and provided to the Rating Agencies as well as the Issuer and (unless the Seller acts as Servicer) the Seller in accordance with the Servicing Agreement no later than on the Set-Off Reporting Date in respect of such Cut-Off Date;

"**Set-Off Reporting Date**" shall mean, with respect to any Cut-Off Date, the third Business Day prior to the Payment Date immediately following such Cut-Off Date;

"**Set-Off Required Rating**" shall mean, with respect to any entity, that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's,

and, in each case, such rating has not been withdrawn;

"**Set-Off Reserve Account**" shall mean the bank account with the account number as specified in the Accounts Agreement and held in the name of the Issuer at the Account Bank, as well as any other bank accounts specified as such by or on behalf of the Issuer in the future in addition to or as substitute for such Set-Off Reserve Account in accordance with the Accounts Agreement and the Transaction Security Agreement, to which the Seller shall transfer the Set-Off Reserve Amount following the occurrence of a Set-Off Reserve Trigger Event, and if the balance credited to the Set-Off Reserve Account as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger Event is less than the Set-Off Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Set-Off Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, an amount equal to such shortfall as determined as of such Cut-Off Date;

"**Set-Off Reserve Amount**" shall mean the sum of (X) and (Y), where:

- (X) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, an amount sufficient to capture the set-off risk related to the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at the Cut-Off Date immediately preceding the relevant Payment Date, as determined by the Servicer and set forth in the Set-Off Report in respect of such Cut-Off Date, provided that (X) shall be reduced to a lower amount or zero if (i) the Issuer determines that such lower amount will be sufficient, or (in case of a reduction to zero) an additional amount will no longer be required, to avoid a downgrading of the ratings assigned to the Class A Notes and (ii) the Issuer has notified Moody's, DBRS and the Seller of such reduction, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero; and

(Y) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, the sum of the amounts which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the Cut-Off Date immediately preceding the relevant Payment Date, holds Seller Deposits, and are in each case equal to the lower of (x) the amount of such Seller Deposits and (y) the Outstanding Principal Amount of the Purchased Receivables owed by such Debtor as of the relevant Cut-Off Date, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero;

**"Set-Off Reserve Excess Amount"** shall mean, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (i) of the definition of Available Distribution Amount;

A **"Set-Off Reserve Trigger Event"** shall have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Set-Off Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Set-Off Required Rating;

**"Solvency II"** shall mean Directive 2009/138/EC of the European Parliament and the Council of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance;

**"Solvency II Delegated Regulation"** shall mean the Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Solvency II;

**"Specified Date"** shall mean, unless the context requires otherwise, the Note Issuance Date;

**"Subordinated Loan Agreement"** shall mean a subordinated loan agreement dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into by the Issuer as borrower and the Subordinated Loan Provider as lender;

**"Subordinated Loan Provider"** shall mean Santander Consumer Bank or any successor or assignee thereof;

**"Subscription Agreement"** shall mean an agreement for the subscription of the Notes dated on or about 19 June 2018, as amended or amended and restated from time to time, and entered into between the Seller, the Issuer and the Managers;

**"Subsidiary"** shall have the meaning given to such term in clause 10.4 of the Servicing Agreement;

**"Successor Bank"** shall mean any bank replacing the Account Bank in accordance with the provisions of the Transaction Documents;

**"Swap Collateral"** shall mean an amount equal to the value of collateral (other than Excess Swap Collateral) and (where relevant) the collateral in the form of securities, in each case to the extent provided by an Interest Rate Swap Counterparty to the Issuer under the relevant Interest Rate Swap, and includes any interest and distributions in respect thereof;

**"Swap Collateral Account"** shall mean each of the bank accounts with the relevant account number as specified in the Accounts Agreement and held in the name of the Issuer at the Account Bank, as well as any other bank or custody accounts specified as such by or on behalf of the Issuer in the future in addition to or as substitute for any such Swap Collateral Account in accordance with the Accounts Agreement and the Transaction Security Agreement and to which the Issuer shall transfer any collateral posted by an Interest Rate Swap Counterparty under the relevant Credit Support Annex, any Replacement Swap Premium and any Swap Tax Credit;

**"Swap Tax Credit"** shall mean any credit, allowance, set-off or repayment received by the Issuer in respect of tax from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to an increased payment by an Interest Rate Swap Counterparty to the Issuer;

**"TARGET2"** shall mean the Trans-European Automated Real-time Gross settlement Express Transfer System 2;



**"TARGET Day"** shall mean any day on which all relevant parts of TARGET2 are operational;

**"Tax"** shall mean any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax;

**"TEFRA D Rules"** shall mean U.S. Treas. Reg. Section 1.163-5 (c)(2)(i)(D);

**"Temporary Global Note"** shall mean each temporary global note representing the Class A Notes and the Class B Notes, respectively;

**"Termination Event"** shall mean the occurrence of any of the following events:

- (a) the Seller fails to make a payment due under the Receivables Purchase Agreement at the latest on the fifth Business Day after its due date, or, in the event no due date has been determined, within five Business Days after the demand for payment, where such aggregate amount due is at least EUR 50,000;
- (b) the Seller fails within five Business Days to perform its material (as determined by the Issuer) obligations (other than those referred to in (1) above) owed to the Issuer under the Receivables Purchase Agreement after its due date, or, in the event no due date has been determined, within five Business Days after the demand for performance;
- (c) any of the representations and warranties made by the Seller, with respect to or under the Receivables Purchase Agreement or information transmitted is materially inaccurate or incorrect, unless such inaccuracy or incorrectness, insofar as it relates to Purchased Receivables, Related Collateral, or the Loan Contracts, has been remedied by the tenth Business Day (inclusive) after the Seller has become aware that such representations or warranties were inaccurate or incorrect;
- (d) the Seller is overindebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or intends to propose the institution of insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings) or dissolution proceedings and the Seller fails to remedy such status within 20 Business Days;
- (e) the Seller is in default with respect to any Material Payment Obligations owed to any third parties for a period of more than five calendar days;
- (f) the banking licence of the Seller is revoked, restricted or made subject to any conditions or any of the proceedings referred to in or any action under Sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*) have been taken with respect to the Seller;
- (g) the Seller fails to perform any material obligation under the Loan Contracts or in relation to the Related Collateral;
- (h) an Issuer Event of Default has occurred; or
- (i) a material adverse change in the business or financial conditions of the Seller has occurred which materially affects its ability to perform its obligations under the Receivables Purchase Agreement;

**"Terms and Conditions of the Notes"** shall mean the terms and conditions of the Notes which are set out in the Prospectus;

**"Transaction"** shall mean the transaction as contemplated by the Transaction Documents, in particular, relating to the issue of the Notes by the Issuer on the Note Issuance Date;

**"Transaction Account"** shall mean the bank account with the account number as specified in the Accounts Agreement and held in the name of the Issuer at the Account Bank, as well as any other bank

accounts specified as such by or on behalf of the Issuer in the future in addition to or as substitute for such Transaction Account in accordance with the Accounts Agreement and the Transaction Security Agreement;

**"Transaction Documents"** shall mean the Receivables Purchase Agreement, the Servicing Agreement, the Transaction Security Documents, the Interest Rate Swaps, the Subordinated Loan Agreement, the Subscription Agreement, the Corporate Administration Agreement, the Accounts Agreement, the Data Trust Agreement, the Notes, the Agency Agreement, any custody agreement entered into by the Issuer in respect of Swap Collateral in the form of securities and any amendment agreement, termination agreement or replacement agreement relating to any such agreement;

**"Transaction Party"** shall mean any Person who is a party to a Transaction Document and **"Transaction Parties"** shall mean some or all of them;

**"Transaction Secured Obligations"** shall mean any and all obligations (present and future, actual and contingent) which are (or are expressed to be) or become owing by the Issuer to the Noteholders under the Notes and the other Beneficiaries or any of them (including any Replacement Beneficiary following a transfer or assignment, accession, assumption of contract (*Vertragsübernahme*) or novation of certain rights and obligations in accordance with the relevant provision of the relevant Transaction Documents) under or in connection with any of the Transaction Documents, as each may be amended, novated, supplemented or extended from time to time;

**"Transaction Security Agreement"** shall mean a transaction security agreement dated 19 June 2018, as amended or amended and restated from time to time, and made between the Issuer, the Agents, the Interest Rate Swap Counterparties, the Account Bank, the Data Trustee, the Corporate Administrator, the Seller, the Servicer, the Subordinated Loan Provider, the Beneficiaries and the Transaction Security Trustee for the benefit of the Beneficiaries (as such term is defined therein);

**"Transaction Security Documents"** shall mean the Transaction Security Agreement, the English Security Deed, the Dutch Account Pledge Agreement and any other agreement or document entered into from time to time by the Transaction Security Trustee with the Issuer for the benefit of the Noteholders and the other Beneficiaries for the purpose, *inter alia*, of securing all or any of the obligations of the Issuer under the Transaction Documents;

**"Transaction Security Trustee"** shall mean TMF Trustee Limited, 6 St Andrew Street, London EC4A 3AE, United Kingdom, its successors or any other person appointed from time to time as Transaction Security Trustee in accordance with the Transaction Security Agreement;

**"Transaction Security Trustee Claim"** shall mean a separate claim entitling the Transaction Security Trustee to demand from the Issuer:

- (a) that any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note be fulfilled; and
- (b) that any present or future, actual or contingent obligation of the Issuer in relation to any Beneficiary under any other Transaction Document to which the Issuer is a party be fulfilled;

**"Unencrypted Portfolio Information"** shall have the meaning given to such term in clause 5.1 of the Receivables Purchase Agreement;

**"United States"** or **"U.S."** shall mean, for the purpose of issue of the Notes and the Transaction Documents, the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, America Samoa, Wake Island and the Northern Mariana Islands);

**"U.S. Person"** shall mean a U.S. person within the meaning of Regulation S;

**"U.S. Risk Retention Rules"** shall mean Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended; and

**"Used Vehicle"** shall mean any Financed Vehicle the date of purchase of which by the relevant Debtor was later than twelve months after the date of first registration (*Tag der Erstzulassung*) of such Financed Vehicle.

## OVERVIEW OF RULES REGARDING RESOLUTIONS OF NOTEHOLDERS

Pursuant to the Terms and Conditions of the Notes, the Noteholders may agree to amendments or decide on other matters relating to the Notes by way of resolution to be passed by taking votes without a meeting.

In addition to the provisions included in the Terms and Conditions of the Notes, the rules regarding the solicitation of votes and the conduct of the voting by Noteholders, the passing and publication of resolutions as well as their implementation and challenge before German courts are set out in schedule 8 (Provisions Regarding Resolutions of Noteholders) to the Agency Agreement which is attached as Appendix E to the Terms and Conditions of the Notes. Under the German Act on Debt Securities (*Schuldverschreibungsgesetz*), these rules are largely mandatory, although they permit in limited circumstances supplementary provisions set out in or incorporated into the Terms and Conditions of the Notes.

### Specific rules on the taking of votes without a meeting

The following is a brief summary of some of the statutory rules regarding the solicitation and conduct of the voting, the passing and publication of resolutions as well as their implementation and challenge before German courts.

The voting shall be conducted by the person presiding over the taking of votes (the "**Chairperson**") who shall be (i) a notary appointed by the Issuer, (ii) the Noteholders' representative if such a representative has been appointed and has solicited the taking of votes, or (iii) a person appointed by the competent court.

The notice for the solicitation of votes shall specify the period within which votes may be cast. Such period shall not be less than 72 hours. During such period, the Noteholders may cast their votes to the Chairperson. The notice for the solicitation of votes shall give details as to the prerequisites which must be met for votes to qualify for being counted.

The Chairperson shall determine each Noteholder's entitlement to vote on the basis of evidence presented and shall prepare a roster of the Noteholders entitled to vote. If a quorum is not reached, the Chairperson may convene a Noteholders' meeting. Each Noteholder who has taken part in the vote may request from the Issuer, for up to one year following the end of the voting period, a copy of the minutes for such vote and any annexes thereto.

Each Noteholder who has taken part in the vote may object in writing to the result of the vote within two weeks following the publication of the resolutions passed. The objection shall be decided upon by the Chairperson. If the Chairperson remedies the objection, the Chairperson shall promptly publish the result. If the Chairperson does not remedy the objection, the Chairperson shall promptly inform the objecting Noteholder in writing.

The Issuer shall bear the costs of the vote and, if the court has convened a meeting or appointed or removed the Chairperson, also the costs of such proceedings.

### Rules on noteholders' meetings under the German Act on Debt Securities

In addition to the aforementioned rules, the statutory rules applicable to noteholders' meetings apply *mutatis mutandis* to any taking of votes by noteholders without a meeting. The following summarises some of such rules.

Meetings of noteholders may be convened by the issuer and the noteholders' representative if such a representative has been appointed. Meetings of noteholders must be convened if one or more noteholders holding 5 per cent. or more of the outstanding notes so require for specified reasons permitted by statute.

Meetings may be convened not less than fourteen days before the date of the meeting. Attendance and voting at the meeting may be made subject to prior registration of noteholders. The convening notice will provide what proof will be required for attendance and voting at the meeting. The place of the meeting in respect of a German issuer is the place of the issuer's registered office, provided, however,

that where the relevant notes are listed on a stock exchange within the European Union or the European Economic Area, the meeting may be held at the place of such stock exchange.

The convening notice must include relevant particulars and must be made publicly available together with the agenda of the meeting setting out the proposals for resolution.

Each noteholder may be represented by proxy. A quorum exists if noteholders representing by value not less than 50 per cent. of the outstanding notes are present or represented at the meeting. If the quorum is not reached, a second meeting may be called at which no quorum will be required, provided that where a resolution may only be adopted by a qualified majority, a quorum requires the presence of at least 25 per cent. of the principal amount of outstanding notes.

All resolutions adopted must be properly published. Resolutions which amend or supplement the terms and conditions of notes certificated by one or more global notes must be implemented by supplementing or amending the relevant global note(s).

In insolvency proceedings instituted in Germany against the issuer, the noteholders' representative, if appointed, is obliged and exclusively entitled to assert the noteholders' rights under the notes. Any resolutions passed by the noteholders are subject to the provisions of the German Insolvency Code (*Insolvenzordnung*).

If a resolution constitutes a breach of the statute or the terms and conditions of the notes, noteholders may bring an action to set aside such resolution. Such action must be filed with the competent court within one (1) month following the publication of the resolution.

## THE TRANSACTION SECURITY AGREEMENT – AN OVERVIEW

Pursuant to the Transaction Security Agreement, the Transaction Security Trustee has agreed to serve in a fiduciary capacity to protect the interests of the Noteholders. In clause 4.2 (Transaction Security Trustee Claim) of the Transaction Security Agreement, the Issuer will grant to the Transaction Security Trustee the Transaction Security Trustee Claim, a separate claim against the Issuer, allowing it to demand that the Issuer fulfils all obligations under the Notes and the Transaction Documents. To secure such Transaction Security Trustee Claim as well as the Transaction Secured Obligations, the Issuer has agreed to assign, transfer or pledge the Collateral to the Transaction Security Trustee under the Transaction Security Agreement and to grant a first priority security interest in respect of its rights (i) pursuant to the Interest Rate Swaps to the Transaction Security Trustee in accordance with the English Security Deed and (ii) and over the Accounts and all amounts standing to the credit of the Accounts from time to time, respectively, in accordance with the Dutch Account Pledge Agreement. The Transaction Security Trustee will hold the Note Collateral for the benefit of the Beneficiaries, including the Noteholders. Pursuant to the Transaction Security Agreement, the Transaction Security Trustee has the right and duty, to the extent necessary, to hold, administer or realise the Note Collateral for the benefit of the Beneficiaries.

However, until revocation by the Transaction Security Trustee and provided that the Issuer fulfils its obligations under the Notes, the management of the Purchased Receivables and the Related Collateral remains vested in the Servicer. The Transaction Security Trustee is not obligated to monitor the fulfilment of the duties of the Issuer under the Notes, the Terms and Conditions of the Notes or any other contracts to which the Issuer is a party. Subject to clause 3.2 of the Transaction Security Agreement, the Noteholders are entitled to demand from the Transaction Security Trustee the fulfilment of its duties as specified under the Terms and Conditions of the Notes. Notwithstanding the provisions of the Transaction Security Documents, all rights of the Noteholders shall remain at all times and under all circumstances vested in the Noteholders.

## THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT

The following sets out the main provisions of the Transaction Security Agreement. The full text of the Transaction Security Agreement (excluding any schedule thereto) constitutes Appendix B to the Terms and Conditions of the Notes and forms an integral part of the Terms and Conditions of the Notes. The parties, the text of the recitals and the schedules have been omitted from the following.

### 1. DEFINITIONS AND INTERPRETATION

In this Agreement, including the recitals hereto, except so far as the context otherwise requires and subject to any contrary indication, words and expressions defined and expressed to be construed in the Master Definitions Schedule dated 19 June 2018 shall have the same meaning and construction *mutatis mutandis* herein

### 2. DUTIES OF THE TRANSACTION SECURITY TRUSTEE

This Agreement sets out the general rights and obligations of the Transaction Security Trustee which govern the performance of its functions under this Agreement. The Transaction Security Trustee shall perform the activities and services set out in this Agreement or contemplated to be performed by the Transaction Security Trustee pursuant to the terms of any other Transaction Document to which the Transaction Security Trustee is a party. Unless otherwise stated herein or in the Transaction Documents to which the Transaction Security Trustee is a party, the Transaction Security Trustee is not obliged to supervise or monitor the discharge by any person of its payment and other obligations arising from the Notes or any other relevant Transaction Documents or to carry out duties which are the responsibility of the Issuer or any other person which is a party to any Transaction Document.

### 3. POSITION OF TRANSACTION SECURITY TRUSTEE IN RELATION TO THE BENEFICIARIES

3.1 The Transaction Security Trustee shall acquire and hold the security granted to it under this Agreement and exercise its rights (other than its rights under clauses 28 (Fees) to 31 (Taxes) of this Agreement) and discharge its duties under the Transaction Documents as a trustee (*Treuhänder*) for the benefit of the Beneficiaries. Without prejudice to the Post-Enforcement Priority of Payments pursuant to clause 23 (Post-Enforcement Priority of Payments), the Transaction Security Trustee shall exercise its duties under this Agreement:

- (a) as long as any of the Class A Notes are outstanding, with regard only to the interests of the Class A Noteholders;
- (b) if no Class A Notes remain outstanding, with regard only to the interests of the Class B Noteholders; and
- (c) if no Notes remain outstanding, with regard only to the interests of the Beneficiary ranking highest in the Post-Enforcement Priority of Payments to whom any amounts are owed.

3.2 This Agreement constitutes a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) pursuant to section 328(1) of the German Civil Code in respect of the obligations of the Transaction Security Trustee contained herein to act as trustee (*Treuhänder*) for the benefit of present and future Beneficiaries. The rights of the Issuer under the Transaction Documents in the event of an enforcement of the Transaction Security Trustee Claim pursuant to clause 4.2 (Transaction Security Trustee Claim) below shall remain unaffected.

4. **POSITION OF TRANSACTION SECURITY TRUSTEE IN RELATION TO THE ISSUER**

4.1 Transaction Security Trustee as Beneficiary/Insolvency of Transaction Security Trustee

With respect to its own claims against the Issuer under this Agreement or otherwise, in particular with respect to any fees and with respect to the Transaction Security Trustee Claim (as set out below in clause 4.2 (Transaction Security Trustee Claim)), the Transaction Security Trustee shall, in addition to the Beneficiaries, be a secured party (*Sicherungsnehmer*) with respect to the Note Collateral (as defined in clause 7 (Security purpose)) below.

To the extent that the Assigned Security (as defined in clause 5.1 (Assignment and transfer) below) will be transferred to the Transaction Security Trustee for security purposes in accordance with clause 5 (Transfer for security purposes of the Assigned Security), in the event of insolvency proceedings being commenced in respect of the Transaction Security Trustee, any Note Collateral held by the Transaction Security Trustee shall be transferred by the Transaction Security Trustee to the relevant new Transaction Security Trustee appointed in accordance with this Agreement.

The Issuer and each Beneficiary who is a party to this Agreement hereby undertakes to assign any claim for segregation (*Aussonderung*) it may have in an insolvency of the Transaction Security Trustee with respect to this Agreement and the Note Collateral to the relevant new Transaction Security Trustee appointed in accordance with this Agreement for the purposes set out herein.

4.2 Transaction Security Trustee Claim

- (a) The Issuer hereby grants the Transaction Security Trustee a separate claim (the "**Transaction Security Trustee Claim**"), entitling the Transaction Security Trustee to demand from the Issuer:
- (i) that any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note be fulfilled when due; and
  - (ii) that any present or future, actual or contingent obligation of the Issuer in relation to any Beneficiary under any other Transaction Document to which the Issuer is a party be fulfilled when due.
- (b) The obligation of the Issuer to make payments to the relevant Beneficiary shall remain unaffected by the provisions of paragraph (a) above. The Transaction Security Trustee Claim may be enforced separately from the Beneficiary's claim in respect of the same payment obligation of the Issuer. The Transaction Security Trustee agrees with the Issuer and the Beneficiaries to pay any sums received from the Issuer pursuant to this clause 4.2 (Transaction Security Trustee Claim) to the relevant Beneficiaries in accordance with the Post-Enforcement Priority of Payments (as such term is defined in clause 23.1 below) upon the occurrence of an Issuer Event of Default; the relevant Transaction Secured Obligation shall only be deemed fulfilled when the payment due has been made by the Transaction Security Trustee to the relevant Beneficiary.

5. **TRANSFER FOR SECURITY PURPOSES OF THE ASSIGNED SECURITY**

5.1 Assignment and transfer

The Issuer hereby assigns and transfers the following rights and claims (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) to the Transaction Security Trustee for the security purposes set out in clause 7 (Security purpose) (*Sicherungsabtretung* or *Sicherungsübereignung*, as the case may be):

- (a) all Purchased Receivables together with any Related Collateral and all rights, claims and interests relating thereto;



- (b) all rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Seller or the Servicer and/or any other party pursuant to or in respect of the Receivables Purchase Agreement or the Servicing Agreement, including all rights of the Issuer relating to any additional security;
- (c) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Subordinated Loan Provider and/or any other party pursuant to or in respect of the Subordinated Loan Agreement;
- (d) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Managers, the Seller and/or any other party pursuant to or in respect of the Subscription Agreement;
- (e) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to a third party pursuant to or in respect of the sale to such third party of Defaulted Receivables;
- (f) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Account Bank and/or the Corporate Administrator and/or any other party pursuant to or in respect of the Accounts Agreement;
- (g) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Data Trustee and/or any other party pursuant to or in respect of the Data Trust Agreement;
- (h) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Principal Paying Agent and/or the Calculation Agent and/or the Cash Administrator and/or the EURIBOR Determination Agent pursuant to or in respect of the Agency Agreement;
- (i) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Corporate Administrator and/or any other party pursuant to or in respect of the Corporate Administration Agreement; and
- (j) all present and future rights, claims and interests in or in relation to any amounts standing to the credit of any account of the Issuer which may be opened in replacement of any of the Accounts,

in each case (a) to (j) above including any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights to determine unilaterally legal relationships (*Gestaltungsrechte*), including any termination rights (*Kündigungsrechte*) (the "**Assigned Security**").

The Issuer hereby covenants in favour of the Transaction Security Trustee that the Issuer will assign and/or transfer any future assets received by it as security for any of the foregoing or otherwise in connection with the Transaction Documents which are governed by German law, in particular such assets which it receives from any of its counterparties in relation to any of such Transaction Documents as collateral for the obligations of such counterparty towards the Issuer, to the Transaction Security Trustee. The Issuer shall perform such covenant in accordance with the provisions of this Agreement.

5.2 The Transaction Security Trustee hereby accepts the assignment and the transfer of the Assigned Security and any security related thereto and the covenants of the Issuer hereunder.

5.3 The existing Assigned Security shall pass over to the Transaction Security Trustee on the date on which this Agreement becomes effective, and any future Assigned Security shall directly pass over to the Transaction Security Trustee at the date on which such Assigned Security arises, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the Assigned Security consists.

The Issuer undertakes to assign and/or transfer to the Transaction Security Trustee, on the terms and conditions and for the purposes set out herein, any rights and claims under any further agreements relating to the Transaction Documents upon execution of such documents.

The Issuer shall create security for the benefit of the Beneficiaries in all its present and future rights, claims and interests which the Issuer is now or becomes hereafter entitled to from or in relation to an Interest Rate Swap Counterparty and/or any other party pursuant to or in respect of the relevant Interest Rate Swap pursuant to the English Security Deed in accordance with English law and shall, in addition hereto, create security over the Accounts and all amounts standing to the credit of the Accounts from time to time pursuant to the Dutch Account Pledge Agreement in accordance with Dutch law.

5.4 To the extent that title to the Assigned Security cannot be transferred by mere agreement between the Issuer and the Transaction Security Trustee as effected in the foregoing clauses 5.1 (Assignment and transfer) to 5.3, the Issuer and the Transaction Security Trustee hereby agree with respect to all Purchased Receivables that:

- (a) the delivery (*Übergabe*) necessary to effect the transfer of title for security purposes with regard to the Financed Vehicles (and any car certificates (*Fahrzeugbriefe*), registration certificates part II (*Zulassungsbescheinigungen Teil II*) or equivalent documents with respect thereto) and any other moveable Related Collateral with regard to any subsequently inserted parts thereof or with regard to any subsequently arising co-owner's interest, is hereby replaced in that the Issuer and the Transaction Security Trustee hereby agree that the Issuer hereby assigns to the Transaction Security Trustee all claims, present or future, to request transfer of possession (*Abtretung aller Herausgabeansprüche gemäß section 931 Bürgerliches Gesetzbuch*) against any third party (including any Debtors, Seller or (if different) Servicer) which is in the direct possession (*unmittelbarer Besitz*) or indirect possession (*mittelbarer Besitz*) of the Financed Vehicles (and any car certificates (*Fahrzeugbriefe*), registration certificates part II (*Zulassungsbescheinigungen Teil II*) or equivalent documents with respect thereto) or other moveable Related Collateral. In addition to the foregoing it is hereby agreed that the Issuer shall, in the event that (but only in the event that) the related Financed Vehicle or other moveable Related Collateral are in the Issuer's direct possession (*unmittelbarer Besitz*), hold possession as fiduciary (*treuhänderisch*) on behalf of the Transaction Security Trustee and shall grant the Transaction Security Trustee indirect possession (*mittelbarer Besitz*) of the related Financed Vehicle and other moveable Related Collateral by keeping it with due care free of charge (*als Verwahrer*) and separate from other assets owned by it for the Transaction Security Trustee until revoked (*Besitzkonstitut*);
- (b) any notice to be given in order to effect transfer of title in the Assigned Security shall immediately be given by the Issuer in such form as the Transaction Security Trustee requires and the Issuer hereby agrees that if it fails to give such notice, the Transaction Security Trustee is hereby irrevocably authorised to give such notice on behalf of the Issuer;
- (c) any other thing to be done or form or registration to be effected to perfect a first priority security interest in the Assigned Security for the Transaction Security Trustee in favour of the Beneficiaries shall be immediately done and effected by the Issuer at its own costs; and
- (d) the Issuer shall provide any and all necessary details in order to identify the Financed Vehicles, title to which has been transferred hereunder from the Issuer to the Transaction Security Trustee as contemplated herein, at the latest on the date on which this Agreement becomes effective.

The Transaction Security Trustee hereby accepts the assignment and transfer.

## 5.5 Assignment of claims under account relationship

If an express or implied current account relationship (*echtes oder unechtes Kontokorrentverhältnis*) exists or is later established between the Issuer and a third party, the Issuer hereby assigns to the Transaction Security Trustee (without prejudice to the generality of the provisions in clause 5.1 (Assignment and transfer) the right to receive a periodic account statement and the right to receive payment of present or future balances and the right to demand the drawing of a balance (including a final net balance determined upon the institution of any insolvency proceedings in respect of the assets of the Issuer), as well as the right to terminate the current account relationship and the right to receive payment of the closing net balance upon termination. The Issuer shall notify the Transaction Security Trustee of any future current account relationship it enters into in accordance with the Transaction Documents.

## 5.6 Acknowledgement of assignment/transfer

All parties to this Agreement hereby acknowledge that the rights and claims of the Issuer which constitute the Assigned Security and which have arisen under contracts and agreements between the Issuer and the parties hereto and which are owed by such parties, are assigned and/or transferred to the Transaction Security Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with the provisions of, and subject to, the restrictions contained in this Agreement. For the avoidance of doubt, upon notification to any party hereto by the Transaction Security Trustee in respect of the occurrence of an Issuer Event of Default, the Transaction Security Trustee solely shall be entitled to exercise the rights of the Issuer under the Transaction Documents referred to in clause 5.1(a) to 5.1(j), including, without limitation, the right to give instructions to each such party pursuant to the relevant Transaction Document and each party hereto agrees to be bound by such instructions of the Transaction Security Trustee given pursuant to the relevant Transaction Document to which such party is a party.

## 6. PLEDGE

6.1 The Issuer hereby pledges (*Verpfändung*) to the Transaction Security Trustee all its present and future claims against the Transaction Security Trustee arising under this Agreement.

6.2 The Issuer hereby gives notice to the Transaction Security Trustee of such pledge and the Transaction Security Trustee hereby confirms receipt of such notice. The Transaction Security Trustee is under no obligation to enforce any claims of the Issuer against the Transaction Security Trustee pledged to the Transaction Security Trustee pursuant to this clause 6.

## 7. SECURITY PURPOSE

The assignment and transfer for security purposes of rights and claims pursuant to clause 5 (Transfer for security purposes of the Assigned Security) and the pledge pursuant to clause 6 (Pledge) (and the Assigned Security together with such pledges are referred to herein as the "**Collateral**"), and together with the security interests established under the English Security Deed and the Dutch Account Pledge Agreement in respect of certain of the Issuer's powers, rights and interests, the "**Note Collateral**") serve to secure the Transaction Security Trustee Claim.

In addition, the assignment, the transfer and the pledge for security purposes of the Note Collateral is made for the purpose of securing the due payment and performance by the Issuer of any and all obligations (present and future, actual and contingent) which are (or are expressed to be) or become owing by the Issuer to the Noteholders under the Notes and the other Beneficiaries or any of them (including any Replacement Beneficiary following a transfer or assignment, accession, assumption of contract (*Vertragsübernahme*) or novation of certain rights and obligations in accordance with the relevant provision of the relevant Transaction Documents) under or in connection with any of the Transaction Documents, as each may be amended, novated, supplemented or extended from time to time

(the "**Transaction Secured Obligations**"), and which Transaction Secured Obligations shall, for the avoidance of doubt, include, without limitation:

- (a) any fees to be paid by the Issuer to any Beneficiary in connection with the Transaction Documents irrespective of whether such fees are agreed or determined in such Transaction Documents or in any fee arrangement relating thereto;
- (b) any obligations incurred by the Issuer on, as a consequence of or after the opening of any insolvency proceedings; and
- (c) any potential obligations on the grounds of any invalidity or unenforceability of any of the Transaction Documents, in particular claims on the grounds of unjustified enrichment (*ungerechtfertigter Bereicherung*).

## 8. **COLLECTION AUTHORISATION; FURTHER TRANSFER**

### 8.1 Collection authorisation

- (a) The Issuer shall be authorised (*ermächtigt*) to collect or have collected in the ordinary course of business or otherwise exercise or deal with (which term shall, for the avoidance of doubt, include the enforcement of any security) the rights assigned and transferred for security purposes under clause 5 (Transfer for security purposes of the Assigned Security) and the rights pledged pursuant to clause 6 (Pledge).
- (b) Without affecting the generality of paragraph (a), the Transaction Security Trustee hereby consents to the assignments, transfers and/or releases by the Issuer (or by the Servicer on behalf of the Issuer) of Purchased Receivables and Related Collateral to any third party in accordance with the Credit and Collection Policy and the release by the Servicer of any Financed Vehicle in accordance with the Receivables Purchase Agreement and/or the Servicing Agreement.
- (c) The authority and consents contained in paragraphs (a) and (b) may be revoked by the Transaction Security Trustee in accordance with clause 16 (Breach of obligations by the Issuer).
- (d) The authority and consents contained in paragraphs (a) and (b) shall automatically terminate upon the occurrence of an Issuer Event of Default, but with respect to the Servicer and the Seller only upon notice thereof to the Seller and the Servicer (as the case may be).

### 8.2 Transfer authorisation

The Transaction Security Trustee shall be authorised to transfer the Assigned Security in the event that the Transaction Security Trustee is replaced and the Note Collateral is to be transferred to the New Transaction Security Trustee pursuant to clauses 32.1 (Resignation) and 34.1 (Transfer of Note Collateral).

- 8.3 In any event the Issuer shall be entitled to retain an amount of up to EUR 500 in each calendar year for its free disposal from the Note Collateral.

## 9. **ENFORCEABILITY**

The Note Collateral shall be enforced upon an Issuer Event of Default in accordance with clause 19 (Enforcement of Note Collateral).

## 10. **RELEASE OF COLLATERAL**

As soon as the Transaction Security Trustee is satisfied that the Issuer has fully performed all obligations secured by this Agreement and to the extent the Collateral has not been previously released pursuant to this Agreement, the Transaction Security Trustee shall

promptly at the cost of the Issuer transfer back to the Issuer or to the Issuer's order the Collateral assigned and/or transferred to it under this Agreement.

**11. REPRESENTATIONS OF THE ISSUER WITH RESPECT TO NOTE COLLATERAL; COVENANTS**

11.1 The Issuer hereby represents and warrants to and covenants with the Transaction Security Trustee (in the Transaction Security Trustee's own name and on behalf of the Beneficiaries) that the Issuer has (and will have, insofar as future rights and claims are concerned) full and unaffected title to the Note Collateral and any related security thereto which is assigned and/or transferred or pledged hereby and that such Note Collateral and such related security is (and will be insofar as future rights and claims are concerned) free and clear from any encumbrances and adverse rights and claims of any third parties, always subject only to the rights and encumbrances created under this Agreement, the English Security Deed and the Dutch Account Pledge Agreement.

11.2 The Issuer hereby represents and warrants to the Transaction Security Trustee (in the Transaction Security Trustee's own name and on behalf of the Beneficiaries), that, as of the date of execution of this Agreement, the Issuer has the corporate power and the authority to enter into this Agreement and that all necessary corporate action has been taken and the validity and enforceability of this Agreement is not subject to any restriction of any kind, consent or other requirement or condition, that has not been satisfied at the date of execution of this Agreement (save that enforceability may be limited by bankruptcy, insolvency or other similar proceedings with respect to the Issuer or by general principles of good faith (*Treu und Glauben*)).

11.3 The Issuer shall be liable (without prejudice to clause 44 (No liability and no right to petition and limitation on payments)) to pay damages (*Schadenersatz wegen Nichterfüllung*) in the event that any Note Collateral transferred for security purposes in accordance with this Agreement proves to be invalid or if the transfer itself proves to be invalid.

11.4 The Issuer hereby covenants with the Transaction Security Trustee to notify the Transaction Security Trustee of the issue of the Notes within ten Business Days from the date of issue thereof by way of notice substantially in the form set out in schedule 1 (Form of Note Identification Notice).

**12. REPRESENTATIONS AND WARRANTIES OF THE TRANSACTION SECURITY TRUSTEE AND CERTAIN OTHER PARTIES**

12.1 The Transaction Security Trustee hereby represents and warrants to the other parties as follows:

(a) it is a company duly organised and registered under the laws of England and Wales and has full corporate power and authority to execute, deliver and perform this Agreement and the other Transaction Documents to which it is a party and the obligations expressly imposed upon it under this Agreement and the other Transaction Documents to which it is a party and has taken all necessary corporate action to authorise this Agreement on the terms and conditions hereof, the execution, delivery and performance of this Agreement on the terms and conditions hereof, and all obligations required under this Agreement; and

(b) no consent of any other person including, without limitation, its shareholders or creditors, and no licence, permit, approval or authorisation of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority in the United Kingdom or Germany is required by it in connection with this Agreement or the execution, delivery, performance, validity or enforceability of this Agreement or any other Transaction Document to which it is a party and the performance of the obligations expressly imposed upon it under this Agreement or any other Transaction Document to which it is a party.

12.2 It is hereby agreed (without prejudice to the other provisions of this Agreement, and in particular clauses 33 (Replacement of Transaction Security Trustee) and 34.1 (Transfer of Note Collateral) hereof) that, in the event that the Transaction Security Trustee does not possess any authorisation, registration or licence which is required for the performance of its duties and obligations hereunder, the Transaction Security Trustee shall, without undue delay, remedy any such grounds, obtain such authorisations, registrations and licences, and any other obligations of the Transaction Security Trustee and the other provisions of this Agreement shall not be affected by the Transaction Security Trustee failing to remedy such grounds or to have obtained such authorisations, registrations or licences.

12.3 Each Beneficiary (other than the Transaction Security Trustee) who is a party to this Agreement hereby represents and warrants that, as of the date of execution of this Agreement, it has the corporate power and the authority to enter into this Agreement and that all necessary corporate action has been taken and the validity and enforceability of this Agreement is not subject to any restriction of any kind, consent or other requirement or condition on the part of such Beneficiary, that has not been satisfied as of the date of execution of this Agreement.

### 13. **RECEIPT AND CUSTODY OF DOCUMENTS; NOTICES**

The Transaction Security Trustee shall take delivery of and keep in custody the documents which are delivered to it under the Transaction Documents (if any) and shall:

- (a) keep such documents for one year after the termination of this Agreement; or
- (b) forward the documents to the New Transaction Security Trustee if the Transaction Security Trustee is replaced in accordance with clauses 33 (Replacement of Transaction Security Trustee) and 34 (Transfer of Note Collateral) hereof.

### 14. **ACCOUNTS TERMINATION**

#### 14.1 Accounts termination

Each Account has been opened, or, if applicable, will be opened by the Issuer in accordance with the Accounts Agreement with the Account Bank. The Issuer shall terminate (and, if the Issuer does not terminate, the Transaction Security Trustee may terminate on behalf of the Issuer) the account relationship with the Account Bank within 30 calendar days after (i) any of the ratings of the Account Bank has fallen below the Account Bank Required Rating or (ii) the Account Bank is no longer rated by any of the Rating Agencies (each of such events under (i) and (ii), an "**Account Bank Downgrade**"). The Account Bank hereby agrees to promptly give written notice to the Issuer and the Transaction Security Trustee of any such Account Bank Downgrade.

#### 14.2 Successor Bank

- (a) Should the account relationship with the Account Bank be terminated by the Account Bank or the Issuer, the Issuer shall promptly inform the Transaction Security Trustee of such termination. Unless an Issuer Event of Default has occurred and is continuing or the Note Collateral is enforced, in case of such termination the Issuer, acting in its own name, shall open new accounts with another bank or financial institution (the "**Successor Bank**") on conditions as close as possible to those previously agreed with the previous Account Bank. The Successor Bank shall be a bank or a financial institution having at least the Account Bank Required Rating. The Issuer shall enter into a new account agreement with the Successor Bank, the Transaction Security Trustee and the Corporate Administrator as contracting parties and any and all amounts credited to the Transaction Account (including, for the avoidance of doubt, the Reserve Fund), the Commingling Reserve Account, the Set-Off Reserve Account, the Swap Collateral Accounts and any other Account, respectively shall be transferred to corresponding new accounts (as relevant), at no cost (associated with the actual transfer of the funds from the downgraded Accounts to the new corresponding accounts) to the Issuer and security shall be created over such Accounts and in

relation to the credits standing thereon from time to time in accordance with this Agreement and, where applicable, pursuant to a security agreement subject to the same law as the relevant Accounts (and any and all references to "**Transaction Account**", "**Commingling Reserve Account**", "**Set-Off Reserve Account**" and "**Swap Collateral Account**" and any other Account shall in each case then be read as references to such new corresponding account(s)).

- (b) If accounts replacing the Accounts have been opened with a Successor Bank and an Account Bank Downgrade has occurred with respect to such Successor Bank, then within 30 calendar days of such Account Bank Downgrade, the Issuer shall open substitute accounts with another Successor Bank in accordance with the procedure set out in clause 14.2(a) and terminate each account with the previous Successor Bank.

## 15. **CONSENT OF THE TRANSACTION SECURITY TRUSTEE**

If the Issuer requests that the Transaction Security Trustee grants its consent pursuant to clause 39 (Actions of the Issuer requiring consent) hereof, the Transaction Security Trustee may grant or withhold the requested consent at its discretion taking into account what the Transaction Security Trustee believes to be the interests of the Beneficiaries, giving due regard to the provisions of clause 3 (Position of Transaction Security Trustee in relation to the Beneficiaries). In any event, the Transaction Security Trustee shall give such consent if (regardless of whether the relevant action could, in the professional judgement of the Transaction Security Trustee, be materially prejudicial (*wesentlich nachteilig*) to the Beneficiaries) (i) the Transaction Security Trustee or the Issuer has notified each Rating Agency of such proposed action and (ii) one or more Noteholders representing at least 66 2/3 per cent of the then outstanding Class Principal Amount of the most senior outstanding Class of Notes (or, if no Notes remain outstanding, one or more Beneficiaries representing 51 per cent of the then outstanding aggregate amount owed to all Beneficiaries) have given their consent to such action, it being understood that the Transaction Security Trustee shall have no obligation to request such confirmation nor to make such notification.

## 16. **BREACH OF OBLIGATIONS BY THE ISSUER**

- 16.1 If the Transaction Security Trustee in the course of its activities is notified that the existence or the value of the Note Collateral is at risk due to any failure of the Issuer properly to discharge its obligations under this Agreement or the other Transaction Documents to which it is a party, the Transaction Security Trustee shall be authorised, at its discretion and subject to clause 16.2 below, to take or initiate all actions which in the opinion of the Transaction Security Trustee are desirable or expedient to avert such risk (including the revocation of the authority and consents contained in clause 8.1(a) and 8.1(b)). To the extent that the Issuer does not duly discharge its obligations pursuant to clause 34 (Transfer of Note Collateral) in respect of the Note Collateral, the Transaction Security Trustee shall in particular be authorised and obliged to exercise all rights arising under the relevant Transaction Documents on behalf of the Issuer.
- 16.2 The Transaction Security Trustee shall only be obliged to intervene in accordance with clause 16.1 if, and to the extent that, it is satisfied that it will be fully indemnified or secured or pre-funded (either by reimbursement of costs, its ranking under the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments (as applicable) or in any other way it deems appropriate) against all costs and expenses resulting from its activities (including fees for retaining counsel, banks, auditors or other experts as well as the expenses of retaining third parties to perform certain duties) and against all liabilities (except for costs, expenses and liabilities which arise from its own negligence, wilful misconduct (*Vorsatz*) or fraud (*Betrug*)), obligations and attempts to bring any action in or outside court. Clause 35 (Standard of care for liability) shall remain unaffected.

## 17. **FURTHER OBLIGATIONS**

- 17.1 The Transaction Security Trustee shall perform its tasks and obligations under the other Transaction Documents to which it is a party in accordance with this Agreement.

17.2 The Transaction Security Trustee shall, unless otherwise provided for under this Agreement, decide on any consents or approvals to be given by it pursuant to the other Transaction Documents in its reasonable discretion in accordance with this Agreement (in particular clause 36 (General) hereof).

17.3 The Transaction Security Trustee hereby authorises the Issuer to re-assign to the Seller any Purchased Receivable (or the affected portion thereof) and any Related Collateral relating thereto in relation to which the Issuer has received a Deemed Collection pursuant to clause 15.1 and 15.5 of the Receivables Purchase Agreement.

## 18. **POWER OF ATTORNEY**

18.1 The Issuer hereby grants the Transaction Security Trustee power of attorney, waiving, to the fullest extent permitted under applicable law, the restrictions of section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents (except for the rights vis-à-vis the Transaction Security Trustee). Such power of attorney shall be irrevocable.

18.2 The power of attorney shall expire as soon as a New Transaction Security Trustee has been appointed pursuant to clauses 32 (Resignation) or 33 (Replacement of Transaction Security Trustee) and the Issuer has issued a power of attorney to such New Transaction Security Trustee having the same content as the power of attorney previously granted in accordance with the provisions of this clause 18 (Power of attorney). The Transaction Security Trustee shall only act under this power of attorney in relation to the exercise of its rights and obligations under the Transaction Documents.

## 19. **ENFORCEMENT OF NOTE COLLATERAL**

### 19.1 **Issuer Event of Default**

The Note Collateral shall be subject to enforcement upon the occurrence of an Issuer Event of Default. The Transaction Security Trustee shall without undue delay, but in any event no later than within ten Business Days, upon obtaining actual knowledge of an Issuer Event of Default, give notice thereof to the Noteholders pursuant to clause 19.3 (Notification, Instruction) and each other Beneficiary as well as the Rating Agencies pursuant to clause 41 (Notices).

### 19.2 **Enforcement of Note Collateral**

Upon being notified by any person of the occurrence of an Issuer Event of Default or otherwise obtaining actual knowledge thereof, the Transaction Security Trustee shall enforce or cause enforcement of the Note Collateral:

- (a) as instructed in writing by:
  - (i) one or more Class A Noteholders representing at least 51 per cent of the outstanding Class A Principal Amount;
  - (ii) if no Class A Notes are outstanding, one or more Class B Noteholders representing at least 51 per cent of the outstanding Class B Principal Amount;  
or
  - (iii) if no Notes remain outstanding, any other Beneficiary or Beneficiaries representing at least 51 per cent of the aggregate outstanding amount owed by the Issuer to all Beneficiaries ((i) to (iii) each an "**Enforcement Instruction**");  
or
- (b) if and so long as the Transaction Security Trustee has not received an Enforcement Instruction, as determined in its reasonable discretion, subject to clause 19.3



(Notification, Instruction), clause 19.4 (Indemnification) and clause 30 (Right to Indemnification).

**19.3 Notification, Instruction**

Promptly upon receipt of an Enforcement Instruction, the Transaction Security Trustee shall provide the Noteholders, each other Beneficiary as well as the Rating Agencies with a copy thereof pursuant to clause 41 (Notices). Should the Transaction Security Trustee not receive an Enforcement Instruction within 20 Business Days of the Transaction Security Trustee being notified by any person of the occurrence of an Issuer Event of Default or otherwise obtaining actual knowledge thereof, the Transaction Security Trustee shall give notice to the Noteholders, each other Beneficiary as well as the Rating Agencies pursuant to clause 41 (Notices), specifying if, and the manner in which (as relevant), it will enforce the Note Collateral (in particular, whether it intends to sell the Note Collateral) and apply the proceeds from such enforcement to satisfy the obligations of the Issuer, subject to the Post-Enforcement Priority of Payments. For the avoidance of doubt, an Enforcement Instruction may also be given, and is binding upon the Transaction Security Trustee if given, after the expiry of such 20 Business Day's period, and the Transaction Security Trustee shall adapt the manner in respect of which it enforces the Note Collateral as provided in such Enforcement Instruction.

**19.4 Indemnification**

For the avoidance of doubt, the Transaction Security Trustee shall not be obliged to undertake any action required to be taken in accordance with an Enforcement Instruction (other than notification thereof pursuant to clause 19.3 (Notification, Instruction) unless it is fully indemnified or secured or pre-funded to its satisfaction in accordance with clause 30.2.

**20. PAYMENTS UPON OCCURRENCE OF AN ISSUER EVENT OF DEFAULT**

Upon the occurrence of an Issuer Event of Default:

- (a) The Note Collateral may be exercised, collected, claimed and enforced exclusively by the Transaction Security Trustee.
- (b) The Transaction Security Trustee shall deposit the proceeds of any enforcement which it receives in the Transaction Account held in the name of the Issuer (but only to the extent the rights and claims arising from or with respect to the Transaction Account have been validly assigned to it under the Dutch Account Pledge Agreement and this Agreement, as applicable), or, in the event that the Transaction Security Trustee has opened an account for collecting and/or depositing enforcement proceeds in its own name, such account.
- (c) The Transaction Security Trustee shall not be required to make payments on the obligations of the Issuer if, and so long as, in the opinion of the Transaction Security Trustee, there is a risk that such payment will jeopardise the fulfilment of any later maturing obligation of the Issuer ranking with senior priority pursuant to and in accordance with the Post-Enforcement Priority of Payments.
- (d) The Transaction Security Trustee shall make payments out of the proceeds of any enforcement of Note Collateral in accordance with clause 23.2.
- (e) Subject to the Post-Enforcement Priority of Payments, after all Transaction Secured Obligations have been satisfied in full, the Transaction Security Trustee shall pay out any remaining amounts to the Issuer.

**21. CONTINUING DUTIES**

For the avoidance of doubt and without affecting general applicable law with respect to any continuing effect of any other provisions of this Agreement, it is hereby agreed that clauses

13 (Receipt and custody of documents; notices) to 18 (Power of attorney) shall continue to apply after the occurrence of an Issuer Event of Default.

**22. ACCOUNTS; SET-OFF**

22.1 The Transaction Account of the Issuer set up and maintained pursuant to the Accounts Agreement and this Agreement shall be used for receipt of amounts relating to the Transaction Documents and for the fulfilment of the payment obligations of the Issuer. The Commingling Reserve Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Commingling Reserve Amount which is transferred to the Issuer by the Seller following the occurrence of a Commingling Reserve Trigger Event. The Set-Off Reserve Account of the Issuer set up and maintained pursuant to the Accounts Agreement shall be reserved for any Set-Off Reserve Amount which is transferred to the Issuer by the Seller following the occurrence of a Set-Off Reserve Trigger Event. The Swap Collateral Accounts set-up and maintained pursuant to the Accounts Agreement shall be reserved for any Swap Collateral transferred to the Issuer by an Interest Rate Swap Counterparty in accordance with the relevant Interest Rate Swap and any Swap Tax Credits and Replacement Swap Premiums received by the Issuer.

22.2 The Issuer shall ensure that all payments and transfers of securities made to the Issuer be made by way of a bank transfer to or deposit in the Transaction Account or, in case of a transfer of the Commingling Reserve Amount, to the Commingling Reserve Account or, in case of a transfer of the Set-Off Reserve Amount, to the Set-Off Reserve Account or, in the case of Swap Collateral, to the respective Swap Collateral Account. Should any amounts payable to the Issuer be paid in any way other than as set forth in the preceding sentence, the Issuer shall promptly credit such amounts to, or (as the case may be) deposit such securities in, the Transaction Account or, in case of the Commingling Reserve Amount, to the Commingling Reserve Account or, in case of the Set-Off Reserve Amount, to the Set-Off Reserve Account or, in the case of the Swap Collateral, to the respective Swap Collateral Account. The Pre-Enforcement Priority of Payments set out in schedule 6 (Pre-Enforcement Priority of Payments) of the Receivables Purchase Agreement and the Post-Enforcement Priority of Payments set out in clause 23.2 below shall remain unaffected.

22.3 The Issuer shall not open any new bank account in addition to, or as a replacement of, the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account or any Swap Collateral Account, unless it has granted a security interest over any and all rights relating thereto to the Transaction Security Trustee under the relevant applicable law for the security purposes set out in clause 7 (Security purpose), and only after having obtained the consent of the Transaction Security Trustee in accordance with this Agreement. For the avoidance of doubt, upon notification to the Account Bank by the Transaction Security Trustee in respect of the occurrence of an Issuer Event of Default, the Transaction Security Trustee shall be entitled to exercise the rights of the Issuer under the Accounts Agreement assigned to the Transaction Security Trustee in accordance with this Agreement and over the Accounts secured in favour of the Transaction Security Trustee in accordance with the Dutch Account Pledge Agreement, including, without limitation, the right to give instructions to the Account Bank pursuant to the Accounts Agreement.

22.4 Without prejudice to clause 44 (No liability and no right to petition and limitation on payments) below and the set-off and netting arrangements agreed upon in any Interest Rate Swap, all payments by any party hereto (other than the Issuer and the Transaction Security Trustee) are to be rendered without any deduction or retention due to any set-off or counterclaim.

**23. POST-ENFORCEMENT PRIORITY OF PAYMENTS**

23.1 Upon the occurrence of an Issuer Event of Default and prior to the full discharge of all Transaction Secured Obligations, any credit (other than:

- (a) any interest on any balance credited to the Commingling Reserve Account which shall be paid to the Seller;

- (b) any interest on any balance credited to the Set-Off Reserve Account which shall be paid to the Seller;
- (c) amounts representing any Excess Swap Collateral which shall be returned directly to an Interest Rate Swap Counterparty;
- (d) any Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by the an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) which shall be returned directly to such Interest Rate Swap Counterparty;
- (e) any Swap Tax Credits which shall be paid directly to an Interest Rate Swap Counterparty; and
- (f) any Replacement Swap Premium (only to the extent that it is applied directly to pay a termination payment due and payable by the Issuer to an Interest Rate Swap Counterparty) which shall be paid directly to such Interest Rate Swap Counterparty),

standing to the credit of the Transaction Account, on the Commingling Reserve Account, on the Set-Off Reserve Account and on any Swap Collateral Account (including, for the avoidance of doubt, any account of the Transaction Security Trustee opened in accordance with clause 14 (Accounts termination)) and any proceeds obtained from the enforcement of the Note Collateral in accordance with clause 19 (Enforcement of Note Collateral) (together, the "**Credit**") shall be applied exclusively in accordance with the post-enforcement priority of payments ("**Post-Enforcement Priority of Payments**") set out in clause 23.2.

23.2 Upon the occurrence of an Issuer Event of Default, on any Payment Date any Credit shall be applied in the following order towards fulfilling the payment obligations of the Issuer, in each case only to the extent payments of a higher priority have been made in full:

*first:* to pay any obligation of the Issuer which is due and payable with respect to corporation and trade tax under any applicable law (if any);

*second:* to pay any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Transaction Security Trustee for itself under the Transaction Documents;

*third:* to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due and payable in the ordinary course of business), expenses and other amounts due and payable to the Corporate Administrator under the Corporate Administration Agreement, the Back-Up Servicer Facilitator under the Servicing Agreement, the Data Trustee under the Data Trust Agreement, and the Account Bank under the Accounts Agreement, any amounts due and payable by the Issuer in connection with the establishment of the Issuer, and any other amounts due and payable or which are expected to fall due and payable by the Issuer in connection with the liquidation or dissolution (if applicable) of the Issuer or any other fees, costs and expenses;

*fourth:* to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the legal advisers or auditors of the Issuer, the Rating Agencies (including any on-going monitoring fees), the Principal Paying Agent, the Cash Administrator, the Calculation Agent and the EURIBOR Determination Agent under the Agency Agreement, the Managers under the Subscription Agreement (excluding any commissions and concessions which are payable to the Managers under the Subscription Agreement on the Note Issuance Date), the relevant stock exchange on which the Notes may be listed, any listing agent, any intermediary between the Issuer, the Noteholders and the relevant stock exchange, the Common Safekeepers and any other relevant party with respect to the issue of the Notes;

*fifth*: to pay *pari passu* with each other on a *pro rata* basis any fees, costs, taxes (excluding, for the avoidance of doubt, any income taxes or other general taxes due in the ordinary course of business), expenses and other amounts due and payable to the Servicer under the Servicing Agreement or otherwise, and any such amounts due and payable to any substitute servicer or back-up servicer (including any expenses, costs and fees incurred in the course of replacement) for the Purchased Receivables and the Related Collateral which may be appointed from time to time in accordance with the Receivables Purchase Agreement or the Servicing Agreement and any such costs and expenses incurred by the Issuer itself in the event that the Issuer collects and/or services the Purchased Receivables or the Related Collateral;

*sixth*: to pay *pari passu* with each other on a *pro rata* basis any amount due and payable to the Interest Rate Swap Counterparties under the Interest Rate Swaps, other than any termination payment (as determined pursuant to the relevant Interest Rate Swap) due and payable to an Interest Rate Swap Counterparty if an event of default has occurred under the Interest Rate Swap with respect to such Interest Rate Swap Counterparty

*seventh*: to pay Class A Notes Interest due and payable on such Payment Date *pro rata* on each Class A Note;

*eighth*: to pay any Class A Notes Principal as of such Payment Date, *pro rata* on each Class A Note;

*ninth*: after the Class A Notes have been redeemed in full, to pay Class B Notes Interest due and payable on such Payment Date *pro rata* on each Class B Note;

*tenth*: to pay any Class B Notes Principal as of such Payment Date, *pro rata* on each Class B Note;

*eleventh*: to pay *pari passu* with each other on a *pro rata* basis any termination payment due and payable to any Interest Rate Swap Counterparty under its Interest Rate Swap if an event of default has occurred under the relevant Interest Rate Swap with respect to such Interest Rate Swap Counterparty;

*twelfth*: to pay *pari passu* with each other on a *pro rata* basis any fees owed by the Issuer to the Seller due and payable with respect to any amounts standing to the credit of the Commingling Reserve Account and the Set-Off Reserve Account as of such Payment Date;

*thirteenth*: to pay interest (including accrued interest) due and payable under the Subordinated Loan Agreement;

*fourteenth*: to pay any amounts owed by the Issuer to the Seller due and payable (x) under the Receivables Purchase Agreement in respect of (i) any valid return of a direct debit (*Lastschriftückbelastung*) (to the extent such returns do not reduce the Collections for the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date), (ii) any tax credit, relief, remission or repayment received by the Issuer on account of any tax or additional amount paid by the Seller or (iii) any Deemed Collection paid by the Seller for a Disputed Receivable which proves subsequently with *res judicata* (*rechtskräftig festgestellt*) to be an enforceable Purchased Receivable, or (y) otherwise (including, for the avoidance of doubt, any claims of the Seller against the Issuer for breach of obligation) under the Receivables Purchase Agreement (including, without limitation, any interest on any balance credited to the Commingling Reserve Account and the Set-Off Reserve Account, the Commingling Reserve Excess Amount and any Set-Off Reserve Excess Amount) or other Transaction Documents;

*fifteenth*: to repay outstanding principal due and payable under the Subordinated Loan Agreement; and

*sixteenth*: to pay any remaining amount to the Seller,

provided that any payment to be made by the Issuer under items *first* to *fifth* (inclusive) with respect to taxes shall be made on the Business Day on which such payment is then due and payable using the Credit; and for the avoidance of doubt, provided further that outside of such order of priority, any Excess Swap Collateral, Replacement Swap Premium, Swap Tax Credit or any other Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) due to be transferred or paid by the Issuer to such Interest Rate Swap Counterparty pursuant to the terms and conditions of the relevant Interest Rate Swap shall be transferred or paid (as applicable) to such Interest Rate Swap Counterparty.

24. **RELATIONSHIP TO THIRD PARTIES**

24.1 In relation to the Note Collateral, the Post-Enforcement Priority of Payments shall, subject to applicable law, be binding on all creditors of the Issuer, provided that in relation to any other assets of the Issuer, the Post-Enforcement Priority of Payments shall only apply internally between the Beneficiaries, the Transaction Security Trustee and the Issuer; in respect of third party relationships, the rights of the Beneficiaries and the Transaction Security Trustee shall have equal rank to those of third party creditors of the Issuer.

24.2 The Post-Enforcement Priority of Payments shall also apply if the Transaction Secured Obligations are transferred to third parties by way of assignment, subrogation into a contract or otherwise.

25. **OVERPAYMENT**

All payments to Beneficiaries which are parties to this Agreement shall be subject to the condition that, if a payment is made to a creditor in breach of the Post-Enforcement Priority of Payments, such creditor shall re-pay the amount so received to the Transaction Security Trustee by payment to the Transaction Account (including any account established by the Transaction Security Trustee in accordance with clause 14 (Accounts termination) hereof). The Transaction Security Trustee shall then pay out the monies so received in the way that they were payable in accordance with the Post-Enforcement Priority of Payments on the relevant Payment Date. If such overpayment is not repaid by the Payment Date following the overpayment or if the claim to repayment is not enforceable, the Transaction Security Trustee is authorised and obliged to make payments in such a way that any over- or under payments made in breach of clause 23.2 are set off by correspondingly decreased or increased payments on such Payment Date (and, to the extent necessary, on all subsequent Payment Dates).

26. **RETAINING THIRD PARTIES**

26.1 The Transaction Security Trustee may retain the services of:

- (a) legal counsel, financial consultants, banks and other experts in Germany or elsewhere for the purpose of seeking information and advice to assist it in performing the duties assigned to it under this Agreement and the other Transaction Security Documents; and/or
- (b) a suitable law firm, accounting firm or credit or trust institution for the purpose of delegating the entire or partial performance of its duties hereunder and the other Transaction Documents (as it deems appropriate), in each case, at the reasonably incurred cost of the Issuer (any of the aforementioned persons so retained, a "**retained third party**"). The Transaction Security Trustee will obtain at least three fee quotes prior to the appointment of such third party (unless this would be, as determined by the Transaction Security Trustee, inappropriate in the specific case considering factors such as timing and the type of services) and select the relevant third party also on the basis of the obtained fee quotes.

26.2 (a) The Transaction Security Trustee shall not be released or discharged from and shall remain responsible for the performance of such delegated obligations. The

performance or non-performance, and the manner of performance, of any delegate of any of such delegated obligations shall not affect the Transaction Security Trustee's obligations. Any breach in the performance of the delegated obligations by such delegate shall not be treated as a breach of obligation by the Transaction Security Trustee pursuant to section 278 of the German Civil Code (*Bürgerliches Gesetzbuch*).

The Transaction Security Trustee shall not be liable for the performance or non-performance or any wilful misconduct (*Vorsatz*) or negligence of such retained third parties (*Vorsatz und Fahrlässigkeit*). In any event, however, the Transaction Security Trustee shall remain liable for diligently selecting and supervising such delegates in accordance with clause 35 (Standard of care for liability) hereof.

- (b) Subject to clause 26.2(c), the Transaction Security Trustee may rely on any information and advice obtained from such retained third parties without having to make its own investigations or to supervise such retained parties.
- (c) The Transaction Security Trustee shall be liable for any damages or losses caused by it relying on such retained third parties or acting in reliance on information or advice of such retained third parties only in case of wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*) of the Transaction Security Trustee.

26.3 The Transaction Security Trustee may sub-contract the performance of some (but not all) or any of its obligations provided that the Transaction Security Trustee shall not thereby be released or discharged from and shall remain responsible for the performance of such obligations and the performance or non-performance, and the manner of performance, of any sub-contractor of any of such delegated obligations shall not affect the Transaction Security Trustee's obligations. Any breach in the performance of the delegated obligations by such sub-contractor shall not be treated as a breach of obligation by the Transaction Security Trustee pursuant to section 278 of the German Civil Code (*Bürgerliches Gesetzbuch*); however, the Transaction Security Trustee shall remain liable for diligently selecting and supervising such sub-contractors in accordance with clause 35 (Standard of care for liability) hereof.

## 27. REPRESENTATIONS AND WARRANTIES OF THE ISSUER

The Issuer hereby represents and warrants that, as of the date of execution of this Agreement:

- (a) it is a company duly incorporated under the laws of Germany with power to enter into this Agreement and each other document and agreement relating hereto and to exercise its rights and perform its obligations hereunder and thereunder and all corporate and other action required to authorise the execution of and the performance by the Issuer of its obligations hereunder and thereunder has been duly taken;
- (b) under the laws of Germany in force as of the date of execution of this Agreement, it will not be required to make any deduction or withholding from any payment it may make under this Agreement or any other document or agreement relating thereto to which it is expressed to be a party;
- (c) in any proceedings taken in Germany in relation to all or any of this Agreement and each other document and agreement relating hereto it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;
- (d) all acts, conditions and things required to be done, fulfilled and performed in order:
  - (i) to enable it lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in this Agreement and each other document and agreement relating hereto; and

- (ii) to ensure that the obligations expressed to be assumed by it herein and therein are legal, valid, binding and enforceable have been done, fulfilled and performed.
- (e) no action or administrative proceeding of or before any court or agency has been started or (to the best of its knowledge and belief) threatened as to which, in its judgment there is a likelihood of an adverse judgment which would have a material adverse effect on its business or financial condition or on its ability to perform its obligations under any of this Agreement or the other documents and agreements relating hereto;
- (f) save for the Transaction Security Documents it has not created any encumbrance over all or any of its present or future revenues or assets and the execution of this Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder will not result in the existence of nor oblige it to create any encumbrance over all or any of its present or future revenues or assets except as provided therein;
- (g) the execution of this Agreement and each other document and agreement relating hereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder do not constitute and will not result in any breach of any agreement or treaty to which it is a party or which is binding upon it;
- (h) the execution of this Agreement and each other document and agreement relating hereto constitute, and the exercise of its rights and performance of its obligations hereunder and thereunder will constitute, private and commercial acts done and performed for private and commercial purposes;
- (i) no Issuer Event of Default has occurred and is continuing;
- (j) its obligations hereunder were entered into on arm's length terms; and
- (k) it has opened each of the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Swap Collateral Accounts with the Account Bank.

28. **FEES**

The Issuer shall pay the Transaction Security Trustee a fee as separately agreed upon between the Issuer and the Transaction Security Trustee in a fee letter dated on or about the date of this Agreement. In the event of the Note Collateral becoming enforceable or in the event of the Transaction Security Trustee finding it, in its professional judgment and after good faith consultation (except that in the case of the enforcement of the Note Collateral where fees are charged on a time-spent basis and such consultation is not required) with the Seller, expedient or being required to undertake any duties which the Transaction Security Trustee determines to be of an exceptional nature or otherwise outside the scope of the normal duties of the Transaction Security Trustee under this Agreement and the other Transaction Documents to which it is a party, the Issuer shall pay such additional remuneration as shall be agreed between the Transaction Security Trustee and the Issuer, and the Transaction Security Trustee shall be responsible to promptly inform the Rating Agencies of any change of the regular Transaction Security Trustee's fees (except for additional fees due to exceptional circumstances and outside the scope of its normal duties). In the event of the Transaction Security Trustee and the Issuer failing to agree upon such increased or additional remuneration, such matters shall be determined by an independent investment bank (acting as an expert and not as an arbitrator) selected by the Transaction Security Trustee and approved by the Issuer or, failing such approval, nominated by the Corporate Administrator, the expenses involved in such nomination and the fees of such investment bank being for the account of the Issuer, and the decision of any such investment bank shall be final and binding on the Issuer and the Transaction Security Trustee.

29. **REIMBURSEMENT OF EXPENSES**

In addition to the remuneration of the Transaction Security Trustee, the Issuer shall pay all reasonable out-of-pocket costs, charges and expenses (including, without limitation, legal and travelling expenses and fees and expenses of its agents, delegates and advisors) which the Transaction Security Trustee properly incurs in relation to the negotiation, preparation and execution of this Agreement and the other Transaction Documents, any action taken by it under or in relation to this Agreement or any of the other Transaction Documents or any amendment, renewals or waivers made in accordance with the Transaction Documents in respect hereof.

30. **RIGHT TO INDEMNIFICATION**

30.1 The Issuer shall indemnify the Transaction Security Trustee in respect of all proceedings (including claims and liabilities in respect of taxes other than on the Transaction Security Trustee's own overall net profits, income or gains and subject to clause 31.2), losses, claims and demands and all costs, charges, expenses, and liabilities to which the Transaction Security Trustee (or any third party pursuant to clause 26 (Retaining third parties)) may be or become liable or which may be incurred by the Transaction Security Trustee (or any such third party) in respect of anything done or omitted in relation to this Agreement and any of the other Transaction Documents, unless such costs and expenses are incurred by the Transaction Security Trustee due to a breach of the duty of care provided for in clause 35 (Standard of care for liability).

For the avoidance of doubt it is hereby agreed that any indemnities shall be owed by the Issuer and that the Transaction Security Trustee has no right of indemnification against the Beneficiaries hereunder unless it has received an Enforcement Instruction from any Beneficiary or Beneficiaries (other than the Noteholders) in accordance with clause 19.3 (Notification, Instruction).

30.2 The Transaction Security Trustee shall not be bound to take any action under or in connection with this Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified or secured or pre-funded to its satisfaction (including under the Post-Enforcement Priority of Payments), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the Post-Enforcement Priority of Payments as set out in clause 23.2 hereof, against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection with them for which purpose the Transaction Security Trustee may require payment in advance of such liabilities being incurred of an amount which it considers (without prejudice to any further demand) sufficient to indemnify it or security satisfactory to it.

30.3 The obligation of the Issuer to indemnify the Transaction Security Trustee (for the avoidance of doubt subject to clause 44 (No liability and no right to petition and limitation on payments)) will survive the termination of this Agreement.

31. **TAXES**

31.1 The Issuer shall bear all stamp duties, transfer taxes and other similar taxes incurred by the Transaction Security Trustee and any duties or charges which are imposed on the Transaction Security Trustee in Germany or any other relevant jurisdiction on or in connection with:

- (a) the creation of, holding of, or enforcement of the Note Collateral;
- (b) any action taken by the Transaction Security Trustee pursuant to the Terms and Conditions of the Notes or the other Transaction Documents; and
- (c) the issue of the Notes or the conclusion of Transaction Documents.



31.2 All payments of fees and reimbursements of expenses to the Transaction Security Trustee shall include any turnover taxes, value added taxes or similar taxes, other than taxes on the Transaction Security Trustee's net profits, overall income or gains, which are imposed in the future on the services of the Transaction Security Trustee.

## 32. RESIGNATION

### 32.1 Resignation

The Transaction Security Trustee may resign from its office as Transaction Security Trustee at any time by giving two months prior written notice, provided that upon or prior to the last Business Day of such notice period a reputable accounting firm or financial institution or other suitable service provider which is experienced in the business of transaction security trusteeship in the context of securitisations of assets originated in Germany and which has obtained any required authorisations and licences (an "**eligible institution**") has been appointed by the Issuer as successor (the "**New Transaction Security Trustee**") and such appointee assumes all rights and obligations arising from this Agreement and each other Transaction Document to which the Transaction Security Trustee is a party and which has been furnished with all authorities and powers that have been granted to the Transaction Security Trustee. The Transaction Security Trustee shall promptly notify in advance and in writing the Issuer and the Rating Agencies of its intention of resignation. The Issuer shall, upon receipt of the written notice of resignation referred to in the first sentence of this clause 32.1, promptly appoint an eligible institution as New Transaction Security Trustee. The Transaction Security Trustee shall have the right (but no obligation) to nominate a New Transaction Security Trustee for appointment by the Issuer. The Issuer shall have the right to veto any nomination of a New Transaction Security Trustee by the resigning Transaction Security Trustee if such New Transaction Security Trustee is not an eligible institution or if any other eligible institution has been appointed by the Issuer to be the New Transaction Security Trustee and has accepted such appointment. The proposed appointment of the New Transaction Security Trustee shall further be subject to clauses 32.2 (Effects of resignation) and 34.4 (Notification; publications) below.

### 32.2 Effects of resignation

Any termination of the appointment of the Transaction Security Trustee shall not become effective unless:

- (a) the Issuer has been liquidated and the proceeds of liquidation distributed to the Noteholders and the other Beneficiaries in accordance with this Agreement or, if earlier, no obligations under the Notes and the other Transaction Secured Obligations are outstanding; or
- (b) a New Transaction Security Trustee has been appointed and has accepted such transaction security trusteeship (subject to clause 34.4 (Notification; publications) below).

### 32.3 Continuation of rights and obligations

Notwithstanding a termination pursuant to clause 32.1 (Resignation), the rights and obligations of the Transaction Security Trustee under all the Transaction Documents to which it is a party shall continue until the appointment of the New Transaction Security Trustee has become effective and the assets and rights have been assigned or transferred to it pursuant to clause 34.1 (Transfer of Note Collateral). None of the provisions of this clause 32 shall affect the right of the Transaction Security Trustee to resign from its office for good cause (*aus wichtigem Grund*) with immediate effect.

## 33. REPLACEMENT OF TRANSACTION SECURITY TRUSTEE

The Issuer shall be authorised and obliged to replace the Transaction Security Trustee under all Transaction Documents to which the Transaction Security Trustee is a party with a reputable accounting firm or financial institution (which is experienced in the business of

transaction security trusteeship in securitisation transactions and which has obtained any required authorisations, registrations and licences), if the Issuer has been so instructed in writing by:

- (a) one or more Class A Noteholders representing at least 25 per cent of the outstanding Class A Principal Amount, unless Class A Noteholders representing at least 50 per cent of the outstanding Class A Principal Amount instruct the Issuer not to replace the Transaction Security Trustee;
- (b) if no Class A Notes are outstanding, one or more Class B Noteholders representing at least 25 per cent of the outstanding Class B Principal Amount, unless Class B Noteholders representing at least 50 per cent of the outstanding Class B Principal Amount instruct the Issuer not to replace the Transaction Security Trustee; or
- (c) if no Notes remain outstanding, any Beneficiary or Beneficiaries representing at least 25 per cent of all Beneficiaries to which any amounts are owed, unless Beneficiaries representing at least 50 per cent of all Beneficiaries to which any amounts are owed instruct the Issuer not to replace the Transaction Security Trustee. Any replacement of the Transaction Security Trustee shall be notified by the Issuer to the Rating Agencies by giving not less than 30 calendar days' notice.

## 34. TRANSFER OF NOTE COLLATERAL

### 34.1 Transfer of Note Collateral

In the case of a replacement of the Transaction Security Trustee pursuant to clause 32 (Resignation) or clause 33 (Replacement of Transaction Security Trustee), the Transaction Security Trustee shall forthwith assign or transfer the Note Collateral and other assets and other rights it holds as fiduciary (*Treuhänder*) under any Transaction Security Document, as well as its Transaction Security Trustee Claim under clause 4 (Position of Transaction Security Trustee in relation to the Issuer) and the pledge granted to it pursuant to clause 6 (Pledge) to the New Transaction Security Trustee. Without prejudice to this obligation, the Issuer shall hereby be irrevocably authorised to effect such assignment, transfer or pledge on behalf of the Transaction Security Trustee as set out in the first sentence and is for that purpose exempted to the fullest extent permitted under applicable law from the restrictions under section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions contained in the laws of any other country.

### 34.2 Assumption of obligations

Subject to the consent of all other parties to the Transaction Documents, in the event of a replacement of the Transaction Security Trustee pursuant to clause 32 (Resignation) or clause 33 (Replacement of Transaction Security Trustee), the Transaction Security Trustee shall reach an agreement with the New Transaction Security Trustee that the New Transaction Security Trustee assumes the obligations of the Transaction Security Trustee under each Transaction Document to which the Transaction Security Trustee is a party.

### 34.3 Costs

The costs incurred in connection with replacing the Transaction Security Trustee pursuant to clause 32 (Resignation) or clause 33 (Replacement of Transaction Security Trustee) shall be borne by the Issuer. If such replacement is due to the conduct of the Transaction Security Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Transaction Security Trustee in the amount of such costs.

### 34.4 Notification; publications

The appointment of a New Transaction Security Trustee in accordance with clause 32 (Resignation) or clause 33 (Replacement of Transaction Security Trustee) shall be notified by

the Issuer to the Rating Agencies. Following such notifications, the appointment of the New Transaction Security Trustee shall take effect and shall be:

- (a) published without delay in accordance with the Terms and Conditions of the Notes or, if this is not possible, in any other appropriate way; and
- (b) notified by email or facsimile to each Beneficiary other than the Noteholders.

**34.5 Accounting**

The Transaction Security Trustee shall be obliged to account to the New Transaction Security Trustee for its activities under or with respect to each Transaction Security Document.

**34.6 Transfer of documents and information**

The Transaction Security Trustee shall be obliged to provide the New Transaction Security Trustee with all documents and other information relating its activities under or with respect to each Transaction Security Document as the New Transaction Security Trustee may reasonably request.

**35. STANDARD OF CARE FOR LIABILITY**

The Transaction Security Trustee shall be liable for any breach of its obligations under this Agreement only if it fails to meet the standard of care it exercises in its own affairs (*Sorgfalt in eigenen Angelegenheiten*).

**36. GENERAL**

36.1 The Transaction Security Trustee shall not be liable for:

- (a) any action or failure to act of the Issuer or of other parties to the Transaction Documents;
- (b) the Transaction Documents (including any security interest created thereunder) not being legal, valid, binding or enforceable, or for the fairness of the provisions of the Transaction Documents; and
- (c) a loss of documents related to the Note Collateral not attributable to the gross negligence (*grobe Fahrlässigkeit*) of the Transaction Security Trustee.

36.2 Each party to the Transaction Security Agreement shall provide the Transaction Security Trustee at its reasonable request with all additional information it deems necessary for the performance of its duties under the Transaction Documents.

36.3 The Transaction Security Trustee may call for and shall be at liberty to accept a certificate signed by any two managing directors of the Issuer as sufficient evidence of any fact or matter or the expediency of any transaction or thing, and to treat such a certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the persons so certifying, expedient or proper as sufficient evidence that it is expedient or proper, and the Transaction Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be caused by acting on any such certificate.

36.4 The Transaction Security Trustee shall (save as otherwise expressly provided herein) as regards all the powers, authorities and discretions vested in it by or pursuant to any Transaction Document (including this Agreement) to which the Transaction Security Trustee is a party or conferred upon the Transaction Security Trustee by operation of law (the exercise of which, as between the Transaction Security Trustee and the Beneficiaries, shall be conclusive and binding on the Beneficiaries) have discretion as to the exercise or non-exercise thereof and, provided it shall not have acted in violation of its standard of care as set out in clause 35 (Standard of care for liability), the Transaction Security Trustee shall not be

responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof.

- 36.5 The Transaction Security Trustee, as between itself and the Beneficiaries, shall have full power to determine all questions and doubts arising in relation to any of the provisions of any Transaction Document and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Transaction Security Trustee, shall be conclusive and shall bind the Transaction Security Trustee and the Beneficiaries. In particular, the Transaction Security Trustee may determine whether or not any event described in this Agreement is, in its opinion, materially prejudicial to the interests of Beneficiaries and if the Transaction Security Trustee shall certify that any such event is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the relevant Beneficiaries.
- 36.6 The Transaction Security Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of any Transaction Document is capable of remedy and, if the Transaction Security Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Beneficiaries.
- 36.7 Any consent given by the Transaction Security Trustee for the purposes of any Transaction Document may be given on such terms and subject to such conditions (if any) as the Transaction Security Trustee thinks fit in its discretion and, notwithstanding anything to the contrary contained in any Transaction Document may be given retrospectively.
- 36.8 The Transaction Security Trustee shall not be responsible for recitals, statements, warranties or representations of any party (other than those relating to or provided by it) contained in any Transaction Document or other document entered into in connection therewith and may rely on the accuracy and correctness thereof (absent actual knowledge to the contrary) and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or security thereby constituted or evidenced. The Transaction Security Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Note Collateral or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer to the Note Collateral or any part thereof from time to time.
- 36.9 The Transaction Security Trustee shall not be liable for any error of judgement made in good faith by any officer or employee of the Transaction Security Trustee assigned by the Transaction Security Trustee to administer its corporate trust matters unless such officer or employee has failed to observe the standard of care provided for in clause 35 (Standard of care for liability).
- 36.10 No provision of this Agreement shall require the Transaction Security Trustee to do anything which may be illegal or contrary to applicable law or regulation or expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers or otherwise in connection with any Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it determines in its reasonable discretion that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.
- 36.11 The Transaction Security Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any Transaction Documents or any other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decisions of any court and (without prejudice to the generality of the foregoing) the Transaction Security

Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:

- (a) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer;
- (b) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Transaction Document or any other document entered into in connection therewith;
- (c) the scope or accuracy of any representations, warranties or statements made by or on behalf of the Issuer or any other person or entity who has at any time provided any Transaction Document or in any document entered into in connection therewith;
- (d) the performance or observance by the Issuer or any other person of any provisions or stipulations relating to Notes or contained in any other Transaction Document or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;
- (e) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction Documents;
- (f) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the Note Collateral or the Transaction Documents or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Note Collateral or the Transaction Documents or other documents entered into in connection therewith; or
- (g) any accounts, books, records or files maintained by the Issuer or any other person in respect of any of the Note Collateral or the Transaction Documents.

36.12 The Transaction Security Trustee may, in the absence of actual knowledge to the contrary, assume without enquiry that the Issuer and each of the other parties to the Transaction Documents is duly performing and observing all of the provisions of those documents binding on or relating to it and that no event has happened which constitutes an Issuer Event of Default.

### 37. **UNDERTAKINGS OF THE ISSUER IN RELATION TO THE NOTE COLLATERAL**

37.1 The Issuer hereby undertakes to the Transaction Security Trustee:

- (a) not to sell the Note Collateral and to refrain from all actions and omissions to act (excluding, for the avoidance of doubt, the collection and enforcement of the Note Collateral in the ordinary course of business or otherwise dealing with the Note Collateral in accordance with the Transaction Documents) which may result in a significant (*wesentlichen*) decrease in the aggregate value or in a loss of the Note Collateral;
- (b) promptly to notify the Transaction Security Trustee in the event of becoming aware that the rights of the Transaction Security Trustee in the Note Collateral are impaired or jeopardised by way of an attachment or other actions of third parties, by sending a copy of the attachment or transfer order or of any other document on which the enforcement claim of the third party is based and which it has received, as well as all further documents available to it which are required or useful to enable the Transaction Security Trustee to file proceedings and take other actions in defence of

its rights. In addition, the Issuer shall promptly inform the attachment creditor (*Pfändungsgläubiger*) and other third parties in writing of the rights of the Transaction Security Trustee in the Note Collateral; and

- (c) to permit the Transaction Security Trustee or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Note Collateral, to give any information necessary for such purpose, and to make the relevant records available for inspection.

### 38. OTHER UNDERTAKINGS OF THE ISSUER

38.1 The Issuer undertakes to:

- (a) promptly notify the Transaction Security Trustee and the Rating Agencies in writing if circumstances occur which constitute an Issuer Event of Default;
- (b) promptly notify the Transaction Security Trustee and the Rating Agencies in writing if circumstances occur which, in the reasonable discretion of the Issuer, might result in a downgrade of the rating of the Class A Notes, in particular if the rating of a Swap Counterparty has been downgraded;
- (c) give the Transaction Security Trustee at any time such other information available to it which the Transaction Security Trustee may reasonably demand for the purpose of performing its duties under the Transaction Documents;
- (d) send to the Transaction Security Trustee one copy in English (translated if necessary at the Issuer's cost from German by a publicly appointed and sworn translator) of any schedule on the origin and the allocation of funds, any report or notice or any other memorandum as well as any balance sheet, any profit and loss accounts and other statements (such balance sheet, profit and loss accounts and other statements only to be translated at the Issuer's cost from German if reasonably requested by the Transaction Security Trustee in writing) sent out by the Issuer to its shareholders either at the time of the mailing of those documents to the shareholders or as soon as possible thereafter;
- (e) send or have sent to the Transaction Security Trustee a copy of any notice given to the Noteholders in accordance with the Terms and Conditions of the Notes immediately, or at the latest, on the day of the publication of such notice;
- (f) ensure that the Principal Paying Agent notifies the Corporate Administrator, the Cash Administrator, the Transaction Security Trustee and the Rating Agencies immediately if it does not receive the monies needed to discharge in full any obligation to pay or repay the full or partial principal or interest amounts due to the Noteholders and/ or the Notes on any Payment Date;
- (g) notify the Transaction Security Trustee of any written amendment to any Transaction Document under which rights of the Transaction Security Trustee arise and to which the Transaction Security Trustee is not a party;
- (h) to have always at least two independent managing directors (*Geschäftsführer*);
- (i) not to enter into any other agreements unless (x) such agreement contains "**limited recourse**", "**non-petition**" and "**limitation on payments**" provisions as set out in clause 44 (No liability and no right to petition and limitation on payments) of this Agreement and any third party replacing any of the parties to the Transaction Documents is allocated the same ranking in the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments as was allocated to such creditor and, such third party accedes to this Agreement as Replacement Beneficiary in accordance with clause 40 (Accession of replacement Beneficiaries) and (y) such agreement has been notified in writing to each Rating Agency; it being understood, however, that any Excess Swap Collateral, Replacement Swap Premium, Swap Tax

Credit or any other Swap Collateral (except to the extent that the value of such Swap Collateral has been applied, pursuant to the provisions of the relevant Interest Rate Swap, to reduce the amount that would otherwise be payable by an Interest Rate Swap Counterparty to the Issuer on early termination of such Interest Rate Swap) due to be transferred or paid by the Issuer to such Interest Rate Swap Counterparty pursuant to the terms and conditions of the relevant Interest Rate Swap shall be transferred or paid (as applicable) to such Interest Rate Swap Counterparty and shall not be subject to either the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments;

- (j) do all such things as are necessary to maintain and keep in full force and effect its corporate existence;
- (k) ensure that it has the capacity and is duly qualified to conduct its business as it is conducted in all applicable jurisdictions;
- (l) procure that no change is made to the general nature or scope of its business from that carried on at the date of this Agreement;
- (m) carry on and conduct its business in its own name and in all dealings with all third parties and the public, identify itself by its own corporate name as a separate and distinct entity and not identify itself as being a division or part of any other entity whatsoever;
- (n) hold itself out as a separate entity from any other person or entity and take reasonable measures to correct any misunderstanding regarding its separate identity known to it; and prepare and maintain its own full and complete books, records, stationary, invoices and checks, and financial statements separately from those of any other entity including, without limitation, any related company and shall ensure that any such financial statements will comply with generally accepted accounting principles;
- (o) observe all corporate and other formalities required by its constitutional documents;
- (p) maintain adequate capital in light of its contemplated business operations and pay its own liabilities out of its own funds;
- (q) three months prior to the expiry of the exemption from withholding tax (and solidarity surcharge thereon) for interest paid on the Purchased Receivables granted in favour of the Issuer and evidenced by a certificate issued by the competent tax authority in Germany (*Dauerüberzahlerbescheinigung*), the Issuer shall apply for a renewal of such exemption;
- (r) unless the following notifications have already been made pursuant to another Transaction Document, without undue delay following the termination of the Servicer, to notify, or procure notification of, each Debtor of the assignment of the relevant Purchased Receivables and the Related Collateral and to provide such Debtor with the contact details of the Issuer in accordance with section 496(2) of the German Civil Code (*Bürgerliches Gesetzbuch*);
- (s) to transfer any Swap Collateral, Swap Tax Credit and Replacement Swap Premium to the respective Swap Collateral Account;
- (t) subject to being provided by the Servicer with the relevant loan level details as contemplated by the Servicing Agreement, to use its best efforts to make loan level details available in such manner as may be required in the future to comply with the Eurosystem eligibility criteria (as set out in Annex VIII (loan level data reporting requirements for asset-backed securities) of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), as amended and applicable from time to time), subject to applicable Secrecy Rules;

- (u) in the context of the handling and processing of this Transaction any debtor-related data which is protected pursuant to the General Data Protection Regulation (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016) and the German Data Protection Act (*Bundesdatenschutzgesetz*), to only provide such personal data (i) to or (pursuant to clause 7 (Sub-Processing) of the data processing agreement (*Auftragsdatenverarbeitung*) as set out in schedule 3 (Data Processing Agreement) hereto) to the order of the Transaction Security Trustee, (ii) the Corporate Administrator, (iii) any Eligible Back-Up Servicer, in each case where and to the extent provided for in the Transaction Documents, or (iv) any professional advisers or auditors being subject to professional secrecy, and that no such debtor-related data will at any time be provided to any other Transaction Party, in particular, to any Noteholder. By entering into this Agreement, the Issuer and the Transaction Security Trustee hereby enter into the data processing agreement (*Auftragsdatenverarbeitung*) as set out in schedule 3 (Data Processing Agreement). The data processing agreement (*Auftragsdatenverarbeitung*) as set out in schedule 3 (Data Processing Agreement) is an integral part of this Agreement and in particular (but without limitation), clause 1 (Definitions and Interpretations) hereof applies to the data processing agreement (*Auftragsdatenverarbeitung*) as set out in schedule 3 (Data Processing Agreement); and
- (v) to use its best efforts to ensure compliance with any clearing, reporting or other obligations with respect to the Interest Rate Swap or any replacement swap imposed on it by virtue of Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories ("**EMIR**").

38.2 The Issuer undertakes that it will not, save as contemplated or permitted by this Agreement or any other Transaction Document:

- (a) sell, transfer or otherwise dispose of or cease to exercise direct control over any part of its present or future undertaking, assets, rights or revenues or otherwise dispose of or use, invest or otherwise deal with any of its assets or undertaking or grant any option or right to acquire the same, whether by one or a series of transactions related or not;
- (b) enter into any amalgamation, demerger, merger or corporate reconstruction;
- (c) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person or hold out its credit as being available to satisfy the obligations of third parties;
- (d) permit its assets to become commingled with those of any other entity; and
- (e) permit its accounts and the debts represented thereby to become commingled with those of any other entity.

### 39. **ACTIONS OF THE ISSUER REQUIRING CONSENT**

39.1 So long as any part of the Notes remains outstanding, the Issuer shall not be entitled, unless (a) each Rating Agency has been notified of such action and the prior written consent of the Transaction Security Trustee has been obtained or (b) required by applicable law, to:

- (a) engage in any business or any other activities other than:
  - (i) the performance of its obligations under the Notes and the other Transaction Documents to which it is a party and under any other agreements which have been entered into in connection with the issue of the Notes or the other Transaction Documents;
  - (ii) the enforcement of its rights;



- (iii) the performance of any acts which are necessary or desirable in connection with (i) or (ii) above; and
  - (iv) the execution of all further documents (including, for the avoidance of doubt, amendment agreements) and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Transaction Security Trustee or the Issuer, are necessary or desirable having regard to the interests of the Noteholders in particular, without limitation, in order to ensure that the Terms and Conditions of the Notes are always valid or are necessary or desirable in order to comply with the provisions of EMIR and any national or EU measures implementing such regulation;
- (b) hold shares in any entity;
  - (c) dispose of any assets or any part thereof or interest therein, unless permitted or contemplated under (a) above;
  - (d) pay dividends or make any other distribution to its shareholders in excess of EUR 1,000 *per annum* (determined prior to the deduction of any taxes);
  - (e) acquire obligations or securities of its shareholders;
  - (f) incur further indebtedness (other than as contemplated in (a) above);
  - (g) have any employees or own any real estate asset;
  - (h) create or permit to subsist any mortgage, lien, pledge, security interest or other encumbrance in respect of any of its assets (except as hereunder permitted and except as otherwise contemplated in (a) above);
  - (i) consolidate or merge with or into any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
  - (j) materially amend its articles of association (*Gesellschaftsvertrag*);
  - (k) issue new shares or acquire or repurchase shares, or capital or declare or pay dividends or any other distributions of any kind whatsoever (other than the dividends provided for under clause 39.1(d) above and except as contemplated by the Transaction Documents); or
  - (l) open new accounts (other than as contemplated in clause 39.1(a) above or with a Successor Bank as contemplated in clause 14.2(a) above).

39.2 Notwithstanding any provision to the contrary in this Agreement or in any other Transaction Document and subject to the Issuer's compliance with all of its obligations under clause 5.3 above, each party agrees that no consent of the Transaction Security Trustee shall be required with respect to:

- (a) any replacement or substitution of a party to any Transaction Document (including, without limitation, any replacement or substitution made or proposed to be made for the purpose of averting an expected or imminent downgrade or withdrawal, or reversing a downgrade or withdrawal, of any minimum rating set forth in any Transaction Document); and
- (b) any amendment or termination of any Transaction Document, and/or entry into any supplemental, substitute or additional document, in each case in connection with such replacement or substitution referred to under (a) above, provided that the Issuer shall not enter into any such supplemental, substitute or additional document if the Issuer receives, no later than on the fifth Business Day following notification and provision of the draft document by or on behalf of the Issuer to the Transaction Security Trustee, a notice from the Transaction Security Trustee to the effect that, in the reasonable

view of the Transaction Security Trustee, such document would (if entered into) be in whole or in part materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes and provided further that the Issuer shall notify each of the Rating Agencies in writing of any replacement or substitution effected in accordance with this clause 39.2.

40. **ACCESSION OF REPLACEMENT BENEFICIARIES**

40.1 Any party replacing any of the parties to an existing or future Transaction Document shall become a party (or add a new capacity as a party hereto) to this Agreement (each, a "**Replacement Beneficiary**") (without affecting any rights under general applicable law of such Replacement Beneficiary or under any agreement with any other party to the Transaction Documents) upon execution of an accession agreement (the "**Accession Agreement**") by the Transaction Security Trustee and any Replacement Beneficiary in the form of schedule 2 (Form of Accession Agreement) hereto.

40.2 The Transaction Security Trustee is hereby irrevocably authorised to execute such Accession Agreement for and on behalf of the Issuer, and the Beneficiaries pursuant to schedule 2 (Form of Accession Agreement) hereto and to determine the ranking of any Replacement Beneficiary within the order of priorities provided for in the Post-Enforcement Priority of Payments, provided that, without prejudice to clause 3.2, the Transaction Security Trustee shall allocate to the Replacement Beneficiary the same ranking as was allocated to the Beneficiary so replaced. Each party to this Agreement is hereby irrevocably exempted to the fullest extent possible under applicable law from the restrictions set out in section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions under any applicable law of any other country.

41. **NOTICES**

41.1 Subject to clause 41.4, all notices under this Agreement shall be made in English by mail or by telefax which shall be confirmed by mail.

41.2 Subject to any written notification given 15 calendar days in advance of any change of address, all notices under this Agreement to the parties set out below shall be sent to the following addresses:

Communication to the Issuer

**SC GERMANY AUTO 2018-1 UG (HAFTUNGSBESCHRÄNKT)**

(as Issuer)

Address: c/o Wilmington Trust SP Services (Frankfurt) GmbH  
Steinweg 3-5  
60313 Frankfurt am Main  
Germany

Telephone: +49 69 2992 5385

Telefax: +49 69 2992 5387

Email: [fradirectors@wilmingtontrust.com](mailto:fradirectors@wilmingtontrust.com)

Attention: The Managing Directors

Communication to the Transaction Security Trustee

**TMF TRUSTEE LIMITED**

(as Transaction Security Trustee)

Address: 6 St Andrew Street  
London EC4A 3AE  
United Kingdom

Telephone: +44 207 832 4900

Telefax: +44 207 832 4901

Email: sfs.london@tmf-group.com  
Attention: Corporate Trust

Communication to the Data Trustee

**TMF TRUSTEE SERVICES GMBH**

(as Data Trustee)

Address: Thurn-und-Taxis-Platz 6  
60313 Frankfurt am Main  
Germany

Telephone: 069/663-698-0  
Telefax: 069/663-698-80  
Email: Ursula.Rutovitz@tmf-group.com  
Attention: Ursula Rutovitz

Communication to the Principal Paying Agent, Calculation Agent and Listing Agent

**ABN AMRO BANK N.V.**

(as Principal Paying Agent, Calculation Agent and Listing Agent)

Address: Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Telephone: +31 20 344 2000  
Email: corporate.broking@nl.abnamro.com  
Attention: Jerry Chiu / Mary M. Schipper

**Communication to the Account Bank**

**ABN AMRO BANK N.V.**

(as Account Bank)

Address: Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Telephone: +31 (0)20 383204 2/ +31 (0)20 3436198  
Email: sebastiaan.bezemer@nl.abnamro.com / clientservicesamsterdam@nl.abnamro.com  
Attention: Sebastiaan Bezemer

Communication to Cash Administrator, Corporate Administrator, Back-Up Servicer Facilitator and EURIBOR Determination Agent

**WILMINGTON TRUST SP SERVICES (FRANKFURT) GMBH**

(as Cash Administrator, Corporate Administrator, Back-Up Servicer Facilitator and EURIBOR Determination Agent)

Address: Steinweg 3-5  
60313 Frankfurt am Main  
Germany

Telephone: +49 69 2992 5385  
Telefax: +49 69 2992 5387  
Email: fradirectors@wilmingtontrust.com  
Attention: The Managing Directors

Communication to Interest Rate Swap Counterparties

**DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main**

(as an Interest Rate Swap Counterparty)

Address: Platz der Republik

60325 Frankfurt am Main  
Germany

Telephone: +49 69 7447 4341  
Telefax: +49 69 7447 42642  
Email: Tom.Oelrich@dzbank.de  
Attention: Tom Oelrich

**ABN AMRO Bank N.V. (HQ7216)**  
(as an Interest Rate Swap Counterparty)

Legal notices

Address: c/o Markets Documentation Unit  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands

Telephone: +31 20 343 4870  
Telefax: +31 10 459 0538  
Email: mdu@nl.abnamro.com

Trade confirmation specific notices

Address: c/o Operations Markets Treasury & Derivatives  
Gustav Mahlerlaan 10  
1082 PP Amsterdam  
The Netherlands  
Email: operations.derivatives@nl.abnamro.com

Communication to Seller, as Servicer and as Subordinated Loan Provider

**SANTANDER CONSUMER BANK AG**  
(as Seller, as Servicer and as Subordinated Loan Provider)

Address: Santander-Platz 1  
41061 Mönchengladbach  
Germany

Telefax: +49 2161 690 7077  
Email: abs\_ger@santander.de  
Attention: Ralf Schüring

Communication to Arranger

**UNICREDIT BANK AG**

(as Arranger)

Address: Arabellastrasse 12  
81925 Munich  
Germany

Telephone: +49 89 378 15325 / +49 89 378 14252  
Telefax: +49 89 378 15828  
Email: peter.prestel@unicredit.de /  
dominikottmar.walter@unicredit.de  
Attention: Peter Prestel / Dominik Walter

Communication to Joint Lead Managers

**UNICREDIT BANK AG**

(a Joint Lead Manager)

Address: Arabellastrasse 12

81925 Munich  
Germany

Telephone: +49 89 378 15325 / +49 89 378 14252  
Telefax: +49 89 378 15828  
Email: peter.prestel@unicredit.de /  
dominikottmar.walter@unicredit.de  
Attention: Peter Prestel / Dominik Walter

**BANCO SANTANDER, S.A.**, acting through its Santander Global Corporate Banking division  
(a Joint Lead Manager)

Address: 2 Triton Square  
Regent's Place  
London, NW1 3AN  
United Kingdom

Telephone: +44 (0) 33 114 80007  
Email: absmonitorLondon@santanderpcb.com  
Attention: Shaun Baddeley

**SOCIÉTÉ GÉNÉRALE S.A.**

(a Joint Lead Manager)

Address: SG House, 41 Tower Hill  
London EC3N 4SG  
United Kingdom

Telephone: +49 (0) 69 7174255  
Email: jan.groesser@sgcib.com  
Attention: Jan Groesser

- 41.3 (a) The Transaction Security Trustee shall not be liable for any Losses arising or caused by it receiving or transmitting Instructions from or to the Issuer or any Authorised Person by means of any facsimile or email, provided, however, that such Losses, so incurred have not arisen from the gross negligence (*grobe Fahrlässigkeit*), fraud (*Betrug*) or wilful misconduct (*Vorsatz*) of the Transaction Security Trustee.
- (b) The Issuer acknowledges that communication by way of facsimile and email are not secure and accepts the limitation of liability on the part of the Transaction Security Trustee as set out in clause 41.3(a). The Issuer shall use all reasonable endeavours to ensure that any Instruction transmitted or communicated by it or any Authorised Person to the Transaction Security Trustee pursuant to this Agreement is complete and correct.

For the purposes of this clause 41.3, the following terms shall have the following specific meanings:

**"Authorised Person"** shall mean any person who is designated in writing by the Issuer from time to time to give Instructions to the Transaction Security Trustee under the terms of this Agreement;

**"Instructions"** shall mean any notices, directions or instructions in written form (in Textform) received by the Transaction Security Trustee in accordance with this Agreement from an Authorised Person or from a person reasonably believed by the Transaction Security Trustee to be an Authorised Person; and

**"Losses"** shall mean any and all claims, losses, liabilities, damages, costs, expenses and judgments (including legal fees and expenses) sustained by any party to the Transaction Documents or any Noteholder due to the contents contained in any Instruction received by the Transaction Security Trustee from any Authorised Person being incomplete or incorrect.

- 41.4 All notices to the Noteholders by the Transaction Security Trustee under or in connection with this Agreement or the Notes shall either be:
- (a) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Noteholders; or
  - (b) made available for a period not less than 30 calendar days but in any case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange on the following website: [www.bourse.lu](http://www.bourse.lu).

Any such notice referred to under clause 41.4(a) shall be deemed to have been given to all Noteholders on the seventh calendar day after the day on which such notice was delivered to the ICSDs. Any notice referred to under clause 41.4(b) shall be deemed to have been given to all Noteholders on the day on which it is made available on the website, provided that if so made available after 4.00 p.m. (Frankfurt time) it shall be deemed to have been given on the immediately following calendar day.

#### 42. SEVERABILITY; CO-ORDINATION

- 42.1 Without prejudice to any other provision hereof, if one or more provisions hereof is or becomes invalid, illegal or unenforceable for any reason in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party or parties shall not, to the fullest extent permitted by applicable law, render invalid, illegal or unenforceable such provision or provisions in any other jurisdiction or with respect to any other party or parties hereto. Such invalid, illegal or unenforceable provision shall be replaced by the relevant parties with a provision which comes as close as reasonably possible to the commercial intentions of the invalid, illegal or unenforceable provision. In the event of any contractual gaps, that provision shall be considered as agreed upon which most closely approximates the intended commercial purpose hereof.

This Agreement shall not be affected by the invalidity, illegality or unenforceability with respect to any provision in any jurisdiction or with respect to any party of any other Transaction Document or amendment agreement thereto.

- 42.2 The parties mutually agree to take all measures and actions that become necessary under clause 42.1 or for other reasons for the continued performance of this Agreement.

#### 43. VARIATIONS, REMEDIES AND WAIVERS

- 43.1 No variation of this Agreement (including to this clause 43 (Variations, Remedies and Waivers)) shall be effective unless it is in writing, unless expressly provided otherwise, and provided that each Rating Agency has been notified in writing of such variation. Waivers of this requirement as to form shall also be made in writing. Any requirement of a written form (*Schriftformerfordernis*) agreed between the parties to this Agreement shall not prevent the parties from making a reference to any other agreement or document which is not attached as such to this Agreement. The Issuer shall immediately inform the Rating Agencies in writing of any variation of this Agreement.

- 43.2 This Agreement may be amended by the Issuer and the Transaction Security Trustee without the consent of the Beneficiaries (but with effect for the Beneficiaries) if such amendments, in the opinion of the Transaction Security Trustee, are not materially prejudicial (*wesentlich nachteilig*) to the interests of the Beneficiaries. For that purpose the Transaction Security Trustee is hereby irrevocably authorised to execute such amendments for and on behalf of the Beneficiaries and is hereby irrevocably exempted to the fullest extent permitted under applicable law from the restrictions set out in section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar provisions under any applicable law of any other country.

- 43.3 No failure to exercise, nor any delay in exercising, on the part of any party hereto, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise

of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

43.4 The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or any other Transaction Document.

44. **NO LIABILITY, NO RIGHT TO PETITION AND LIMITATION ON PAYMENTS**

44.1 No recourse under any obligation, covenant, or agreement of the Issuer contained in this Agreement shall be held against any shareholder, officer, agent or managing director of the Issuer as such, by the enforcement of any obligation (including, for the avoidance of doubt, any obligation arising from false representations under this Agreement (other than by wilful misconduct (*Vorsatz*), fraud (*Betrug*) or gross negligence (*grobe Fahrlässigkeit*))) or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement is a corporate obligation of the Issuer and no liability shall attach to or be incurred by the shareholders, officers, agents or managing directors of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of such Issuer contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent or managing director is hereby expressly waived by the other parties hereto as a condition of and consideration for the execution of this Agreement. The aforementioned limitations shall not release or restrict any liabilities that may arise in case of wilful misconduct (*Vorsatz*) or gross negligence (*grobe Fahrlässigkeit*) of a shareholder, officer, agent or managing director of the Issuer.

44.2 Each party (other than the Issuer) hereby agrees with the other parties and the Issuer that it shall not (otherwise than as contemplated in this Agreement or any other Transaction Security Document), until the expiration of two years and one day after all outstanding amounts under the last maturing Note issued by the Issuer have been paid in full:

- (a) take any corporate action or other steps or legal proceedings for the winding-up, administration, examinership, dissolution or re-organisation or for the appointment of a receiver, administrator, examiner, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer regarding some or all of the revenues and assets of the Issuer; or
- (b) have any right to take any steps for the purpose of obtaining payment (other than through the enforcement of the Note Collateral) of any amounts payable to it under the Transaction Documents by the Issuer (including, for the avoidance of doubt, any payment obligation arising from false representations under this Agreement) and shall not until such time take any steps to recover any debts or liabilities of any nature whatsoever owing to it by the Issuer.

44.3 Notwithstanding any provision contained in any Transaction Document to the contrary, the Issuer shall not, and shall not be obligated to, pay any amount pursuant to this Agreement, unless the Issuer has received funds or has any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) which may be used to make such payment in accordance with the Pre-Enforcement Priority of Payments. Each party hereto acknowledges that the obligations of the Issuer arising hereunder are limited recourse obligations payable solely from the proceeds of the Note Collateral or any other future profits (*künftige Gewinne*), remaining liquidation proceeds (*Liquidationsüberschuss*) or other positive balance of net assets (*anderes freies Vermögen*) and, following realisation of the Note Collateral and the application of the proceeds thereof in accordance with the Post-Enforcement Priority of Payments set out in clause 23 (Post-Enforcement Priority of Payments) of this Agreement, any claims of any party to this Agreement against the Issuer (and the obligations of the Issuer) shall be extinguished.

"**Extinguished**" for these purposes shall mean that such claim shall not lapse, but shall be subordinated in accordance with section 39 para 2 of the German Insolvency Code

(*Insolvenzordnung*) to all current and future claims of the other creditors of the Issuer as set out in section 39 para 1 no. 1 to 5 of the German Insolvency Code (*Insolvenzordnung*). Any such claims shall be settled only after all current and future claims of the Issuer's other creditors have been settled if and to the extent the Issuer is in a position to settle such claims using future profits (*künftige Gewinne*), any remaining liquidation proceeds (*Liquidationsüberschuss*) or any positive balance of the net assets (*anderes freies Vermögen*) of the Issuer.

44.4 The provisions of this clause 44 shall survive the termination of this Agreement.

45. **APPLICABLE LAW; PLACE OF PERFORMANCE; JURISDICTION; MISCELLANEOUS**

45.1 This Agreement (and any non-contractual obligation arising in connection with this Agreement) shall be governed by, and construed in accordance with, the German law.

45.2 Place of performance for all obligations of all parties is Mönchengladbach.

45.3 Frankfurt am Main shall be the non-exclusive place of jurisdiction. Each of the parties hereto hereby irrevocably submits to such jurisdiction. The submission to the jurisdiction of such courts shall not limit the right of either party to take proceedings against the other in any other court of competent jurisdiction.

46. **CONDITION PRECEDENT**

The parties hereto hereby agree that this Agreement and the rights and obligations hereunder shall only become effective upon fulfilment of the condition precedent (*aufschiebende Bedingung*) that, on or about the Note Issuance Date, the Issuer has issued the Notes.

47. **COUNTERPARTS**

This Agreement may be executed (including execution by telefax) in one or more counterparts (*Ausfertigungen*). Each signed counterpart shall constitute an original.



## OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS

### Receivables Purchase Agreement

On the Note Issuance Date, the Issuer will have purchased the Purchased Receivables from the Seller in accordance with the Receivables Purchase Agreement.

To be eligible for sale to the Issuer under the Receivables Purchase Agreement, each Receivable and any part thereof will have to meet the eligibility criteria set out in "DESCRIPTION OF THE PORTFOLIO — Eligibility Criteria" herein.

The offer by the Seller for the purchase of Receivables under the Receivables Purchase Agreement contained certain relevant information for the purpose of identification of the Receivables. In the offer, the Seller represented that certain representations and warranties with respect to the relevant Receivable were true and correct on the Purchase Date. Upon acceptance, the Issuer acquired or was purported to acquire in respect of the relevant Loan Contracts unrestricted title to any and all outstanding Purchased Receivables arising under such Loan Contracts as from the Cut-Off Date immediately preceding the date of the offer, other than any Loan Instalments which have become due prior to or on such Cut-Off Date, together with all of the Seller's rights, title and interest in the Related Collateral in accordance with the Receivables Purchase Agreement. As a result, the Issuer obtained the full economic ownership in the Purchased Receivables, including principal and interest, and is free to transfer or otherwise dispose over (*verfügen*) the Purchased Receivables, subject only to the contractual restrictions provided in the relevant Loan Contracts and the contractual agreements underlying the Related Collateral.

If for any reason title to any Purchased Receivable or Related Collateral was not transferred to the Issuer, the Seller, upon receipt of the purchase price and without undue delay, is obliged to take all action necessary to perfect the transfer of title. All losses, costs and expenses which the Issuer incurred or will incur by taking additional measures due to the Purchased Receivables or the Related Collateral not being sold or transferred or only being sold and transferred will be borne by the Seller.

The sale and assignment of the Receivables pursuant to the Receivables Purchase Agreement constitutes a sale without recourse (*regressloser Verkauf wegen Bonitätsrisiken*). This means that the Seller will not bear the risk of the inability of any Debtors to pay the relevant Purchased Receivables.

Pursuant to the Receivables Purchase Agreement, the delivery (*Übergabe*) necessary to effect the transfer of title in respect of the Financed Vehicles (including any subsequently inserted parts in the Financed Vehicles) and other moveable Related Collateral securing a Purchased Receivable (including any car certificate (*Fahrzeugbrief*), registration certificate part II (*Zulassungsbescheinigung Teil II*) or equivalent document) was replaced by the Seller's assignment to the Issuer of all claims, present or future, to request transfer of possession (*Herausgabeanspruch*) thereof from the relevant third parties holding such possession. In addition, where the Seller holds direct possession of any of the Financed Vehicles and other moveable Related Collateral, the Issuer was granted constructive possession (*mittelbarer Besitz*) by the Seller in respect thereof.

#### *Purchase Price*

For marketing reasons, certain car dealers, importers or manufacturers of Financed Vehicles have agreed to subsidise the financing of the Financed Vehicles at a set rate by paying an up-front subsidy to the Seller. This enabled the Seller to offer the Loan Contracts for the purpose of financing the Financed Vehicles at a reduced rate of interest to the Debtors. The subsidy is used to increase the reduced rate of interest to the Effective Interest Rate, i.e., an agreed standard market rate notified by the Seller to the Issuer in accordance with the Receivables Purchase Agreement.

#### *Deemed Collections*

If certain events (see the definition of Deemed Collections in "DEFINITIONS — Deemed Collections") occur with respect to a Purchased Receivable, the Seller will be deemed to have received a Deemed Collection in the full amount of the Outstanding Principal Amount of such Purchased Receivable (or the affected portion thereof). To this end, the Seller has undertaken to pay to the Issuer such Deemed Collection. Upon full receipt of such Deemed Collection in the full amount of the Outstanding Principal Amount of such Purchased Receivable (or the affected portion thereof), such

Purchased Receivable and the relevant Related Collateral (or the affected portion thereof and unless it is extinguished due to circumstances making it a Disputed Receivable or is otherwise extinguished) will be automatically re-assigned or re-transferred to the Seller by the Issuer on the next succeeding Payment Date on a non-recourse or guarantee basis on the part of the Issuer. The costs of such assignment will be borne solely by the Seller.

Similarly, the risk that the amount owed by a Debtor, either as part of the purchase price or otherwise, is reduced due to set-off, counterclaim, discount or other credit in favour of such Debtor, has been transferred to the Seller. To this end, the Seller will be deemed to receive such differential amount which will constitute a Deemed Collection.

If a Purchased Receivable which was treated as a Disputed Receivable is *res judicata* (*rechtskräftig festgestellt*) found to be enforceable without any set-off, counterclaim, encumbrance or objection (*Einrede and/or Einwand*), the Seller may request the Issuer to repay any Deemed Collection received in relation to such Purchased Receivable, subject to the Pre-Enforcement Priority of Payments. In such case, the Seller will re-assign such Purchased Receivable and the Related Collateral to the Issuer pursuant to the Receivables Purchase Agreement.

All amounts corresponding to Deemed Collections will be held by the Seller on trust in the name and for the account of the Issuer until payment is made to the Transaction Account.

#### *Use of Related Collateral*

The Issuer has agreed to make use of any Related Collateral only in accordance with the provisions underlying such Related Collateral and the related Loan Contracts.

The Seller will, at its own cost, keep the Related Collateral free of, or release it from, any interference or security rights of third parties and undertake all steps necessary to protect the interest of the Issuer in the Financed Vehicles.

#### *Taxes and Increased Costs*

Pursuant to the Receivables Purchase Agreement, the Seller will pay any stamp duty, registration and other similar taxes to which the Receivables Purchase Agreement or any other Transaction Document or any judgement given in connection therewith may be subject.

In addition, the Seller will pay all taxes levied on the Issuer or other relevant parties involved in the financing of the Issuer (in each case excluding taxes on the net income, profits or net worth of such persons under German law, United States federal or state laws, or any other applicable law) due to the Issuer having entered into the Receivables Purchase Agreement or the Issuer and such other relevant parties having entered into the Transaction Documents or other agreements relating to the financing of the acquisition by the Issuer of Receivables in accordance with the Receivables Purchase Agreement. Upon demand of the Issuer, the Seller will indemnify the Issuer against any liabilities, costs, claims and expenses which arise from the non-payment or the delayed payment of any such taxes, except for those penalties and interest charges which are attributable to the gross negligence of the Issuer.

All payments to be made by the Seller to the Issuer pursuant to the Receivables Purchase Agreement will be made free and clear of and without deduction for or on account of any tax. The Seller will reimburse the Issuer for any deductions or retentions which may be made on account of any tax. The Seller will have the opportunity and authorisation to raise defences against the relevant payment at the Seller's own costs.

Where the Issuer has received a credit against a relief or remission for, or repayment of, any tax, then if and to the extent that the Issuer determines that such credit, relief, remission or repayment is in respect of the deduction or withholding giving rise to such additional payment or with reference to the liability, expense or loss to which caused such additional payments, the Issuer will, to the extent that it can do so without prejudice to the retention of the amount of such credit, relief, remission or repayment, pay to the Seller such amount as the Issuer will have concluded to be attributable to such deduction or withholding or, as the case may be, such liability, expense or loss, provided that the Issuer will not be obliged to make any such payment until it is, in its sole opinion, satisfied that its tax affairs for its tax year in respect of which such credit, relief, remission or repayment was obtained have been finally settled.

### *Insurance and Financed Vehicles*

Any insurance claims in respect of any Financed Vehicles or other Related Collateral form part of the Related Collateral which has been assigned to the Issuer under the Transaction Security Agreement. If the Seller or the Servicer receives any proceeds from comprehensive insurances (*Kaskoversicherungen*) or under claims from third parties which have damaged any Financed Vehicles as well as claims against the insurer of such third parties which form part of the Related Collateral, such proceeds will be used to repair such damaged Financed Vehicles. If the relevant damaged Financed Vehicle cannot be repaired, such proceeds will be applied in repayment of the relevant Loan Contract.

### *Notification of Assignment*

The Debtors and other relevant debtors (in particular comprehensive insurers (*Kaskoversicherer*)) will only be notified by the Seller in respect of the assignment of the Purchased Receivables and Related Collateral upon request by the Issuer following the occurrence of a Notification Event or whenever it is necessary to protect the Issuer's justified interests. Where any Debtor is either a military person, a civil servant, a clergyman or a teacher at a public teaching institution and has assigned its rights and claims to wages and social security benefits (to the extent legally possible) to the Seller as part of the Related Collateral, the Seller will, upon request by the Issuer following the occurrence of a Notification Event or if it becomes necessary to protect the Issuer's justified interests, notify such Debtor's employer of such assignment by way of a notarial deed as required under section 411 of the German Civil Code (*Bürgerliches Gesetzbuch*). Should the Seller fail to notify the Debtors and the other relevant debtors within five Business Days of such request, the Issuer may, at the Seller's costs, notify the Debtors and other relevant debtors of the assignment of the Purchased Receivables and the Related Collateral itself. Without prejudice to the foregoing, under the Servicing Agreement the Issuer is entitled to notify by itself or through any agent or require the Servicer to notify the Debtors, of the assignment if a Notification Event has occurred or whenever it is necessary to protect the Issuer's justified interests. If the Issuer has to undertake the notification by way of notarial deed, the notarisational costs will be borne by the Seller.

In addition, at any time after a Notification Event has occurred or whenever it is necessary to protect the justified interests of the Issuer, the Seller, upon request of the Issuer, will inform any relevant insurance company of the assignment of any insurance claims and procure the issuance of a security certificate (*Sicherungsschein*) in the Issuer's name. The Issuer is authorised to notify the relevant insurance company of the assignment on behalf of the Seller. Prior to notification, the Debtors will continue to make all payments to the account of the Seller as provided in the relevant Loan Contract between each Debtor and the Seller and each Debtor will obtain a valid discharge of its payment obligation.

Upon notification, the Debtors will be notified to make all payments to the Issuer to the Transaction Account in order to obtain valid discharge of their payment obligations.

Each of the following constitutes "**Notification Events**" pursuant to the Receivables Purchase Agreement:

- (a) The Servicer fails to make a payment due under or with respect to the Servicing Agreement at the latest on the second Business Day after its due date, or, in the event no due date has been determined, within three Business Days after the demand for payment.
- (b) The Servicer fails within five Business Days to perform its material obligations (other than those referred to in paragraph 1 above) owed to the Issuer under or with respect to the Servicing Agreement.
- (c) Either the Seller or the Servicer is (i) overindebted (*überschuldet*), unable to pay its debts when they fall due (*zahlungsunfähig*) or such status is imminent (*drohende Zahlungsunfähigkeit*) or (ii) intends to commence insolvency (including preliminary insolvency proceedings) or reorganisation proceedings or is subject to insolvency (including preliminary insolvency proceedings), dissolution proceedings or any measure taken by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) pursuant to sections 45, 46 and 46b of the German Banking Act

(*Gesetz über das Kreditwesen*), and, other than with respect to (i), the Seller or (as relevant) the Servicer fails to remedy such status within 20 Business Days.

- (d) Either of the Seller or the Servicer is in breach of any of the covenants in relation to, *inter alia*, financial reporting, conduct of business, compliance with laws, rules, regulations, judgements, furnishing of information and inspection and keeping of records, the Credit and Collection Policy, tax, software and banking licences, prolongation or supplementation of Purchased Receivables, change of business policy, sales and liens as set out in the Receivables Purchase Agreement or any of the covenants set out in the Servicing Agreement.
- (e) A Servicer Termination Event (as defined in "— Servicing Agreement" below) has occurred.

*Instalment of new parts or replacement parts in Financed Vehicles*

If, after transfer of title to any Financed Vehicle to the Issuer, any new parts or any new replacement parts are installed into such Financed Vehicle and the Seller acquires title to or a co-ownership interest in such parts, the Seller will transfer such title or co-ownership interest by way of security to the Issuer and the Issuer will not be obliged to make any further payments in respect of such parts.

*Resale and Retransfer of Purchased Receivables – Clean-Up Call Option*

The Seller shall be entitled to demand from the Issuer the resale of any and all outstanding Purchased Receivables (together with any Related Collateral) which have not been sold by the Issuer to a third party with effect as of any Payment Date following the Cut-Off Date on which the Aggregate Outstanding Principal Amount is less than 10 per cent of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date or on any Payment Date following thereafter, subject to the following requirements:

- (a) the proceeds distributable as a result of such repurchase on the Early Redemption Date shall be at least equal to the sum of the then outstanding Note Principal Amounts of the Class A Notes plus accrued but unpaid interest thereon together with all amounts ranking prior thereto according to the Pre-Enforcement Priority of Payments;
- (b) the Seller shall advise the Issuer of its intention to exercise the repurchase option on the Early Redemption Date one month prior thereto; and
- (c) the repurchase price to be paid by the Seller is equal to the Aggregate Outstanding Principal Amount as at the Early Redemption Date plus any interest accrued but unpaid on all Purchased Receivables which are not Defaulted Receivables as at such time, (the "**Clean-Up Call Option**").

Such resale and retransfer would occur on the Early Redemption Date at the cost of the Seller causing the early redemption of the Notes. See "TERMS AND CONDITIONS OF THE NOTES — Redemption — Early Redemption". The Seller may not demand any partial resale of Purchased Receivables. Such resale and retransfer would be for a repurchase price in an amount equal to the Aggregate Outstanding Principal Amount on the Early Redemption Date plus any interest accrued but unpaid on all Purchased Receivables which are not Defaulted Receivables as at such time and without any recourse against, or warranty or guarantee of, the Issuer. The repurchase and early redemption of the transaction will be excluded if the repurchase price determined by the Seller is not sufficient to fully satisfy the obligations of the Issuer under the Class A Notes together with all amounts ranking prior to the Class A Notes according to the Pre-Enforcement Priority of Payments. The Issuer will retransfer the Purchased Receivables (together with any Related Collateral) at the cost of the Seller to the Seller upon receipt (*Zug um Zug*) of the full repurchase price and all other payments owed by the Seller or the Servicer under the Receivables Purchase Agreement, the Servicing Agreement or the Data Trust Agreement.

*Set-Off Reserve*

Pursuant to the Receivables Purchase Agreement, if a Set-Off Reserve Trigger Event occurs, the Seller will be required, within 30 calendar days, to transfer the Set-Off Reserve Amount to an account of the Issuer held with the Account Bank (the "**Set-Off Reserve Account**"). If the balance credited to the Set-Off Reserve Account as of any Cut-Off Date following the occurrence of a Set-Off Reserve Trigger

Event is less than the Set-Off Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Set-Off Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, the Seller will be required under the Receivables Purchase Agreement to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Set-Off Reserve Account.

"**Set-Off Reserve Amount**" shall mean the sum of (X) and (Y), where:

- (X) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, an amount sufficient to capture the set-off risk related to the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at the Cut-Off Date immediately preceding the relevant Payment Date, as determined by the Servicer and set forth in the Set-Off Report in respect of such Cut-Off Date, provided that (X) shall be reduced to a lower amount or zero if (i) the Issuer determines that such lower amount will be sufficient, or (in case of a reduction to zero) an additional amount will no longer be required, to avoid a downgrading of the ratings assigned to the Class A Notes and (ii) the Issuer has notified Moody's, DBRS and the Seller of such reduction, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero; and
- (Y) means, if on any Payment Date (a) a Set-Off Reserve Trigger Event has occurred and is continuing, the sum of the amounts which are calculated with respect to each Debtor of Purchased Receivables outstanding as of the relevant date who, on the Cut-Off Date immediately preceding the relevant Payment Date, holds Seller Deposits, and are in each case equal to the lower of (x) the amount of such Seller Deposits and (y) the Outstanding Principal Amount of the Purchased Receivables owed by such Debtor as of the relevant Cut-Off Date, or (b) no Set-Off Reserve Trigger Event has occurred or is continuing, zero.

"**Capitalised Service Fees**" shall mean, in respect of any Purchased Receivable, the total amount of the outstanding balance of the relevant Loan Contract which relates to the fees or premiums charged for the related Payment Protection Insurance (*Ratenschutzversicherung*), (ii) the related Gap Insurance (*Gap-Versicherung*) and/or (iii) the related Repair Cost Insurance (*Reparaturkostenversicherung*).

"**Seller Deposits**" means, with respect to any Debtor, the actual aggregate amount held by such Debtor in the form of money market accounts (*Tagesgeldkonten*), savings certificates (*Sparbriefe*), savings accounts (*Sparkonten*), current accounts (*Girokonten*) and/or credit cards (*Kreditkarten*) with the Seller at the relevant time.

"**Set-Off Report**" means, with respect to any Cut-Off Date, following the occurrence of a Set-Off Reserve Trigger Event and if a Set-Off Reserve Trigger Event is continuing, a report prepared by the Servicer on a monthly basis reasonably detailing (i) the aggregate outstanding Capitalised Service Fees for all outstanding Purchased Receivables of the Issuer as at such Cut-Off Date and (ii) an amount that is sufficient to capture the set-off risk of the Issuer related to such Capitalised Service Fees, and provided to the Rating Agencies as well as the Issuer and (unless the Seller acts as Servicer) the Seller in accordance with the Servicing Agreement no later than on the Set-Off Reporting Date in respect of such Cut-Off Date.

"**Set-Off Reporting Date**" means, with respect to any Cut-Off Date, the third Business Day prior to the Payment Date immediately following such Cut-Off Date.

The amounts, if any, standing to the credit of the Set-Off Reserve Account shall be included in the Available Distribution Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item *fifth* of the Pre-Enforcement Priority of Payments) if and to the extent (i) any amounts that would otherwise have to be transferred to the Issuer as Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections for the Collection Period ending on the relevant Cut-Off Date were not received by the Seller as a result of any of the actions described in item (B)(i) of the definition of Deemed Collections and (ii) the Issuer does not have a right of set-off against the Seller with respect to such amounts on the relevant Payment Date. On any Payment Date following the occurrence of a Set-Off Reserve Trigger Event, the Purchaser shall pay to the Seller, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a

separate fee letter between the Seller and the Purchaser and (ii) the Set-Off Reserve Excess Amount, using the balance credited to the Set-Off Reserve Account.

**"Set-Off Reserve Excess Amount"** means, as of any Payment Date, the excess of the amounts standing to the credit of the Set-Off Reserve Account over the Set-Off Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (i) of the definition of Available Distribution Amount.

#### *Representations and Warranties*

The Seller has made the following representations and warranties with respect to the Portfolio under the Receivables Purchase Agreement to the Issuer (in its capacity as Purchaser under the Receivables Purchase Agreement):

- (a) The Seller is a stock corporation (*Aktiengesellschaft*) duly organised and validly existing under the laws of the Federal Republic of Germany, is a fully licensed bank under the German Banking Act and has all corporate power and all governmental approvals which are necessary in order to conduct its business in the Federal Republic of Germany.
- (b) The execution, delivery and performance by it of the Receivables Purchase Agreement and the transactions contemplated thereby are within its corporate powers, have been duly authorised by all necessary corporate action, require no action by or in respect of, or filing recording or enrolling with, any governmental body, agency court official or other authority, and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its articles of association (*Satzung*) or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Adverse Claim on its assets (other than in favour of the Purchaser pursuant to the Receivables Purchase Agreement).
- (c) The Receivables Purchase Agreement constitutes legally valid, binding and enforceable obligations of the Seller enforceable against the Seller in accordance with its terms. The Seller has undertaken all actions, obtained all approvals and fulfilled all other conditions in order to conclude the Receivables Purchase Agreement, to safeguard the rights and to fulfil their respective duties arising therefrom.
- (d)
  - (i) The Seller has not taken any action nor is the Seller aware of any measures having been taken or initiated by third parties to commence insolvency proceedings or any other proceedings directed towards the liquidation or reorganisation of the Seller or which could lead to the appointment of a receiver, trustee in bankruptcy, sequestrator or any other person entrusted with such duties in relation to the Seller's assets.
  - (ii) No judicial or similar proceedings are pending, initiated or threatened against the Seller which could have a material adverse effect on the maintenance of its business operations or its financial position and thus the proper performance of the Receivables Purchase Agreement.
  - (iii) The Seller is neither over-indebted (*überschuldet*), nor unable to pay its debts when they fall due (*zahlungsunfähig*), nor in a stoppage of payment situation, nor in a situation of threatened inability to pay (*drohende Zahlungsunfähigkeit*). The Seller enters into the Receivables Purchase Agreement for its own commercial benefit without the intention to prejudice its creditors.
- (e) All information (including any information contained in the Offer and any Monthly Report) furnished by the Seller to the Purchaser is, or if hereafter furnished by the Seller to the Purchaser, will be true and accurate in every material respect and will not contain any material error or omission, on the date of its disclosure.
- (f) The principal place of business (*Ort der Geschäftsleitung*) and chief executive office (*Verwaltungssitz*) of the Seller is located in Germany. The Seller shall store the Records related to the Receivables Purchase Agreement at the address described therein or at any other location in the Federal Republic of Germany which the Seller has notified to the Purchaser.

- (g) On the Purchase Date any Receivable offered for purchase is an Eligible Receivable.
- (h) All the Loan Contracts are legally valid, binding, enforceable and assignable and that all Loan Contracts were entered into with respect to a Financed Vehicle registered in the Federal Republic of Germany title to which has been transferred by the relevant Debtor to the Seller as Related Collateral, and such Related Collateral is legally valid, binding and enforceable in accordance with its terms. In addition, no Loan Contract has been subject to any variation, amendments, modification, waiver or exclusion of time of any kind which in any material way adversely affects the enforceability or collectability of all or a material portion of the Receivables offered for purchase.
- (i) There exists in respect of each Receivable offered for sale and assignment to the Purchaser under the Receivables Purchase Agreement the Related Collateral contemplated in the relevant Loan Contract.
- (j) There are no actions, suits or proceedings current or pending, or to the knowledge of the Seller threatened, against or affecting the Seller or any of the assets of the Seller in any court, or before any arbitrator of any kind, or before or by any governmental, public or administrative body, which may materially adversely affect the financial condition of the Seller or materially adversely affect the ability of the Seller to perform its obligations under the Receivables Purchase Agreement.
- (k) In the event that it is agreed in the relevant Loan Contract that a comprehensive insurance policy (*Kaskoversicherung*) shall be entered into, the respective Debtors have to enter into comprehensive insurance policies (*Kaskoversicherungen*) for the relevant Financed Vehicles which shall continue to exist for the term of the Loan Contract. The Seller shall, upon request of the Purchaser, prove the existence of any such comprehensive insurance policy (*Kaskoversicherung*) and the compliance with any relevant notification or consent requirement applying to the assignment thereof to the Purchaser under the Receivables Purchase Agreement.
- (l) Upon the payment of the purchase price on the Purchase Date under the Receivables Purchase Agreement the Purchaser will acquire the ownership of each Purchased Receivable assigned on the Purchase Date and the Related Collateral contemplated in the relevant Loan Contract free and clear of any Adverse Claim.
- (m) There has not been nor will there be any material amendment to the Credit and Collection Policy unless (i) each Rating Agency has been notified in writing of such amendment and (ii) the Purchaser, the Servicer (if different from the Seller) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes, the Transaction Security Trustee have consented to such amendment in writing (such consent not to be unreasonably withheld).
- (n) Neither the Purchased Receivables, the Related Collateral nor the claim for payment of Collections by the Servicer and the Seller to the Purchaser is collateralised by a security interest in German-situs real property, or rights therein, or in ships, or rights in ships, registered in a German ship registry, or is evidenced by a security, such as a registered or bearer bond.
- (o) The Credit and Collection Policy which had been applied by the Seller to the origination of Purchased Receivables is consistent with the solid and clear credit policies the Seller applies (for the avoidance of doubt) irrespective of a potential securitisation transaction to its other German auto loan receivables.
- (p) The Seller has not opted for value-added tax on the Purchased Receivables.
- (q) The Seller is not a related party in the meaning of section 1 para. 2 German Foreign Tax Act (*Außensteuergesetz*) to the Purchaser.

## *Undertakings*

Under the Receivables Purchase Agreement the Seller has agreed to the following undertakings vis-a-vis the Issuer (in its capacity as Purchaser under the Receivables Purchase Agreement):

- (a) The Seller shall maintain an accounting system which is prepared and managed in accordance with generally accepted German accounting principles.

The Seller shall procure, in particular, the following:

(i) **Monthly Report**

The Seller, acting in its capacity as Servicer, shall prepare a Monthly Report for each Collection Period in the form and with the contents set out in schedule 1 part A (Sample Monthly Report) to the Servicing Agreement together with a confirmation certifying that no Termination Event or Notification Event has occurred. The Seller shall procure that the Servicer will deliver such Monthly Report to the Purchaser with a copy to the Corporate Administrator, the Calculation Agent, the Cash Administrator and the Principal Paying Agent in accordance with the Servicing Agreement.

(ii) **Detailed Investor Report**

The Seller, acting in its capacity as Servicer, shall prepare a Detailed Investor Report for each Collection Period in the form and with the contents set out in schedule 1 part B (Sample Detailed Investor Report) to the Servicing Agreement. The Detailed Investor Report shall include detailed summary statistics and information regarding the performance of the portfolio of Purchased Receivables during the last Collection Period and contain a glossary of the terms used in such Detailed Investor Report. The first Detailed Investor Report issued by the Seller, acting in its capacity as Servicer, shall additionally disclose the amount of Notes (i) privately-placed with investors other than the Seller and its affiliated companies (together the "**Originator Group**"), (ii) retained by a member of the Originator Group and (iii) publicly-placed with investors which are not part of the Originator Group. In relation to any amount of Notes initially retained by a member of the Originator Group but subsequently placed with investors outside the Originator Group such circumstance will be disclosed (to the extent legally permitted) in the next Detailed Investor Report following such out-placing. The Seller will procure that the Servicer will deliver such Detailed Investor Report to the Purchaser with a copy to the Corporate Administrator, the Transaction Security Trustee, the Principal Paying Agent, the Cash Administrator, the Calculation Agent and each Rating Agency in accordance with the Servicing Agreement.

(iii) **Cash Flow Models**

From the Note Issuance Date until the Legal Maturity Date, the Seller will make available to the Noteholders cash flow models directly or indirectly through Intex Solutions, Inc. or another provider of cash flow models.

(iv) **Notice of Termination Event**

Immediately after, and in any event within three Business Days of, the occurrence of any Termination Event, the Seller shall submit to the Purchaser and the Transaction Security Trustee a statement setting forth the details of such Termination Event and the measures which the Seller proposes to take in this regard, including any information requested by the Purchaser or required to appropriately assess the financial standing of the Seller. For the avoidance of doubt, any such proposed measures shall not affect the rights of the Purchaser arising from such Termination Event under the Receivables Purchase Agreement.



(v) **Related Collateral**

The Seller shall provide to the Purchaser any information as the Purchaser may from time to time reasonably request in respect of the Related Collateral including, for the avoidance of doubt, information reasonably required by the Purchaser for any realisation of such Related Collateral.

(vi) **Financial Accounts**

The Seller shall as soon as the same become available, but in any event within six months after the end of each of its financial years, deliver to the Purchaser its audited not consolidated financial statements for such financial year. The Seller shall ensure that each set of financial statements delivered by it (i) is prepared in accordance with accounting principles generally accepted in Germany and consistently applied, (ii) is certified by a duly authorised officer of it as giving a true and fair view of its financial condition as at the end of the period to which those financial statements relate and of the results of its operations during such period and (iii) has been audited by an internationally recognised firm of independent auditors licensed to practise in Germany.

(vii) **Other Information**

The Seller shall provide the Purchaser with any other information (including non-financial information) as reasonably requested by the Purchaser from time to time for its own purposes or for the purposes of any of the persons providing direct or indirect finance to it, and in particular, but without limitation, any information requested by the Transaction Security Trustee in accordance with the Transaction Security Agreement.

- (b) The Seller shall do all things necessary in order to remain a corporation duly organised and validly existing under the laws of the Federal Republic of Germany and maintain all requisite authority to conduct its business in the Federal Republic of Germany.
- (c) The Seller shall comply in all respects which could be regarded as material in the context of the transactions contemplated by the Receivables Purchase Agreement, with all laws, rules, regulations, orders, writs, judgements, injunctions, decrees or awards to which it may be subject.
- (d) The Seller shall have systems in place in relation to the Purchased Receivables and Related Collateral that are capable of providing the information and Records to which the Purchaser (including any of its agents and any person acting on behalf of or in favour of the Purchaser) is entitled in accordance with the Receivables Purchase Agreement, always in a format readable by the Purchaser or in any other form determined by the Receivables Purchase Agreement, and shall ensure that the data made available or to be made available in this way can be used at all times without any licenses or other restrictions on its use by the Purchaser or any third party commissioned by the Purchaser.

To the extent allowed by applicable Secrecy Rules, the Seller shall permit the Purchaser, the external auditors of the Seller (acting on behalf of, and on the instructions of, the Purchaser) and/or any other representatives of the Purchaser who are subject to a professional duty of confidentiality or undertake for the benefit of the Seller to comply with duties of to enter under the direct supervision of the Seller upon its premises in order to:

- (i) inspect and satisfy itself or themselves that the systems are in place, maintained in working order and are capable of providing the information to which it or they are reasonably and properly entitled pursuant to the Receivables Purchase Agreement or the Servicing Agreement and which the Seller or the Servicer has failed to supply within ten days of receiving written notice of such failure or to verify any such information which has been provided and which the Purchaser has reason to believe is inaccurate; and

- (ii) examine and make copies of and extracts from all Records but, for the avoidance of doubt, the Purchaser shall have no right to examine and make copies of and extracts from Records which contain confidential technical information of the Seller,

provided that no originals of Records (other than to that which the Purchaser is entitled so to examine, copy or make abstracts from) shall be removed from the Seller's premises (but for the avoidance of doubt this prohibition of removal shall not apply to copies of such original Records). Such Records shall remain confidential and shall not be used or disclosed or divulged to any person (except to the extent and in the circumstances permitted by the Receivables Purchase Agreement or the Servicing Agreement and in accordance with applicable law) without the prior written consent of the Seller, such consent not to be unreasonably withheld.

- (e) The Seller shall cooperate with and reasonably assist the Transaction Parties regarding the compliance of the relevant Transaction Party with the Secrecy Rules.
- (f) The Seller shall keep and maintain Records required by the Servicer in order to keep and maintain, Records for each Purchased Receivable and Related Collateral for the purposes of identifying, in particular, at any time, the amounts which have been paid by or to any Debtor, which are to be paid by or to any Debtor, the source of payments which are paid to the Seller or Servicer and the Transaction Account, and the balance outstanding with respect to each Debtor. The Seller shall inform the Purchaser regarding any material change in its administrative or accounting procedures related to the preparation and maintenance of the Records. The Seller shall mark in its Records each Purchased Receivable (together with the Related Collateral) as sold and assigned to the Purchaser. In the event that the Servicer has agreed with the respective Debtor to debt restructuring of a Purchased Receivable in accordance with the Credit and Collection Policy, the Seller shall not be obliged to report on, or keep and maintain Records of, the waived principal and interest portions of such Purchased Receivable after the relevant settlement date.
- (g) The Seller shall notify the Purchaser and each of the Rating Agencies on a monthly basis of the amounts of Seller Deposits existing at the relevant time. The Seller may include such information in its Monthly Report.
- (h) In relation to the Purchased Receivables and Related Collateral, and in relation to each of its representations, warranties, covenants and other obligations under the Receivables Purchase Agreement the Seller shall apply the due care which the Seller exercises in its own affairs but at least the care of a prudent business man (*Sorgfalt eines ordentlichen Kaufmannes*).

The Seller shall promptly provide the Purchaser with any information which prejudices the existence of any Loan Contract. The Seller shall immediately notify the Purchaser if third parties levy execution upon the assigned claims of the Purchaser, the Purchased Receivables or the Related Collateral or if the Purchased Receivables or the Related Collateral are materially prejudiced or jeopardised by any other events.

- (i) The Seller shall, at its own expense, in a timely manner fully perform and comply with all provisions, covenants and other promises required to be observed by it under the Loan Contracts and Related Collateral documents related to the Purchased Receivables as if interests in such Purchased Receivables had not been assigned and sold under the Receivables Purchase Agreement and the Seller shall as soon as is reasonable notify the Purchaser and the Servicer if third parties make claims or exercise (or purport to exercise) rights regarding the Purchased Receivables or the Related Collateral.
- (j) The Seller shall comply with its Credit and Collection Policy with respect to each Debtor, each Purchased Receivable and Related Collateral as if interests in such Purchased Receivables would not be sold and assigned and had not been assigned and sold under the Receivables Purchase Agreement.

The Seller shall comply, in its capacity as Servicer, with respect to each Purchased Receivable, the Related Collateral and the related Loan Contracts, with the Credit and Collection Policy in accordance with the Servicing Agreement.

The Seller shall not materially amend the Credit and Collection Policy unless (i) each Rating Agency has been notified in writing of such amendment and (ii) the Purchaser, the Servicer (if different) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes in the view of the Transaction Security Trustee, the Transaction Security Trustee have consented to such amendment in writing (such consent not to be unreasonably withheld). The Seller shall ensure that the procedure applied by it in relation to the recovery of Collections and the servicing of the Purchased Receivables and the Related Collateral are the same as those applied by the Seller in relation to receivables and collateral other than the Purchased Receivables and the Related Collateral.

- (k) All amounts paid to the Purchaser shall be made free of all withholding taxes or other taxes including but not limited to value added tax.
- (l) The Seller acting in its capacity as Servicer confirms that it has obtained and maintains any and all required licenses prior to execution of the Receivables Purchase Agreement.
- (m) The Seller confirms that it has obtained and maintains at all times, a valid banking license, duly granted by the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
- (n)
  - (i) The Seller shall always comply with its obligations under the CRR and the German Banking Act (*Kreditwesengesetz*) with respect to required regulatory capital, in particular sections 10 to 22 of the German Banking Act and the regulations, interpretations or orders issued with respect thereto, in particular the principles on capital and liquidity (*Grundsätze über Eigenmittel und Liquidität*).
  - (ii) In the event that any measures have been taken with respect to the Seller under or pursuant to sections 44 to 46 or 46b of the German Banking Act (other than measures pursuant to section 44 (1) 2, 44 (2) 2 of the German Banking Act in the ordinary course of business) or the Act on the Reorganisation of Credit Institutions (*Gesetz zur Reorganisation von Kreditinstituten*) or the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz*), the Seller shall immediately inform the Purchaser, the Transaction Security Trustee and the Rating Agencies thereof and comply with such financial and other requirements which the Purchaser may reasonably request with respect thereto.
- (o) The Seller shall ensure that the Encrypted Portfolio Information provided to the Purchaser and the Portfolio Decryption Key provided to the Data Trustee continues to be applicable or otherwise promptly, at the latest on the relevant Payment Date, provide the Purchaser with updated Encrypted Portfolio Information and (in case the Portfolio Decryption Key has been updated) the Data Trustee with an updated Portfolio Decryption Key. If none of the information which has previously been sent to the Purchaser has changed as of such Payment Date, a letter confirming that no such change of information has occurred shall be sent by the Seller to the Purchaser (and if the Purchaser receives no such letter, the Purchaser may assume that such information has not changed, but is not obliged to obtain such information or confirmation from the Seller).
- (p) Except as permitted under the Receivables Purchase Agreement, in the Servicing Agreement or in the Credit and Collection Policy, the Seller may not waive and shall not allow the Servicer to waive any Purchased Receivables or Related Collateral or otherwise modify the provisions thereof or supplement, modify or rescind any provision or conditions of any Loan Contract or any contract related thereto, particularly agreements regarding Related Collateral, or terminate any such agreement, Loan Contract or end such in any other way without the prior approval of the Purchaser.
- (q) The Seller and the Servicer may not undertake any material modifications in the nature of its business, otherwise than in accordance with the Receivables Purchase Agreement.
- (r) Except as otherwise provided in the Receivables Purchase Agreement, the Seller shall not sell, assign or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with

respect to any Purchased Receivables, any Related Collateral, any goods or services the subject of any Purchased Receivable or related Loan Contract or Related Collateral, or assign any right to receive income in respect thereof or attempt, purport or agree to do any of the foregoing. Further, the Seller shall not create or allow to exist any counterclaims, rights of set-off or other defences of the Debtors with respect to the obligation of the Debtors to make payment of the Loan Instalments other than such counterclaims, rights of set-off or other defences of the Debtors existing or arising under statutory law and relating to deposits held by a Debtor on a current account with the Seller.

### **Servicing Agreement**

Pursuant to the Servicing Agreement between the Servicer, the Transaction Security Trustee and the Issuer (in its capacity as Purchaser under the Receivables Purchase Agreement), the Servicer has the right and duty to administer the Purchased Receivables and the Related Collateral, collect and, if necessary, enforce or otherwise realise the Purchased Receivables and foreclose on the Related Collateral and pay all proceeds to the Purchaser.

#### *Servicer's Duties*

The Servicer acts as agent (*Beaufragter*) of the Issuer (in its capacity as Purchaser under the Receivables Purchase Agreement) under the Servicing Agreement. The duties of the Servicer (the "**Services**") are set out in the Servicing Agreement and include the following:

- (a) the assumption of collection and administrative tasks and the specific duties set out in the Servicing Agreement. In the performance of its obligations under the Servicing Agreement, the Servicer shall exercise the due care and diligence of a prudent businessman (*Sorgfalt eines ordentlichen Kaufmannes*) as if it was administering receivables on its own behalf.
- (b) The Servicer shall:
  - (i) endeavour at its own expense to recover amounts due from the Debtors in accordance with the Credit and Collection Policy, in particular (but without prejudice to the generality of the foregoing) exercise all enforcement measures concerning amounts due from the Debtors. The Purchaser shall assist the Servicer in exercising all rights and legal remedies from and in relation to the Purchased Receivables and the Related Collateral, as is reasonably necessary. The Servicer shall reimburse the Purchaser for any costs and expenses incurred in this regard;
  - (ii) keep and maintain Records, account books and documents in relation to the Purchased Receivables and the Related Collateral in electronic or paper form in a manner such that it is easily distinguishable from records relating to other receivables or collateral to which the Servicer itself is originator, servicer or depository, or otherwise, and shall identify such Records, account books and documents with contract numbers in order to distinguish them from all other records, account books and documents relating to such other receivables or collateral managed by the Servicer and store the vehicle registration documents at a safe place at its premises at Santander-Platz 1, 41061 Mönchengladbach, Germany or, after prior notification to the Purchaser, at another address;
  - (iii) keep records for taxation purposes, including for the purposes of value added tax;
  - (iv) hold all Records relating to the Purchased Receivables and the Related Collateral in its possession in trust (*treuhänderisch*) for, and to the order of, the Purchaser;
  - (v) assist the Purchaser in discharging any Related Collateral in respect of the relevant Purchased Receivable which has been paid;
  - (vi) assist the Purchaser's auditors and provide information to them upon request;
  - (vii) prepare and deliver the Monthly Report in accordance with the Servicing Agreement, which shall, *inter alia*, contain updated information with respect to the Portfolio; and

- (viii) on or about each Payment Date update the Encrypted Portfolio Information as described in the Receivables Purchase Agreement and send the updated Encrypted Portfolio Information to the Purchaser (in case the Portfolio Decryption Key has been updated) and provide the Data Trustee with an updated Portfolio Decryption Key.
- (c) The Servicer shall terminate any Loan Contract underlying a Purchased Receivable in accordance with the Credit and Collection Policy. The Servicer agrees that it shall not agree with any Debtor on any provisions which would restrict such termination rights as compared to the situation currently existing at law and under the standard form contracts used by the Seller for Loan Contracts.

For the avoidance of doubt and without affecting any other obligation of the Seller or the Servicer to pay damages to the Purchaser or to indemnify the Purchaser against any amounts, and irrespective of whether such other obligations arise under the Servicing Agreement, the Receivables Purchase Agreement or at law, the Servicer shall pay damages to the Purchaser if any Loan Contract is not duly and timely terminated in accordance with the preceding paragraph and the Receivables Purchase Agreement, and, additionally (but without double-counting) shall put the Purchaser in the position in which the Purchaser would have been in if the Servicer had complied with such obligation to terminate such Loan Contract.

- (d) In the event of an enforcement of any Related Collateral, the Servicer shall realise such Related Collateral or other existing collateral as soon as possible by taking such measures as it deems necessary in its professional discretion, but always in accordance with the Credit and Collection Policy (as such Credit and Collection Policy may be amended with the written consent of the Purchaser, the Seller (if different from the Servicer) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes, the Transaction Security Trustee in accordance with the Servicing Agreement). The Servicer shall pay to the Purchaser the portion of the realisation proceeds which have been applied or are to be applied to Purchased Receivables in accordance with section 366 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*) or to which the Purchaser is otherwise entitled pursuant to the Receivables Purchase Agreement.
- (e) The Servicer shall take all necessary steps to secure payment of all sums due from or in connection with a Purchased Receivable or Related Collateral. The Servicer shall enforce all covenants and obligations of the Debtors owed pursuant to the Loan Contracts underlying the Purchased Receivables in the same manner as it generally does in relation to its own receivables and, if applicable, in compliance with the Credit and Collection Policy.

The Servicer shall comply with the Credit and Collection Policy with respect to each Purchased Receivable, the Related Collateral and the related Loan Contracts, unless the Purchaser has previously approved such change to or deviation from the Credit and Collection Policy in general or with respect to the collection of a specific Purchased Receivable or Related Collateral.

- (f) The Servicer shall, on each Payment Date, pay into the Transaction Account all Collections in respect of the Purchased Receivables and the Related Collateral received by the Servicer during the Collection Period immediately preceding such Payment Date. Where a Debtor owes at least another receivable in addition to a Purchased Receivable to the Seller and such Debtor has failed to indicate to which receivable its payment should be allocated, the Servicer shall allocate such payment in accordance with section 366 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*).
- (g) The Servicer covenants and declares that, pending transfer to the Purchaser or the Transaction Account, all Collections and other amounts in respect of Purchased Receivables or the Related Collateral which the Servicer otherwise receives and to which the Purchaser is entitled or which are to be paid to the Purchaser or into the Transaction Account, shall be held by it on trust (*treuhänderisch*) for the Purchaser and that it will give directions to the relevant banks in relation to such sums accordingly, subject to the terms of the Servicing Agreement and comply with its duties and obligations thereunder. Immediately after the receipt of such funds,

the Servicer shall pay or keep them in accordance with the Servicing Agreement or as otherwise directed by the Purchaser or, as relevant, the Transaction Security Trustee.

- (h) The Servicer shall keep and maintain all necessary information and Records for each individual Purchased Receivable and Related Collateral for the purposes of, in particular, identifying at any time amounts which have been paid by or to any individual Debtor, amounts to be paid by or to any individual Debtor, and the outstanding balance with respect to each Debtor. The Servicer shall give notice to the Purchaser, the Transaction Security Trustee and the Rating Agencies regarding any material change in its administrative or operating procedures relating to the keeping and maintaining of the Records. Any such material change shall only take effect with the Purchaser's prior written consent. In the event that the Servicer has agreed with the respective Debtor to debt restructuring of a Purchased Receivable in accordance with the Credit and Collection Policy, the Servicer shall not be obliged to report on, or keep and maintain Records of, the waived principal and interest portions of such Purchased Receivable after the relevant settlement date.
- (i) All payments due under the Servicing Agreement shall be made free of all bank charges and costs for the recipient thereof. Without prejudice to the other provisions of the Servicing Agreement, all payments by any party thereto (other than the Purchaser and the Transaction Security Trustee) are to be rendered without any deduction or retention due to any set-off or counterclaim; however, if the parties to the Servicing Agreement are under the obligation to make payments under the Servicing Agreement or the Receivables Purchase Agreement in the same currency on the same day, the party owing the higher amount shall pay to the other party the difference between the amounts owed and the payment of such difference will discharge the obligation of the parties hereto to make such payments, provided that such payment netting shall be excluded if and to the extent any of such obligations to make payments is disputed in whole or in part by the relevant party.
- (j) All payments to be made by the Servicer to the Purchaser shall be made free and clear of and without deduction for or on account of any tax. In the event the Servicer is obliged to render a payment with any deduction or withholding of tax, the Servicer shall reimburse the Purchaser in an amount corresponding to such deduction or retention so that the net amount paid to the Purchaser corresponds to the amount to which the Purchaser would have been entitled had the deduction or retention not been made.

Any demand which the Purchaser makes pursuant to this paragraph (j) must specify the details of the claim for reimbursement and be duly signed by an authorised officer of the Purchaser.

The Purchaser shall immediately inform the Servicer if the Purchaser becomes aware of any circumstances which could reasonably be expected to lead to a claim on the part of the Purchaser under this paragraph (j).

The Purchaser shall give the Servicer the opportunity and authorisation to raise defences (in its own name or in the name of the Purchaser, but in any event at the Servicer's own costs (and insofar the Servicer undertakes to reimburse the Purchaser and indemnify the Purchaser against any costs, expenses and damages which might be incurred by the Purchaser because of or within the course of the Servicer taking such action)) against the relevant payment. In the event that the Servicer intends to raise such defences it shall inform the Purchaser of such intention and the nature of the defences to be raised by it. Unless the Purchaser notifies the Servicer within ten Business Days of receipt of the foregoing notification of the Servicer that it intends to raise defences on its own, the Servicer may proceed with such defences and the Purchaser shall provide the Servicer with any information which the Servicer reasonably requests in the context of such defence. The obligation of the Servicer to immediately indemnify or reimburse the Purchaser or otherwise make payments to the Purchaser in accordance with this paragraph (j) and the Servicing Agreement shall not be affected by the foregoing, in particular the foregoing shall not be interpreted as to give the Servicer any additional time for making payments (*keine Stundung*).

- (k) The Servicer shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Transaction Account cash or cash proceeds other than Collections (including Deemed Collections) and other amounts owed to the Purchaser under the Servicing

Agreement, the Receivables Purchase Agreement or otherwise. The Servicer shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Commingling Reserve Account any amounts other than the Commingling Reserve Amount from the Seller following the occurrence of a Commingling Reserve Trigger Event owed to the Purchaser under the Servicing Agreement, the Receivables Purchase Agreement or otherwise. The Servicer shall not make any deposit or otherwise credit, or cause or permit to be so deposited or credited, to the Set-Off Reserve Account any amounts other than the Set-Off Reserve Amount in its capacity as Seller following the occurrence of a Set-Off Reserve Trigger Event owed to the Purchaser under the Receivables Purchase Agreement or otherwise.

- (l) Subject to fees (including VAT, if any), costs, charges and expenses, indemnity claims and other amounts payable by the Servicer to any agent appointed with the consent of the Purchaser and the Transaction Security Trustee, the Servicer shall not be entitled to any fee or reimbursement of expenses as consideration for the performance of the Services under the Servicing Agreement. The Purchaser and the Servicer agree that, if the servicing and collection of the Receivables and the Related Collateral of the Seller is outsourced to a Subsidiary and such Subsidiary is appointed as new Servicer by the Purchaser, that, without prejudice to the foregoing, the Servicer in its capacity as Seller shall procure that such new Servicer will not be entitled to any fee or reimbursement of expenses as consideration for the performance of the Services under the Servicing Agreement.
- (m) If a Commingling Reserve Trigger Event occurs and provided that the Seller is the Servicer, the Servicer shall, within 30 calendar days, calculate the Commingling Reserve Amount and transfer the Commingling Reserve Amount to an account of the Purchaser held with the Account Bank (the "**Commingling Reserve Account**"). The Servicer shall calculate the Commingling Reserve Amount as of each Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event. If the balance credited to the Commingling Reserve Account as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event is less than the Commingling Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Commingling Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, and provided that the Seller is the Servicer, the Servicer shall, within 30 calendar days, transfer an amount equal to such shortfall as determined as of such Cut-Off Date to the Commingling Reserve Account. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Purchaser shall pay to the Seller in its capacity as Servicer, in accordance with the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Commingling Reserve Excess Amount, using the balance credited to the Commingling Reserve Account.

#### *Further Undertakings*

Under the Servicing Agreement, the following further obligations of the Servicer apply:

- (a) The Servicer shall keep safe and shall use all reasonable endeavours to maintain Records (including back-ups of any computer tapes, discs and data) and shall maintain in computer readable form or otherwise (but only insofar as executed copies of the Loan Contracts as such are concerned) Records in relation to each Purchased Receivable and Related Collateral.
- (b) The Servicer shall prepare a Monthly Report for each Collection Period in the form and with the contents set out in schedule 1 part A (Sample Monthly Report) to the Servicing Agreement together with a certification that no Notification Event or Servicer Termination Event has occurred. In particular, but without limitation, the Servicer shall, as part of the Monthly Report, calculate as of each Cut-Off Date and the immediately following Payment Date the Available Distribution Amount. The Servicer shall deliver such Monthly Report to the Purchaser with a copy to the Corporate Administrator, the Calculation Agent, the Cash Administrator and the Principal Paying Agent not later than on the second Business Day after the Cut-Off Date on which the relevant Collection Period ends.

- (c) The Servicer shall prepare on a monthly basis starting on the Note Issuance Date a Detailed Investor Report for each Collection Period in the form and with the contents set out in schedule 1 part B (Sample Detailed Investor Report) to the Servicing Agreement. Each Detailed Investor Report shall include detailed summary statistics and information regarding the performance of the portfolio of Purchased Receivables during the last Collection Period and contain a glossary of the terms used in such Detailed Investor Report. The first Detailed Investor Report issued by the Servicer shall additionally disclose the amount of Notes (i) privately-placed with investors other than the Seller and its affiliated companies (together the "**Originator Group**"), (ii) retained by a member of the Originator Group and (iii) publicly-placed with investors which are not part of the Originator Group. In relation to any amount of Notes initially retained by a member of the Originator Group but subsequently placed with investors outside the Originator Group such circumstance will be disclosed (to the extent legally permitted) in the next Detailed Investor Report following such out-placing. The Servicer shall deliver such Detailed Investor Report to the Purchaser, with a copy to the Corporate Administrator, the Transaction Security Trustee, the Principal Paying Agent, the Cash Administrator, the Calculation Agent and each Rating Agency, not later than 12:00 noon (London time) on the third calendar day prior to the Payment Date following the Cut-Off Date on which such Collection Period ends.
- (d) All Monthly Reports which are delivered by the Servicer pursuant to the Servicing Agreement shall be signed by an authorised signatory of the Servicer.
- (e) The Servicer shall have systems in place in relation to the relevant Purchased Receivables and Related Collateral that are capable of providing the information and Records to which the Purchaser (including any of its agents and persons acting on behalf or in favour of the Purchaser) is entitled to pursuant to the Servicing Agreement or the Receivables Purchase Agreement, always in a format readable by the Purchaser or in any other form determined by the Servicing Agreement, and shall ensure that the data made available or to be made available in this way can be used at all times without any licenses or other restrictions on its use by the Purchaser or any third party commissioned by the Purchaser.

The Servicer shall maintain such systems in working order and shall permit the Purchaser (to the extent permitted under applicable Secrecy Rules to which the Seller is subject in relation to the relevant Purchased Receivables), the external auditors of the Servicer (acting on behalf of, and on the instructions of the Purchaser) and/or any other representatives of the Purchaser (who are subject to a professional duty of confidentiality or undertake for the benefit of the Servicer to comply with duties of confidentiality similar to those agreed upon in the Servicing Agreement) to enter under the direct supervision of the Servicer upon its premises in order to:

- (i) inspect and satisfy itself or themselves that the systems are in place, maintained in working order and are capable of providing the information to which it or they are entitled pursuant to the Servicing Agreement or the Receivables Purchase Agreement and which the Servicer has failed to supply within five calendar days of receiving written notice of such failure, or to verify any such information which has been provided and which the Purchaser has reason to believe is inaccurate; and
- (ii) examine and make copies of and extracts from all Records but, for the avoidance of doubt, the Purchaser shall have no right to examine and make copies of and extracts from Records which contain confidential technical information of the Servicer,

provided that no originals of Records (other than to that which the Purchaser is entitled so to examine, copy or make extracts from) shall be removed from the Servicer's premises (but for the avoidance of doubt this prohibition of removal shall not apply to copies of such original Records). Such Records shall remain confidential and shall not be used or disclosed or divulged to any person (except to the extent and in the circumstances permitted by the Servicing Agreement or the Receivables Purchase Agreement and in accordance with applicable law) without the prior written consent of the Servicer (such consent not to be unreasonably withheld).

The Servicer shall take all necessary measures in order to provide the information which the Purchaser may request in accordance with the Servicing Agreement in a format readable by



the Purchaser or in any other form determined by the Servicing Agreement and shall ensure that the data made available in this way can be used at all times without any licenses or other restrictions on its use by the Purchaser or any third party commissioned by the Purchaser.

- (f) The Servicer shall give such time and attention and will exercise such skill, care and diligence in the performance of the Services as it does in servicing loan receivables other than the Purchased Receivables. The Servicer shall apply the due care which the Servicer exercises in its own affairs but at least the care of a prudent business man (*Sorgfalt eines ordentlichen Kaufmannes*) not only in relation to the Purchased Receivables and Related Collateral but also in relation to each of its representations, warranties, covenants and other obligations under the Servicing Agreement (in particular, but without limitation, its obligation to comply with the Credit and Collection Policy).
- (g) The Servicer shall ensure that the procedures applied by it in relation to the recovery of Collections and the servicing of Purchased Receivables and the Related Collateral are the same as those applied by the Servicer in relation to receivables and collateral other than the Purchased Receivables and the Related Collateral.
- (h) The Servicer shall consider the interests of the Purchaser in relation to the Debtors and in exercising any discretion which arises from the performance of the Services.
- (i) The Servicer shall obtain and keep all required licenses, approvals, registrations, authorisations and consents which are necessary or desirable in connection with the performance of the Services and procure that any of its agents obtains and maintains any such license. The Servicer confirms that it has obtained and maintains at all times, a valid banking license, duly granted by the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*).
- (j) The Servicer shall at its own expense and in a timely manner fully perform and comply with all provisions, covenants and other obligations required to be observed by the Seller under the relevant Loan Contracts and the documents relating to the Related Collateral.
- (k) The Servicer shall comply with all legal requirements in relation to the Purchased Receivables and the Related Collateral.
- (l) The Servicer shall cooperate with and reasonably assist the Transaction Parties regarding the compliance of the relevant Transaction Party with the Secrecy Rules.
- (m) The Servicer shall not, otherwise than as permitted in the Servicing Agreement, dispose of objects or rights which exist in relation to the Purchased Receivables and the Related Collateral without the prior written consent of the Purchaser.
- (n) The Servicer shall not, except as otherwise permitted under the Servicing Agreement, the Credit and Collection Policy (insofar as it relates to one time extension (*Stundung*) of up to three months in relation to Purchased Receivables which are not Delinquent Receivables or Defaulted Receivables (but in no event until a date later than six months prior to the Legal Maturity Date of the Notes)) or under the Receivables Purchase Agreement, extend, amend, modify or waive any Purchased Receivables or Related Collateral or materially amend or otherwise modify the terms of any Loan Contract or Related Collateral or terminate such Loan Contract or Related Collateral without the prior written consent of the Purchaser.
- (o) The Servicer shall maintain an accounting system which is prepared and managed in accordance with generally accepted German accounting principles.
- (p) The Servicer shall in particular procure the following:
  - (i) The Servicer shall provide to the Purchaser any information as the Purchaser may from time to time request in respect of the Related Collateral including, for the avoidance of doubt, information reasonably required by the Purchaser for any realisation of such Related Collateral and any information relating to any damage to, or loss of, Financed Vehicles or other problems or potential problems with regard to the Related Collateral.

- (ii) The Servicer shall as soon as the same become available, but in any event within six months after the end of each of its financial years, deliver to the Purchaser its audited consolidated and not consolidated financial statements for such financial year. The Servicer shall ensure that each set of financial statements delivered by it (i) is prepared in accordance with accounting principles generally accepted in Germany and consistently applied, (ii) is certified by a duly authorised officer of it as giving a true and fair view of its financial condition as at the end of the period to which those financial statements relate and of the results of its operations during such period and
- (iii) has been audited by an internationally recognised firm of independent auditors licensed to practise in Germany.
- (iv) The Servicer shall provide the Purchaser with any other information (including non-financial information) as reasonably requested by the Purchaser from time to time for its own purposes or for the purposes of any of the persons providing direct or indirect finance to it.
- (v) The Servicer shall, upon request of the Purchaser, use its best efforts to make loan level data available in such a manner as may be required to comply with the Eurosystem eligibility criteria (as set out in Annex VIII (loan level data reporting requirements for asset-backed securities) of the Guideline (EU) 2015/510 of the European Central Bank of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), as amended by the Guideline (EU) 2016/64 of the European Central Bank of 18 November 2015 and as further amended and applicable from time to time), subject to applicable Secrecy Rules.
- (q) The Servicer shall do all things necessary in order to remain a corporation duly organised and validly existing under the laws of Germany and maintain all requisite authority and licenses to conduct its business in Germany.
- (r) The Servicer shall comply in all respects which could be regarded as material in the context of the transactions contemplated by the Servicing Agreement, with all laws, rules, regulations, orders, writs, judgements, injunctions, decrees or awards to which it may be subject.
- (s) The Servicer shall immediately provide the Purchaser with any information which prejudices the existence of any Purchased Receivables or Related Collateral provided that the Servicer is entitled to disclose such information. The Servicer shall immediately notify the Purchaser if third parties levy execution upon the assigned claims of the Purchaser, any Purchased Receivables or the Related Collateral or if any Purchased Receivables or Related Collateral are materially prejudiced or jeopardised by any other events.
- (t) The Servicer shall not materially amend the Credit and Collection Policy unless (i) each Rating Agency has been notified in writing of such amendment, and (ii) the Purchaser, the Seller (if different from the Servicer) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes, the Transaction Security Trustee have consented to such amendment in writing (such consent not to be unreasonably withheld).
- (u) To the extent legally possible, the Servicer shall provide free of charge any required software and/or licenses to any substitute servicer appointed with respect to the Purchased Receivables or Related Collateral by the Purchaser in accordance with the Servicing Agreement and/or the Receivables Purchase Agreement.
- (v) Neither the Servicer nor any of its managing directors or employees shall have any power to enter into any new agreements on behalf of the Purchaser or hold themselves as being entitled to legally bind or negotiate on behalf of the Purchaser (other than as contemplated in the Servicing Agreement), to act as a branch, agent or representative of the Purchaser, to issue instructions, manage, direct or administer any aspect of the Purchaser's business (except as expressly provided for in the Servicing Agreement). Accordingly, the Servicer shall only be obliged to render the Services specified in the Servicing Agreement and the Purchaser shall not be entitled to direct the Servicer to perform any other activities or to render any other

services. The Servicer is instructed by the Purchaser to comply with and collect all Purchased Receivables and the Related Collateral always in accordance with the Credit and Collection Policy (as such Credit and Collection Policy may be amended in accordance with the Servicing Agreement).

If at any time (i) Santander Consumer Finance, S.A. ceases to hold directly or indirectly 75 per cent. of the Servicer's share capital or voting rights, or (ii) the counterparty risk assessment of Santander Consumer Finance, S.A. is lower than Baa3(cr) (or its replacement) by Moody's (or, if at any time Santander Consumer Finance, S.A. does not have a counterparty risk assessment from Moody's, the long-term unsecured, unsubordinated and unguaranteed obligations of Santander Consumer Finance, S.A. are assigned a rating of less than Baa3 (or its replacement) by Moody's), unless the Servicer then has a counterparty risk assessment of or higher than Baa3(cr) (or its replacement) by Moody's (or, if at any time the Servicer does not have a counterparty risk assessment from Moody's, the long-term unsecured, unsubordinated and unguaranteed obligations of the Servicer are then assigned a rating of or higher than Baa3 (or its replacement) by Moody's), or (iii) an issuer rating or long-term senior unsecured debt rating of at least BBB(low) (or its replacement) by DBRS (the "**Back-Up Servicer Trigger Event**"), then the Servicer shall within 30 calendar days of the occurrence of such Back-Up Servicer Trigger Event, identify a credit institution licensed to do banking business in the European Economic Area and supervised in accordance with EU directives that (i) has the experience or capability of administering assets similar to the Purchased Receivables and the Related Collateral and (ii) is registered under the German Legal Services Act (*Rechtsdienstleistungsgesetz*) to collect and enforce receivables and related collateral (the "**Eligible Back-Up Servicer**") and procure that such Eligible Back-Up Servicer agrees to act as a back-up servicer with a documented process and timeline to assume the servicing if necessary.

#### *Representations and Warranties*

Under the Servicing Agreement the Servicer has made the following representations and warranties to the Issuer (in its capacity as Purchaser under the Receivables Purchase Agreement):

- (a) The Servicer is a stock corporation (*Aktiengesellschaft*) duly organised and validly existing under the laws of the Federal Republic of Germany, is a fully licensed bank under the German Banking Act and has all corporate power and all governmental approvals which are necessary in order to conduct its business in the Federal Republic of Germany.
- (b) The execution, delivery and performance by it of the Servicing Agreement and the transactions contemplated thereby are within its corporate powers, have been duly authorised by all necessary corporate action, require no action by or in respect of, or filing recording or enrolling with, any governmental body, agency court official or other authority, and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its articles of association (*Satzung*) or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Adverse Claim on its assets (other than in favour of the Purchaser pursuant to the Servicing Agreement).
- (c) The Servicing Agreement constitutes its legally valid, binding and enforceable obligations of the Servicer enforceable against the Servicer in accordance with its terms. The Servicer has undertaken all actions, obtained all approvals and licenses required for the performance of the Services under the Servicing Agreement and has fulfilled all other conditions in order to conclude the Servicing Agreement, to safeguard the rights and to fulfil its respective duties arising therefrom.
- (d)
  - (i) The Servicer has not taken any action nor is the Servicer aware of any measures having been taken or initiated by third parties to commence insolvency proceedings or any other proceedings directed towards the liquidation or reorganisation of the Servicer or which could lead to the appointment of a receiver, trustee in bankruptcy, sequestrator or any other person entrusted with such duties in relation to the Servicer's assets.
  - (ii) There are no actions, suits or proceedings current or pending, or to the knowledge of the Servicer threatened, against or affecting the Servicer or any of the assets of the

Servicer in any court, or before any arbitrator of any kind, or before or by any governmental, public or administrative body, which may materially adversely affect the financial condition of the Servicer or materially adversely affect the ability of the Servicer to perform its obligations under the Servicing Agreement.

- (iii) The Servicer is neither over-indebted (*überschuldet*), nor unable to pay its debts when they fall due (*zahlungsunfähig*), nor in a stoppage of payment situation, nor in a situation of threatened inability to pay (*drohende Zahlungsunfähigkeit*). The Servicer enters into the Servicing Agreement for its own commercial benefit without the intention to prejudice its creditors.
- (e) All information (including any information contained in the Offer and any Monthly Report) furnished by the Servicer to the Purchaser is, or if hereafter furnished by the Servicer to the Purchaser, will be true and accurate in every material respect and will not contain any material error or omission, on the date of its disclosure.
- (f) The principal place of business (*Ort der Geschäftsleitung*) and chief executive office (*Verwaltungssitz*) of the Servicer is located in Germany. The Servicer shall store the Records at the address described in the Servicing Agreement or at any other location in the Federal Republic of Germany which the Servicer has notified to the Purchaser in accordance with the Servicing Agreement.
- (g) There has not been nor will there be any material amendment to the Credit and Collection Policy unless (i) each Rating Agency has been notified in writing of such amendment and (ii) the Purchaser, the Seller (if different from the Servicer) and, where such amendment would be materially prejudicial (*wesentlich nachteilig*) to the interests of the holders of the then outstanding most senior Class of Notes, the Transaction Security Trustee have consented to such amendment in writing (such consent not to be unreasonably withheld).

#### *Delegation to Geoban*

Currently, a substantial portion of the Servicer's customer servicing obligations under the Servicing Agreement is outsourced on a continuous basis to Geoban S.A., Niederlassung Deutschland ("**Geoban**"), a wholly-owned subsidiary of Banco Santander, S.A. The delegated services Geoban performs include front- (call centre) and back-office (other customer correspondence) operations for banking products such as car, durable, direct loans, mortgages, current accounts, credit & debit cards, savings products as well as specialised tasks such as payments and customer fraud handling. Irrespective of the sub-delegation of certain services to Geoban, the Servicer remains primarily liable for the performance of the servicing obligations under the Servicing Agreement and it is not expected that any delegation of administration and processing services to Geoban will materially and adversely impact on the provision of the loan administration services under the Servicing Agreement.

The status of Geoban may change in the future. Geoban may become a wholly-owned subsidiary of Santander Consumer Bank AG or Geoban is fully integrated into Santander Consumer Bank AG, and as a result of that, the brand of Geoban will disappear.

#### *Commingling Reserve*

Pursuant to the Servicing Agreement, if at any time as long as the Seller is the Servicer, a Commingling Reserve Trigger Event occurs, the Seller will be required, within 30 calendar days, to transfer the Commingling Reserve Amount to an account of the Issuer held with the Account Bank (the "**Commingling Reserve Account**"). If, at any time as long as the Seller is the Servicer, the balance credited to the Commingling Reserve Account as of any Cut-Off Date following the occurrence of a Commingling Reserve Trigger Event is less than the Commingling Reserve Amount as calculated as of such Cut-Off Date, taking into account any amounts to be credited to the Commingling Reserve Account on the immediately following Payment Date pursuant to the Pre-Enforcement Priority of Payments, the Servicer will be required under the Servicing Agreement to transfer an amount equal to such shortfall (as determined as of such Cut-Off Date) on the immediately following Payment Date to the Commingling Reserve Account.

**"Commingling Reserve Amount"** means

- (a) if on any Payment Date a Commingling Reserve Trigger Event has occurred and is continuing, an amount equal to the larger of zero and the sum of
  - (i) the amount of the Scheduled Collections for the period from the beginning of the Collection Period immediately following the Cut-Off Date immediately preceding the relevant Payment Date to the last Business Day of the second Collection Period after such Cut-Off Date (both inclusive); plus
  - (ii) 2.5 per cent. of the Aggregate Outstanding Principal Amount as of the relevant Cut-Off Date immediately preceding the relevant Payment Date;
  - (iii) less the Commingling Reserve Reduction Amount; or
- (b) otherwise, zero;

**"Commingling Reserve Reduction Amount"** means on any Payment Date, the product of (i) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date and (ii) the difference, if positive, of (A) less (B) where:

- (a) (A) is the result of (x) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date minus the Class A Principal Amount on such Payment Date plus the Reserve Fund on such Payment Date, divided by (y) the Aggregate Outstanding Principal Amount on the Cut-Off Date immediately preceding the relevant Payment Date; and
- (b) (B) is the result of (x) the Aggregate Outstanding Principal Amount on the first Cut-Off Date minus the Class A Principal Amount on the Note Issuance Date plus the Reserve Fund on the Note Issuance Date, divided by (y) the Aggregate Outstanding Principal Amount as of the first Cut-Off Date.

On the Closing Date, the Commingling Reserve Amount shall be zero;

**"Scheduled Collections"** means, with respect to any Collection Period, the amount of Collections scheduled to be received by the Servicer with respect to such Collection Period as reported by the Servicer for such Collection Period.

**"Commingling Required Rating"** means, with respect to any entity that:

- (a) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least Baa2 (or its replacement) by Moody's; and
- (b) the long-term unsecured, unsubordinated and unguaranteed debt obligations of such entity are assigned a rating of at least BBB(low) (or its replacement) by DBRS,

and, in each case, any such rating has not been withdrawn.

A **"Commingling Reserve Trigger Event"** will have occurred if, at any time, (i) Santander Consumer Finance, S.A. ceases to have the Commingling Required Rating or (ii) Santander Consumer Finance, S.A. ceases to own, directly or indirectly, at least 75 per cent. of the share capital of the Seller, unless, in each case of (i) and (ii), the Seller has at least the Commingling Required Rating.

The amounts, if any, standing to the credit of the Commingling Reserve Account shall be included in the Available Distribution Amount and shall be applied on any Payment Date in accordance with the Pre-Enforcement Priority of Payments (but excluding any fees and other amounts due to the Servicer under item fifth of the Pre-Enforcement Priority of Payments) if and to the extent the Seller has, on such Payment Date, failed to transfer to the Issuer any Collections (other than Deemed Collections within the meaning of item (B)(i) of the definition of Deemed Collections) received or payable by the Seller during, or with respect to, the Collection Period ending on the Cut-Off Date immediately preceding such Payment Date or if the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or if the inability of the Servicer to pay its debts is imminent (*drohende*

*Zahlungsunfähigkeit*) or if any measures under section 21 of the German Insolvency Code or under sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer. On any Payment Date following the occurrence of a Commingling Reserve Trigger Event, the Purchaser shall pay to the Seller in its capacity as Servicer, in accordance with the Pre-Enforcement Priority of Payments (i) any fees owed by the Purchaser to the Seller in accordance with a separate fee letter between the Seller and the Purchaser and (ii) the Commingling Reserve Excess Amount, using the balance credited to the Commingling Reserve Account.

**"Commingling Reserve Excess Amount"** means, as of any Payment Date, the excess of the amounts standing to the credit of the Commingling Reserve Account over the Commingling Reserve Amount on the Cut-Off Date immediately preceding such Payment Date, after a drawing (if any) in accordance with lit. (h) of the definition of the Available Distribution Amount.

#### *Use of Third Parties*

The Servicer may, subject to certain requirements, delegate and sub-contract its duties in connection with the servicing and enforcement of the Purchased Receivables and/or foreclosure on the Related Collateral, provided that such third party has all licences, registrations and authorisations required for the performance of the servicing delegated to it, in particular any registration required under the German Legal Services Act (*Rechtsdienstleistungsgesetz*). In particular, the Servicer may appoint as agents for this purpose without prior written consent of the Issuer and the Transaction Security Trustee any wholly owned (direct or indirect) subsidiary of Banco Santander, S.A. or the Servicer which has its seat in Germany.

#### *Cash Collection Arrangements*

The Seller expects that the Debtors will continue to make all payments to the account of the Seller as provided in the Loan Contracts between each Debtor and the Seller and thereby obtain a valid discharge of their respective payment obligation. The Debtors will only receive notice of the sale and transfer of the relevant Purchased Receivables to the Issuer if a Notification Event has occurred (see "— Receivables Purchase Agreement — Notification of Assignment"), following receipt of which the Debtors shall make all payments to the Issuer to the Transaction Account in order to obtain valid discharge of their payment obligations.

Under the terms of the Servicing Agreement, the Collections received by the Servicer will be transferred on the Payment Date immediately following each Collection Period to the Transaction Account or as otherwise directed by the Issuer or the Transaction Security Trustee. Until such transfer, the Servicer will hold the Collections and any other amount received on trust (*treuhänderisch*) for the Issuer and will give directions to the relevant banks accordingly. All payments will be made free of all bank charges and costs as well as any tax for the recipient thereof.

#### *Information and Regular Reporting*

The Servicer will use all reasonable endeavours to safely maintain records in relation to each Purchased Receivable in computer readable form. The Servicer will notify to the Issuer and the Rating Agencies any material change in its administrative or operating procedures relating to the keeping and maintaining of records. Any such material change requires the prior consent of the Issuer.

The Servicing Agreement requires the Servicer to furnish at the latest on the fourth Business Day after the relevant Cut-Off Date the Monthly Report relating to the Collection Period ending on such Cut-Off Date to the Issuer, with a copy to the Corporate Administrator, the Calculation Agent, the Principal Paying Agent and the Cash Administrator, with respect to each Collection Period as well as certification that no Notification Event or Servicer Termination Event has occurred. Each Monthly Report will set out in detail, on an aggregate basis, the state of repayment and amounts outstanding on the Purchased Receivables, measures being taken to collect any overdue payments as well as details regarding all foreclosure proceedings in respect of any Related Collateral and the status, development and timing of such proceedings. The Servicer will, upon request, provide the Issuer with all additional information concerning the Purchased Receivables and the Related Collateral in which the Issuer has a legitimate interest, subject to the terms of the Servicing Agreement and protection of each Debtor's personal data. In the event that the Servicer has agreed with the respective Debtor to debt restructuring of a Purchased Receivable in accordance with the Credit and Collection Policy, the Servicer will not be

obliged to report on, or, keep and maintain Records of, the waived principal and interest portions of such Purchased Receivable after the relevant settlement date.

Further, in accordance with the Servicing Agreement, the Servicer will prepare, on a monthly basis starting on the Note Issuance Date, an investor report (each, a "**Detailed Investor Report**") for each Collection Period which it will provide to the Issuer, the Corporate Administrator, the Transaction Security Trustee, the Cash Administrator, the Principal Paying Agent, the Calculation Agent and each Rating Agency no later than 12:00 noon (London time) on the third calendar day prior to the Payment Date following the Cut-Off Date on which such Collection Period ends. Each Detailed Investor Report shall include detailed summary statistics and information regarding the performance of the portfolio of Purchased Receivables during the last Collection Period and contain a glossary of the terms used in such Detailed Investor Report. The first Detailed Investor Report issued by the Servicer shall additionally disclose the amount of Notes (i) privately-placed with investors other than the Seller and its affiliated companies (together the "**Originator Group**"), (ii) retained by a member of the Originator Group and (iii) publicly-placed with investors which are not part of the Originator Group. In relation to any amount of Notes initially retained by a member of the Originator Group but subsequently placed with investors outside the Originator Group such circumstance will be disclosed (to the extent legally permitted) in the next Detailed Investor Report following such out-placing.

#### *Termination of Loan Contracts and Enforcement*

If a Debtor defaults on a Purchased Receivable, the Servicer will proceed in accordance with the Credit and Collection Policy. The Servicer will abide by the enforcement and realisation procedures as set out in the Receivables Purchase Agreement and the Servicing Agreement. If the Related Collateral is to be enforced, the Servicer will take such measures as it deems necessary in its professional discretion to realise the Related Collateral.

The Servicer is obliged to terminate any Loan Contract in accordance with the Credit and Collection Policy. Where the Servicer fails to do so, the Servicer must compensate the Issuer for any damage caused for its failure to carry out such duly and timely termination such that the Issuer is placed in the same position as if the Servicer had complied with its obligation. The Servicer has undertaken not to agree with any Debtor to restrict such termination rights and will pay damages to the Issuer if it does not affect due and timely termination.

The Servicer will pay the portion of the enforcement proceeds to the Issuer which have been or are to be applied to the Purchased Receivables or the Issuer is otherwise entitled to in accordance with the Servicing Agreement.

#### *Termination of the Servicing Agreement*

Pursuant to the Servicing Agreement, the Issuer may at any time terminate the appointment of the Servicer and appoint a substitute servicer if a Servicer Termination Event has occurred, and/or notify or require the Servicer to notify the relevant Debtors of the assignment of the Purchased Receivables to the Issuer such that all payments in respect to such Purchased Receivables are to be made to the Issuer or a substitute servicer appointed by the Issuer if a Notification Event has occurred. Each of the following events constitutes a "**Servicer Termination Event**":

- (a) The Servicer fails to make a payment due under the Servicing Agreement at the latest on the second Business Day after its due date, or, in the event no due date has been determined, within three Business Days after the demand for payment, where such aggregate amount due is at least EUR 50,000.
- (b) Following a demand for performance the Servicer fails within five Business Days to perform its material (as determined by the Issuer) obligations (other than those referred to in paragraph (a) above) owed to the Issuer under the Servicing Agreement.
- (c) Any of the representations and warranties made by the Servicer with respect to or under the Servicing Agreement or any Monthly Report or information transmitted is materially false or incorrect.
- (d) The Servicer is in default with respect to any Material Payment Obligation owed to any third party for a period of more than five calendar days.

- (e) The Servicer is in breach of any of the covenants set out in the Servicing Agreement.
- (f) Any licence, authorisation or registration of the Servicer required with respect to the Servicing Agreement and the Services to be performed thereunder is revoked, restricted or made subject to any conditions.
- (g) The Servicer is not collecting Purchased Receivables or Related Collateral pursuant to the Servicing Agreement or is no longer entitled or capable to collect the Purchased Receivables and the Related Collateral for practical or legal reasons.
- (h) At any time there is otherwise no person which holds any required licence, authorisation or registration appointed by the Issuer to collect the Purchased Receivables and the Related Collateral in accordance with the Servicing Agreement.
- (i) There are valid reasons to cause the fulfilment of material duties and material obligations under the Servicing Agreement or under the Loan Contracts or Related Collateral on the part of the Servicer or the Seller (acting in its capacity as the Servicer) to appear to be impeded.
- (j) The Servicer (to the extent that it is identical with the Seller) is in breach of any of the covenants set out in the Receivables Purchase Agreement.
- (k) A material adverse change in the business or financial conditions of the Servicer has occurred which materially affects its ability to perform its obligations under the Servicing Agreement.

Pursuant to the Servicing Agreement, the appointment of the Servicer is automatically terminated in the event that the Servicer is either overindebted (*überschuldet*) or unable to pay its debts (*zahlungsunfähig*) or the inability of the Servicer to pay its debts is imminent (*drohende Zahlungsunfähigkeit*) or if any measures under section 21 of the German Insolvency Code or under sections 45, 46 and 46b of the German Banking Act (*Gesetz über das Kreditwesen*) are taken in respect of the Servicer.

The Servicer is only entitled to resign as Servicer under the Servicing Agreement for good cause (*aus wichtigem Grund*) and, if the Servicer is the Seller, upon outsourcing of the servicing and collection of the receivables and the related collateral in whole or in part by the Seller to a (direct or indirect) subsidiary of the Seller or of a parent of the Seller where such subsidiary constitutes any related enterprise in accordance with section 15 of the German Stock Corporation Act (*Aktiengesetz*) in accordance with the Servicing Agreement.

Pursuant to the terms of the Servicing Agreement, Wilmington Trust SP Services (Frankfurt) GmbH has agreed that it will act as back-up servicer facilitator (the "**Back-Up Servicer Facilitator**") and facilitate the appointment of a suitable entity with all necessary facilities available to act as successor servicer and will use reasonable efforts to ensure that such entity enters into a successor servicing agreement, the terms of which are similar to the terms of the Servicing Agreement by negotiating with such entity and the other relevant parties on behalf of the Issuer.

The outgoing Servicer and the Issuer will execute such documents and take such actions as the Issuer may require for the purpose of transferring to the substitute servicer the rights and obligations of the outgoing Servicer, assumption by any substitute servicer of the specific obligations of substitute servicers under the Servicing Agreement and releasing the outgoing Servicer from its future obligations under the Servicing Agreement.

Upon termination of the Servicing Agreement with respect to the Servicer and the appointment of a substitute servicer, the Servicer will transfer to any substitute servicer all Records and any and all related material, documentation and information. Any substitute servicer will have all required licences, authorisations and registrations, in particular, any registrations required under the German Legal Services Act (*Rechtsdienstleistungsgesetz*).

Any termination of the appointment of the Servicer or of a substitute servicer as well as the appointment of any new servicer will be notified by the Issuer to the Rating Agencies, the Transaction Security Trustee and the Corporate Administrator and by the Principal Paying Agent, acting on behalf of the Issuer, to the Noteholders in accordance with the Terms and Conditions of the Notes.



### **English Security Deed**

Pursuant to the English Security Deed, the Issuer has granted a security interest in respect of all present and future rights, claims and interests which the Issuer is or becomes entitled to from or in relation to each Interest Rate Swap Counterparty and/or any other party pursuant to or in respect of any Interest Rate Swap to the Transaction Security Trustee on trust for the Secured Parties as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Transaction Security Trustee. Such security interest will secure the Transaction Secured Obligations and the Transaction Security Trustee Claim. The English Security Deed is governed by the laws of England.

### **Dutch Account Pledge Agreement**

Pursuant to the Dutch Account Pledge Agreement, the Issuer has granted a security interest in respect of all its rights, title and interest in and to each of the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account, the Swap Collateral Accounts and the aggregate of the sums from time to time standing to the credit of such accounts and any book debts in which the Issuer may at any time acquire any right, title, interest or benefit in relation to the transaction upon which the English Security Deed is granted and located in England, together with interest and other rights, benefits or sums accruing to, in respect of or incidental to each of such accounts, and the debts represented by such accounts, to the Transaction Security Trustee on trust for the Secured Parties as security for the payment and/or discharge on demand of all monies and liabilities due by the Issuer to the Transaction Security Trustee. Such security interest will secure the Transaction Secured Obligations and the Transaction Security Trustee Claim. The Dutch Account Pledge Agreement is governed by the laws of The Netherlands.

### **Subordinated Loan Agreement**

Pursuant to the Subordinated Loan Agreement, a committed credit facility was made available to the Issuer by the Subordinated Loan Provider. Pursuant to the terms of the Subordinated Loan Agreement, the Issuer has drawn amounts made available thereunder in one single drawdown on or before the Purchase Date which have been credited to the Reserve Fund in accordance with the Subordinated Loan Agreement. The Issuer is not entitled to make any drawings thereunder after the Note Issuance Date. As of the Note Issuance Date, the outstanding amount under the Subordinated Loan Agreement is expected to amount to EUR 5,610,000.

Principal amounts outstanding under the Subordinated Loan Agreement are only repayable if and to the extent the Required Reserve Amount is reduced in accordance with the Receivables Purchase Agreement.

Pursuant to the Subordinated Loan Agreement, the Issuer is under no obligation to pay any amounts under the Subordinated Loan Agreement unless the Issuer has received funds which may be used to make such payment in accordance with the Pre-Enforcement Priority of Payments or, upon the occurrence of an Issuer Event of Default, the Post-Enforcement Priority of Payments. The Subordinated Loan Provider has also agreed in the Subordinated Loan Agreement not to take any corporate action or any legal proceedings regarding some or all of the Issuer's revenues or assets, and not to have any right to take any steps for the purpose of obtaining payment of any amounts payable to it under the Subordinated Loan Agreement by the Issuer.

### **Data Trust Agreement**

Pursuant to the terms of the Receivables Purchase Agreement, the Seller will deliver to the Data Trustee the Portfolio Decryption Key in relation to the Encrypted Portfolio Information. The Data Trust Agreement has been structured to comply with the Secrecy Rules. Pursuant to the Data Trust Agreement, the Data Trustee will keep the Portfolio Decryption Key in safe custody and will protect it against unauthorised access by third parties.

The Data Trustee shall release the Portfolio Decryption Key upon written request of (as appropriate) the Seller or the Purchaser (or, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee) (A) to an Eligible Back-Up Servicer appointed by the Purchaser in accordance with the Receivables Purchase Agreement or the Servicing Agreement, or (B) to the Purchaser (or, after the occurrence of an Issuer Event of Default, to or (pursuant to clause 7 (Sub-Processing) of the data

processing agreement (*Auftragsdatenverarbeitung*) as set out in schedule 3 (Data Processing Agreement) of the Transaction Security Agreement) to the order of the Transaction Security Trustee) if:

- (a) any of the Purchaser (or, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee) or the Seller has notified the Data Trustee that the appointment of the Servicer under the Servicing Agreement has been terminated;
- (b) the Purchaser (or, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee) or the Seller has notified the Data Trustee that (a) knowledge of the relevant data at the time of the disclosure is necessary for the Purchaser (acting through the Eligible Back-Up Servicer referred to in (A) above) to pursue legal remedies with regard to proper legal enforcement, realisation or preservation of any Purchased Receivables or Related Collateral or other claims and rights under the underlying Loan Contracts and (b) the prosecution of legal remedies through the Servicer to enforce, realise or preserve the Purchased Receivables or Related Collateral or other claims and rights under the underlying Loan Contracts (including the security interests to the Financed Vehicles) is inadequate to preserve the rights of the Purchaser; or
- (c) the Purchaser (or, after the occurrence of an Issuer Event of Default, the Transaction Security Trustee) or the Seller has notified the Data Trustee that any Notification Event has occurred.

Pursuant to the Data Trust Agreement, the Data Trustee will fully co-operate with the Issuer, the Transaction Security Trustee and any of the Issuer's and the Transaction Security Trustee's agents that are compatible with the Secrecy Rules and will in particular use its best endeavours to ensure, subject always to the Secrecy Rules, that the Portfolio Decryption Key is duly and swiftly delivered to or to the order of the Transaction Security Trustee or any Eligible Back-Up Servicer or an agent thereof so that all information necessary in respect of the Debtors to permit timely Collections is available.

### **Interest Rate Swaps**

Pursuant to the Interest Rate Swaps, the Issuer has hedged its interest rate exposure resulting from fixed rate interest revenue under the Purchased Receivables and floating rate interest obligations under the Class A Notes. Under each Interest Rate Swap, on each Payment Date, the Issuer will pay the Fixed Swap Rate applied to 50 per cent. of the lower of (a) the aggregate of the Note Principal Amounts of all Class A Notes as of the immediately preceding Payment Date (less any corresponding amount of principal repaid or scheduled to be repaid by the Issuer under the Class A Notes on such immediately preceding Payment Date) (or, in the case of the first Payment Date, as of the Note Issuance Date) and (b) a scheduled notional amount determined on the basis of expected Class A Note amortisation assuming a constant prepayment rate of 0 per cent., a cumulative default rate of 0 per cent. and a time lag of six months (the "**Notional Amount**") and each Interest Rate Swap Counterparty will pay a floating rate equal to EURIBOR as set by the relevant Interest Rate Swap Counterparty in respect of the Interest Period immediately preceding such Payment Date, applied to the same Notional Amount. Payments under each Interest Rate Swap will be made on a net basis. Each Interest Rate Swap will remain in full force until the earlier of (i) the Legal Maturity Date and (ii) the full redemption of all Notes, unless it is terminated early by one of the parties thereto in accordance with its terms.

Pursuant to each Interest Rate Swap the relevant Interest Rate Swap Counterparty is required to post collateral under such Interest Rate Swap as of the Note Issuance Date. In addition, pursuant to each Interest Rate Swap, if the relevant Interest Rate Swap Counterparty ceases to have the Interest Rate Swap Level 1 Required Ratings (as defined below), then under certain pre-conditions the Issuer has the right to terminate such Interest Rate Swap unless such Interest Rate Swap Counterparty, within certain periods of time (as further set out in such Interest Rate Swap) and at its own cost,

- (i) posts collateral for its obligations in accordance with the provisions of the Credit Support Annex; or
- (ii) obtains a guarantee of its obligations under such Interest Rate Swap from a sufficiently rated third party; or

- (iii) transfers all of its rights and obligations under such Interest Rate Swap or the relevant interest rate swap transaction(s) to an eligible third party with a sufficient rating

(the "**Posting Trigger Remedies**").

**"Interest Rate Swap Level 1 Required Ratings"** means, in relation to a person, that (i) its counterparty risk assessment from Moody's is at least A3(cr) or, if such person has no counterparty risk assessment from Moody's, its long-term, unsecured and unsubordinated debt obligations are rated at least A3 by Moody's (or its replacement); (ii) has a DBRS Critical Obligations Rating of at least A (or if no DBRS Critical Obligations Rating is assigned the higher of the issuer rating or long-term senior unsecured debt rating is at least A).

Pursuant to each Interest Rate Swap, if the relevant Interest Rate Swap Counterparty ceases to have the Interest Rate Swap Level 2 Required Ratings (as defined below), then under certain pre-conditions the Issuer has the right to terminate such Interest Rate Swap unless such Interest Rate Swap Counterparty, within certain periods of time (as further set out in such Interest Rate Swap) and at its own cost, posts collateral for its obligations in accordance with the provisions of the relevant Credit Support Annex, and

in addition, at its own cost,

- (i) obtains a guarantee of its obligations under such Interest Rate Swap from a sufficiently rated third party; or
- (ii) transfers all of its rights and obligations under such Interest Rate Swap or the relevant interest rate swap transaction(s) to an eligible third party with a sufficient rating (the "**Replacement Trigger Remedies**").

**"Interest Rate Swap Level 2 Required Ratings"** means, in relation to a person, that (i) its counterparty risk assessment from Moody's is at least Baa3(cr), if such person has no counterparty risk assessment from Moody's, its long-term, unsecured and unsubordinated debt obligations are rated at least Baa3 by Moody's (or its replacement); and (ii) has a DBRS Critical Obligations Rating of at least BBB (or if no DBRS Critical Obligations Rating is assigned, the higher of the issuer rating or long-term senior unsecured debt rating is at least BBB).

Where an Interest Rate Swap Counterparty provides collateral in accordance with the provisions of the relevant Credit Support Annex, such collateral or interest thereon will not form part of the Available Distribution Amount (other than enforcement proceeds from such collateral applied in satisfaction of termination payments due to the Issuer following the designation of an early termination date under the relevant Interest Rate Swap).

Each Interest Rate Swap is governed by the laws of England. Pursuant to the English Security Deed, the Issuer has created security in favour of the Transaction Security Trustee in all its present and future rights, claims and interests which the Issuer is now or becomes hereafter entitled to pursuant to or in respect of each Interest Rate Swap (see "English Security Deed" above).

#### **Agency Agreement**

Pursuant to the Agency Agreement, the EURIBOR Determination Agent, the Principal Paying Agent, the Listing Agent, the Cash Administrator and the Calculation Agent are appointed by the Issuer and each will act as agent of the Issuer to make certain calculations, determinations and to effect payments in respect of the Notes.

The Calculation Agent will verify the calculations undertaken by the Servicer relating to the payments to be effected on each Payment Date in accordance with the Transaction Documents. In addition, the Cash Administrator is appointed by the Issuer under the Agency Agreement to act as its agent and will provide certain cash management services such as providing the Account Bank with Payment Instructions on behalf of the Issuer required to effect payments in respect of the Notes and any other payments in accordance with the Transaction Documents on each Payment Date. Further, the Cash Administrator will make each Detailed Investor Report provided to it by the Servicer publicly available by posting it on Bloomberg (<https://bloomberg.com>) and by arranging for its publication on the website of True Sale International GmbH ([www.true-sale-international.de](http://www.true-sale-international.de)) without undue delay. The Cash

Administrator will also prepare and provide, on a monthly basis, a cash management report which relates to the envisaged payments to be effected on the immediately succeeding Payment Date in accordance with the Transaction Documents to the Issuer, the Corporate Administrator, the Transaction Security Trustee, the Principal Paying Agent, the Calculation Agent, the EURIBOR Determination Agent and the Rating Agencies no later than on the third Business Day prior to the Payment Date to which such cash management report relates.

The functions, rights and duties of the Cash Administrator, the Principal Paying Agent and the Calculation Agent are set out in the Terms and Conditions of the Notes as well as the Agency Agreement. See "TERMS AND CONDITIONS OF THE NOTES".

The Listing Agent will deliver to the Luxembourg Stock Exchange all documents and take all other actions required in connection with the listing of the Notes on the official List of the Luxembourg Stock Exchange in relation to the Transaction.

The Agency Agreement provides that the Issuer may terminate the appointment of any Principal Paying Agent with regard to some or all of its functions with the prior written consent of the Transaction Security Trustee upon giving such Principal Paying Agent not less than 30 calendar days' prior notice. Any Principal Paying Agent may at any time resign from its office by giving the Issuer and the Transaction Security Trustee not less than 30 calendar days' prior notice, provided that at all times there shall be a Principal Paying Agent, a Calculation Agent, an EURIBOR Determination Agent and a Cash Administrator appointed. Any termination of the appointment of any Principal Paying Agent and any resignation of such Principal Paying Agent shall only become effective upon the appointment in accordance with the Agency Agreement of one or more banks or financial institutions as replacement agent(s) in the required capacity. The right to termination or resignation for good cause will remain unaffected. If no replacement agent is appointed within 20 calendar days of any Paying Agent's resignation, then such Principal Paying Agent may itself, subject to certain requirements, appoint such replacement agent in the name of the Issuer.

#### **Corporate Administration Agreement**

Pursuant to a Corporate Administration Agreement the Corporate Administrator provides certain corporate and administrative services to the Issuer. The corporate services to be provided by the Corporate Administrator include:

- (a) provision of the registered address for the Issuer;
- (b) proposing to the Issuer at least two persons but not more than three persons that fulfil the criteria for managing directors set out in the articles of association (*Gesellschaftsvertrag*) of the Issuer to be appointed by the Issuer's shareholders' meeting as managing directors of the Issuer and if the appointment of any managing director has been revoked for any reason whatsoever and the Corporate Administration Agreement has not been terminated at such time, proposing to the Issuer a person to be appointed by the Issuer's shareholders' meeting as a new managing director of the Issuer;
- (c) assisting the managing directors of the Issuer in complying with their duties under statutory law and the articles of association of the Issuer;
- (d) making available telephone, facsimile and post box facilities at the Issuer's registered address;
- (e) dealing with correspondence of the Issuer, including checking and filing and forwarding it to the respective contact persons;
- (f) preparing and organising shareholders' meetings, preparing and circulating agendas and other documents or draft documents required at or in connection with such meetings, providing facilities for such meetings and keeping the minutes of such meetings;
- (g) keeping and maintaining the Issuer's corporate files and maintaining the corporate records, including the list of shareholders and the minutes of the shareholders' meetings;
- (h) mandating and supervising tax advisors to prepare tax returns and statutory financial statements;

- (i) supervising matters related to the local registration with the commercial register;
- (j) mandating the managing directors of the Issuer to prepare the annual accounts of the Issuer;
- (k) accounting for the Issuer, including, without limitation, the preparation of monthly statements according to German GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards), as relevant, and providing such monthly statements to the Seller or the Servicer (if different to the Seller) within three Business Days after receipt of each Monthly Report from the Servicer in accordance with the Servicing Agreement;
- (l) instructing and providing assistance to the auditors of the Issuer to carry out the audit of the annual accounts of the Issuer and, if required, filing such accounts with the relevant authorities;
- (m) filing the Issuer's annual accounts and tax returns with the competent authorities;
- (n) assisting the tax advisors and/or auditors of the Issuer to ensure that all application forms (including for extending the certificate issued by a competent German local tax authority confirming that there is no obligation to withhold any taxes (*Dauerüberzahlerbescheinigung*)) are filed with the competent German local tax authority and that the Issuer is registered for tax purposes with respect to all applicable German taxes and using all reasonable endeavours to ensure that the Issuer complies in all respects with its obligations in respect of any applicable taxes;
- (o) with the assistance of tax advisors if necessary, filing all applications for reverse VAT and undertaking all subsequent monthly VAT filings, if applicable
- (p) instructing the tax advisors to prepare the annual tax returns of the Issuer and providing to the tax advisors all information necessary to prepare such returns and submitting such returns together with the annual accounts to the competent German tax authorities;
- (q) being responsible for the administrative monitoring of each Account (including, for the avoidance of doubt, any ledger of such Account), including:
  - (i) ensuring that the Issuer complies with its obligations under the Transaction Documents and any other agreements entered into by it in relation to any Account;
  - (ii) performing all its duties under the Accounts Agreement with respect to each Account;
  - (iii) neither creating nor permitting the creation of any security interest in the name of the Issuer over or in relation to the assets of the Issuer, other than as provided by the Transaction Documents; and
  - (iv) opening new Accounts and a custody account with an acceptable counterparty as custodian, as and when required;
- (r) notifying each of the Issuer and the Transaction Security Trustee without undue delay if the Corporate Administrator attains actual knowledge that the rating of the Account Bank is withdrawn or falls under any of the Account Bank Required Ratings of the Account Bank;
- (s) co-ordinating and facilitating the preparation and issuance by the Issuer of and, if requested by either the Issuer or the Transaction Security Trustee, drafting all notices, acknowledgements, consents and demands which the Issuer is required to provide or issue under the Transaction Documents and undertaking all other obligations required of it under the Transaction Documents;
- (t) assisting the Issuer with and facilitating the identification of a suitable substitute servicer if the appointment of the Servicer under the Servicing Agreement is terminated and such termination is not due to the outsourcing of the servicing and collection of receivables and related collateral to a new direct or indirect subsidiary of the Seller or of a parent of the Seller;

- (u) providing the services necessary to procure that the Issuer complies with (aa) its obligations under the German Money Laundering Act (*Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten – Geldwäschegesetz*), (bb) its clearing, reporting or other obligations imposed on it by virtue of EMIR (or any amended or successor provisions) with respect to any Transaction Document (including any replacement swap), (cc) GDPR and (dd) any other legal obligations applicable to it;
- (v) undertaking quarterly statistical reporting to the German central bank (*Deutsche Bundesbank*) based on the respective reporting received by it from the Servicer (enclosure S1/P1 of their reporting to the German central bank);
- (w) undertaking monthly reporting to the German central bank (*Deutsche Bundesbank*) with respect to cross-border payments (*AWV-Meldungen*);
- (x) acting as process agent on behalf of the Issuer in the Federal Republic of Germany;
- (y) providing all other services as are incidental to the above corporate services and as are from time to time agreed with the Issuer in connection with the transaction contemplated by the Transaction Documents;
- (z) providing such further corporate administration services as may be required by the Issuer from time to time subject to the fees chargeable by the Corporate Administrator in accordance with clause 10.3 of the Corporate Administration Agreement;
- (aa) notifying the Transaction Security Trustee, the Issuer and the Servicer if no back-up servicer has been appointed within 30 calendar days after the occurrence of a Back-Up Servicer Trigger Event;
- (bb) notifying the Transaction Security Trustee, the Issuer, the Servicer and each Rating Agency if no back-up servicer has been appointed within 90 calendar days after the occurrence of a Back-Up Servicer Trigger Event;
- (cc) making the demands pursuant to paragraph 2(a) of the relevant Credit Support Annex entered into between any Interest Rate Swap Counterparty and the Issuer in connection with the relevant Interest Rate Swap on behalf of the Issuer, if relevant;
- (dd) facilitating the appointment of a replacement swap counterparty pursuant to the relevant ISDA Schedule in respect of each relevant Interest Rate Swap; and
- (ee) carry out all relevant registrations regarding FATCA and, if applicable, with respect to the annual automatic exchange of financial information between tax authorities developed by the Organisation for Economic Co-operation and Development (the "**Common Reporting Standard**").

Each party to the Corporate Administration Agreement may terminate such agreement or any part thereof for good cause (*aus wichtigem Grund*) and, if possible, give the other party and the Transaction Security Trustee not less than 30 calendar days' prior notice thereof. The Issuer may, with the prior written consent of the Transaction Security Trustee, terminate the appointment of the Corporate Administrator under the Corporate Administration Agreement by giving the Corporate Administrator not less than 30 calendar days' prior notice of such termination. The Corporate Administrator may at any time resign from its office by giving the Issuer and the Transaction Security Trustee not less than 30 calendar days' prior notice.

Any such resignation shall become effective only upon (i) the appointment by the Issuer, with the prior written consent of the Transaction Security Trustee, of another entity (the "**New Corporate Administrator**") and (ii) the giving of prior notice of such appointment to the Noteholders in accordance with Condition 13 (Form of Notices) of the Terms and Conditions of the Notes. If the Issuer fails to appoint a New Corporate Administrator within ten calendar days after receipt of the resignation notice given by the Corporate Administrator in accordance with item (b) above, then the resigning Corporate Administrator may appoint such New Corporate Administrator in the name and for the account of the Issuer by giving (i) prior notice of such appointment to the Noteholders in accordance with Condition 13 (Form of Notices) of the Terms and Conditions of the Notes and (ii) at

least 15 calendar days' prior notice of such appointment to the Issuer and the Transaction Security Trustee in accordance with the Corporate Administration Agreement.

In the event the Corporate Administrator resigns from office in accordance with the Corporate Administration Agreement without good cause (*ohne wichtigen Grund*) or the Issuer terminates the appointment of the Corporate Administrator due to its conduct constituting good cause (*wichtiger Grund*) for termination, the Corporate Administrator shall bear all costs and expenses directly associated with the appointment of a New Corporate Administrator (including the costs of all required publications and legal fees, if any).

Upon the termination or resignation of the Corporate Administrator becoming effective, the Corporate Administrator shall deliver to the Issuer, as it shall direct, all books of accounts, papers, records, registers, correspondence and documents in its possession or under its control relating to the affairs of or belonging to the Issuer, any original contracts and/or Transaction Documents, any monies then held by the Corporate Administrator on behalf of the Issuer and any other assets of the Issuer and shall take such further action as the Issuer may reasonably direct.

At any time following the appointment of a New Corporate Administrator in accordance with the terms of the Corporate Administration Agreement, the Corporate Administrator shall:

- (a) provide to the New Corporate Administrator all such information available to the Corporate Administrator as the New Corporate Administrator may reasonably require for the purposes of performing the functions of corporate administrator under the Corporate Administration Agreement;
- (b) take such further action within its power with regard to the appointment of a New Corporate Administrator as the Issuer or the Transaction Security Trustee may reasonably request; and
- (c) not take any action which would be likely to have a material adverse effect on the ability of the New Corporate Administrator to perform its obligations under the Corporate Administration Agreement.

## EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS

The expected average life of the Class A Notes and the Class B Notes cannot be predicted as the actual rate at which the Purchased Receivables will be repaid and a number of other relevant factors are unknown.

Calculated estimates as to the expected average life of the Class A Notes and the Class B Notes can be made based on certain assumptions. These estimates have certain inherent limitations. No representations are made that such estimates are accurate, that all assumptions relating to such estimates have been considered or stated or that such estimates will be realised. The calculated estimates as to the expected average life of the Class A Notes and the Class B Notes are subject to change should one or more than one of the assumptions (a) to (g) below turn out to be incorrect.

The table below shows the expected average life of the Class A Notes and the Class B Notes based on the following assumptions:

- (a) that the Purchased Receivables are subject to a constant rate of prepayment as shown in the column entitled "CPR p.a." in the table below;
- (b) that no Purchased Receivables are sold by the Issuer except as contemplated in the Credit and Collection Policy;
- (c) that the Notes are issued on the Note Issuance Date of 21 June 2018;
- (d) that no Purchased Receivables become delinquent;
- (e) that the Clean-Up Call Option will be exercised in accordance with the Receivables Purchase Agreement and Condition 7.4 (Early Redemption) of the Terms and Conditions of the Notes on the first Payment Date following the Cut-Off Date on which the Aggregate Outstanding Principal Amount has been reduced to less than 10 per cent. of the initial Aggregate Outstanding Principal Amount as of the first Cut-Off Date;
- (f) that the cumulative gross loss is 0 per cent. of the initial Aggregate Outstanding Principal Amount; and
- (g) that the sum of (i) the weighted interest margin of (y) the Class A Notes and (z) the Class B Notes, (ii) the Fixed Swap Rate and (iii) the senior expenses amount to 0.25 per cent. of the Aggregate Outstanding Principal Amount.

CPR p.a.	Class A			Class B		
	WAL (yrs)	Principal Payment Window		WAL (yrs)	Principal Payment Window	
0%	2.5	Jul 2018	Jan 2023	4.6	Jan 2023	Jan 2023
10%	2.1	Jul 2018	Oct 2022	4.4	Oct 2022	Oct 2022
16%	1.8	Jul 2018	Aug 2022	4.2	Aug 2022	Aug 2022
20%	1.7	Jul 2018	May 2022	3.9	May 2022	May 2022

Assumption (a) above is stated as an average annualised prepayment rate as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

The average lives of the Class A Notes and the Class B Notes are subject to factors largely outside of the Issuer's control and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.



## DESCRIPTION OF THE PORTFOLIO

The Portfolio consists of the Purchased Receivables arising under the Loan Contracts and the Related Collateral, originated by the Seller pursuant to the Credit and Collection Policy. See "CREDIT AND COLLECTION POLICY". The Purchased Receivables included in the Portfolio are derived from a portfolio of loans to retail customers to finance the purchase of Financed Vehicles and were acquired by the Issuer pursuant to the Receivables Purchase Agreement. The Aggregate Outstanding Principal Amount as of the close of business (in Mönchengladbach) on 31 May 2018 was EUR 599,999,998.18.

The Seller has made, *inter alia*, the following representations and warranties with respect to the Portfolio under the Receivables Purchase Agreement to the Issuer:

- (a) On the Purchase Date any Receivable offered for purchase is an Eligible Receivable.
- (b) All the Loan Contracts are legally valid, binding, enforceable and assignable and that all Loan Contracts were entered into with respect to a Financed Vehicle registered in Germany title to which has been transferred by the relevant Debtor to the Seller as Related Collateral.
- (c) There exists in respect of each Receivable offered for sale and assignment to the Issuer under the Receivables Purchase Agreement the Related Collateral contemplated in the relevant Loan Contract.
- (d) In the event that it is agreed in the relevant Loan Contract that a comprehensive insurance policy (*Kaskoversicherung*) will be entered into, the respective Debtors have to enter into comprehensive insurance policies (*Kaskoversicherungen*) for the relevant Financed Vehicles which will continue to exist for the term of the Loan Contract. The Seller will, upon request of the Issuer, prove the existence of any such comprehensive insurance policy (*Kaskoversicherung*) and the compliance with any relevant notification or consent requirement applying to the assignment thereof to the Issuer under the Receivables Purchase Agreement.
- (e) Upon the payment of the purchase price for the Receivables and the Related Collateral on the Purchase Date under the Receivables Purchase Agreement the Issuer will acquire the ownership of each Purchased Receivable assigned on the Purchase Date and the Related Collateral contemplated in the relevant Loan Contract free and clear of any Adverse Claim.
- (f) Neither the Purchased Receivables, the Related Collateral nor the claim for payment of Collections by the Servicer and the Seller to the Issuer is collateralised by a security interest in German-situs real property, or rights therein, or in ships, or rights in ships, registered in a German ship registry, or is evidenced by a security, such as a registered or bearer bond.

The Issuer hereby declares that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. However, this is not a guarantee by the Issuer and the Issuer as a special purpose entity has only limited resources available as described under the heading "RISK FACTORS - Limited resources of the Issuer".

## ELIGIBILITY CRITERIA

As of the Note Issuance Date (for this purpose the Specified Date), the following criteria (the "**Eligibility Criteria**") must have been met by the Receivables to be eligible for acquisition by the Issuer pursuant to the Receivables Purchase Agreement. The Eligibility Criteria constitute Appendix C to the Terms and Conditions of the Notes and form an integral part of the Terms and Conditions of the Notes.

A Receivable is an Eligible Receivable if it and any part thereof meets the following conditions:

1. **The Receivable**
  - (a) was originated in the ordinary course of business of the Seller (excluding its online business) in accordance with the Credit and Collection Policy of the Seller and is based on the applicable general terms and conditions of business of the Seller;
  - (b) was originated on or after 11 June 2010;
  - (c) is denominated and payable in euro;
  - (d) the Loan Contract under which it arises has not been terminated, extended or restructured and such Receivable does not arise from an overdraft facility (*Kontokorrentkredit*);
  - (e) the loan facility under the relevant Loan Contract has been fully drawn by the relevant Debtor;
  - (f) the Loan Contract under which it arises has a minimum remaining term of one month and a maximum remaining term of 84 months, and its original term has not been greater than 90 months; and
  - (g) has an outstanding principal amount and has a fixed interest rate and is fully amortising through payment of constant monthly instalments (except for the first instalment and the final instalment payable under the relevant Loan Contract which may differ from the monthly instalments payable for subsequent or previous months).
2. The Receivable exists and constitutes legally valid, binding and enforceable obligations of the respective Debtor, enforceable in accordance with the terms of the respective Loan Contract, and is not subject to any right of revocation (*Anfechtungsrecht*), set-off or counterclaim (other than potential set-off rights and counterclaims resulting from Seller Deposits held by the relevant Debtor or from claims of the relevant Debtor in connection with loan administration fees (*Bearbeitungsgebühren*) or Capitalised Service Fees) or warranty claims of the Debtor and no other right of objection, irrespective of whether the Issuer knew or could have known of the existence of objections, defences or counter-rights.
3. The Receivable may be segregated and identified at any time for purposes of ownership and Related Collateral in the electronic files of the Seller and such electronic files and the relating software is able to provide the information to be included in the offer with respect to such Receivables and Related Collateral pursuant to the Receivables Purchase Agreement.
4. The Receivable arises under the Loan Contract which relates to the acquisition by the Debtor of the relevant Financed Vehicle and any Insurance Agreement entered into by such Debtor in respect thereof and is secured by such Financed Vehicle and at the time of sale and assignment of the relevant Receivable and of the Related Collateral the Seller has no direct possession (*unmittelbaren Besitz*) but indirect possession (*mittelbaren Besitz*) to and a valid claim for return of (*Herausgabeanspruch*) such Financed Vehicle.
5. The Receivable is owed by a person who is a consumer (*Verbraucher*) within the meaning of section 491(1) of the German Civil Code (*Bürgerliches Gesetzbuch*) and the Seller has fully complied with any applicable consumer legislation with respect to such Receivable as of the date when it was originated, in particular (i) those sections of the German Civil Code (*Bürgerliches Gesetzbuch*) and the Introductory Act to the German Civil Code

(*Einführungsgesetz zum Bürgerlichen Gesetzbuch*) (collectively, the "**Distance Marketing Provisions**"), which relate to distance marketing of consumer financial services (*Fernabsatzverträgen bei Finanzdienstleistungen*) and (ii) those Sections of the German Civil Code (*Bürgerliches Gesetzbuch*) which relate to consumer loan contracts (*Verbraucherdarlehensverträge*), and any applicable right of withdrawal (*Widerrufsrecht/Widerspruchsrecht*) or right to return (*Rückgaberecht*) of such Debtor with respect to the relevant Loan Contract or the relevant Financed Vehicle has irrevocably lapsed, provided that no Loan Contract under which a Receivable arises and to which the Distance Marketing Provisions apply constitutes a loan agreement that is associated with another agreement (*verbundener Vertrag*) within the meaning of the applicable provisions of the German Civil Code (*Bürgerliches Gesetzbuch*) (other than any Insurance Agreement in respect of the relevant Financed Vehicle).

6. The Receivable is not, as of the Purchase Date (with respect to any Loan Instalments under the relevant Loan Contract), a Delinquent Receivable (and for the avoidance of doubt it is hereby agreed that any return of any amounts received by the Seller or the Servicer by way of direct debit (*Lastschrift*) to the relevant Debtor or intermediary credit institution because of a return of such direct debit (*Rücklastschrift*) shall not render the relevant Receivable to be an ineligible Receivable *ab initio* if, but only if, such Debtor has objected (*widersprechen*) to such direct debit within six weeks of such debit), Defaulted Receivable or Disputed Receivable, and in particular the Debtor has not yet terminated or threatened to terminate the relevant Loan Contract, in each of the foregoing cases with respect to any Loan Instalment under the relevant Loan Contract and it is payable by a Debtor which is not the Debtor of any Defaulted Receivable. No breach of any obligation under any agreement (except for the obligation to pay) of any party exists with respect to the Receivable, the Seller has fully complied with its obligations under the Loan Contract and the supplier of the related Financed Vehicle has fully complied with its obligations under the relevant supply contract and any other relevant agreement with the Debtor and no warranty claims of the Debtor exist against such supplier under the relevant supply contract or other agreement.
7. The Receivable is a claim which can be transferred by way of assignment without the consent of the related Debtor and which shall be validly transferred, together with the Related Collateral, to the Purchaser in the manner contemplated by the Receivables Purchase Agreement.
8. The Receivable is a Receivable (including any part thereof, the related Financed Vehicle and the other Related Collateral) to which the Seller is fully entitled, free of any rights of any third party, over which the Seller may freely dispose and in respect of which the Purchaser will, upon acceptance of the Offer for the purchase of such Receivable as contemplated in the Receivables Purchase Agreement, acquire the title unencumbered by any counterclaim, set-off right, other objection and Adverse Claims (other than those of the Debtor under the related Loan Contract); in particular, such Receivable (and the Related Collateral) has not been assigned to any third party for refinancing and has been documented in a set of documents which designates the Financed Vehicle, the acquisition costs thereof, the related Debtor, the Loan Instalments, the applicable interest rate, the initial due dates and the term of the Loan Contract.
9. The Receivable has been created in compliance with all applicable laws, rules and regulations (in particular with respect to consumer protection and data protection) and all required consents, approvals and authorisations have been obtained in respect thereof and neither the Seller nor the Debtor are in violation of any such law, rule or regulation.
10. The Receivable is subject to German law.
11. The assignment of the Receivable and the Related Collateral does not violate any law or agreements (in particular with respect to consumer protection and data protection) to which the Seller is bound. Following the assignment of the Receivable and Related Collateral, such Receivable and the Related Collateral shall not be available to the creditors of the Seller on the occasion of any insolvency of the Seller.

12. At least two due Loan Instalments have been fully paid for the Receivable prior to the Purchase Date.
13. The Receivable together with all other Purchased Receivables does not exceed any Concentration Limit on the Purchase Date.

"**Concentration Limit**" shall mean each of the following requirements:

- (a) On the Purchase Date, the sum of the Outstanding Principal Amount of the Receivable and the Aggregate Outstanding Principal Amount of all other Purchased Receivables owed by the Debtor owing the Receivable does not exceed EUR 150,000.
  - (b) On the Purchase Date, the weighted average Effective Interest Rate of the Receivable and all other Purchased Receivables is at least equal to 3.45 per cent. *per annum*.
  - (c) In the event that the Receivable relates to a Financed Vehicle which is not a Used Vehicle, on the Purchase Date, the ratio (expressed as a percentage) of the aggregate Principal Amounts of the Receivable and all other Purchased Receivables which relate to Financed Vehicles which are not Used Vehicles in relation to the aggregate Principal Amounts of the Receivable and all other Purchased Receivables is at least equal to 40 per cent.
  - (d) On the Purchase Date, the weighted average remaining term of the Loan Contracts relating to all Purchased Receivables does not exceed 47 months.
  - (e) On the Purchase Date, the aggregate Principal Amounts of all Purchased Receivables which arise under Balloon Loans does not exceed 71 per cent. of the aggregate Principal Amounts of all Purchased Receivables.
14. The Receivable is due from a Debtor who is either a private individual resident in Germany or a self-employed individual resident in Germany.
  15. The Receivable is due from a Debtor who is not insolvent or bankrupt (*zahlungsunfähig*, including imminent inability to pay its debts (*drohende Zahlungsunfähigkeit*)) or over-indebted (*überschuldet*) and against whom no proceedings for the commencement of insolvency proceedings are pending in any jurisdiction.
  16. The Receivable is not due from a Debtor who is either an employee or an officer of Santander Consumer Bank AG.

## INFORMATION TABLES REGARDING THE PORTFOLIO

The following statistical information sets out certain characteristics of a portfolio of the Purchased Receivables as of 31 May 2018 (for this purpose the Specified Date), unless indicated otherwise. The information set out below in respect of the Portfolio may not necessarily correspond to that of the Purchased Receivables as of the Note Issuance Date as a result of prepayments and repayments prior to the Note Issuance Date or failure to comply with the Eligibility Criteria on the Notes Issuance Date. After the Note Issuance Date, the Portfolio will change from time to time as a result of repayment, prepayments or repurchase of Purchased Receivables.

### 1. Original Principal Balance

<i>Original Principal Balance (Ranges in EUR)</i>	<i>Original Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0: 999	7,392.15	0.00%	9	0.02%
1000: 1999	328,117.50	0.05%	200	0.44%
2000: 2999	1,602,647.57	0.24%	634	1.39%
3000: 3999	4,143,872.54	0.61%	1,185	2.60%
4000: 4999	6,645,993.09	0.98%	1,480	3.25%
5000: 5999	10,268,626.73	1.51%	1,868	4.10%
6000: 6999	13,163,889.31	1.94%	2,023	4.44%
7000: 7999	15,749,283.03	2.32%	2,098	4.60%
8000: 8999	19,339,319.40	2.84%	2,272	4.98%
9000: 9999	21,838,403.07	3.21%	2,293	5.03%
10000:10999	29,002,582.26	4.27%	2,763	6.06%
11000:11999	28,904,241.87	4.25%	2,514	5.51%
12000:12999	29,668,021.02	4.36%	2,375	5.21%
13000:13999	31,132,645.29	4.58%	2,305	5.06%
14000:14999	32,881,701.82	4.84%	2,269	4.98%
15000:15999	33,981,975.47	5.00%	2,193	4.81%
16000:16999	31,044,657.38	4.57%	1,883	4.13%
17000:17999	30,048,014.59	4.42%	1,718	3.77%
18000:18999	28,466,141.99	4.19%	1,539	3.38%
19000:19999	27,359,581.16	4.02%	1,403	3.08%
20000:20999	25,701,069.20	3.78%	1,257	2.76%
21000:21999	25,907,995.36	3.81%	1,206	2.65%
22000:22999	23,423,435.85	3.44%	1,042	2.29%
23000:23999	22,363,264.47	3.29%	952	2.09%
24000:24999	19,659,445.60	2.89%	803	1.76%
25000:25999	18,533,858.99	2.73%	727	1.59%
26000:26999	17,906,517.25	2.63%	676	1.48%
27000:27999	15,836,037.13	2.33%	576	1.26%
28000:28999	13,284,055.80	1.95%	466	1.02%
29000:29999	12,272,879.49	1.80%	416	0.91%
30000:30999	11,425,343.76	1.68%	375	0.82%
31000:31999	10,080,975.42	1.48%	320	0.70%
32000:32999	9,032,881.75	1.33%	278	0.61%
33000:33999	7,133,367.25	1.05%	213	0.47%
34000:34999	6,030,315.51	0.89%	175	0.38%
35000:35000	105,000.00	0.02%	3	0.01%
35001:	45,738,706.64	6.73%	1,084	2.38%
<b>Total</b>	<b>680,012,256.71</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>
<b>Statistics</b>		<b>in EUR</b>		
Average Amount	14,914.84			

## 2. Current Principal Balance

<i>Current Principal Balance (Ranges in EUR)</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0: 999	185,645.42	0.03%	319	0.70%
1000: 1999	1,199,508.58	0.20%	773	1.70%
2000: 2999	3,302,062.20	0.55%	1,305	2.86%
3000: 3999	5,733,846.78	0.96%	1,629	3.57%
4000: 4999	8,738,424.85	1.46%	1,934	4.24%
5000: 5999	11,640,633.88	1.94%	2,117	4.64%
6000: 6999	15,091,095.89	2.52%	2,318	5.08%
7000: 7999	17,784,143.17	2.96%	2,368	5.19%
8000: 8999	21,822,321.53	3.64%	2,567	5.63%
9000: 9999	26,318,414.68	4.39%	2,768	6.07%
10000:10999	27,436,691.75	4.57%	2,615	5.74%
11000:11999	28,660,225.36	4.78%	2,493	5.47%
12000:12999	29,726,910.57	4.95%	2,376	5.21%
13000:13999	31,944,866.17	5.32%	2,367	5.19%
14000:14999	30,876,356.35	5.15%	2,132	4.68%
15000:15999	29,344,875.72	4.89%	1,895	4.16%
16000:16999	27,474,345.94	4.58%	1,666	3.65%
17000:17999	26,273,826.81	4.38%	1,502	3.29%
18000:18999	24,186,809.63	4.03%	1,309	2.87%
19000:19999	24,159,217.69	4.03%	1,240	2.72%
20000:20999	21,346,271.03	3.56%	1,042	2.29%
21000:21999	20,530,716.60	3.42%	955	2.09%
22000:22999	19,594,318.46	3.27%	871	1.91%
23000:23999	17,845,033.27	2.97%	760	1.67%
24000:24999	14,948,131.94	2.49%	610	1.34%
25000:25999	15,075,425.50	2.51%	591	1.30%
26000:26999	12,151,828.24	2.03%	459	1.01%
27000:27999	11,017,305.20	1.84%	401	0.88%
28000:28999	10,167,804.86	1.69%	357	0.78%
29000:29999	8,794,609.46	1.47%	298	0.65%
30000:30999	7,950,372.93	1.33%	261	0.57%
31000:31999	6,645,489.52	1.11%	211	0.46%
32000:32999	5,719,172.15	0.95%	176	0.39%
33000:33999	4,553,276.33	0.76%	136	0.30%
34000:34999	4,000,170.50	0.67%	116	0.25%
35001:	27,759,849.22	4.63%	656	1.44%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>
<b>Statistics</b>		<b>in EUR</b>		
Average Amount	13,159.91			

### 3. Borrower Concentration

<i>No</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>
1	100,866.63	0.0168%	1
2	99,814.42	0.0166%	1
3	98,967.29	0.0165%	1
4	98,317.48	0.0164%	1
5	98,081.69	0.0163%	1
6	94,902.37	0.0158%	1
7	90,966.30	0.0152%	1
8	82,816.96	0.0138%	1
9	82,266.34	0.0137%	2
10	81,427.80	0.0136%	1
11	80,317.47	0.0134%	1
12	78,083.21	0.0130%	1
13	75,423.08	0.0126%	1
14	73,745.66	0.0123%	2
15	73,625.38	0.0123%	1
16	68,803.06	0.0115%	1
17	67,726.90	0.0113%	1
18	67,134.64	0.0112%	1
19	65,383.83	0.0109%	1
20	64,918.50	0.0108%	1
21	64,389.38	0.0107%	1
22	64,106.38	0.0107%	1
23	63,776.97	0.0106%	1
24	62,338.82	0.0104%	1
25	61,080.20	0.0102%	2
<b>1,959,280.76</b>	<b>0.3265%</b>	<b>28</b>	

### 4. Geographical Distribution

<i>State</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
Baden-Wuerttemberg	66,851,377.47	11.14%	4,923	10.80%
Bavaria	76,939,717.18	12.82%	5,659	12.41%
Berlin	9,885,224.77	1.65%	775	1.70%
Brandenburg	27,552,198.95	4.59%	2,158	4.73%
Bremen	3,595,515.37	0.60%	264	0.58%
Hamburg	5,650,072.40	0.94%	437	0.96%
Hesse	41,051,305.25	6.84%	3,064	6.72%
Lower Saxony	63,323,462.57	10.55%	4,827	10.59%
Mecklenburg-Western Pomerania	23,209,687.05	3.87%	1,839	4.03%
North Rhine-Westphalia	120,024,360.91	20.00%	9,354	20.52%
Rhineland-Palatinate	30,913,641.46	5.15%	2,266	4.97%
Saarland	7,576,784.92	1.26%	567	1.24%
Saxonia	38,397,361.81	6.40%	3,019	6.62%
Saxony-Anhalt	30,361,666.59	5.06%	2,370	5.20%
Schleswig-Holstein	20,177,399.44	3.36%	1,585	3.48%
Thuringia	34,490,222.04	5.75%	2,486	5.45%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

## 5. Vehicle Distribution

<i>Car Type</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
New Vehicle	240,004,994.93	40.00%	14,346	31.47%
Used Vehicle	359,995,003.25	60.00%	31,247	68.53%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<i>Object Type</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
Car	588,975,540.87	98.16%	44,267	97.09%
Motorbike	6,159,739.42	1.03%	996	2.18%
Leisure	4,720,488.11	0.79%	287	0.63%
Trailer	144,229.78	0.02%	43	0.09%
Utility Vehicle	0.00	0.00%	0	0.00%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<i>Fuel Type</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
Petrol	345,109,093.47	57.52%	28,920	63.43%
Diesel Euro 6	128,712,423.61	21.45%	6,561	14.39%
Diesel < Euro 6	112,071,373.06	18.68%	9,099	19.96%
Other	3,090,024.76	0.52%	187	0.41%
n/a	11,017,083.28	1.84%	826	1.81%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

## 6. Insurance Coverage

<i>Payment Protection Insurance</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
No	158,040,961.68	26.34%	11,898	26.10%
Yes	441,959,036.50	73.66%	33,695	73.90%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<i>Gap Insurance (Santander Safe)</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
No	413,028,291.87	68.84%	32,486	71.25%
Yes	186,971,706.31	31.16%	13,107	28.75%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<i>Repair Cost Insurance (Santander AutoCare)</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
No	556,803,549.18	92.80%	42,283	92.74%
Yes	43,196,449.00	7.20%	3,310	7.26%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>



## 7. Type of Loan

<b>7a. Type of Loan</b>				
<i>Contracts with Balloon Payments</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
No	175,670,711.72	29.28%	19,763	43.35%
Yes	424,329,286.46	70.72%	25,830	56.65%
- of which balloon rates	215,803,374.04	35.97%		
- of which regular installments	208,525,912.42	34.75%		
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<b>7b. Balloon Payments according to Original Term</b>				
<i>Original Term in Months</i>	<i>Balloon Loans Principal in EUR</i>	<i>Balloon Rates in % of Total Current Outstanding</i>	<i>Number of Loans</i>	<i>Ballon Rates in % of Total Balloon Loans</i>
0:12	403,807.37	0.19%	48	0.19%
13:25	5,463,586.29	2.53%	589	2.28%
26:38	25,568,578.86	11.85%	2,822	10.93%
39:51	55,279,081.15	25.62%	6,676	25.85%
52:64	128,538,847.05	59.56%	15,655	60.61%
65:72	115,420.12	0.05%	7	0.03%
73:	434,053.20	0.20%	33	0.13%
<b>Total</b>	<b>215,803,374.04</b>	<b>100.00%</b>	<b>25,830</b>	<b>100.00%</b>

<b>7c. Balloon Payments according to Remaining Term</b>				
<i>Remaining Term in Months</i>	<i>Balloon Loans Principal in EUR</i>	<i>Balloon Rates in % of Total Current Outstanding</i>	<i>Number of Loans</i>	<i>Ballon Rates in % of Total Balloon Loans</i>
0:12	4,953,322.09	2.30%	614	2.38%
13:25	17,613,015.18	8.16%	2,054	7.95%
26:38	51,125,595.86	23.69%	5,948	23.03%
39:51	83,858,867.91	38.86%	10,339	40.03%
52:64	57,806,519.80	26.79%	6,841	26.48%
65:72	128,298.70	0.06%	9	0.03%
73:	317,754.50	0.15%	25	0.10%
<b>Total</b>	<b>215,803,374.04</b>	<b>100.00%</b>	<b>25,830</b>	<b>100.00%</b>

## 8. Method of Payment

<i>Payment Method</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
Direct Debit	599,702,646.20	99.95%	45,564	99.94%
Other	297,351.98	0.05%	29	0.06%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<i>Cycle of Payment</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
15th of month	264,192,781.50	44.03%	20,178	44.26%
1st of month	335,807,216.68	55.97%	25,415	55.74%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

## 9. Downpayment

<i>Downpayment and Purchase Price</i>	<i>All Contracts</i>	<i>Contracts with Downpayment</i>
Average downpayment	3,770.46 €	5,359.86 €
Average Purchase Price	17,711.59 €	19,088.84 €
Minimum Downpayment		94.00 €
Maximum Downpayment		75,000.00 €
<b>Downpayment in %</b>	<b>21.29%</b>	<b>28.08%</b>

<i>Downpayment (Ranges in EUR)</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>	<i>Downpayment / Purchase Price in %</i>
No Downpayment	185,742,185.67	30.96%	13,520	29.65%	0.00%
0: 999	18,449,361.84	3.07%	1,849	4.06%	4.86%
1000: 1999	44,860,283.47	7.48%	4,210	9.23%	10.22%
2000: 2999	55,861,837.59	9.31%	4,718	10.35%	15.24%
3000: 3999	49,096,812.04	8.18%	3,940	8.64%	19.55%
4000: 4999	39,703,056.63	6.62%	3,088	6.77%	23.73%
5000: 5999	49,200,895.31	8.20%	3,511	7.70%	25.68%
6000: 6999	28,070,281.26	4.68%	2,053	4.50%	29.86%
7000: 7999	21,707,405.05	3.62%	1,578	3.46%	33.00%
8000: 8999	20,068,584.51	3.34%	1,419	3.11%	35.16%
9000: 9999	11,355,395.20	1.89%	794	1.74%	37.86%
10000:10999	24,250,419.89	4.04%	1,614	3.54%	38.55%
11000:11999	7,396,107.12	1.23%	510	1.12%	42.35%
12000:12999	8,083,861.42	1.35%	541	1.19%	43.39%
13000:13999	5,720,755.70	0.95%	389	0.85%	45.63%
14000:14999	4,528,981.53	0.75%	308	0.68%	47.42%
15000:15000	6,380,136.17	1.06%	391	0.86%	45.94%
15001:	19,523,637.78	3.25%	1,160	2.54%	53.14%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>	<b>21.29%</b>

## 10. Effective Interest Rate

<i>Effective Interest Rate Range (%)</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0: 0	773,785.43	0.13%	44	0.10%
1: 1	86,715,796.40	14.45%	5,166	11.33%
2: 2	188,463,194.26	31.41%	12,357	27.10%
3: 3	231,214,067.52	38.54%	17,549	38.49%
4: 4	62,683,893.63	10.45%	6,363	13.96%
5: 5	21,100,979.02	3.52%	2,765	6.06%
6: 6	6,066,749.86	1.01%	865	1.90%
7: 7	1,787,926.28	0.30%	277	0.61%
8: 8	880,154.26	0.15%	141	0.31%
9: 9	254,026.36	0.04%	53	0.12%
10:10	59,425.16	0.01%	13	0.03%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>

<b>Statistics</b>	
WA* Effective Interest Rate	3.45%

*\*WA = Weighted-Average*

## 11. Seasoning

<i>Seasoning in Months</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0: 2	1,825,100.16	0.30%	122	0.27%
3: 5	138,692,343.23	23.12%	9,937	21.80%
6: 8	139,608,850.84	23.27%	10,022	21.98%
9:11	124,591,617.34	20.77%	9,255	20.30%
12:14	82,342,807.25	13.72%	6,319	13.86%
15:17	41,870,427.34	6.98%	3,350	7.35%
18:20	23,144,664.86	3.86%	1,948	4.27%
21:23	18,240,401.43	3.04%	1,569	3.44%
24:26	11,558,103.75	1.93%	1,031	2.26%
27:29	5,754,089.75	0.96%	539	1.18%
30:32	3,748,800.74	0.62%	390	0.86%
33:35	2,899,448.62	0.48%	339	0.74%
36:38	1,563,556.68	0.26%	200	0.44%
39:41	1,588,656.63	0.26%	191	0.42%
42:44	1,137,145.68	0.19%	145	0.32%
45:47	945,590.46	0.16%	130	0.29%
48:50	218,596.46	0.04%	39	0.09%
51:53	77,702.26	0.01%	17	0.04%
54:56	56,725.80	0.01%	12	0.03%
57:59	86,202.18	0.01%	16	0.04%
60:62	24,084.37	0.00%	9	0.02%
63:65	15,848.70	0.00%	6	0.01%
66:68	4,965.45	0.00%	3	0.01%
69:71	1,611.68	0.00%	2	0.00%
72:74	0.00	0.00%	0	0.00%
75:77	1,898.30	0.00%	1	0.00%
78:80	0.00	0.00%	0	0.00%
81:	758.22	0.00%	1	0.00%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>
<b>Statistics in months</b>				
WA Seasoning	10.42			

## 12. Remaining Term

<i>Remaining Term in Months</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0: 6	2,770,611.79	0.46%	726	1.59%
7:13	6,904,923.65	1.15%	1,298	2.85%
14:20	15,563,406.60	2.59%	2,233	4.90%
21:27	31,988,640.45	5.33%	3,477	7.63%
28:34	60,112,036.46	10.02%	5,417	11.88%
35:41	79,305,286.27	13.22%	6,247	13.70%
42:48	102,531,095.44	17.09%	7,143	15.67%
49:55	167,809,388.04	27.97%	10,208	22.39%
56:62	67,283,913.42	11.21%	4,235	9.29%
63:69	25,969,549.64	4.33%	2,026	4.44%
70:76	16,817,175.53	2.80%	1,148	2.52%
77:83	22,943,970.89	3.82%	1,435	3.15%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>
<b>Statistics in months</b>				
WA Remaining Term	46.72			

### 13. Original Term

<i>Original Term in Months</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
0:12	852,501.15	0.14%	253	0.55%
13:25	13,326,794.52	2.22%	2,490	5.46%
26:38	57,450,955.22	9.58%	6,136	13.46%
39:51	126,875,037.18	21.15%	10,402	22.81%
52:64	318,929,195.28	53.15%	20,152	44.20%
65:77	36,782,261.98	6.13%	3,103	6.81%
78:	45,783,252.85	7.63%	3,057	6.70%
<b>Total</b>	<b>599,999,998.18</b>	<b>100.00%</b>	<b>45,593</b>	<b>100.00%</b>
<b>Statistics in months</b>				
WA Original Term	57.14			

### 14. Overview on TOP 15 Manufacturers

<i>Manufacturer brands</i>	<i>Current Principal Balance in EUR</i>	<i>Percentage of Total Balance</i>	<i>Number of Loans</i>	<i>Percentage of Total Loans</i>
1	69,755,055.22	11.63%	4,313	9.46%
2	61,545,790.79	10.26%	4,152	9.11%
3	59,110,267.96	9.85%	4,812	10.55%
4	57,847,856.34	9.64%	3,731	8.18%
5	52,834,865.21	8.81%	4,212	9.24%
6	51,530,824.53	8.59%	4,708	10.33%
7	32,194,772.75	5.37%	2,234	4.90%
8	27,821,900.48	4.64%	1,910	4.19%
9	25,218,965.69	4.20%	1,930	4.23%
10	25,011,374.76	4.17%	1,986	4.36%
11	22,333,100.23	3.72%	1,241	2.72%
12	19,275,731.83	3.21%	1,541	3.38%
13	11,673,429.77	1.95%	952	2.09%
14	11,603,528.81	1.93%	1,038	2.28%
15	8,625,987.58	1.44%	825	1.81%
	<b>536,383,451.95</b>	<b>89.40%</b>	<b>39,585</b>	<b>86.82%</b>
Included manufacturer brands in TOP 15 in alphabetical order:				
Audi, BMW, Fiat, Ford, Hyundai, Kia, Mazda, Mercedes, Nissan, Opel, SEAT (E), Skoda, Suzuki, Volvo, VW				

## HISTORICAL DATA

### 1. Static Analysis Gross Losses – Total Portfolio as of 28 February 2018

For a generation of loans (being all loans originated during the same quarter), the cumulative gross (i.e. before recovery proceeds) losses in respect of a month is calculated as the ratio of: (i) the cumulative defaulted principal amount recorded between the month when such loans were originated and the relevant month, to (ii) the initial principal outstanding amount of such loans. In cases where recovery proceeds are based on repossessed and sold vehicles, such proceeds are added to the outstanding amount when such loan receivable becomes a defaulted receivable.

Quarter New Business	cumulative losses in % / months after origination																							
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72
Q1 2008	0.00%	0.04%	0.15%	0.33%	0.58%	0.82%	1.05%	1.26%	1.46%	1.62%	1.81%	1.91%	2.03%	2.16%	2.28%	2.39%	2.46%	2.53%	2.61%	2.66%	2.72%	2.75%	2.79%	2.82%
Q2 2008	0.02%	0.05%	0.17%	0.37%	0.57%	0.78%	0.99%	1.16%	1.32%	1.50%	1.62%	1.75%	1.86%	2.03%	2.14%	2.21%	2.31%	2.39%	2.44%	2.48%	2.53%	2.58%	2.61%	2.64%
Q3 2008	0.01%	0.05%	0.22%	0.47%	0.66%	0.91%	1.13%	1.33%	1.52%	1.70%	1.85%	2.00%	2.16%	2.28%	2.36%	2.46%	2.54%	2.62%	2.69%	2.75%	2.79%	2.82%	2.84%	2.88%
Q4 2008	0.02%	0.07%	0.23%	0.42%	0.58%	0.78%	0.95%	1.16%	1.34%	1.48%	1.65%	1.84%	1.99%	2.06%	2.17%	2.24%	2.30%	2.38%	2.44%	2.49%	2.56%	2.60%	2.62%	2.65%
Q1 2009	0.01%	0.07%	0.14%	0.25%	0.36%	0.50%	0.62%	0.73%	0.81%	0.94%	1.07%	1.17%	1.25%	1.33%	1.40%	1.44%	1.51%	1.58%	1.61%	1.65%	1.69%	1.72%	1.75%	1.76%
Q2 2009	0.01%	0.05%	0.13%	0.23%	0.34%	0.45%	0.56%	0.66%	0.78%	0.94%	1.06%	1.16%	1.25%	1.33%	1.41%	1.48%	1.54%	1.58%	1.63%	1.65%	1.68%	1.72%	1.74%	1.75%
Q3 2009	0.02%	0.07%	0.16%	0.24%	0.36%	0.46%	0.56%	0.69%	0.83%	0.98%	1.08%	1.19%	1.29%	1.36%	1.43%	1.52%	1.58%	1.63%	1.67%	1.72%	1.75%	1.78%	1.81%	1.83%
Q4 2009	0.03%	0.07%	0.13%	0.21%	0.31%	0.42%	0.55%	0.73%	0.85%	0.95%	1.06%	1.14%	1.19%	1.29%	1.36%	1.42%	1.46%	1.52%	1.56%	1.61%	1.63%	1.66%	1.69%	1.70%
Q1 2010	0.04%	0.06%	0.12%	0.20%	0.30%	0.44%	0.60%	0.72%	0.80%	0.91%	1.01%	1.11%	1.21%	1.29%	1.34%	1.40%	1.44%	1.50%	1.54%	1.58%	1.60%	1.62%	1.64%	1.66%
Q2 2010	0.03%	0.05%	0.14%	0.23%	0.35%	0.46%	0.60%	0.67%	0.77%	0.87%	0.97%	1.02%	1.10%	1.16%	1.22%	1.28%	1.32%	1.38%	1.40%	1.43%	1.46%	1.48%	1.49%	1.50%
Q3 2010	0.01%	0.04%	0.11%	0.19%	0.33%	0.46%	0.56%	0.68%	0.77%	0.89%	0.97%	1.05%	1.12%	1.19%	1.25%	1.32%	1.37%	1.43%	1.46%	1.49%	1.52%	1.53%	1.54%	1.56%
Q4 2010	0.01%	0.04%	0.07%	0.18%	0.27%	0.34%	0.42%	0.51%	0.60%	0.68%	0.77%	0.87%	0.94%	1.01%	1.06%	1.11%	1.16%	1.20%	1.22%	1.24%	1.26%	1.27%	1.29%	1.29%
Q1 2011	0.02%	0.03%	0.07%	0.13%	0.21%	0.29%	0.36%	0.42%	0.52%	0.60%	0.67%	0.73%	0.81%	0.86%	0.92%	0.96%	1.00%	1.05%	1.08%	1.10%	1.12%	1.15%	1.17%	1.17%
Q2 2011	0.01%	0.04%	0.08%	0.16%	0.25%	0.35%	0.42%	0.54%	0.65%	0.72%	0.80%	0.86%	0.92%	0.97%	1.04%	1.07%	1.10%	1.14%	1.16%	1.19%	1.22%	1.24%	1.24%	1.26%
Q3 2011	0.01%	0.03%	0.09%	0.17%	0.29%	0.38%	0.52%	0.62%	0.70%	0.78%	0.86%	0.94%	1.02%	1.10%	1.15%	1.20%	1.24%	1.26%	1.28%	1.30%	1.33%	1.35%	1.36%	1.36%
Q4 2011	0.00%	0.04%	0.11%	0.20%	0.27%	0.39%	0.52%	0.62%	0.71%	0.80%	0.87%	0.94%	1.02%	1.08%	1.14%	1.17%	1.21%	1.24%	1.26%	1.29%	1.31%	1.33%	1.34%	1.34%
Q1 2012	0.02%	0.05%	0.09%	0.18%	0.29%	0.39%	0.51%	0.61%	0.70%	0.79%	0.87%	0.93%	1.01%	1.06%	1.11%	1.14%	1.17%	1.19%	1.21%	1.23%	1.25%	1.27%	1.28%	
Q2 2012	0.02%	0.04%	0.10%	0.19%	0.26%	0.36%	0.43%	0.53%	0.62%	0.69%	0.76%	0.81%	0.87%	0.92%	0.95%	0.98%	1.02%	1.05%	1.07%	1.08%	1.10%	1.11%		
Q3 2012	0.01%	0.03%	0.11%	0.22%	0.31%	0.42%	0.53%	0.64%	0.72%	0.79%	0.88%	0.94%	1.00%	1.06%	1.11%	1.15%	1.20%	1.23%	1.24%	1.25%	1.27%			
Q4 2012	0.01%	0.06%	0.12%	0.23%	0.29%	0.38%	0.47%	0.56%	0.62%	0.71%	0.75%	0.82%	0.87%	0.90%	0.93%	0.96%	0.99%	1.02%	1.04%	1.06%				
Q1 2013	0.00%	0.04%	0.10%	0.17%	0.25%	0.35%	0.45%	0.52%	0.61%	0.69%	0.76%	0.82%	0.86%	0.90%	0.94%	0.97%	1.00%	1.03%	1.05%					
Q2 2013	0.02%	0.05%	0.10%	0.18%	0.26%	0.35%	0.47%	0.55%	0.60%	0.67%	0.73%	0.75%	0.80%	0.83%	0.86%	0.88%	0.90%	0.91%						
Q3 2013	0.04%	0.09%	0.16%	0.23%	0.31%	0.40%	0.48%	0.55%	0.64%	0.71%	0.74%	0.79%	0.82%	0.85%	0.88%	0.91%	0.93%							
Q4 2013	0.05%	0.08%	0.18%	0.29%	0.38%	0.46%	0.55%	0.62%	0.72%	0.77%	0.86%	0.89%	0.94%	0.98%	1.00%	1.02%								
Q1 2014	0.01%	0.06%	0.11%	0.21%	0.28%	0.36%	0.45%	0.51%	0.57%	0.63%	0.68%	0.72%	0.76%	0.79%	0.82%									
Q2 2014	0.00%	0.05%	0.11%	0.20%	0.27%	0.35%	0.41%	0.47%	0.53%	0.58%	0.62%	0.66%	0.69%	0.73%										
Q3 2014	0.01%	0.04%	0.13%	0.25%	0.32%	0.40%	0.48%	0.54%	0.59%	0.65%	0.67%	0.72%	0.76%											
Q4 2014	0.01%	0.05%	0.15%	0.23%	0.34%	0.41%	0.47%	0.53%	0.58%	0.62%	0.66%	0.70%												
Q1 2015	0.03%	0.05%	0.11%	0.20%	0.29%	0.39%	0.44%	0.50%	0.57%	0.64%	0.68%													
Q2 2015	0.01%	0.03%	0.12%	0.20%	0.29%	0.39%	0.44%	0.50%	0.56%	0.62%														
Q3 2015	0.01%	0.06%	0.14%	0.22%	0.29%	0.34%	0.39%	0.44%	0.50%															
Q4 2015	0.00%	0.03%	0.13%	0.21%	0.27%	0.33%	0.39%	0.45%																
Q1 2016	0.02%	0.08%	0.13%	0.19%	0.26%	0.34%	0.39%																	
Q2 2016	0.02%	0.03%	0.07%	0.13%	0.22%	0.29%																		
Q3 2016	0.01%	0.05%	0.11%	0.22%	0.32%																			
Q4 2016	0.01%	0.05%	0.14%	0.23%																				
Q1 2017	0.00%	0.04%	0.12%																					
Q2 2017	0.01%	0.03%																						
Q3 2017	0.02%																							

## 2. Static Analysis Gross Losses – Used Vehicles as of 28 February 2018

For a generation of loans (being all loans originated during the same quarter) used to finance used vehicles, the cumulative gross (i.e. before recovery proceeds) losses in respect of a month is calculated as the ratio of: (i) the cumulative defaulted principal amount recorded between the month when such loans were originated and the relevant month, to (ii) the initial principal outstanding amount of such loans. In cases where recovery proceeds are based on repossessed and sold vehicles, such proceeds are added to the outstanding amount when such loan receivable becomes a defaulted receivable.

Quarter New Business	cumulative losses in % / months after origination																							
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72
Q1 2008	0.01%	0.05%	0.18%	0.40%	0.67%	0.96%	1.24%	1.48%	1.72%	1.92%	2.13%	2.26%	2.39%	2.54%	2.66%	2.79%	2.86%	2.96%	3.05%	3.11%	3.18%	3.20%	3.25%	3.28%
Q2 2008	0.02%	0.05%	0.18%	0.40%	0.62%	0.86%	1.10%	1.28%	1.44%	1.64%	1.79%	1.92%	2.03%	2.21%	2.34%	2.43%	2.54%	2.62%	2.66%	2.71%	2.76%	2.82%	2.85%	2.88%
Q3 2008	0.01%	0.06%	0.26%	0.55%	0.77%	1.03%	1.29%	1.50%	1.73%	1.94%	2.10%	2.28%	2.47%	2.63%	2.71%	2.83%	2.92%	3.00%	3.08%	3.15%	3.19%	3.24%	3.26%	3.31%
Q4 2008	0.02%	0.09%	0.29%	0.52%	0.71%	0.98%	1.18%	1.43%	1.62%	1.80%	2.02%	2.22%	2.40%	2.49%	2.62%	2.71%	2.79%	2.88%	2.95%	2.99%	3.07%	3.11%	3.14%	3.18%
Q1 2009	0.00%	0.11%	0.24%	0.41%	0.57%	0.79%	0.96%	1.10%	1.22%	1.41%	1.58%	1.73%	1.84%	1.96%	2.06%	2.13%	2.22%	2.32%	2.38%	2.42%	2.47%	2.51%	2.56%	2.57%
Q2 2009	0.02%	0.07%	0.19%	0.33%	0.50%	0.65%	0.81%	0.97%	1.13%	1.36%	1.52%	1.66%	1.80%	1.91%	2.02%	2.12%	2.20%	2.26%	2.33%	2.36%	2.38%	2.43%	2.46%	2.47%
Q3 2009	0.03%	0.12%	0.27%	0.39%	0.57%	0.70%	0.83%	1.05%	1.24%	1.43%	1.55%	1.71%	1.84%	1.94%	2.03%	2.13%	2.23%	2.29%	2.34%	2.38%	2.43%	2.45%	2.49%	2.51%
Q4 2009	0.05%	0.09%	0.19%	0.30%	0.43%	0.58%	0.76%	1.00%	1.17%	1.28%	1.42%	1.52%	1.57%	1.68%	1.79%	1.85%	1.91%	1.98%	2.03%	2.10%	2.12%	2.15%	2.18%	2.20%
Q1 2010	0.05%	0.08%	0.15%	0.22%	0.34%	0.50%	0.70%	0.84%	0.92%	1.05%	1.17%	1.29%	1.39%	1.50%	1.54%	1.61%	1.66%	1.72%	1.77%	1.81%	1.84%	1.85%	1.88%	1.90%
Q2 2010	0.04%	0.06%	0.16%	0.25%	0.37%	0.53%	0.68%	0.76%	0.89%	1.01%	1.11%	1.17%	1.26%	1.33%	1.40%	1.48%	1.52%	1.59%	1.62%	1.66%	1.68%	1.70%	1.71%	1.72%
Q3 2010	0.01%	0.05%	0.15%	0.24%	0.39%	0.53%	0.65%	0.80%	0.92%	1.06%	1.14%	1.23%	1.30%	1.38%	1.44%	1.50%	1.57%	1.62%	1.67%	1.70%	1.73%	1.74%	1.75%	1.78%
Q4 2010	0.02%	0.06%	0.10%	0.26%	0.37%	0.46%	0.57%	0.67%	0.78%	0.87%	0.98%	1.11%	1.18%	1.25%	1.29%	1.35%	1.41%	1.45%	1.46%	1.49%	1.51%	1.52%	1.54%	1.55%
Q1 2011	0.02%	0.04%	0.08%	0.16%	0.27%	0.38%	0.45%	0.51%	0.62%	0.71%	0.79%	0.86%	0.97%	1.02%	1.09%	1.12%	1.18%	1.23%	1.26%	1.28%	1.30%	1.32%	1.34%	1.35%
Q2 2011	0.02%	0.06%	0.12%	0.22%	0.33%	0.46%	0.55%	0.69%	0.82%	0.91%	1.00%	1.08%	1.14%	1.22%	1.28%	1.33%	1.37%	1.42%	1.44%	1.47%	1.51%	1.53%	1.53%	1.55%
Q3 2011	0.01%	0.05%	0.11%	0.22%	0.37%	0.50%	0.67%	0.81%	0.91%	1.00%	1.09%	1.17%	1.27%	1.35%	1.41%	1.47%	1.51%	1.53%	1.56%	1.58%	1.61%	1.63%	1.64%	1.64%
Q4 2011	0.00%	0.05%	0.12%	0.23%	0.34%	0.50%	0.65%	0.77%	0.89%	0.99%	1.07%	1.16%	1.23%	1.30%	1.38%	1.41%	1.45%	1.50%	1.53%	1.55%	1.58%	1.60%	1.60%	1.61%
Q1 2012	0.03%	0.08%	0.14%	0.25%	0.38%	0.52%	0.67%	0.79%	0.89%	1.00%	1.08%	1.15%	1.24%	1.30%	1.35%	1.38%	1.41%	1.44%	1.46%	1.49%	1.51%	1.53%	1.54%	1.54%
Q2 2012	0.02%	0.06%	0.13%	0.24%	0.33%	0.45%	0.53%	0.65%	0.75%	0.86%	0.93%	0.99%	1.06%	1.13%	1.16%	1.20%	1.23%	1.28%	1.29%	1.30%	1.33%	1.34%	1.34%	
Q3 2012	0.02%	0.04%	0.13%	0.27%	0.39%	0.53%	0.66%	0.81%	0.90%	0.98%	1.09%	1.16%	1.24%	1.31%	1.38%	1.43%	1.49%	1.52%	1.53%	1.55%	1.57%	1.57%	1.57%	
Q4 2012	0.02%	0.08%	0.18%	0.30%	0.37%	0.48%	0.59%	0.70%	0.79%	0.92%	0.96%	1.03%	1.07%	1.12%	1.16%	1.19%	1.23%	1.25%	1.28%	1.29%	1.29%	1.29%	1.29%	
Q1 2013	0.01%	0.05%	0.12%	0.21%	0.30%	0.42%	0.53%	0.60%	0.68%	0.78%	0.86%	0.93%	0.98%	1.03%	1.08%	1.12%	1.15%	1.18%	1.20%	1.20%	1.20%	1.20%	1.20%	
Q2 2013	0.02%	0.08%	0.15%	0.24%	0.34%	0.46%	0.60%	0.72%	0.78%	0.87%	0.93%	0.96%	1.02%	1.06%	1.09%	1.12%	1.14%	1.15%	1.15%	1.15%	1.15%	1.15%	1.15%	
Q3 2013	0.06%	0.13%	0.21%	0.30%	0.41%	0.52%	0.61%	0.69%	0.79%	0.87%	0.92%	0.97%	1.01%	1.05%	1.08%	1.11%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	1.13%	
Q4 2013	0.08%	0.13%	0.23%	0.39%	0.49%	0.58%	0.70%	0.78%	0.91%	0.97%	1.06%	1.10%	1.16%	1.21%	1.23%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	
Q1 2014	0.01%	0.07%	0.15%	0.27%	0.36%	0.44%	0.55%	0.64%	0.71%	0.79%	0.85%	0.90%	0.95%	0.98%	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%	1.01%	
Q2 2014	0.00%	0.07%	0.15%	0.25%	0.35%	0.45%	0.53%	0.62%	0.69%	0.75%	0.81%	0.86%	0.89%	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%	0.93%	
Q3 2014	0.01%	0.05%	0.16%	0.32%	0.41%	0.49%	0.57%	0.64%	0.71%	0.77%	0.80%	0.86%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	0.91%	
Q4 2014	0.02%	0.07%	0.20%	0.30%	0.44%	0.53%	0.61%	0.68%	0.74%	0.77%	0.82%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	0.87%	
Q1 2015	0.04%	0.07%	0.15%	0.26%	0.40%	0.51%	0.58%	0.65%	0.73%	0.80%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	
Q2 2015	0.01%	0.04%	0.16%	0.27%	0.39%	0.50%	0.58%	0.65%	0.72%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	0.81%	
Q3 2015	0.01%	0.08%	0.18%	0.27%	0.36%	0.41%	0.47%	0.54%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	
Q4 2015	0.00%	0.04%	0.15%	0.26%	0.33%	0.41%	0.49%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	0.56%	
Q1 2016	0.03%	0.11%	0.18%	0.25%	0.33%	0.43%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	
Q2 2016	0.02%	0.05%	0.11%	0.18%	0.30%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Q3 2016	0.01%	0.07%	0.15%	0.28%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	0.41%	
Q4 2016	0.02%	0.08%	0.20%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	0.31%	
Q1 2017	0.00%	0.04%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	0.14%	
Q2 2017	0.01%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	0.04%	
Q3 2017	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	0.02%	

### 3. Static Analysis Gross Losses – New Vehicles as of 28 February 2018

For a generation of loans (being all loans originated during the same quarter) used to finance new vehicles, the cumulative gross (i.e. before recovery proceeds) losses in respect of a month is calculated as the ratio of: (i) the cumulative defaulted principal amount recorded between the month when such loans were originated and the relevant month, to (ii) the initial principal outstanding amount of such loans. In cases where recovery proceeds are based on repossessed and sold vehicles, such proceeds are added to the outstanding amount when such loan receivable becomes a defaulted receivable.

Quarter New Business	cumulative losses in % / months after origination																							
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72
Q1 2008	0.00%	0.01%	0.07%	0.17%	0.36%	0.46%	0.57%	0.73%	0.84%	0.92%	1.04%	1.08%	1.15%	1.27%	1.37%	1.45%	1.49%	1.52%	1.56%	1.59%	1.64%	1.67%	1.70%	1.71%
Q2 2008	0.01%	0.06%	0.13%	0.27%	0.41%	0.53%	0.64%	0.78%	0.94%	1.04%	1.08%	1.21%	1.31%	1.44%	1.49%	1.51%	1.59%	1.69%	1.74%	1.77%	1.81%	1.84%	1.87%	1.88%
Q3 2008	0.00%	0.02%	0.13%	0.28%	0.36%	0.59%	0.72%	0.86%	0.97%	1.05%	1.17%	1.24%	1.32%	1.35%	1.41%	1.47%	1.51%	1.59%	1.64%	1.69%	1.70%	1.71%	1.72%	1.72%
Q4 2008	0.01%	0.02%	0.13%	0.22%	0.33%	0.41%	0.51%	0.64%	0.81%	0.85%	0.94%	1.11%	1.18%	1.23%	1.30%	1.33%	1.35%	1.41%	1.46%	1.52%	1.58%	1.62%	1.63%	1.63%
Q1 2009	0.01%	0.03%	0.03%	0.06%	0.12%	0.16%	0.22%	0.29%	0.31%	0.38%	0.45%	0.50%	0.54%	0.57%	0.60%	0.63%	0.66%	0.69%	0.70%	0.73%	0.76%	0.77%	0.79%	0.80%
Q2 2009	0.01%	0.02%	0.06%	0.13%	0.17%	0.23%	0.27%	0.32%	0.38%	0.47%	0.55%	0.60%	0.65%	0.69%	0.73%	0.76%	0.80%	0.82%	0.85%	0.87%	0.90%	0.93%	0.94%	0.95%
Q3 2009	0.00%	0.02%	0.04%	0.07%	0.13%	0.18%	0.25%	0.28%	0.36%	0.46%	0.54%	0.59%	0.65%	0.69%	0.74%	0.81%	0.84%	0.89%	0.92%	0.95%	0.98%	1.02%	1.03%	1.04%
Q4 2009	0.00%	0.02%	0.03%	0.06%	0.11%	0.16%	0.19%	0.27%	0.31%	0.37%	0.44%	0.49%	0.53%	0.61%	0.64%	0.67%	0.70%	0.74%	0.76%	0.77%	0.81%	0.83%	0.85%	0.85%
Q1 2010	0.00%	0.01%	0.04%	0.15%	0.22%	0.32%	0.37%	0.44%	0.52%	0.57%	0.65%	0.68%	0.78%	0.82%	0.88%	0.90%	0.93%	0.97%	1.00%	1.03%	1.05%	1.08%	1.08%	1.09%
Q2 2010	0.01%	0.03%	0.08%	0.18%	0.30%	0.34%	0.43%	0.48%	0.54%	0.61%	0.69%	0.73%	0.80%	0.83%	0.87%	0.91%	0.93%	0.96%	0.97%	1.00%	1.04%	1.06%	1.06%	1.07%
Q3 2010	0.00%	0.01%	0.03%	0.09%	0.21%	0.31%	0.37%	0.45%	0.49%	0.57%	0.65%	0.70%	0.77%	0.82%	0.87%	0.96%	0.98%	1.04%	1.07%	1.09%	1.11%	1.12%	1.13%	1.14%
Q4 2010	0.00%	0.00%	0.01%	0.03%	0.08%	0.11%	0.15%	0.21%	0.26%	0.31%	0.37%	0.41%	0.48%	0.54%	0.60%	0.64%	0.67%	0.71%	0.74%	0.76%	0.78%	0.80%	0.80%	0.80%
Q1 2011	0.01%	0.02%	0.05%	0.07%	0.09%	0.12%	0.19%	0.26%	0.31%	0.38%	0.42%	0.47%	0.51%	0.55%	0.60%	0.63%	0.67%	0.71%	0.74%	0.76%	0.77%	0.82%	0.83%	0.84%
Q2 2011	0.00%	0.01%	0.01%	0.06%	0.09%	0.14%	0.18%	0.28%	0.33%	0.37%	0.44%	0.47%	0.50%	0.53%	0.59%	0.61%	0.61%	0.64%	0.66%	0.67%	0.68%	0.70%	0.71%	0.72%
Q3 2011	0.00%	0.01%	0.05%	0.07%	0.12%	0.16%	0.21%	0.24%	0.29%	0.34%	0.39%	0.47%	0.52%	0.59%	0.63%	0.67%	0.70%	0.73%	0.74%	0.75%	0.78%	0.80%	0.81%	0.81%
Q4 2011	0.00%	0.02%	0.09%	0.13%	0.16%	0.21%	0.27%	0.33%	0.38%	0.46%	0.51%	0.56%	0.62%	0.68%	0.70%	0.73%	0.76%	0.78%	0.79%	0.80%	0.83%	0.85%	0.86%	0.86%
Q1 2012	0.00%	0.00%	0.01%	0.06%	0.12%	0.15%	0.20%	0.27%	0.34%	0.39%	0.47%	0.52%	0.58%	0.62%	0.65%	0.67%	0.70%	0.71%	0.74%	0.75%	0.76%	0.78%	0.79%	
Q2 2012	0.02%	0.02%	0.05%	0.09%	0.16%	0.21%	0.27%	0.35%	0.39%	0.42%	0.47%	0.50%	0.53%	0.56%	0.58%	0.62%	0.66%	0.68%	0.69%	0.70%	0.71%	0.72%		
Q3 2012	0.00%	0.00%	0.08%	0.13%	0.18%	0.23%	0.30%	0.34%	0.39%	0.47%	0.52%	0.55%	0.57%	0.61%	0.63%	0.65%	0.69%	0.71%	0.72%	0.72%	0.73%			
Q4 2012	0.00%	0.02%	0.03%	0.11%	0.16%	0.22%	0.27%	0.31%	0.33%	0.36%	0.41%	0.48%	0.53%	0.53%	0.55%	0.56%	0.60%	0.63%	0.66%	0.66%				
Q1 2013	0.00%	0.02%	0.06%	0.10%	0.15%	0.22%	0.31%	0.39%	0.47%	0.52%	0.57%	0.61%	0.64%	0.66%	0.67%	0.69%	0.72%	0.75%	0.78%					
Q2 2013	0.01%	0.01%	0.03%	0.08%	0.13%	0.18%	0.23%	0.26%	0.28%	0.34%	0.38%	0.39%	0.42%	0.44%	0.46%	0.48%	0.48%	0.49%						
Q3 2013	0.00%	0.02%	0.07%	0.09%	0.14%	0.18%	0.23%	0.28%	0.36%	0.40%	0.42%	0.45%	0.47%	0.49%	0.52%	0.54%	0.56%							
Q4 2013	0.00%	0.00%	0.09%	0.12%	0.19%	0.24%	0.27%	0.33%	0.38%	0.40%	0.49%	0.51%	0.54%	0.57%	0.58%	0.60%								
Q1 2014	0.00%	0.02%	0.04%	0.09%	0.12%	0.19%	0.25%	0.27%	0.30%	0.33%	0.36%	0.37%	0.40%	0.43%	0.46%									
Q2 2014	0.00%	0.02%	0.04%	0.11%	0.13%	0.16%	0.20%	0.21%	0.25%	0.27%	0.30%	0.31%	0.33%	0.35%										
Q3 2014	0.00%	0.03%	0.09%	0.11%	0.14%	0.23%	0.31%	0.35%	0.38%	0.42%	0.44%	0.46%	0.49%											
Q4 2014	0.00%	0.02%	0.05%	0.08%	0.15%	0.18%	0.20%	0.25%	0.28%	0.33%	0.34%	0.36%												
Q1 2015	0.00%	0.01%	0.02%	0.06%	0.08%	0.14%	0.17%	0.19%	0.24%	0.31%	0.33%													
Q2 2015	0.01%	0.02%	0.04%	0.06%	0.09%	0.16%	0.16%	0.19%	0.24%	0.24%														
Q3 2015	0.00%	0.02%	0.05%	0.11%	0.15%	0.19%	0.22%	0.25%	0.28%															
Q4 2015	0.00%	0.00%	0.08%	0.11%	0.15%	0.18%	0.21%	0.22%																
Q1 2016	0.00%	0.03%	0.04%	0.07%	0.12%	0.16%	0.19%																	
Q2 2016	0.00%	0.00%	0.01%	0.05%	0.07%	0.08%																		
Q3 2016	0.01%	0.02%	0.04%	0.09%	0.16%																			
Q4 2016	0.00%	0.01%	0.03%	0.08%																				
Q1 2017	0.00%	0.04%	0.06%																					
Q2 2017	0.00%	0.02%																						
Q3 2017	0.03%																							

4. **Static Analysis Gross Losses – Balloon Loans as of 28 February 2018**

For a generation of loans (being all loans originated during the same quarter) which are Balloon Loans, the cumulative gross (i.e. before recovery proceeds) losses in respect of a month is calculated as the ratio of: (i) the cumulative defaulted principal amount recorded between the month when such loans were originated and the relevant month, to (ii) the initial principal outstanding amount of such loans. In cases where recovery proceeds are based on repossessed and sold vehicles, such proceeds are added to the outstanding amount when such loan receivable becomes a defaulted receivable.

Quarter New Business	cumulative losses in % / months after origination																							
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72
Q1 2008	0.00%	0.02%	0.07%	0.16%	0.33%	0.54%	0.85%	1.07%	1.22%	1.30%	1.46%	1.54%	1.62%	1.78%	1.91%	1.97%	1.98%	2.08%	2.16%	2.18%	2.22%	2.25%	2.30%	2.30%
Q2 2008	0.08%	0.12%	0.23%	0.33%	0.49%	0.72%	0.91%	1.02%	1.16%	1.29%	1.39%	1.51%	1.56%	1.67%	1.73%	1.80%	1.86%	1.90%	1.94%	1.98%	2.02%	2.02%	2.05%	2.05%
Q3 2008	0.00%	0.05%	0.17%	0.32%	0.41%	0.66%	0.78%	0.82%	1.02%	1.14%	1.26%	1.38%	1.52%	1.55%	1.59%	1.63%	1.69%	1.79%	1.82%	1.85%	1.87%	1.90%	1.90%	1.90%
Q4 2008	0.00%	0.02%	0.11%	0.22%	0.27%	0.39%	0.53%	0.70%	0.84%	0.96%	1.17%	1.34%	1.40%	1.44%	1.52%	1.61%	1.65%	1.73%	1.75%	1.79%	1.86%	1.92%	1.92%	1.92%
Q1 2009	0.00%	0.02%	0.06%	0.10%	0.20%	0.24%	0.32%	0.40%	0.43%	0.54%	0.59%	0.68%	0.73%	0.80%	0.86%	0.91%	0.99%	1.07%	1.08%	1.10%	1.12%	1.14%	1.15%	1.15%
Q2 2009	0.00%	0.03%	0.05%	0.16%	0.30%	0.34%	0.40%	0.47%	0.56%	0.68%	0.76%	0.87%	0.96%	1.01%	1.08%	1.09%	1.13%	1.16%	1.18%	1.19%	1.20%	1.25%	1.25%	1.25%
Q3 2009	0.00%	0.03%	0.11%	0.20%	0.32%	0.39%	0.42%	0.49%	0.59%	0.69%	0.79%	0.84%	0.95%	0.99%	1.05%	1.09%	1.16%	1.22%	1.25%	1.29%	1.32%	1.37%	1.39%	1.39%
Q4 2009	0.00%	0.06%	0.14%	0.18%	0.24%	0.31%	0.37%	0.52%	0.57%	0.63%	0.71%	0.78%	0.82%	0.91%	0.94%	0.98%	0.99%	1.07%	1.10%	1.12%	1.16%	1.18%	1.19%	1.20%
Q1 2010	0.00%	0.01%	0.07%	0.20%	0.27%	0.38%	0.46%	0.54%	0.56%	0.58%	0.70%	0.78%	0.83%	0.90%	0.93%	0.97%	1.04%	1.11%	1.13%	1.14%	1.17%	1.23%	1.23%	1.24%
Q2 2010	0.06%	0.08%	0.15%	0.26%	0.37%	0.43%	0.51%	0.56%	0.63%	0.72%	0.81%	0.87%	0.90%	0.98%	1.02%	1.05%	1.10%	1.15%	1.17%	1.18%	1.22%	1.26%	1.26%	1.26%
Q3 2010	0.00%	0.02%	0.07%	0.16%	0.26%	0.40%	0.46%	0.56%	0.66%	0.74%	0.81%	0.84%	0.89%	0.95%	1.01%	1.03%	1.07%	1.16%	1.19%	1.20%	1.26%	1.27%	1.28%	1.28%
Q4 2010	0.02%	0.09%	0.14%	0.23%	0.29%	0.33%	0.38%	0.44%	0.47%	0.50%	0.59%	0.68%	0.77%	0.80%	0.87%	0.92%	0.98%	1.05%	1.08%	1.08%	1.10%	1.13%	1.14%	1.14%
Q1 2011	0.07%	0.07%	0.14%	0.20%	0.31%	0.34%	0.37%	0.41%	0.50%	0.57%	0.59%	0.62%	0.66%	0.68%	0.73%	0.74%	0.80%	0.88%	0.90%	0.93%	0.96%	1.02%	1.02%	1.03%
Q2 2011	0.00%	0.04%	0.07%	0.12%	0.26%	0.42%	0.43%	0.53%	0.57%	0.61%	0.74%	0.78%	0.84%	0.88%	0.95%	0.99%	1.02%	1.09%	1.11%	1.12%	1.20%	1.25%	1.25%	1.25%
Q3 2011	0.00%	0.00%	0.04%	0.07%	0.12%	0.22%	0.31%	0.39%	0.48%	0.53%	0.64%	0.76%	0.81%	0.90%	0.95%	1.01%	1.06%	1.14%	1.14%	1.16%	1.22%	1.28%	1.29%	1.29%
Q4 2011	0.01%	0.05%	0.12%	0.19%	0.22%	0.35%	0.47%	0.53%	0.61%	0.70%	0.75%	0.80%	0.88%	0.99%	1.00%	1.03%	1.09%	1.13%	1.14%	1.16%	1.21%	1.25%	1.26%	1.26%
Q1 2012	0.01%	0.02%	0.02%	0.09%	0.17%	0.20%	0.27%	0.31%	0.40%	0.46%	0.53%	0.57%	0.67%	0.71%	0.76%	0.82%	0.85%	0.87%	0.89%	0.91%	0.95%	0.99%	0.99%	0.99%
Q2 2012	0.00%	0.01%	0.05%	0.12%	0.16%	0.22%	0.24%	0.33%	0.41%	0.53%	0.63%	0.66%	0.72%	0.79%	0.83%	0.87%	0.93%	0.97%	0.98%	1.00%	1.05%	1.06%	1.06%	1.06%
Q3 2012	0.02%	0.06%	0.11%	0.19%	0.27%	0.36%	0.44%	0.53%	0.62%	0.72%	0.78%	0.82%	0.86%	0.89%	0.95%	0.98%	1.08%	1.12%	1.13%	1.16%	1.19%	1.19%	1.19%	1.19%
Q4 2012	0.01%	0.02%	0.09%	0.18%	0.21%	0.34%	0.42%	0.50%	0.56%	0.64%	0.67%	0.70%	0.73%	0.76%	0.77%	0.81%	0.88%	0.93%	0.98%	0.98%	0.98%	0.98%	0.98%	0.98%
Q1 2013	0.00%	0.02%	0.09%	0.13%	0.16%	0.28%	0.37%	0.42%	0.49%	0.52%	0.58%	0.61%	0.65%	0.68%	0.71%	0.74%	0.77%	0.81%	0.83%	0.83%	0.83%	0.83%	0.83%	0.83%
Q2 2013	0.05%	0.10%	0.15%	0.22%	0.27%	0.34%	0.44%	0.50%	0.52%	0.60%	0.67%	0.69%	0.75%	0.78%	0.81%	0.83%	0.84%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%	0.85%
Q3 2013	0.00%	0.05%	0.11%	0.13%	0.18%	0.24%	0.30%	0.35%	0.47%	0.51%	0.54%	0.56%	0.59%	0.62%	0.64%	0.66%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%	0.68%
Q4 2013	0.03%	0.05%	0.15%	0.19%	0.25%	0.30%	0.37%	0.45%	0.55%	0.61%	0.67%	0.71%	0.74%	0.77%	0.78%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%
Q1 2014	0.03%	0.09%	0.14%	0.22%	0.27%	0.31%	0.42%	0.44%	0.50%	0.54%	0.56%	0.59%	0.61%	0.63%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%	0.66%
Q2 2014	0.00%	0.04%	0.11%	0.16%	0.20%	0.28%	0.33%	0.39%	0.43%	0.49%	0.52%	0.54%	0.58%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
Q3 2014	0.01%	0.05%	0.14%	0.22%	0.29%	0.36%	0.42%	0.46%	0.51%	0.57%	0.59%	0.61%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%	0.64%
Q4 2014	0.00%	0.03%	0.13%	0.16%	0.27%	0.33%	0.35%	0.40%	0.46%	0.51%	0.55%	0.59%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%	0.61%
Q1 2015	0.01%	0.03%	0.08%	0.12%	0.23%	0.34%	0.43%	0.49%	0.56%	0.61%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Q2 2015	0.02%	0.05%	0.12%	0.18%	0.24%	0.29%	0.35%	0.38%	0.43%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
Q3 2015	0.00%	0.02%	0.07%	0.13%	0.17%	0.20%	0.24%	0.29%	0.34%	0.39%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%	0.43%
Q4 2015	0.00%	0.00%	0.10%	0.14%	0.24%	0.29%	0.35%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Q1 2016	0.01%	0.04%	0.06%	0.09%	0.15%	0.22%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%	0.27%
Q2 2016	0.00%	0.00%	0.02%	0.05%	0.11%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Q3 2016	0.01%	0.03%	0.08%	0.16%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%	0.26%
Q4 2016	0.02%	0.05%	0.11%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%	0.16%
Q1 2017	0.00%	0.06%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
Q2 2017	0.00%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%	0.03%
Q3 2017	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%



## 5. Static Analysis Gross Losses – Non- Balloon Loans as of 28 February 2018

For a generation of loans (being all loans originated during the same quarter) which are non-Balloon Loans, the cumulative gross (i.e. before recovery proceeds) losses in respect of a month is calculated as the ratio of: (i) the cumulative defaulted principal amount recorded between the month when such loans were originated and the relevant month, to (ii) the initial principal outstanding amount of such loans. In cases where recovery proceeds are based on repossessed and sold vehicles, such proceeds are added to the outstanding amount when such loan receivable becomes a defaulted receivable.

Quarter New Business	cumulative losses in % / months after origination																							
	3	6	9	12	15	18	21	24	27	30	33	36	39	42	45	48	51	54	57	60	63	66	69	72
Q1 2008	0.01%	0.04%	0.16%	0.37%	0.63%	0.88%	1.09%	1.30%	1.51%	1.69%	1.89%	2.00%	2.12%	2.25%	2.37%	2.49%	2.56%	2.64%	2.71%	2.77%	2.84%	2.86%	2.91%	2.94%
Q2 2008	0.00%	0.04%	0.16%	0.38%	0.58%	0.79%	1.00%	1.19%	1.35%	1.54%	1.67%	1.79%	1.91%	2.10%	2.21%	2.29%	2.40%	2.49%	2.53%	2.57%	2.63%	2.69%	2.72%	2.75%
Q3 2008	0.01%	0.05%	0.24%	0.51%	0.71%	0.96%	1.21%	1.43%	1.63%	1.82%	1.97%	2.13%	2.29%	2.43%	2.52%	2.63%	2.71%	2.79%	2.87%	2.94%	2.98%	3.01%	3.04%	3.08%
Q4 2008	0.02%	0.08%	0.26%	0.46%	0.65%	0.88%	1.05%	1.26%	1.46%	1.59%	1.76%	1.96%	2.12%	2.20%	2.32%	2.38%	2.45%	2.53%	2.60%	2.65%	2.72%	2.76%	2.79%	2.82%
Q1 2009	0.01%	0.08%	0.17%	0.29%	0.41%	0.57%	0.70%	0.81%	0.90%	1.04%	1.19%	1.29%	1.38%	1.46%	1.53%	1.58%	1.64%	1.70%	1.75%	1.79%	1.83%	1.86%	1.90%	1.92%
Q2 2009	0.02%	0.05%	0.14%	0.25%	0.35%	0.48%	0.59%	0.70%	0.82%	0.99%	1.12%	1.22%	1.31%	1.40%	1.48%	1.56%	1.62%	1.67%	1.72%	1.75%	1.78%	1.82%	1.84%	1.85%
Q3 2009	0.02%	0.08%	0.17%	0.25%	0.37%	0.47%	0.59%	0.74%	0.89%	1.04%	1.14%	1.26%	1.36%	1.44%	1.51%	1.61%	1.67%	1.73%	1.77%	1.81%	1.85%	1.87%	1.90%	1.92%
Q4 2009	0.04%	0.07%	0.13%	0.21%	0.32%	0.45%	0.59%	0.78%	0.92%	1.02%	1.14%	1.23%	1.27%	1.38%	1.47%	1.52%	1.57%	1.63%	1.67%	1.72%	1.75%	1.78%	1.80%	1.82%
Q1 2010	0.05%	0.07%	0.13%	0.20%	0.31%	0.46%	0.63%	0.76%	0.86%	0.98%	1.08%	1.18%	1.29%	1.38%	1.44%	1.49%	1.53%	1.59%	1.64%	1.67%	1.70%	1.71%	1.73%	1.75%
Q2 2010	0.02%	0.05%	0.13%	0.22%	0.34%	0.47%	0.62%	0.69%	0.80%	0.91%	1.01%	1.06%	1.15%	1.21%	1.27%	1.34%	1.38%	1.43%	1.46%	1.49%	1.51%	1.53%	1.55%	1.56%
Q3 2010	0.01%	0.04%	0.12%	0.20%	0.34%	0.47%	0.58%	0.71%	0.80%	0.93%	1.01%	1.10%	1.17%	1.24%	1.30%	1.39%	1.44%	1.49%	1.53%	1.56%	1.58%	1.59%	1.60%	1.63%
Q4 2010	0.01%	0.03%	0.05%	0.17%	0.27%	0.34%	0.43%	0.53%	0.63%	0.72%	0.81%	0.92%	0.98%	1.05%	1.10%	1.16%	1.20%	1.23%	1.25%	1.28%	1.30%	1.31%	1.32%	1.33%
Q1 2011	0.01%	0.02%	0.06%	0.12%	0.19%	0.28%	0.36%	0.43%	0.52%	0.61%	0.68%	0.76%	0.84%	0.90%	0.97%	1.01%	1.05%	1.09%	1.13%	1.14%	1.16%	1.18%	1.20%	1.21%
Q2 2011	0.01%	0.04%	0.08%	0.17%	0.24%	0.33%	0.42%	0.55%	0.67%	0.75%	0.82%	0.89%	0.94%	1.00%	1.06%	1.09%	1.13%	1.16%	1.18%	1.21%	1.22%	1.23%	1.24%	1.26%
Q3 2011	0.01%	0.04%	0.10%	0.20%	0.33%	0.43%	0.57%	0.68%	0.75%	0.85%	0.91%	0.98%	1.07%	1.14%	1.20%	1.25%	1.28%	1.30%	1.32%	1.34%	1.36%	1.37%	1.38%	1.38%
Q4 2011	0.00%	0.04%	0.11%	0.20%	0.29%	0.41%	0.53%	0.64%	0.73%	0.83%	0.91%	0.98%	1.05%	1.11%	1.18%	1.21%	1.24%	1.28%	1.30%	1.32%	1.34%	1.35%	1.36%	1.36%
Q1 2012	0.02%	0.06%	0.11%	0.21%	0.33%	0.44%	0.58%	0.69%	0.79%	0.88%	0.97%	1.03%	1.11%	1.16%	1.20%	1.23%	1.25%	1.28%	1.30%	1.32%	1.34%	1.35%	1.37%	
Q2 2012	0.02%	0.06%	0.11%	0.21%	0.29%	0.40%	0.49%	0.59%	0.68%	0.74%	0.79%	0.85%	0.91%	0.96%	0.98%	1.01%	1.05%	1.08%	1.09%	1.10%	1.11%	1.13%		
Q3 2012	0.01%	0.02%	0.11%	0.23%	0.33%	0.44%	0.56%	0.67%	0.75%	0.82%	0.91%	0.98%	1.04%	1.11%	1.16%	1.20%	1.24%	1.26%	1.27%	1.27%	1.29%			
Q4 2012	0.01%	0.07%	0.13%	0.24%	0.31%	0.39%	0.49%	0.57%	0.64%	0.73%	0.78%	0.86%	0.91%	0.94%	0.98%	1.00%	1.03%	1.04%	1.06%	1.08%				
Q1 2013	0.01%	0.05%	0.10%	0.18%	0.28%	0.37%	0.48%	0.56%	0.64%	0.74%	0.81%	0.88%	0.92%	0.97%	1.00%	1.04%	1.07%	1.10%	1.12%					
Q2 2013	0.00%	0.04%	0.09%	0.17%	0.26%	0.36%	0.48%	0.57%	0.63%	0.70%	0.75%	0.77%	0.82%	0.85%	0.87%	0.90%	0.91%	0.93%						
Q3 2013	0.06%	0.11%	0.18%	0.26%	0.36%	0.45%	0.54%	0.62%	0.70%	0.77%	0.82%	0.87%	0.91%	0.93%	0.97%	1.00%	1.02%							
Q4 2013	0.06%	0.09%	0.19%	0.33%	0.43%	0.52%	0.61%	0.68%	0.78%	0.83%	0.92%	0.96%	1.02%	1.06%	1.08%	1.10%								
Q1 2014	0.00%	0.04%	0.10%	0.20%	0.28%	0.38%	0.46%	0.54%	0.59%	0.66%	0.73%	0.77%	0.81%	0.85%	0.88%									
Q2 2014	0.00%	0.05%	0.12%	0.22%	0.29%	0.37%	0.45%	0.51%	0.57%	0.61%	0.66%	0.71%	0.73%	0.77%										
Q3 2014	0.00%	0.04%	0.13%	0.26%	0.33%	0.41%	0.50%	0.57%	0.63%	0.68%	0.71%	0.76%	0.81%											
Q4 2014	0.02%	0.06%	0.16%	0.26%	0.37%	0.45%	0.52%	0.59%	0.63%	0.67%	0.70%	0.74%												
Q1 2015	0.03%	0.06%	0.12%	0.23%	0.32%	0.40%	0.45%	0.51%	0.57%	0.65%	0.69%													
Q2 2015	0.00%	0.03%	0.12%	0.21%	0.31%	0.43%	0.49%	0.55%	0.62%	0.68%														
Q3 2015	0.01%	0.08%	0.17%	0.27%	0.35%	0.41%	0.46%	0.53%	0.58%															
Q4 2015	0.00%	0.04%	0.14%	0.24%	0.28%	0.35%	0.42%	0.47%																
Q1 2016	0.03%	0.10%	0.17%	0.24%	0.32%	0.40%	0.46%																	
Q2 2016	0.02%	0.05%	0.11%	0.18%	0.28%	0.36%																		
Q3 2016	0.02%	0.07%	0.13%	0.25%	0.36%																			
Q4 2016	0.01%	0.06%	0.16%	0.27%																				
Q1 2017	0.00%	0.03%	0.12%																					
Q2 2017	0.01%	0.04%																						
Q3 2017	0.03%																							

## 6. Static Analysis Recoveries as of 28 February 2018

For a generation of defaulted loans (being all loans defaulted during the same quarter), the cumulative recovery rate in respect of a month is calculated as the ratio of: (i) the cumulative net present value of recoveries recorded between the month when such loan receivables become defaulted receivables and the relevant month, to (ii) the gross defaulted principal amount of such loans (s. above for cumulative gross losses). Recoveries are based on customer payments, proceeds on vehicle sales and proceeds in cases of selling the loan to a recovery agency.

Quarter of Termination	cumulative recoveries in % / months after termination									
	6	12	18	24	30	36	42	48	54	60
Q1 2008	31.50%	34.91%	37.70%	39.96%	41.92%	43.53%	44.66%	45.57%	46.31%	47.62%
Q2 2008	28.92%	32.09%	34.97%	36.88%	38.99%	40.43%	41.69%	42.65%	43.44%	44.97%
Q3 2008	27.98%	31.42%	34.14%	36.40%	38.74%	40.46%	41.76%	42.68%	43.46%	44.76%
Q4 2008	25.39%	28.78%	31.60%	34.28%	37.01%	38.78%	40.11%	41.10%	41.97%	43.68%
Q1 2009	29.77%	32.71%	35.54%	38.66%	41.07%	42.22%	43.19%	44.15%	44.99%	46.16%
Q2 2009	26.32%	29.49%	32.57%	36.08%	38.20%	39.47%	40.62%	41.53%	42.49%	43.62%
Q3 2009	28.03%	30.88%	34.43%	37.01%	39.38%	40.70%	41.86%	42.99%	43.82%	44.89%
Q4 2009	25.44%	29.82%	33.86%	37.05%	39.32%	40.82%	41.79%	42.75%	43.46%	44.36%
Q1 2010	28.94%	32.56%	34.89%	36.40%	38.69%	39.71%	40.80%	41.53%	42.10%	42.74%
Q2 2010	28.99%	32.44%	34.64%	36.60%	39.23%	40.41%	41.60%	42.25%	42.89%	43.69%
Q3 2010	29.25%	32.44%	34.29%	35.85%	38.12%	39.35%	40.31%	40.93%	41.52%	42.23%
Q4 2010	30.58%	33.47%	35.72%	37.14%	39.85%	40.85%	41.54%	42.19%	42.66%	43.19%
Q1 2011	29.26%	32.24%	34.71%	36.52%	39.34%	40.43%	41.31%	42.00%	42.52%	43.20%
Q2 2011	29.76%	32.68%	34.42%	35.69%	38.37%	39.20%	40.06%	40.71%	41.15%	41.72%
Q3 2011	31.61%	34.51%	36.27%	37.34%	39.71%	40.67%	41.37%	42.00%	42.53%	43.32%
Q4 2011	29.16%	32.63%	34.52%	35.85%	38.58%	39.94%	40.89%	41.64%	42.23%	43.21%
Q1 2012	30.36%	33.52%	35.48%	37.63%	40.54%	41.41%	42.15%	42.71%	43.34%	43.97%
Q2 2012	29.38%	32.26%	34.36%	35.88%	39.08%	39.88%	40.57%	41.18%	41.62%	42.28%
Q3 2012	29.91%	33.27%	35.49%	37.38%	40.41%	41.62%	42.60%	43.56%	44.21%	44.89%
Q4 2012	31.41%	34.70%	36.52%	38.14%	41.28%	42.35%	43.19%	43.94%	44.56%	45.19%
Q1 2013	29.45%	33.08%	35.53%	37.32%	40.75%	42.15%	43.12%	43.89%	44.47%	45.22%
Q2 2013	33.14%	36.70%	38.58%	40.45%	43.53%	44.60%	45.57%	46.51%	47.11%	
Q3 2013	29.90%	33.54%	35.35%	36.95%	40.09%	41.24%	42.29%	43.42%	44.15%	
Q4 2013	29.39%	33.36%	35.48%	37.74%	41.21%	42.49%	43.47%	44.43%		
Q1 2014	29.17%	33.38%	36.12%	38.47%	41.95%	43.14%	44.26%	45.10%		
Q2 2014	30.94%	35.12%	37.81%	41.62%	43.35%	44.69%	46.19%			
Q3 2014	30.67%	34.52%	37.53%	41.13%	42.82%	44.27%	45.36%			
Q4 2014	29.77%	34.21%	38.68%	40.98%	42.84%	44.29%				
Q1 2015	31.99%	36.10%	39.75%	41.65%	43.60%	44.93%				
Q2 2015	29.68%	33.55%	37.54%	39.73%	41.82%					
Q3 2015	33.32%	37.02%	40.46%	42.65%	43.91%					
Q4 2015	33.58%	37.58%	41.07%	42.97%						
Q1 2016	33.56%	36.35%	40.25%	42.24%						
Q2 2016	32.21%	35.59%	38.55%							
Q3 2016	34.11%	36.54%	39.91%							
Q4 2016	31.70%	35.86%								
Q1 2017	34.47%	37.30%								
Q2 2017	34.72%									
Q3 2017	31.10%									
Q4 2017										

## 7. Static Analysis Recoveries – Used Vehicles as of 28 February 2018

For a generation of defaulted loans (being all loans defaulted during the same quarter) used to finance used vehicles, the cumulative recovery rate in respect of a month is calculated as the ratio of:

(i) the cumulative net present value of recoveries recorded between the month when such loan receivables become defaulted receivables and the relevant month, to (ii) the gross defaulted principal amount of such loans (s. above for cumulative gross losses). Recoveries are based on customer payments, proceeds on vehicle sales and proceeds in cases of selling the loan to a recovery agency.

Quarter of Termination	cumulative recoveries in % / months after termination									
	6	12	18	24	30	36	42	48	54	60
Q1 2008	29.43%	32.75%	35.53%	37.86%	39.83%	41.49%	42.65%	43.55%	44.35%	45.75%
Q2 2008	27.22%	30.32%	33.24%	35.27%	37.41%	38.99%	40.34%	41.42%	42.26%	43.90%
Q3 2008	26.06%	29.46%	32.29%	34.65%	37.12%	38.73%	40.13%	41.08%	41.87%	43.26%
Q4 2008	24.47%	27.68%	30.46%	32.88%	35.68%	37.49%	38.82%	39.85%	40.73%	42.53%
Q1 2009	28.74%	31.63%	34.53%	37.75%	40.03%	41.23%	42.19%	43.20%	44.08%	45.29%
Q2 2009	24.71%	27.88%	30.87%	34.40%	36.69%	38.02%	39.22%	40.22%	41.27%	42.29%
Q3 2009	27.05%	29.64%	33.10%	35.73%	38.12%	39.51%	40.73%	41.92%	42.82%	43.93%
Q4 2009	25.11%	29.01%	32.80%	35.67%	38.05%	39.56%	40.56%	41.55%	42.30%	43.21%
Q1 2010	27.54%	31.05%	33.36%	34.81%	37.17%	38.24%	39.39%	40.21%	40.82%	41.47%
Q2 2010	28.03%	31.57%	33.66%	35.41%	38.12%	39.42%	40.83%	41.55%	42.21%	42.93%
Q3 2010	27.75%	30.84%	32.85%	34.51%	36.85%	38.14%	39.09%	39.79%	40.46%	41.16%
Q4 2010	28.01%	31.15%	33.28%	34.66%	37.47%	38.51%	39.25%	39.94%	40.42%	40.96%
Q1 2011	27.22%	29.96%	32.40%	34.39%	37.34%	38.48%	39.40%	40.06%	40.59%	41.24%
Q2 2011	27.23%	30.21%	32.15%	33.41%	36.22%	37.02%	37.91%	38.63%	39.05%	39.62%
Q3 2011	29.21%	32.44%	34.24%	35.37%	37.89%	38.85%	39.61%	40.27%	40.78%	41.54%
Q4 2011	26.76%	30.22%	32.17%	33.55%	36.37%	37.74%	38.74%	39.45%	40.07%	41.08%
Q1 2012	28.16%	31.26%	33.13%	35.24%	38.24%	39.22%	40.03%	40.64%	41.33%	42.06%
Q2 2012	27.25%	30.04%	32.34%	33.84%	37.12%	37.97%	38.66%	39.34%	39.81%	40.53%
Q3 2012	27.09%	30.30%	32.66%	34.65%	37.87%	39.08%	40.16%	41.13%	41.70%	42.41%
Q4 2012	29.21%	32.50%	34.22%	35.75%	38.93%	39.95%	40.76%	41.35%	41.99%	42.59%
Q1 2013	26.80%	30.49%	32.74%	34.42%	38.02%	39.10%	40.05%	40.77%	41.32%	42.08%
Q2 2013	29.68%	33.45%	35.50%	37.60%	40.86%	42.02%	43.11%	44.14%	44.79%	
Q3 2013	26.80%	30.77%	32.36%	34.15%	37.48%	38.76%	39.97%	41.26%	42.09%	
Q4 2013	25.79%	30.24%	32.32%	34.64%	38.19%	39.58%	40.60%	41.64%		
Q1 2014	26.18%	30.29%	33.18%	35.30%	38.98%	40.21%	41.26%	42.07%		
Q2 2014	27.85%	32.12%	34.77%	38.61%	40.31%	41.71%	43.29%			
Q3 2014	28.03%	32.21%	35.46%	39.34%	41.10%	42.59%	43.64%			
Q4 2014	27.53%	32.14%	36.82%	39.40%	41.22%	42.61%				
Q1 2015	28.07%	32.64%	36.60%	38.67%	40.73%	42.23%				
Q2 2015	27.30%	31.43%	35.75%	38.22%	40.21%					
Q3 2015	31.56%	35.49%	38.78%	41.12%	42.51%					
Q4 2015	31.42%	35.62%	39.02%	41.11%						
Q1 2016	31.27%	34.12%	38.09%	40.20%						
Q2 2016	29.94%	33.64%	36.62%							
Q3 2016	31.96%	34.48%	37.87%							
Q4 2016	29.09%	33.06%								
Q1 2017	31.23%	34.48%								
Q2 2017	32.91%									
Q3 2017	29.56%									
Q4 2017										

## 8. Static Analysis Recoveries – New Vehicles as of 28 February 2018

For a generation of defaulted loans (being all loans defaulted during the same quarter) used to finance new vehicles, the cumulative recovery rate in respect of a month is calculated as the ratio of: (i) the cumulative net present value of recoveries recorded between the month when such loan receivables become defaulted receivables and the relevant month, to (ii) the gross defaulted principal amount of such loans (s. above for cumulative gross losses). Recoveries are based on customer payments, proceeds on vehicle sales and proceeds in cases of selling the loan to a recovery agency.

Quarter of Termination	cumulative recoveries in % / months after termination									
	6	12	18	24	30	36	42	48	54	60
Q1 2008	39.25%	43.01%	45.85%	47.82%	49.77%	51.19%	52.17%	53.15%	53.66%	54.61%
Q2 2008	35.39%	38.84%	41.55%	43.03%	45.00%	45.91%	46.84%	47.33%	47.94%	49.08%
Q3 2008	35.75%	39.33%	41.60%	43.46%	45.29%	47.43%	48.32%	49.12%	49.88%	50.85%
Q4 2008	29.50%	33.69%	36.62%	40.48%	42.90%	44.48%	45.83%	46.62%	47.44%	48.78%
Q1 2009	34.09%	37.25%	39.75%	42.50%	45.40%	46.36%	47.36%	48.12%	48.82%	49.78%
Q2 2009	32.27%	35.43%	38.87%	42.26%	43.77%	44.82%	45.81%	46.35%	47.01%	48.55%
Q3 2009	32.35%	36.30%	40.25%	42.55%	44.86%	45.88%	46.78%	47.66%	48.20%	49.10%
Q4 2009	26.66%	32.75%	37.72%	42.08%	43.92%	45.41%	46.27%	47.11%	47.66%	48.56%
Q1 2010	34.32%	38.43%	40.80%	42.55%	44.58%	45.38%	46.23%	46.65%	47.06%	47.66%
Q2 2010	32.01%	35.14%	37.69%	40.33%	42.68%	43.52%	43.99%	44.42%	45.02%	46.06%
Q3 2010	35.18%	38.76%	39.99%	41.16%	43.19%	44.13%	45.12%	45.46%	45.75%	46.46%
Q4 2010	40.67%	42.58%	45.29%	46.85%	49.19%	50.02%	50.51%	51.01%	51.44%	51.94%
Q1 2011	36.78%	40.62%	43.19%	44.38%	46.69%	47.58%	48.32%	49.15%	49.63%	50.40%
Q2 2011	39.61%	42.33%	43.28%	44.59%	46.75%	47.74%	48.43%	48.85%	49.34%	49.92%
Q3 2011	40.92%	42.48%	44.14%	44.95%	46.78%	47.72%	48.20%	48.69%	49.29%	50.18%
Q4 2011	39.18%	42.66%	44.28%	45.41%	47.75%	49.08%	49.84%	50.76%	51.20%	52.04%
Q1 2012	38.82%	42.24%	44.49%	46.82%	49.37%	49.85%	50.29%	50.69%	51.06%	51.34%
Q2 2012	36.87%	40.11%	41.48%	43.08%	46.01%	46.60%	47.28%	47.67%	48.00%	48.42%
Q3 2012	41.89%	45.86%	47.53%	48.94%	51.21%	52.39%	53.00%	53.85%	54.84%	55.41%
Q4 2012	39.68%	42.94%	45.16%	47.08%	50.07%	51.34%	52.29%	53.65%	54.21%	54.92%
Q1 2013	39.13%	42.53%	45.69%	47.92%	50.71%	53.26%	54.36%	55.31%	55.96%	56.69%
Q2 2013	44.80%	47.63%	48.92%	50.03%	52.52%	53.28%	53.87%	54.50%	54.93%	
Q3 2013	42.10%	44.43%	47.10%	47.97%	50.37%	50.98%	51.41%	51.92%	52.24%	
Q4 2013	43.53%	45.64%	47.87%	49.94%	53.05%	53.90%	54.72%	55.38%		
Q1 2014	37.90%	42.39%	44.69%	47.69%	50.63%	51.68%	53.00%	53.96%		
Q2 2014	41.50%	45.36%	48.19%	51.92%	53.72%	54.85%	56.11%			
Q3 2014	39.17%	41.98%	44.22%	46.92%	48.39%	49.68%	50.90%			
Q4 2014	37.99%	41.77%	45.51%	46.77%	48.75%	50.44%				
Q1 2015	43.26%	46.05%	48.82%	50.24%	51.87%	52.71%				
Q2 2015	38.35%	41.27%	44.08%	45.26%	47.69%					
Q3 2015	39.84%	42.73%	46.70%	48.38%	49.14%					
Q4 2015	40.44%	43.79%	47.57%	48.88%						
Q1 2016	43.68%	46.22%	49.79%	51.27%						
Q2 2016	41.11%	43.24%	46.11%							
Q3 2016	43.24%	45.26%	48.58%							
Q4 2016	40.85%	45.69%								
Q1 2017	46.45%	47.72%								
Q2 2017	41.59%									
Q3 2017	38.15%									
Q4 2017										

## 9. Static Analysis Recoveries – Balloon Loans as of 28 February 2018

For a generation of defaulted loans (being all loans defaulted during the same quarter) which are Balloon Loans, the cumulative recovery rate in respect of a month is calculated as the ratio of: (i) the cumulative net present value of recoveries recorded between the month when such loan receivables become defaulted receivables and the relevant month, to (ii) the gross defaulted principal amount of such loans (s. above for cumulative gross losses). Recoveries are based on customer payments, proceeds on vehicle sales and proceeds in cases of selling the loan to a recovery agency.

Quarter of Termination	cumulative recoveries in % / months after termination									
	6	12	18	24	30	36	42	48	54	60
Q1 2008	32.37%	35.85%	38.23%	40.64%	42.35%	43.67%	44.75%	45.85%	46.52%	47.90%
Q2 2008	33.64%	36.20%	39.31%	40.84%	42.89%	44.30%	45.66%	46.34%	47.04%	48.44%
Q3 2008	33.28%	37.33%	39.12%	40.96%	42.96%	44.78%	45.67%	46.26%	46.91%	48.12%
Q4 2008	30.37%	32.82%	35.38%	38.29%	40.93%	42.57%	43.71%	44.62%	45.44%	47.05%
Q1 2009	30.23%	33.06%	36.35%	42.18%	45.57%	46.65%	47.51%	48.60%	49.33%	50.38%
Q2 2009	31.04%	34.53%	38.58%	45.59%	47.74%	48.73%	50.12%	50.92%	51.90%	52.71%
Q3 2009	29.38%	33.03%	37.97%	41.97%	44.21%	45.30%	46.41%	47.49%	48.40%	49.40%
Q4 2009	30.37%	34.90%	40.36%	43.40%	45.44%	47.56%	48.81%	49.95%	50.70%	51.48%
Q1 2010	29.39%	35.00%	37.63%	39.48%	41.60%	42.80%	44.23%	45.59%	46.24%	46.79%
Q2 2010	36.47%	40.77%	42.14%	44.95%	47.69%	49.16%	50.25%	51.01%	52.00%	52.65%
Q3 2010	37.30%	39.17%	40.63%	41.88%	43.79%	44.87%	45.54%	46.10%	46.61%	47.29%
Q4 2010	35.65%	37.80%	40.66%	41.94%	44.85%	45.41%	45.97%	46.56%	47.10%	47.72%
Q1 2011	32.88%	36.11%	39.26%	40.77%	43.88%	44.73%	45.59%	46.44%	46.98%	47.74%
Q2 2011	31.64%	35.22%	37.33%	38.68%	41.96%	42.84%	43.71%	44.32%	44.84%	45.30%
Q3 2011	35.55%	37.91%	38.97%	39.95%	41.95%	42.65%	43.27%	43.75%	44.23%	44.96%
Q4 2011	34.48%	37.67%	39.64%	40.94%	43.49%	44.77%	45.40%	46.09%	46.69%	48.36%
Q1 2012	38.10%	42.09%	44.76%	46.76%	49.17%	49.71%	50.88%	51.36%	51.54%	51.92%
Q2 2012	34.39%	36.96%	39.73%	40.86%	44.94%	45.78%	46.60%	47.53%	47.99%	48.60%
Q3 2012	38.04%	40.61%	42.85%	44.78%	47.27%	48.81%	50.05%	50.80%	51.33%	52.06%
Q4 2012	38.35%	40.88%	41.91%	42.71%	45.29%	46.08%	46.72%	47.23%	47.67%	48.08%
Q1 2013	37.34%	40.31%	44.50%	45.78%	48.32%	49.34%	50.02%	50.87%	51.38%	51.93%
Q2 2013	39.59%	41.79%	42.67%	43.60%	46.24%	47.11%	47.67%	48.36%	48.74%	
Q3 2013	33.93%	36.82%	38.60%	40.17%	42.75%	43.42%	44.07%	45.32%	45.85%	
Q4 2013	39.12%	43.43%	44.89%	47.03%	49.91%	51.04%	52.00%	53.18%		
Q1 2014	33.79%	38.49%	41.11%	44.88%	48.39%	49.35%	50.19%	51.35%		
Q2 2014	36.31%	40.70%	43.60%	46.92%	48.04%	49.34%	50.39%			
Q3 2014	36.07%	40.36%	42.28%	45.64%	46.63%	47.41%	48.29%			
Q4 2014	35.07%	39.31%	43.10%	45.53%	47.73%	49.40%				
Q1 2015	39.58%	44.08%	46.41%	48.25%	50.31%	51.37%				
Q2 2015	33.01%	36.33%	39.42%	41.51%	43.21%					
Q3 2015	40.23%	43.42%	46.26%	48.53%	49.38%					
Q4 2015	43.26%	48.48%	52.05%	53.04%						
Q1 2016	40.57%	42.67%	45.76%	48.48%						
Q2 2016	36.81%	40.92%	43.67%							
Q3 2016	40.53%	42.81%	45.84%							
Q4 2016	38.00%	41.98%								
Q1 2017	40.66%	44.25%								
Q2 2017	39.86%									
Q3 2017	37.06%									
Q4 2017										

## 10. Static Analysis Recoveries – Non-Balloon Loans as of 28 February 2018

For a generation of defaulted loans (being all loans defaulted during the same quarter) which are amortising loans, the cumulative recovery rate in respect of a month is calculated as the ratio of:

(i) the cumulative net present value of recoveries recorded between the month when such loan receivables become defaulted receivables and the relevant month, to (ii) the gross defaulted principal amount of such loans (s. above for cumulative gross losses). Recoveries are based on customer payments, proceeds on vehicle sales and proceeds in cases of selling the loan to a recovery agency.

Quarter of Termination	cumulative recoveries in % / months after termination									
	6	12	18	24	30	36	42	48	54	60
Q1 2008	31.18%	34.57%	37.51%	39.72%	41.76%	43.49%	44.63%	45.47%	46.24%	47.51%
Q2 2008	27.66%	31.00%	33.82%	35.83%	37.96%	39.40%	40.64%	41.66%	42.48%	44.05%
Q3 2008	26.02%	29.22%	32.29%	34.71%	37.18%	38.85%	40.31%	41.35%	42.18%	43.52%
Q4 2008	23.96%	27.62%	30.51%	33.13%	35.89%	37.69%	39.08%	40.08%	40.97%	42.71%
Q1 2009	29.60%	32.59%	35.24%	37.36%	39.40%	40.57%	41.59%	42.51%	43.38%	44.59%
Q2 2009	24.61%	27.66%	30.39%	32.61%	34.72%	36.10%	37.17%	38.11%	39.07%	40.32%
Q3 2009	27.59%	30.17%	33.25%	35.35%	37.77%	39.17%	40.34%	41.49%	42.29%	43.39%
Q4 2009	23.69%	28.02%	31.56%	34.80%	37.15%	38.43%	39.30%	40.19%	40.89%	41.84%
Q1 2010	28.81%	31.90%	34.15%	35.56%	37.90%	38.87%	39.86%	40.43%	40.97%	41.64%
Q2 2010	27.48%	30.75%	33.12%	34.91%	37.51%	38.65%	39.85%	40.47%	41.05%	41.88%
Q3 2010	27.52%	30.99%	32.93%	34.56%	36.91%	38.16%	39.18%	39.82%	40.43%	41.14%
Q4 2010	29.54%	32.58%	34.71%	36.16%	38.83%	39.92%	40.63%	41.30%	41.75%	42.27%
Q1 2011	28.53%	31.46%	33.79%	35.67%	38.43%	39.56%	40.45%	41.11%	41.63%	42.29%
Q2 2011	29.40%	32.20%	33.86%	35.12%	37.68%	38.51%	39.36%	40.03%	40.44%	41.03%
Q3 2011	30.73%	33.74%	35.67%	36.76%	39.22%	40.23%	40.95%	41.60%	42.15%	42.95%
Q4 2011	28.27%	31.78%	33.66%	34.99%	37.75%	39.12%	40.13%	40.90%	41.48%	42.34%
Q1 2012	29.00%	32.02%	33.85%	36.03%	39.02%	39.96%	40.61%	41.20%	41.90%	42.58%
Q2 2012	28.54%	31.49%	33.46%	35.06%	38.11%	38.90%	39.57%	40.13%	40.56%	41.23%
Q3 2012	28.36%	31.86%	34.08%	35.96%	39.10%	40.24%	41.18%	42.17%	42.84%	43.51%
Q4 2012	30.08%	33.51%	35.49%	37.26%	40.51%	41.64%	42.51%	43.31%	43.97%	44.63%
Q1 2013	28.08%	31.83%	33.97%	35.85%	39.43%	40.90%	41.93%	42.68%	43.27%	44.06%
Q2 2013	31.98%	35.77%	37.84%	39.88%	43.04%	44.15%	45.19%	46.18%	46.82%	
Q3 2013	29.27%	33.02%	34.84%	36.44%	39.68%	40.90%	42.01%	43.12%	43.88%	
Q4 2013	27.73%	31.65%	33.87%	36.16%	39.72%	41.03%	42.01%	42.94%		
Q1 2014	28.23%	32.34%	35.10%	37.16%	40.64%	41.88%	43.05%	43.83%		
Q2 2014	29.73%	33.86%	36.51%	40.43%	42.29%	43.64%	45.25%			
Q3 2014	29.52%	33.29%	36.53%	40.18%	42.02%	43.60%	44.74%			
Q4 2014	28.56%	33.04%	37.68%	39.94%	41.72%	43.13%				
Q1 2015	30.03%	34.04%	38.03%	39.95%	41.87%	43.27%				
Q2 2015	28.93%	32.92%	37.12%	39.33%	41.51%					
Q3 2015	31.78%	35.60%	39.17%	41.35%	42.70%					
Q4 2015	30.28%	33.86%	37.32%	39.53%						
Q1 2016	31.92%	34.88%	38.96%	40.79%						
Q2 2016	30.79%	33.95%	36.97%							
Q3 2016	32.21%	34.68%	38.15%							
Q4 2016	29.79%	34.01%								
Q1 2017	32.04%	34.58%								
Q2 2017	32.92%									
Q3 2017	28.71%									
Q4 2017										

11. **Delinquencies 31-60 Days, 61-90 Days, 91-120 Days, 121-150 Days and more than 150 Days Past Due in % Total Portfolio as of 28 February 2018**

At a given month, the delinquency rate is calculated as the ratio of: (i) the outstanding principal balance of all delinquent loans in the respective overdue bucket, to (ii) the outstanding principal balance of all loans (defaulted loans excluded) at the end of the same month.

Year	2008					2009				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.53%	0.31%	0.16%	0.09%	0.29%	0.45%	0.28%	0.15%	0.10%	0.36%
February	0.53%	0.30%	0.18%	0.09%	0.29%	0.49%	0.27%	0.16%	0.09%	0.35%
March	0.53%	0.30%	0.18%	0.10%	0.29%	0.45%	0.24%	0.14%	0.08%	0.34%
April	0.50%	0.28%	0.17%	0.10%	0.30%	0.42%	0.27%	0.16%	0.08%	0.30%
May	0.51%	0.30%	0.18%	0.11%	0.32%	0.46%	0.24%	0.15%	0.09%	0.29%
June	0.51%	0.29%	0.19%	0.11%	0.34%	0.41%	0.24%	0.14%	0.08%	0.27%
July	0.49%	0.29%	0.16%	0.11%	0.36%	0.40%	0.22%	0.14%	0.07%	0.29%
August	0.50%	0.29%	0.18%	0.09%	0.36%	0.40%	0.23%	0.13%	0.07%	0.29%
September	0.48%	0.28%	0.16%	0.10%	0.36%	0.39%	0.22%	0.13%	0.08%	0.29%
October	0.46%	0.27%	0.16%	0.09%	0.34%	0.40%	0.23%	0.13%	0.07%	0.28%
November	0.51%	0.30%	0.15%	0.10%	0.35%	0.38%	0.22%	0.12%	0.07%	0.28%
December	0.48%	0.27%	0.16%	0.08%	0.33%	0.37%	0.20%	0.12%	0.06%	0.19%
Year	2010					2011				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.37%	0.20%	0.12%	0.07%	0.20%	0.32%	0.19%	0.10%	0.07%	0.14%
February	0.38%	0.21%	0.11%	0.07%	0.20%	0.35%	0.19%	0.11%	0.07%	0.16%
March	0.33%	0.18%	0.10%	0.06%	0.19%	0.30%	0.19%	0.10%	0.07%	0.16%
April	0.32%	0.19%	0.11%	0.06%	0.17%	0.31%	0.19%	0.11%	0.07%	0.15%
May	0.31%	0.18%	0.11%	0.07%	0.17%	0.31%	0.18%	0.10%	0.07%	0.13%
June	0.30%	0.17%	0.10%	0.06%	0.14%	0.31%	0.18%	0.10%	0.06%	0.15%
July	0.30%	0.17%	0.09%	0.06%	0.12%	0.30%	0.18%	0.10%	0.07%	0.15%
August	0.31%	0.16%	0.09%	0.05%	0.12%	0.27%	0.16%	0.10%	0.06%	0.13%
September	0.32%	0.16%	0.10%	0.05%	0.11%	0.25%	0.15%	0.10%	0.06%	0.12%
October	0.34%	0.20%	0.10%	0.05%	0.12%	0.26%	0.14%	0.09%	0.06%	0.12%
November	0.32%	0.20%	0.11%	0.06%	0.11%	0.26%	0.13%	0.08%	0.05%	0.11%
December	0.30%	0.18%	0.11%	0.07%	0.10%	0.25%	0.13%	0.07%	0.04%	0.10%
Year	2012					2013				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.26%	0.14%	0.07%	0.04%	0.08%	0.23%	0.12%	0.07%	0.04%	0.07%
February	0.26%	0.15%	0.08%	0.04%	0.08%	0.21%	0.12%	0.07%	0.04%	0.07%
March	0.25%	0.14%	0.08%	0.05%	0.08%	0.22%	0.12%	0.07%	0.04%	0.07%
April	0.27%	0.15%	0.08%	0.05%	0.08%	0.22%	0.11%	0.07%	0.04%	0.06%
May	0.25%	0.15%	0.08%	0.05%	0.09%	0.23%	0.11%	0.07%	0.04%	0.06%
June	0.25%	0.15%	0.08%	0.05%	0.09%	0.22%	0.11%	0.06%	0.04%	0.06%
July	0.24%	0.13%	0.08%	0.05%	0.09%	0.22%	0.10%	0.06%	0.03%	0.05%
August	0.24%	0.13%	0.06%	0.04%	0.08%	0.22%	0.11%	0.06%	0.03%	0.05%
September	0.26%	0.14%	0.08%	0.04%	0.08%	0.23%	0.11%	0.06%	0.03%	0.04%
October	0.24%	0.13%	0.07%	0.04%	0.07%	0.21%	0.11%	0.06%	0.03%	0.04%
November	0.22%	0.13%	0.07%	0.04%	0.08%	0.22%	0.12%	0.06%	0.04%	0.05%
December	0.23%	0.13%	0.07%	0.05%	0.08%	0.23%	0.11%	0.07%	0.04%	0.05%
Year	2014					2015				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.23%	0.12%	0.06%	0.04%	0.05%	0.21%	0.10%	0.06%	0.04%	0.05%
February	0.23%	0.12%	0.07%	0.04%	0.05%	0.21%	0.09%	0.05%	0.03%	0.05%
March	0.22%	0.11%	0.07%	0.03%	0.05%	0.20%	0.08%	0.05%	0.02%	0.04%
April	0.24%	0.11%	0.07%	0.04%	0.04%	0.21%	0.09%	0.04%	0.02%	0.04%
May	0.24%	0.12%	0.06%	0.03%	0.06%	0.21%	0.10%	0.05%	0.02%	0.03%
June	0.24%	0.12%	0.07%	0.04%	0.05%	0.23%	0.09%	0.05%	0.02%	0.03%
July	0.21%	0.11%	0.06%	0.04%	0.05%	0.20%	0.10%	0.04%	0.02%	0.04%
August	0.22%	0.10%	0.06%	0.03%	0.05%	0.21%	0.10%	0.04%	0.02%	0.03%
September	0.22%	0.11%	0.06%	0.03%	0.05%	0.20%	0.09%	0.04%	0.03%	0.03%
October	0.22%	0.12%	0.06%	0.03%	0.05%	0.19%	0.09%	0.05%	0.02%	0.03%
November	0.23%	0.13%	0.07%	0.04%	0.06%	0.19%	0.09%	0.05%	0.02%	0.03%
December	0.21%	0.13%	0.06%	0.04%	0.06%	0.18%	0.08%	0.04%	0.02%	0.03%
Year	2016					2017				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.20%	0.08%	0.04%	0.02%	0.02%	0.19%	0.09%	0.04%	0.02%	0.03%
February	0.20%	0.08%	0.04%	0.02%	0.02%	0.19%	0.09%	0.04%	0.02%	0.03%
March	0.19%	0.08%	0.03%	0.02%	0.02%	0.17%	0.09%	0.04%	0.02%	0.03%
April	0.19%	0.08%	0.04%	0.02%	0.02%	0.19%	0.09%	0.04%	0.03%	0.04%
May	0.20%	0.08%	0.04%	0.02%	0.02%	0.36%	0.10%	0.06%	0.03%	0.03%
June	0.20%	0.08%	0.03%	0.01%	0.03%	0.26%	0.11%	0.06%	0.03%	0.04%
July	0.20%	0.09%	0.04%	0.02%	0.02%	0.26%	0.10%	0.06%	0.03%	0.04%
August	0.20%	0.08%	0.04%	0.02%	0.03%	0.32%	0.09%	0.06%	0.03%	0.03%
September	0.20%	0.09%	0.04%	0.02%	0.02%	0.23%	0.11%	0.05%	0.03%	0.03%
October	0.21%	0.09%	0.04%	0.02%	0.03%	0.26%	0.10%	0.06%	0.03%	0.03%
November	0.19%	0.09%	0.04%	0.02%	0.02%	0.31%	0.10%	0.05%	0.03%	0.03%
December	0.19%	0.08%	0.04%	0.02%	0.03%	0.23%	0.11%	0.06%	0.03%	0.04%
Year	2018									
days past due	31-60	61-90	91-120	121-150	>151					
January	0.22%	0.09%	0.06%	0.03%	0.04%					
February	0.29%	0.10%	0.06%	0.03%	0.04%					

12. **Delinquencies 31-60 Days, 61-90 Days, 91-120 Days, 121-150 Days and > 150 Days Past Due in % Used Vehicles Portfolio as of 28 February 2018**

Year	2008					2009				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.62%	0.37%	0.19%	0.11%	0.34%	0.53%	0.34%	0.18%	0.12%	0.39%
February	0.61%	0.35%	0.21%	0.10%	0.34%	0.59%	0.34%	0.19%	0.11%	0.38%
March	0.62%	0.34%	0.20%	0.12%	0.33%	0.55%	0.29%	0.17%	0.09%	0.38%
April	0.59%	0.34%	0.20%	0.11%	0.34%	0.51%	0.33%	0.19%	0.10%	0.34%
May	0.60%	0.36%	0.21%	0.12%	0.35%	0.57%	0.31%	0.19%	0.11%	0.33%
June	0.61%	0.34%	0.22%	0.12%	0.36%	0.51%	0.31%	0.17%	0.10%	0.30%
July	0.58%	0.35%	0.19%	0.13%	0.38%	0.49%	0.28%	0.18%	0.09%	0.32%
August	0.58%	0.35%	0.21%	0.11%	0.39%	0.52%	0.29%	0.17%	0.10%	0.32%
September	0.56%	0.33%	0.20%	0.12%	0.39%	0.51%	0.30%	0.16%	0.10%	0.32%
October	0.54%	0.31%	0.19%	0.11%	0.36%	0.51%	0.30%	0.16%	0.09%	0.32%
November	0.60%	0.36%	0.18%	0.12%	0.37%	0.48%	0.29%	0.16%	0.09%	0.33%
December	0.57%	0.32%	0.20%	0.09%	0.36%	0.48%	0.26%	0.15%	0.09%	0.23%
Year	2010					2011				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.47%	0.27%	0.15%	0.09%	0.24%	0.39%	0.24%	0.14%	0.09%	0.17%
February	0.49%	0.28%	0.14%	0.09%	0.25%	0.44%	0.24%	0.14%	0.09%	0.20%
March	0.42%	0.24%	0.13%	0.08%	0.23%	0.37%	0.24%	0.13%	0.09%	0.20%
April	0.41%	0.25%	0.15%	0.08%	0.21%	0.39%	0.24%	0.15%	0.09%	0.19%
May	0.40%	0.23%	0.14%	0.09%	0.21%	0.39%	0.23%	0.12%	0.09%	0.17%
June	0.39%	0.21%	0.12%	0.08%	0.18%	0.37%	0.23%	0.13%	0.08%	0.19%
July	0.38%	0.22%	0.12%	0.08%	0.15%	0.38%	0.22%	0.12%	0.08%	0.19%
August	0.39%	0.21%	0.11%	0.07%	0.15%	0.34%	0.20%	0.13%	0.08%	0.17%
September	0.40%	0.20%	0.12%	0.07%	0.14%	0.31%	0.19%	0.12%	0.08%	0.15%
October	0.42%	0.25%	0.12%	0.07%	0.15%	0.32%	0.18%	0.11%	0.07%	0.15%
November	0.41%	0.25%	0.14%	0.08%	0.14%	0.31%	0.17%	0.11%	0.06%	0.14%
December	0.38%	0.24%	0.14%	0.09%	0.13%	0.31%	0.16%	0.09%	0.05%	0.13%
Year	2012					2013				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.32%	0.18%	0.09%	0.05%	0.10%	0.28%	0.15%	0.08%	0.05%	0.09%
February	0.31%	0.19%	0.10%	0.05%	0.10%	0.26%	0.16%	0.09%	0.05%	0.09%
March	0.31%	0.17%	0.10%	0.07%	0.10%	0.28%	0.15%	0.08%	0.05%	0.08%
April	0.33%	0.18%	0.10%	0.06%	0.11%	0.26%	0.14%	0.08%	0.05%	0.08%
May	0.32%	0.19%	0.10%	0.07%	0.12%	0.29%	0.13%	0.08%	0.05%	0.08%
June	0.30%	0.19%	0.11%	0.06%	0.12%	0.28%	0.14%	0.07%	0.04%	0.07%
July	0.30%	0.16%	0.10%	0.06%	0.11%	0.27%	0.13%	0.08%	0.04%	0.06%
August	0.29%	0.17%	0.08%	0.06%	0.10%	0.26%	0.14%	0.08%	0.04%	0.06%
September	0.32%	0.17%	0.10%	0.05%	0.10%	0.28%	0.14%	0.08%	0.03%	0.05%
October	0.31%	0.17%	0.09%	0.05%	0.09%	0.27%	0.14%	0.08%	0.04%	0.05%
November	0.27%	0.16%	0.09%	0.05%	0.10%	0.27%	0.15%	0.08%	0.04%	0.06%
December	0.29%	0.16%	0.09%	0.06%	0.09%	0.28%	0.15%	0.08%	0.05%	0.05%
Year	2014					2015				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.28%	0.15%	0.08%	0.04%	0.06%	0.26%	0.13%	0.08%	0.05%	0.06%
February	0.29%	0.16%	0.08%	0.05%	0.07%	0.26%	0.11%	0.06%	0.04%	0.06%
March	0.28%	0.14%	0.09%	0.04%	0.06%	0.25%	0.11%	0.05%	0.03%	0.05%
April	0.29%	0.14%	0.08%	0.05%	0.06%	0.26%	0.12%	0.05%	0.03%	0.04%
May	0.29%	0.15%	0.08%	0.04%	0.07%	0.26%	0.12%	0.07%	0.03%	0.04%
June	0.29%	0.15%	0.08%	0.05%	0.07%	0.27%	0.11%	0.06%	0.03%	0.04%
July	0.26%	0.14%	0.07%	0.05%	0.07%	0.24%	0.12%	0.05%	0.03%	0.05%
August	0.27%	0.13%	0.07%	0.04%	0.07%	0.26%	0.12%	0.05%	0.03%	0.04%
September	0.27%	0.14%	0.07%	0.04%	0.06%	0.25%	0.11%	0.05%	0.03%	0.04%
October	0.27%	0.15%	0.08%	0.04%	0.06%	0.23%	0.12%	0.06%	0.03%	0.04%
November	0.29%	0.16%	0.08%	0.04%	0.07%	0.24%	0.11%	0.06%	0.03%	0.03%
December	0.26%	0.16%	0.07%	0.05%	0.07%	0.23%	0.10%	0.05%	0.03%	0.03%
Year	2016					2017				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.25%	0.10%	0.05%	0.02%	0.03%	0.24%	0.11%	0.05%	0.02%	0.04%
February	0.25%	0.10%	0.05%	0.02%	0.03%	0.23%	0.12%	0.05%	0.03%	0.04%
March	0.24%	0.09%	0.05%	0.03%	0.03%	0.21%	0.11%	0.05%	0.03%	0.04%
April	0.23%	0.10%	0.05%	0.02%	0.03%	0.23%	0.11%	0.06%	0.04%	0.05%
May	0.26%	0.10%	0.04%	0.02%	0.03%	0.44%	0.12%	0.08%	0.04%	0.04%
June	0.25%	0.10%	0.04%	0.02%	0.04%	0.32%	0.14%	0.08%	0.04%	0.05%
July	0.25%	0.11%	0.05%	0.02%	0.02%	0.32%	0.13%	0.08%	0.04%	0.05%
August	0.26%	0.11%	0.04%	0.02%	0.03%	0.39%	0.12%	0.07%	0.04%	0.04%
September	0.24%	0.11%	0.04%	0.02%	0.03%	0.29%	0.14%	0.06%	0.04%	0.05%
October	0.25%	0.11%	0.05%	0.02%	0.04%	0.32%	0.13%	0.08%	0.04%	0.04%
November	0.23%	0.11%	0.05%	0.02%	0.03%	0.37%	0.13%	0.07%	0.04%	0.05%
December	0.24%	0.10%	0.05%	0.03%	0.03%	0.29%	0.13%	0.07%	0.04%	0.05%
Year	2018									
days past due	31-60	61-90	91-120	121-150	>151					
January	0.27%	0.12%	0.07%	0.04%	0.05%					
February	0.35%	0.12%	0.07%	0.04%	0.06%					



13. **Delinquencies 31-60 Days, 61-90 Days, 91-120 Days, 121-150 Days and > 150 Days Past Due in % New Vehicles Portfolio as of 28 February 2018**

Year	2008					2009				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.35%	0.19%	0.10%	0.05%	0.20%	0.28%	0.15%	0.09%	0.05%	0.29%
February	0.39%	0.21%	0.11%	0.06%	0.19%	0.30%	0.14%	0.09%	0.05%	0.29%
March	0.34%	0.21%	0.14%	0.07%	0.19%	0.26%	0.14%	0.08%	0.05%	0.26%
April	0.31%	0.17%	0.13%	0.09%	0.21%	0.25%	0.14%	0.09%	0.04%	0.24%
May	0.34%	0.18%	0.11%	0.09%	0.27%	0.25%	0.12%	0.08%	0.05%	0.22%
June	0.32%	0.19%	0.12%	0.07%	0.30%	0.22%	0.11%	0.07%	0.05%	0.21%
July	0.30%	0.17%	0.11%	0.06%	0.31%	0.23%	0.11%	0.05%	0.03%	0.25%
August	0.32%	0.16%	0.11%	0.06%	0.30%	0.22%	0.12%	0.06%	0.04%	0.24%
September	0.32%	0.17%	0.09%	0.06%	0.31%	0.19%	0.11%	0.07%	0.04%	0.23%
October	0.28%	0.16%	0.10%	0.06%	0.28%	0.21%	0.11%	0.06%	0.04%	0.22%
November	0.32%	0.17%	0.09%	0.06%	0.29%	0.21%	0.11%	0.06%	0.03%	0.19%
December	0.29%	0.16%	0.09%	0.05%	0.28%	0.20%	0.09%	0.06%	0.02%	0.14%
Year	2010					2011				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.19%	0.10%	0.05%	0.04%	0.13%	0.19%	0.11%	0.05%	0.04%	0.08%
February	0.20%	0.11%	0.05%	0.03%	0.12%	0.19%	0.11%	0.05%	0.03%	0.10%
March	0.17%	0.09%	0.05%	0.03%	0.12%	0.18%	0.10%	0.06%	0.03%	0.08%
April	0.17%	0.10%	0.05%	0.03%	0.11%	0.17%	0.10%	0.06%	0.03%	0.08%
May	0.18%	0.09%	0.05%	0.04%	0.11%	0.18%	0.08%	0.05%	0.04%	0.06%
June	0.15%	0.09%	0.05%	0.03%	0.08%	0.20%	0.10%	0.05%	0.03%	0.07%
July	0.17%	0.08%	0.04%	0.04%	0.06%	0.17%	0.10%	0.05%	0.03%	0.07%
August	0.18%	0.08%	0.05%	0.02%	0.06%	0.16%	0.08%	0.05%	0.03%	0.07%
September	0.18%	0.09%	0.05%	0.02%	0.06%	0.15%	0.08%	0.05%	0.03%	0.06%
October	0.20%	0.11%	0.05%	0.03%	0.06%	0.15%	0.08%	0.05%	0.03%	0.06%
November	0.18%	0.11%	0.07%	0.03%	0.07%	0.17%	0.07%	0.05%	0.03%	0.05%
December	0.17%	0.10%	0.06%	0.05%	0.06%	0.16%	0.07%	0.04%	0.02%	0.06%
Year	2012					2013				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.15%	0.08%	0.04%	0.03%	0.04%	0.14%	0.06%	0.04%	0.03%	0.05%
February	0.18%	0.09%	0.04%	0.03%	0.05%	0.14%	0.07%	0.04%	0.02%	0.05%
March	0.15%	0.08%	0.05%	0.02%	0.04%	0.14%	0.07%	0.04%	0.02%	0.05%
April	0.16%	0.09%	0.05%	0.03%	0.04%	0.14%	0.07%	0.04%	0.02%	0.04%
May	0.14%	0.10%	0.05%	0.03%	0.04%	0.14%	0.06%	0.04%	0.02%	0.04%
June	0.16%	0.08%	0.04%	0.03%	0.04%	0.12%	0.07%	0.03%	0.02%	0.03%
July	0.14%	0.08%	0.04%	0.02%	0.05%	0.13%	0.05%	0.04%	0.02%	0.03%
August	0.15%	0.06%	0.04%	0.02%	0.05%	0.14%	0.07%	0.03%	0.01%	0.03%
September	0.16%	0.07%	0.04%	0.02%	0.05%	0.14%	0.07%	0.03%	0.02%	0.03%
October	0.14%	0.07%	0.04%	0.03%	0.04%	0.13%	0.07%	0.04%	0.02%	0.03%
November	0.15%	0.08%	0.04%	0.02%	0.05%	0.15%	0.07%	0.04%	0.02%	0.03%
December	0.13%	0.08%	0.04%	0.03%	0.05%	0.14%	0.06%	0.04%	0.02%	0.04%
Year	2014					2015				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.14%	0.07%	0.04%	0.02%	0.03%	0.12%	0.07%	0.03%	0.02%	0.04%
February	0.15%	0.06%	0.04%	0.03%	0.03%	0.13%	0.05%	0.03%	0.02%	0.02%
March	0.14%	0.06%	0.03%	0.02%	0.03%	0.12%	0.04%	0.03%	0.01%	0.02%
April	0.15%	0.06%	0.04%	0.02%	0.02%	0.12%	0.05%	0.02%	0.02%	0.02%
May	0.15%	0.07%	0.04%	0.02%	0.02%	0.13%	0.05%	0.03%	0.01%	0.02%
June	0.15%	0.07%	0.04%	0.02%	0.03%	0.14%	0.05%	0.03%	0.01%	0.02%
July	0.13%	0.06%	0.04%	0.02%	0.02%	0.12%	0.06%	0.02%	0.01%	0.02%
August	0.12%	0.06%	0.03%	0.02%	0.03%	0.12%	0.07%	0.03%	0.01%	0.02%
September	0.14%	0.06%	0.04%	0.01%	0.03%	0.12%	0.05%	0.03%	0.02%	0.02%
October	0.14%	0.06%	0.04%	0.02%	0.03%	0.12%	0.05%	0.03%	0.02%	0.02%
November	0.14%	0.07%	0.04%	0.02%	0.04%	0.11%	0.05%	0.03%	0.01%	0.02%
December	0.13%	0.08%	0.03%	0.02%	0.04%	0.11%	0.04%	0.02%	0.01%	0.02%
Year	2016					2017				
days past due	31-60	61-90	91-120	121-150	>151	31-60	61-90	91-120	121-150	>151
January	0.12%	0.04%	0.02%	0.01%	0.01%	0.10%	0.04%	0.02%	0.02%	0.02%
February	0.12%	0.05%	0.02%	0.01%	0.01%	0.11%	0.04%	0.02%	0.01%	0.02%
March	0.12%	0.05%	0.02%	0.01%	0.01%	0.10%	0.05%	0.02%	0.01%	0.02%
April	0.11%	0.05%	0.03%	0.01%	0.01%	0.12%	0.06%	0.02%	0.01%	0.02%
May	0.11%	0.05%	0.02%	0.01%	0.02%	0.22%	0.06%	0.03%	0.02%	0.01%
June	0.11%	0.05%	0.02%	0.01%	0.01%	0.16%	0.06%	0.03%	0.01%	0.01%
July	0.11%	0.05%	0.02%	0.01%	0.01%	0.16%	0.06%	0.03%	0.02%	0.02%
August	0.11%	0.05%	0.02%	0.01%	0.01%	0.19%	0.05%	0.04%	0.02%	0.02%
September	0.12%	0.04%	0.02%	0.01%	0.01%	0.13%	0.06%	0.02%	0.01%	0.01%
October	0.13%	0.05%	0.02%	0.01%	0.01%	0.15%	0.05%	0.03%	0.01%	0.02%
November	0.11%	0.06%	0.02%	0.01%	0.01%	0.20%	0.06%	0.02%	0.01%	0.01%
December	0.10%	0.05%	0.02%	0.01%	0.02%	0.13%	0.06%	0.03%	0.01%	0.02%
Year	2018									
days past due	31-60	61-90	91-120	121-150	>151					
January	0.13%	0.04%	0.04%	0.01%	0.02%					
February	0.17%	0.06%	0.03%	0.02%	0.02%					

#### 14. Annualised Prepayments – as of 28 February 2018

At a given month, the annualised prepayment rate is calculated by multiplying the monthly prepayment rate by 12. The monthly prepayment rate is calculated as the ratio of: (i) the outstanding principal balance of all loans prepaid during the month, to (ii) the outstanding principal balance of all loans (defaulted loans excluded) at the end of the previous month.

Prepayments in % of Total Outstanding Loan Balance	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	15.25%	12.60%	10.29%	12.92%	13.20%	14.09%	14.74%	13.28%	14.05%	15.19%	14.23%
February	15.80%	12.95%	11.13%	13.85%	13.09%	12.95%	14.58%	15.07%	16.08%	16.11%	13.83%
March	15.40%	14.33%	14.04%	16.56%	15.79%	13.94%	15.87%	17.61%	17.17%	19.02%	
April	17.63%	13.40%	13.53%	14.84%	7.91%	15.62%	15.58%	16.32%	17.86%	15.24%	
May	16.01%	12.32%	12.58%	16.92%	21.15%	15.17%	15.48%	14.71%	16.63%	17.76%	
June	16.53%	12.93%	13.56%	14.54%	14.69%	14.86%	14.24%	16.93%	16.76%	14.91%	
July	16.43%	14.00%	14.38%	15.23%	15.93%	16.72%	16.51%	18.05%	15.58%	16.38%	
August	13.94%	12.17%	14.73%	15.85%	15.95%	15.16%	14.41%	17.27%	16.48%	17.35%	
September	14.24%	12.58%	14.23%	14.63%	13.01%	14.38%	14.19%	16.37%	15.54%	14.42%	
October	14.99%	12.34%	13.55%	14.26%	14.39%	15.31%	15.97%	16.14%	15.40%	14.78%	
November	12.66%	11.81%	14.16%	13.74%	13.57%	13.77%	13.68%	15.18%	16.13%	14.29%	
December	11.61%	10.71%	11.79%	11.29%	10.05%	11.39%	11.64%	13.10%	13.65%	11.27%	

## ASSUMED AMORTISATION OF THE PURCHASED RECEIVABLES AND OF THE NOTES

### Assumed Amortisation of the Purchased Receivables if Clean-Up Call Option is not exercised

This amortisation scenario is based on the assumption that 0 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Purchased Receivables may differ substantially from the amortisation scenario indicated below.

IN EUROS		
Cut-Off Date falling in	Amortisation Profile of the Purchased Receivables	Scheduled Amortisation of the Purchased Receivables
May-18	599,999,998	
Jun-18	591,585,044	8,414,955
Jul-18	583,035,638	8,549,406
Aug-18	574,307,135	8,728,502
Sep-18	565,685,516	8,621,619
Oct-18	557,068,850	8,616,667
Nov-18	548,346,544	8,722,305
Dec-18	539,654,775	8,691,770
Jan-19	530,971,875	8,682,900
Feb-19	522,350,695	8,621,180
Mar-19	513,637,247	8,713,448
Apr-19	504,722,579	8,914,668
May-19	495,919,779	8,802,800
Jun-19	487,157,970	8,761,809
Jul-19	478,020,236	9,137,734
Aug-19	468,912,709	9,107,527
Sep-19	459,861,972	9,050,737
Oct-19	450,511,621	9,350,351
Nov-19	441,506,102	9,005,520
Dec-19	432,207,153	9,298,949
Jan-20	423,212,854	8,994,299
Feb-20	414,093,062	9,119,792
Mar-20	404,726,569	9,366,492
Apr-20	395,368,066	9,358,504
May-20	386,158,489	9,209,576
Jun-20	376,529,546	9,628,943
Jul-20	366,248,359	10,281,188
Aug-20	355,824,980	10,423,378
Sep-20	345,157,454	10,667,527
Oct-20	333,816,294	11,341,160
Nov-20	323,264,952	10,551,342
Dec-20	312,028,624	11,236,328
Jan-21	301,930,329	10,098,295
Feb-21	291,699,344	10,230,985
Mar-21	280,133,716	11,565,628
Apr-21	270,313,674	9,820,042
May-21	260,496,895	9,816,779
Jun-21	249,806,231	10,690,664
Jul-21	238,705,113	11,101,118
Aug-21	227,893,102	10,812,011
Sep-21	216,899,748	10,993,354
Oct-21	205,957,916	10,941,832
Nov-21	195,270,162	10,687,754
Dec-21	184,623,524	10,646,638
Jan-22	175,110,071	9,513,452
Feb-22	165,023,541	10,086,530
Mar-22	153,550,593	11,472,948
Apr-22	143,600,285	9,950,308
May-22	133,671,027	9,929,258
Jun-22	123,012,881	10,658,146
Jul-22	110,759,400	12,253,481
Aug-22	97,855,143	12,904,257
Sep-22	85,799,754	12,055,389
Oct-22	73,051,239	12,748,514
Nov-22	60,622,814	12,428,426
Dec-22	49,010,209	11,612,605
Jan-23	38,789,608	10,220,601
Feb-23	27,960,298	10,829,309
Mar-23	15,929,475	12,030,824
Apr-23	14,802,432	1,127,043
May-23	13,672,704	1,129,728
Jun-23	12,598,178	1,074,526
Jul-23	11,518,893	1,079,285
Aug-23	10,509,042	1,009,851
Sep-23	9,540,735	968,307
Oct-23	8,610,571	930,164
Nov-23	7,709,563	901,008
Dec-23	6,881,994	827,569
Jan-24	6,106,870	775,124
Feb-24	5,377,222	729,648
Mar-24	4,705,693	671,529
Apr-24	4,128,490	577,203
May-24	3,564,868	563,622
Jun-24	3,045,190	519,678
Jul-24	2,552,812	492,378
Aug-24	2,107,789	445,023
Sep-24	1,576,172	531,617
Oct-24	1,173,770	402,402
Nov-24	830,665	343,105
Dec-24	549,190	281,475
Jan-25	324,066	225,124
Feb-25	108,202	215,864
Mar-25	760	107,442
Apr-25	290	470
May-25	-	290

## Assumed Amortisation of the Purchased Receivables if Clean-Up Call Option is not exercised

This amortisation scenario is based on the assumption that 16 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Purchased Receivables may differ substantially from the amortisation scenario indicated below.

IN EUROS

Cut-Off Date falling in	Amortisation Profile of the Purchased Receivables	Scheduled Amortisation of the Purchased Receivables
May-18	599,999,998	
Jun-18	583,051,781	16,948,217
Jul-18	566,337,061	16,714,720
Aug-18	549,811,771	16,525,290
Sep-18	533,746,231	16,065,540
Oct-18	518,034,372	15,711,859
Nov-18	502,567,909	15,466,463
Dec-18	487,467,434	15,100,475
Jan-19	472,705,920	14,761,514
Feb-19	458,322,989	14,382,931
Mar-19	444,176,844	14,146,144
Apr-19	430,171,941	14,004,904
May-19	416,572,614	13,599,327
Jun-19	403,310,045	13,262,569
Jul-19	390,036,678	13,273,366
Aug-19	377,086,610	12,950,068
Sep-19	364,473,993	12,612,616
Oct-19	351,912,738	12,561,255
Nov-19	339,903,502	12,009,236
Dec-19	327,944,853	11,958,649
Jan-20	316,488,300	11,456,553
Feb-20	305,201,529	11,286,772
Mar-20	293,995,313	11,206,216
Apr-20	283,054,602	10,940,712
May-20	272,473,430	10,581,172
Jun-20	261,846,983	10,626,447
Jul-20	251,023,361	10,823,622
Aug-20	240,361,457	10,661,904
Sep-20	229,792,363	10,569,094
Oct-20	219,036,154	10,756,208
Nov-20	209,053,208	9,982,946
Dec-20	198,876,098	10,177,110
Jan-21	189,663,970	9,212,128
Feb-21	180,594,071	9,069,899
Mar-21	170,931,994	9,662,077
Apr-21	162,560,839	8,371,155
May-21	154,397,552	8,163,287
Jun-21	145,925,458	8,472,094
Jul-21	137,429,340	8,496,118
Aug-21	129,312,009	8,117,331
Sep-21	121,298,845	8,013,164
Oct-21	113,518,345	7,780,501
Nov-21	106,075,085	7,443,260
Dec-21	98,844,948	7,230,137
Jan-22	92,399,263	6,445,685
Feb-22	85,820,932	6,578,331
Mar-22	78,702,542	7,118,389
Apr-22	72,540,828	6,161,715
May-22	66,550,976	5,989,851
Jun-22	60,361,174	6,189,803
Jul-22	53,564,570	6,796,604
Aug-22	46,641,297	6,923,272
Sep-22	40,305,373	6,335,924
Oct-22	33,821,622	6,483,751
Nov-22	27,662,592	6,159,030
Dec-22	22,041,101	5,621,491
Jan-23	17,193,016	4,848,085
Feb-23	12,214,295	4,978,720
Mar-23	6,858,324	5,355,971
Apr-23	6,281,156	577,168
May-23	5,718,088	563,068
Jun-23	5,192,711	525,377
Jul-23	4,679,366	513,344
Aug-23	4,207,551	471,815
Sep-23	3,764,766	442,785
Oct-23	3,348,714	416,052
Nov-23	2,955,057	393,658
Dec-23	2,599,802	355,254
Jan-24	2,273,708	326,095
Feb-24	1,973,167	300,541
Mar-24	1,701,843	271,324
Apr-24	1,471,557	230,286
May-24	1,252,331	219,226
Jun-24	1,054,339	197,993
Jul-24	871,113	183,226
Aug-24	708,880	162,233
Sep-24	522,443	186,437
Oct-24	383,450	138,994
Nov-24	267,449	116,001
Dec-24	174,272	93,177
Jan-25	101,351	72,921
Feb-25	33,352	67,999
Mar-25	231	33,121
Apr-25	87	144
May-25	-	87

### Assumed Amortisation of the Notes if Clean-Up Call Option is exercised

This amortisation scenario is based on the assumption that 0 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Notes may differ substantially from the amortisation scenario indicated below.

IN EUROS

Payment Date falling in	Principal Amount Outstanding Class A Notes	Principal Amount Outstanding Class B Notes	Amortisation of Class A Notes	Amortisation of Class B Notes
Note Issuance Date	561,000,000	39,000,000		
Jul-18	552,585,044	39,000,000	8,414,956	-
Aug-18	544,035,638	39,000,000	8,549,406	-
Sep-18	535,307,135	39,000,000	8,728,502	-
Oct-18	526,685,516	39,000,000	8,621,619	-
Nov-18	518,068,850	39,000,000	8,616,667	-
Dec-18	509,346,544	39,000,000	8,722,305	-
Jan-19	500,654,775	39,000,000	8,691,770	-
Feb-19	491,971,875	39,000,000	8,682,900	-
Mar-19	483,350,695	39,000,000	8,621,180	-
Apr-19	474,637,247	39,000,000	8,713,448	-
May-19	465,722,579	39,000,000	8,914,668	-
Jun-19	456,919,779	39,000,000	8,802,800	-
Jul-19	448,157,970	39,000,000	8,761,809	-
Aug-19	439,020,236	39,000,000	9,137,734	-
Sep-19	429,912,709	39,000,000	9,107,527	-
Oct-19	420,861,972	39,000,000	9,050,737	-
Nov-19	411,511,621	39,000,000	9,350,351	-
Dec-19	402,506,102	39,000,000	9,005,520	-
Jan-20	393,207,153	39,000,000	9,298,949	-
Feb-20	384,212,854	39,000,000	8,994,299	-
Mar-20	375,093,062	39,000,000	9,119,792	-
Apr-20	365,726,569	39,000,000	9,366,492	-
May-20	356,368,066	39,000,000	9,358,504	-
Jun-20	347,158,489	39,000,000	9,209,576	-
Jul-20	337,529,546	39,000,000	9,628,943	-
Aug-20	327,248,359	39,000,000	10,281,188	-
Sep-20	316,824,980	39,000,000	10,423,378	-
Oct-20	306,157,454	39,000,000	10,667,527	-
Nov-20	294,816,294	39,000,000	11,341,160	-
Dec-20	284,264,952	39,000,000	10,551,342	-
Jan-21	273,028,624	39,000,000	11,236,328	-
Feb-21	262,930,329	39,000,000	10,098,295	-
Mar-21	252,699,344	39,000,000	10,230,985	-
Apr-21	241,133,716	39,000,000	11,565,628	-
May-21	231,313,674	39,000,000	9,820,042	-
Jun-21	221,496,895	39,000,000	9,816,779	-
Jul-21	210,806,231	39,000,000	10,690,664	-
Aug-21	199,705,113	39,000,000	11,101,118	-
Sep-21	188,893,102	39,000,000	10,812,011	-
Oct-21	177,899,748	39,000,000	10,993,354	-
Nov-21	166,957,916	39,000,000	10,941,832	-
Dec-21	156,270,162	39,000,000	10,687,754	-
Jan-22	145,623,524	39,000,000	10,646,638	-
Feb-22	136,110,071	39,000,000	9,513,452	-
Mar-22	126,023,541	39,000,000	10,086,530	-
Apr-22	114,550,593	39,000,000	11,472,948	-
May-22	104,600,285	39,000,000	9,950,308	-
Jun-22	94,671,027	39,000,000	9,929,258	-
Jul-22	84,012,881	39,000,000	10,658,146	-
Aug-22	71,759,400	39,000,000	12,253,481	-
Sep-22	58,855,143	39,000,000	12,904,257	-
Oct-22	46,799,754	39,000,000	12,055,389	-
Nov-22	34,051,239	39,000,000	12,748,514	-
Dec-22	21,622,814	39,000,000	12,428,426	-
Jan-23	-	-	21,622,814	39,000,000
Feb-23	-	-	-	-
Mar-23	-	-	-	-
Apr-23	-	-	-	-

This amortisation scenario is based on the assumption that 10 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Notes may differ substantially from the amortisation scenario indicated below.

IN EUROS

Payment Date falling in	Principal Amount Outstanding Class A Notes	Principal Amount Outstanding Class B Notes	Amortisation of Class A Notes	Amortisation of Class B Notes
Note Issuance Date	561,000,000	39,000,000		
Jul-18	547,413,637	39,000,000	13,586,363	-
Aug-18	533,886,849	39,000,000	13,526,788	-
Sep-18	520,377,301	39,000,000	13,509,548	-
Oct-18	507,163,361	39,000,000	13,213,940	-
Nov-18	494,142,438	39,000,000	13,020,924	-
Dec-18	481,207,208	39,000,000	12,935,229	-
Jan-19	468,486,103	39,000,000	12,721,105	-
Feb-19	455,955,921	39,000,000	12,530,183	-
Mar-19	443,663,057	39,000,000	12,292,864	-
Apr-19	431,462,776	39,000,000	12,200,280	-
May-19	419,256,218	39,000,000	12,206,558	-
Jun-19	407,327,801	39,000,000	11,928,418	-
Jul-19	395,609,482	39,000,000	11,718,319	-
Aug-19	383,729,487	39,000,000	11,879,994	-
Sep-19	372,050,462	39,000,000	11,679,026	-
Oct-19	360,592,667	39,000,000	11,457,795	-
Nov-19	349,045,710	39,000,000	11,546,957	-
Dec-19	337,964,518	39,000,000	11,081,192	-
Jan-20	326,799,064	39,000,000	11,165,454	-
Feb-20	316,055,599	39,000,000	10,743,465	-
Mar-20	305,367,649	39,000,000	10,687,950	-
Apr-20	294,636,059	39,000,000	10,731,589	-
May-20	284,072,306	39,000,000	10,563,754	-
Jun-20	273,788,376	39,000,000	10,283,929	-
Jul-20	263,322,838	39,000,000	10,465,538	-
Aug-20	252,497,247	39,000,000	10,825,591	-
Sep-20	241,725,640	39,000,000	10,771,607	-
Oct-20	230,929,145	39,000,000	10,796,495	-
Nov-20	219,777,748	39,000,000	11,151,397	-
Dec-20	209,407,609	39,000,000	10,370,139	-
Jan-21	198,677,234	39,000,000	10,730,375	-
Feb-21	188,974,759	39,000,000	9,702,475	-
Mar-21	179,324,439	39,000,000	9,650,320	-
Apr-21	168,835,226	39,000,000	10,489,213	-
May-21	159,796,470	39,000,000	9,038,757	-
Jun-21	150,902,237	39,000,000	8,894,233	-
Jul-21	141,516,819	39,000,000	9,385,418	-
Aug-21	131,986,964	39,000,000	9,529,855	-
Sep-21	122,815,208	39,000,000	9,171,756	-
Oct-21	113,663,100	39,000,000	9,152,107	-
Nov-21	104,694,583	39,000,000	8,968,518	-
Dec-21	96,046,915	39,000,000	8,647,667	-
Jan-22	87,567,644	39,000,000	8,479,272	-
Feb-22	79,996,355	39,000,000	7,571,288	-
Mar-22	72,161,734	39,000,000	7,834,621	-
Apr-22	63,529,251	39,000,000	8,632,483	-
May-22	56,047,011	39,000,000	7,482,240	-
Jun-22	48,701,561	39,000,000	7,345,450	-
Jul-22	41,003,227	39,000,000	7,698,334	-
Aug-22	32,404,303	39,000,000	8,598,924	-
Sep-22	23,533,728	39,000,000	8,870,575	-
Oct-22	-	-	23,533,728	39,000,000
Nov-22	-	-	-	-
Dec-22	-	-	-	-
Jan-23	-	-	-	-
Feb-23	-	-	-	-
Mar-23	-	-	-	-
Apr-23	-	-	-	-

This amortisation scenario is based on the assumption that 16 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Notes may differ substantially from the amortisation scenario indicated below.

IN EUROS

Payment Date falling in	Principal Amount Outstanding Class A Notes	Principal Amount Outstanding Class B Notes	Amortisation of Class A Notes	Amortisation of Class B Notes
Note Issuance Date	561,000,000	39,000,000		
Jul-18	544,051,781	39,000,000	16,948,219	-
Aug-18	527,337,061	39,000,000	16,714,720	-
Sep-18	510,811,771	39,000,000	16,525,290	-
Oct-18	494,746,231	39,000,000	16,065,540	-
Nov-18	479,034,372	39,000,000	15,711,859	-
Dec-18	463,567,909	39,000,000	15,466,463	-
Jan-19	448,467,434	39,000,000	15,100,475	-
Feb-19	433,705,920	39,000,000	14,761,514	-
Mar-19	419,322,989	39,000,000	14,382,931	-
Apr-19	405,176,844	39,000,000	14,146,144	-
May-19	391,171,941	39,000,000	14,004,904	-
Jun-19	377,572,614	39,000,000	13,599,327	-
Jul-19	364,310,045	39,000,000	13,262,569	-
Aug-19	351,036,678	39,000,000	13,273,366	-
Sep-19	338,086,610	39,000,000	12,950,068	-
Oct-19	325,473,993	39,000,000	12,612,616	-
Nov-19	312,912,738	39,000,000	12,561,255	-
Dec-19	300,903,502	39,000,000	12,009,236	-
Jan-20	288,944,853	39,000,000	11,958,649	-
Feb-20	277,488,300	39,000,000	11,456,553	-
Mar-20	266,201,529	39,000,000	11,286,772	-
Apr-20	254,995,313	39,000,000	11,206,216	-
May-20	244,054,602	39,000,000	10,940,712	-
Jun-20	233,473,430	39,000,000	10,581,172	-
Jul-20	222,846,983	39,000,000	10,626,447	-
Aug-20	212,023,361	39,000,000	10,823,622	-
Sep-20	201,361,457	39,000,000	10,661,904	-
Oct-20	190,792,363	39,000,000	10,569,094	-
Nov-20	180,036,154	39,000,000	10,756,208	-
Dec-20	170,053,208	39,000,000	9,982,946	-
Jan-21	159,876,098	39,000,000	10,177,110	-
Feb-21	150,663,970	39,000,000	9,212,128	-
Mar-21	141,594,071	39,000,000	9,069,899	-
Apr-21	131,931,994	39,000,000	9,662,077	-
May-21	123,560,839	39,000,000	8,371,155	-
Jun-21	115,397,552	39,000,000	8,163,287	-
Jul-21	106,925,458	39,000,000	8,472,094	-
Aug-21	98,429,340	39,000,000	8,496,118	-
Sep-21	90,312,009	39,000,000	8,117,331	-
Oct-21	82,298,845	39,000,000	8,013,164	-
Nov-21	74,518,345	39,000,000	7,780,501	-
Dec-21	67,075,085	39,000,000	7,443,260	-
Jan-22	59,844,948	39,000,000	7,230,137	-
Feb-22	53,399,263	39,000,000	6,445,685	-
Mar-22	46,820,932	39,000,000	6,578,331	-
Apr-22	39,702,542	39,000,000	7,118,389	-
May-22	33,540,828	39,000,000	6,161,715	-
Jun-22	27,550,976	39,000,000	5,989,851	-
Jul-22	21,361,174	39,000,000	6,189,803	-
Aug-22	-	-	21,361,174	39,000,000
Sep-22	-	-	-	-
Oct-22	-	-	-	-
Nov-22	-	-	-	-

This amortisation scenario is based on the assumption that 20 per cent. constant rate of prepayments p.a. occur and on the assumptions listed under (b) to (g) (inclusive) under "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS". It should be noted that the actual amortisation of the Notes may differ substantially from the amortisation scenario indicated below.

IN EUROS					
Payment Date falling in	Principal Amount Outstanding Class A Notes	Principal Amount Outstanding Class B Notes	Amortisation of Class A Notes	Amortisation of Class B Notes	
Note Issuance Date	561,000,000	39,000,000			
Jul-18	541,685,994	39,000,000	19,314,006	-	
Aug-18	522,750,455	39,000,000	18,935,540	-	
Sep-18	504,146,154	39,000,000	18,604,300	-	
Oct-18	486,135,915	39,000,000	18,010,239	-	
Nov-18	468,609,454	39,000,000	17,526,461	-	
Dec-18	451,456,059	39,000,000	17,153,395	-	
Jan-19	434,789,229	39,000,000	16,666,831	-	
Feb-19	418,577,691	39,000,000	16,211,538	-	
Mar-19	402,854,891	39,000,000	15,722,799	-	
Apr-19	387,479,505	39,000,000	15,375,387	-	
May-19	372,356,680	39,000,000	15,122,824	-	
Jun-19	357,735,823	39,000,000	14,620,857	-	
Jul-19	343,546,264	39,000,000	14,189,559	-	
Aug-19	329,455,124	39,000,000	14,091,140	-	
Sep-19	315,776,208	39,000,000	13,678,916	-	
Oct-19	302,518,431	39,000,000	13,257,777	-	
Nov-19	289,410,333	39,000,000	13,108,098	-	
Dec-19	276,916,050	39,000,000	12,494,283	-	
Jan-20	264,564,580	39,000,000	12,351,470	-	
Feb-20	252,771,025	39,000,000	11,793,554	-	
Mar-20	241,224,067	39,000,000	11,546,959	-	
Apr-20	229,839,673	39,000,000	11,384,393	-	
May-20	218,784,854	39,000,000	11,054,820	-	
Jun-20	208,141,433	39,000,000	10,643,420	-	
Jul-20	197,539,242	39,000,000	10,602,191	-	
Aug-20	186,841,626	39,000,000	10,697,616	-	
Sep-20	176,371,833	39,000,000	10,469,793	-	
Oct-20	166,066,110	39,000,000	10,305,724	-	
Nov-20	155,674,171	39,000,000	10,391,939	-	
Dec-20	146,047,656	39,000,000	9,626,514	-	
Jan-21	136,324,887	39,000,000	9,722,769	-	
Feb-21	127,525,229	39,000,000	8,799,659	-	
Mar-21	118,918,466	39,000,000	8,606,763	-	
Apr-21	109,863,084	39,000,000	9,055,382	-	
May-21	101,998,279	39,000,000	7,864,805	-	
Jun-21	94,374,410	39,000,000	7,623,868	-	
Jul-21	86,544,414	39,000,000	7,829,996	-	
Aug-21	78,755,178	39,000,000	7,789,236	-	
Sep-21	71,350,330	39,000,000	7,404,848	-	
Oct-21	64,092,167	39,000,000	7,258,163	-	
Nov-21	57,088,027	39,000,000	7,004,140	-	
Dec-21	50,423,330	39,000,000	6,664,697	-	
Jan-22	43,990,075	39,000,000	6,433,256	-	
Feb-22	38,263,506	39,000,000	5,726,569	-	
Mar-22	32,471,575	39,000,000	5,791,931	-	
Apr-22	26,277,440	39,000,000	6,194,135	-	
May-22	-	0	26,277,440	39,000,000	
Jun-22	-	0	-	-	
Jul-22	-	0	-	-	
Aug-22	-	0	-	-	
Sep-22	-	0	-	-	
Oct-22	-	0	-	-	



## CREDIT AND COLLECTION POLICY

The following is a description of the credit and collection principles (such description, the "**Credit and Collection Policy**") which must be complied with in respect of origination and servicing of the Purchased Receivables. The Credit and Collection Policy is set out in Appendix D to the Terms and Conditions of the Notes and forms an integral part of the Terms and Conditions of the Notes.

### 1. Credit Policy

The decision on granting a loan is based on the applicant's credit worthiness. Due to the business process this decision is made in two steps: a) based on the information received either from the car dealer via the Point-of-Sale-Systems or by the customer's self-disclosure in online business that are b) verified before booking when the mandatory documents (salary slips, car registration documents, etc.) are on hand. If the applicant misses the credit policies in one of these two steps, the application is generally rejected.

In both process steps the applicant's credit worthiness is assessed by primarily five components that are embedded in the automatic decision system: (i) scoring module, (ii) credit bureau information, (iii) household budget calculation, (iv) vehicle assessment and (v) other credit and competence guidelines.

#### *Scoring Module*

For the purpose of evaluating a customer's credit standing, Santander Consumer Bank uses a scoring module. The segmentation of the scorecards as well as their development is subject to statistical methods and is based on historical application and performance data of the Santander Consumer Bank.

Depending on the respective information which applies to each variable the applicant receives a certain amount of points per variable. All results are added and the sum gives Santander Consumer Bank an assessment as to the risk of granting a loan to the respective applicant.

This scoring process is treated strictly confidential both internally and externally. No information regarding the weighting or values of single criteria is communicated externally to car dealers or customers or internally to employees of the dealer distribution centres or sales staff.

#### *Credit Bureau Information*

SCHUFA Holding AG (*Schutzgemeinschaft für allgemeine Kreditsicherung*) is the main central database for creditor information used when assessing the credit history of private customers. SCHUFA provides Santander Consumer Bank with information concerning, *inter alia*, existing loan and leasing agreements, existence of bank accounts, previous defaults with respect to financial obligations, existence of insolvency proceedings, declarations of insolvency. SCHUFA provides the necessary information electronically.

#### *Household Budget Calculation*

The household budget calculation is based on information received by way of self-disclosure (*Selbstauskunft*) of the respective customer, his salary slips and information regarding running contracts coming from the SCHUFA. These components are used for estimating the current household expenditure structure as well as monthly rates of already existing loans or leasing contracts.

#### *Vehicle Assessment*

The so called Schwacke list released by Eurotax Schwacke GmbH, Maintal, Germany, is the main central register used in Germany which specifies the value of used vehicles depending on age, brand, mileage etc. If a loan shall be granted for the purpose of financing the purchase of a used vehicle the residual value of such vehicle will be assessed pursuant to the Schwacke list. In case of a considerable difference between the value determined by the Schwacke list and the price of the used vehicle to be financed as requested by the dealer further investigations are conducted to determine if the difference is justifiable.

### *Other Credit and Competence Guidelines*

Legal requirements and Santander Consumer Bank's internal competence guidelines for employees have to be fulfilled before granting a loan.

The necessary competence level for granting a loan is evaluated and checked automatically for the vast majority of cases.

Lending decisions for private customers applying for a loan are generally made by using computer based systems (exceptions are mentioned below) that evaluate the scoring module and other information as described above.

The results of the foregoing assessments will be evaluated according to certain guidelines. Based on such evaluation, credit decisions in the categories "red", "yellow" and "green" are made. If loan applications are given a "green" as a result of such computer based evaluation process, the loan can be granted subject to the verification of the applicant's documents (signed loan agreements and other documents requested by Santander Consumer Bank) returned by the car dealer (point-of-sale business) or the customer (online business) with respect to completeness, legal effect and conformity with the information received by way of self-disclosure. The decision is transmitted either electronically or by facsimile to the car dealer (point-of-sale business) or electronically and by mail to the customer (online business). After the verification of the received documents the loan will be finally granted or the loan will be refused or further documents or collateral will be requested or (online business only) the interest rate will be increased significantly.

If the result of this evaluation process is a "red" or a "yellow", the application can only be approved as an override decision by a specialised unit of senior credit analysts within the Risk Management called Risk Underwriting. Risk Underwriting pursuant to the competence guidelines of Santander Consumer Bank will review the lending decision process and make a final decision according to a set of predefined, written rules. In case of a loan commitment the decision is subject to the above described verification of the documents returned by the applicant. When making their decisions, Risk Underwriting is required to record the reason underlying any such decision in each individual case. Once a final and positive decision has been reached, the loan amount will be paid out to the respective car dealer.

All credit decision and delegation competences of employees are defined in Santander Consumer Bank's credit manual.

## **2. Collection Policy**

Once a loan agreement has been entered into, it will be transferred to Santander Consumer Bank's Customer Service department. This department monitors the performance under the relevant loan agreement. For that purpose it uses highly automated and computerised systems. 98 per cent. of the payments are made by direct debit (*Lastschrift*).

If any payments or other proceeds are received by Santander Consumer Bank in respect of any loan receivable (other than a Purchased Receivable) owed by a Debtor (unless the Debtor has indicated with respect to a payment to which receivable such payment should be allocated), such payments or proceeds will be allocated to the receivables outstanding under all loans made by Santander Consumer Bank to such Debtor in accordance with section 366 (2) of the German Civil Code (*Bürgerliches Gesetzbuch*).

### *Payment Characteristics of Vehicle Loans*

The payment schedules of the vehicle loans offered by Santander Consumer Bank to its customers require, (i) in the case of annuity loans, equal monthly instalments and (ii) in the case of Balloon Loans, instalments where the final payment amount due is higher than the amount payable by the relevant debtor in its previous loan instalments, comprised, in both cases of an interest and a principal component. The interest component is calculated by application of the interest rate in the applicable contract to the sum of loan amount and corresponding fees. Over the term of the loan, the composition of the equal instalments change with the interest portion is decreasing and the principal portion is increasing towards the end of the loan term.

### *Reminders*

Subject to rare exceptions, the reminder guidelines of Santander Consumer Bank are the following. If Santander Consumer Bank does not receive a due payment, the debtor will be notified in writing by a computer-generated reminder letter of such delay (1st notice of past due). The relevant due payment is charged once again through a "special direct debit" two weeks after the initial due date. Should the debtor fail to pay this instalment, a further computer-generated reminder letter (2nd notice of past due) is sent to the debtor and the missing instalment will be drawn at the next due date again with the following instalment.

If the debtor also fails to pay these two monthly instalments at the next due date, a first warning letter (first reminder) will be sent to the debtor fourteen days later. If the debtor fails to pay upon receiving this first warning letter, two further reminder letters will be sent to the debtor, one after fourteen further calendar days (second reminder) and the second one fourteen calendar days later (third reminder). Two final computer-generated reminder letters will be sent to the debtor in case that the debtor's lapse to pay continues. In the first letter the debtor will be advised of the consequences of his failure to pay, i.e. termination of the loan, enforcement with resale of the financed vehicle will be advised to the debtor.

This letter is followed by the termination menace. Every 4th and 19th of each month the systems will compile a list of all terminable loan agreements. A computer-generated notice of the forthcoming termination of the relevant loan will be sent to the debtor. If 21 calendar days after the notification have elapsed, but in principle between 120 and 180 calendar days after the due date the debtor still fails to pay, the relevant loan will be terminated, provided that the requirements under the German Civil Code (*Bürgerliches Gesetzbuch*) concerning consumer loans have been satisfied.

### *Collection Activities*

With the first day in arrears the customer is transferred to the Collection Business Unit department. The Collection Business Unit in general is the owner of all delinquent customers from day one past due. Within this department, in addition to the above mentioned reminder letters, the customer will be tackled by the responsible business line (Call Center, Field Service, Restructuring Department and Collection Center), depending on different criteria (e.g. outstanding amount, days in arrears). The objective of these business lines is to get in touch with the customer and find solutions to enter into payment arrangements, to return to a normal payment behaviour. Any arrangements are finally decided within the Collection Business Unit (Restructuring Department or Collection Center).

### *Sustainable Cure of Delinquent Customers*

At any time during the above mentioned collection procedure the employees of Santander Consumer Bank will use best efforts to achieve a payment arrangement with the debtor in accordance to the Santander Restructuring Policy, i.e. adjustments of the loan terms including deferral or reduction of the instalments or debt restructuring including waiver of principal. The Restructuring Policy is an organisational framework which describes the usage of the different restructuring products (e.g. deferrals, instalment reductions) and includes the competence matrix. A customer's payment schedule therefore may be changed, if he asks for the due date of instalments to be altered (e.g. from the 1st to the fifteenth day of each month), if he prepays the amount (in which case either his monthly instalments or the term of the loan may be reduced) or if he applies for an extension of the due date of a Balloon Loan or if the loan is restructured.

The period of a loan may be extended only by a limited number of months and only in accordance to the Restructuring Policy. A loan extension means that an instalment is postponed to a new date outside the original loan schedule, resulting in extra interest being payable. If the debtor is unable to repay, the loan and the loan agreement has not been terminated and no payment arrangement has been entered into with the debtor, Santander Consumer Bank will sell the financed vehicle (with the consent of the debtor) and apply the proceeds from such sale to repay the loan.

### *Enforcement*

Not later than upon termination of a loan agreement due to the debtor's default the enforcement department of Santander Consumer Bank sells the financed vehicle through different online car-auction platforms. Access to these auctions is granted to car dealers. The starting prices are set through

independent motor vehicle experts who check each car after entering the remarketing location. Santander Consumer Bank may, however, agree with the debtor to reschedule or restructure the loan. Any payment rescheduling or debt restructuring may only be entered into with a debtor in accordance with the internal rules of Santander Consumer Bank's Restructuring Policy. In particular, payment rescheduling and debt restructuring will only be pursued, if Santander Consumer Bank is convinced, in its reasonable judgment, that the aggregate amount of collections on such receivable through such payment rescheduling or debt restructuring, will be higher than the aggregate amount it would collect.

Following the termination of the relevant loan, Santander Consumer Bank hands over the responsibility for further collection procedures to external collection agencies. The following activities include extrajudicial efforts to arrange repayment plans, as well as judicial processes to initiate the enforcement of the loan receivable, if economically promising. If the debtor still fails to pay after generally 12 to 24 months have elapsed and the respective receivable has been written-off by Santander Consumer Bank, Santander Consumer Bank might mandate external collection agencies with the collection of the outstanding receivables or from time to time enter into a due diligence for the sale of such receivables. The sale of written-off Purchased Receivables may be effected in a package together with other written-off receivables and will be transacted in the name of Santander Consumer Bank on behalf and in favour of the Issuer. If the debtor of a receivable is deceased and the assets of its estate prove insufficient to repay the loan, the receivables under the loan will be waived to extent unpaid after enforcement of all collateral.

## THE ISSUER

### Establishment and Registered Office

The Issuer was incorporated in Germany on 11 April 2018 and registered with the commercial register of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 111618 as a limited liability company (*Unternehmergeellschaft (haftungsbeschränkt)*) under the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) under the name of SC Germany Auto 2018-1 UG (haftungsbeschränkt). The Issuer has been incorporated for an indefinite length of life. The Issuer's registered office and principal place of business is located at c/o Wilmington Trust SP Services (Frankfurt) GmbH, Steinweg 3-5, 60313 Frankfurt am Main, Germany (telephone no. +49 69 2992 5385), the location at which the Issuer's register of shareholders is kept. The founding shareholder of the Issuer was TSI Services GmbH, Mainzer Landstraße 51, 60329 Frankfurt am Main, Germany which held three fully paid-in shares of EUR 1,500 each.

The Issuer has no subsidiaries.

### Corporate Purpose and Business of the Issuer

The Issuer has been established as a special purpose vehicle for the purpose of issuing asset-backed securities. The principal objects of the Issuer are more specifically described in clause 2 of its articles of association (*Gesellschaftsvertrag*) and include, *inter alia*, the issuance of the Notes and the entry into all financial arrangements in connection therewith. The articles of association of the Issuer may be inspected at the registered office of the Issuer.

Under its articles of association, the Issuer will not perform any active management of the acquired assets from a profit perspective. Under its articles of association, the Issuer will not engage in business requiring a licence under the German Banking Act (*Gesetz über das Kreditwesen*).

Notwithstanding the foregoing, the powers of the managing directors are not limited thereby and the Issuer has unrestricted corporate capacity as a matter of law.

The Issuer will covenant to observe certain restrictions on its activities which are set out in the Transaction Security Agreement. See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT".

Since its incorporation on 11 April 2018, the Issuer has not engaged in any activities other than those incidental to its incorporation under the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*), the authorisation and issuance of the Notes and the authorisation and execution of the Transaction Documents and such other documents referred to or contemplated in this Prospectus to which it is or will be a party and the execution of matters which are incidental or ancillary to the foregoing. So long as any of the Transaction Secured Obligations of the Issuer remain outstanding, the Issuer will not, *inter alia*, (a) enter into any business whatsoever, other than acquiring the Purchased Receivables, issuing Notes or creating other Transaction Secured Obligations or entering into a similar limited recourse transaction, entering into related agreements and transactions and performing any act incidental to or in connection with the foregoing, (b) have any subsidiaries, (c) have any employees or (d) dispose of any Purchased Receivables or any interest therein or create any mortgage, charge or security interest or right of recourse in respect thereof in favour of any person (other than contemplated by this Prospectus).

The Issuer has not commenced operations since the date of its incorporation as of the date of this Prospectus.

### Managing Directors

In accordance with clause 8 of the articles of association (*Gesellschaftsvertrag*) of the Issuer, the Issuer is managed by at least two managing directors (*Geschäftsführer*) and no more than three managing directors. The managing directors are appointed by the shareholder's meeting of the Issuer. The Issuer is represented by two managing directors jointly.

The managing directors of the Issuer and their respective business addresses and other principal activities are:

<b>Name</b>	<b>Business Address</b>	<b>Other Principal Activities</b>
Werner Niemeyer	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Director ( <i>Prokurist</i> ) of Wilmington Trust SP Services (Frankfurt) GmbH
Elke Roßmeier	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Director ( <i>Prokurist</i> ) of Wilmington Trust SP Services (Frankfurt) GmbH
Petra Barthenheier	Steinweg 3-5, 60313 Frankfurt am Main, Germany	Director ( <i>Prokurist</i> ) of Wilmington Trust SP Services (Frankfurt) GmbH

### **Management and Principal Activities**

The activities of the Issuer will principally be the issue of the Notes, entering into all documents relating to such issue to which the Issuer is expressed to be a party, the acquisition of the Purchased Receivables, the Related Collateral and the exercise of related rights and powers and other activities reasonably incidental thereto.

### **Capitalisation**

The following shows the capitalisation of the Issuer as of 16 April 2018, adjusted for the issue of the Notes:

#### ***Share Capital***

The registered share capital of the Issuer is EUR 4,500. The founding shareholder of the Issuer was TSI Services GmbH, Mainzer Landstraße 51, 60329 Frankfurt am Main, Germany, which held three fully paid-in shares (*Geschäftsanteil*) of EUR 1,500 each.

The founding shareholder of the Issuer donated these three fully paid-in shares (*Geschäftsanteile*) of EUR 1,500 each to three charitable foundations (*Stiftungen*) which have been established under the laws of Germany. Each of the following charitable foundations now holds one share (*Geschäftsanteil*) of EUR 1,500 in the Issuer:

- (a) Stiftung Kapitalmarktrecht für den Finanzstandort Deutschland, Frankfurt am Main;
- (b) Stiftung Kapitalmarktforschung für den Finanzstandort Deutschland, Frankfurt am Main;
- (c) Stiftung Unternehmensfinanzierung und Kapitalmärkte für den Finanzstandort Deutschland, Frankfurt am Main.

#### ***Loan Capital***

EUR 600,000,000 Notes due December 2027

EUR 5,610,000 of outstanding advances under the Subordinated Loan

### **Employees**

The Issuer will have no employees.

### **Property**

The Issuer will not own any real property.

## **Litigation**

The Issuer has not been engaged in any governmental, litigation or arbitration proceedings which may have a significant effect on its financial position since its incorporation, nor, as far as the Issuer is aware, are any such governmental, litigation or arbitration proceedings pending or threatened.

## **Material Adverse Change**

Since its incorporation on 11 April 2018, there has been no material adverse change in the financial or trading position or the prospects of the Issuer.

## **Fiscal Year**

The fiscal year of the Issuer is the calendar year and each calendar year ends on 31 December. The first fiscal year is a short fiscal year, ending on 31 December of the year of incorporation of the Issuer.

## **Interim Reports**

The Issuer does not publish interim reports.

## **Distribution of Profits**

The distribution of profits is governed by clause 15 of the articles of association and section 29 of the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*) (subject, in particular, to the restrictions pursuant to section 5a (3) of the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*)) so long as the registered share capital of the Issuer is lower than EUR 25,000).

## **Financial Statements**

At the beginning of its commercial business and in respect of the end of each fiscal year, the Issuer is obliged to prepare a statement reflecting its assets and its liabilities (opening balance sheet and annual balance sheet). In addition, an analysis of the expenditure and revenues for the end of each fiscal year (profit-and-loss account) is required. The annual balance sheet and the profit-and-loss account, supplemented by the so-called 'appendix', form the annual statement (*Jahresabschluss*) of the Issuer. Furthermore, an annual management report (*Lagebericht*) may be required. The annual statements and, if required, the management report must be prepared in accordance with German GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards), respectively. The annual statement must be adopted, as well as the appropriation of profits, by the annual shareholders' meeting. German GAAP consists of, *inter alia*, requirements set out in the German Commercial Code (HGB) and the German Act on Companies with Limited Liability (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*).

Since the incorporation of the Issuer on 11 April 2018, the Issuer has not yet commenced operations, therefore no financial statements have been prepared other than the opening balance sheet (which will remain unaudited). The Issuer has not declared or paid any dividends as of the date of this Prospectus. The Issuer's financial year is the calendar year.

## **Auditors and Auditor's Reports**

The auditors of the Issuer for the business year 2018 are PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft ("**PwC**"). PwC, Moskauer Straße 19, 40227 Düsseldorf, Germany is a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*) and of the Public Company Accounting Oversight Board. Audits occur according to generally accepted auditing standards in Germany.

No auditors' report in respect of the Issuer has been prepared or distributed. In particular, the opening balance sheet of the Issuer has not been audited.

## THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER

### Incorporation and Ownership

The Seller, the Servicer and the Subordinated Loan Provider, Santander Consumer Bank AG ("**Santander Consumer Bank**"), a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Mönchengladbach under registration number HRB 1747 and with its office at Santander-Platz 1, 41061 Mönchengladbach, Germany. It is incorporated for an unlimited period of time. The purpose of Santander Consumer Bank is to conduct banking business according to the German Banking Act (*Kreditwesengesetz - KWG*) and to provide financial, advisory and similar services.

Santander Consumer Bank is a credit institution which was founded in 1957 in Mönchengladbach, Germany, under the name of Curt Briechle KG Absatzfinanzierung as a sales financing company for cars. Santander Consumer Bank has a full banking licence since 30 October 1967. In 1968, the *Curt Briechle KG Absatzfinanzierung* was transformed into a stock corporation (AG) and renamed *Bankhaus Centrale Credit AG*. In 1987, *Bankhaus Centrale Credit AG* was acquired by Banco Santander, S.A. and renamed *CC-Bank AG*. In 1988, 50 per cent. of the shares of *CC-Bank AG* were acquired by The Royal Bank of Scotland plc and were repurchased by Banco Santander, S.A. in 1996 which thereby became the sole shareholder of the company.

In 2002, *CC-Bank AG* merged with *AKB Privat- und Handelsbank* which domiciled in Cologne. In 2003, *Santander Direkt Bank AG*, a member of the Santander Group, with its seat in Frankfurt am Main, merged with *CC-Bank AG*. This merger was recorded in the commercial register on 15 September 2003. On 31 August 2006, the change of the name into *Santander Consumer Bank AG* was recorded in the commercial register. Santander Consumer Bank acquired the consumer credit business of The Royal Bank of Scotland plc, *RBS (RD Europe) GmbH*, on 1 July 2008. The merger was recorded in the commercial register on 30 December 2008. Furthermore, in April 2009 Santander Consumer Bank acquired and merged with *GE Money Bank GmbH*. The merger was recorded in the commercial register on 1 July 2009.

With effect from 31 January 2011, Santander Consumer Bank acquired the German retail and SME (small and medium-sized enterprises) business of *SEB AG* ("**SEB**") in Germany. The company has been operating since 1 February 2011 under the name of Santander Bank, a branch of Santander Consumer Bank (hereinafter referred to as Santander Bank). By integrating *SEB*'s retail and SME business, Santander Consumer Bank has strengthened its retail banking business and expanded its product range. Following the acquisition, Santander Consumer Bank has established itself as one of the largest banks in the German retail banking sector with around 5.6 million clients (as of end of December 2017) in Germany.

Today, Santander Consumer Bank's entire share capital of EUR 30,002,000 is held by Santander Consumer Holding GmbH, a limited liability company, based in Mönchengladbach. At year-end, all profits are transferred to Santander Consumer Holding GmbH. Possible losses of Santander Consumer Bank are fully covered by its parent company (Santander Consumer Holding GmbH.), after possible reserves from Santander Consumer Bank have been fully utilized.

### Business Activities

Santander Consumer Bank conducts banking business subject to the supervision of the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) in co-operation with the German central bank (*Bundesbank*) and in accordance with the German Banking Act. Since 4 November 2014, Santander Consumer Bank has been monitored by the ECB according to the uniform European Single Supervisory Mechanism (SSM). Santander Consumer Bank is part of the SCF division headed by Santander Consumer Finance S.A., a subsidiary of Banco Santander S.A., which is one of the major suppliers of consumer financing in Europe.

Santander Consumer Bank serves around 5.6 million customers by providing consumer loans for cars (mobility), durable goods and to retail customers. Santander Consumer Bank offers a wide range of banking services in Germany through its 307 branches (as of the end of December 2017). The bank offers consultation for investment-oriented customers, mortgage loans for retail customers and



financial services for corporate customers. Furthermore, the bank is active in the Pfandbrief and credit card business.

The activities of Santander Consumer Bank in the three business areas "Car Financing", "Durable Goods Financing" and "Retail Banking Business" are described in more detail below.

### ***Business Area Car Financing (Mobility)***

For Santander Consumer Bank, car financing is a central business area. Car financing consists of the two business units "Motor Vehicles" (the "**Retail Loans**") for new and used cars, motorcycles and caravans and "Stock Financing" (stock financing for dealerships). The Retail Loans are included in the Portfolio.

In the car financing business, Santander Consumer Bank has for many years been the largest partner for manufacturer-independent financing (so-called non-captive industry) for cars, motorcycles and (motor) caravans in Germany. Santander Consumer Bank also acts as the exclusive financing partner of selected car makes (so-called captive industry) such as Mazda and Volvo. Exclusive partnerships with manufacturers of motorcycles (such as Harley Davidson and Kawaski, for example) and of (motor) caravans (such as Dethleffs and Hymer) complement the offers in the car sector. Santander Consumer Bank pursues the strategy of intensifying market penetration in Germany by strengthening collaborations with its dealer partners.

The German car market displayed non-uniform developments in 2017. On the one hand, according to the German Federal Motor Transport Authority, new vehicle registrations increased by 2.7 per cent. to 3.441 million vehicles, during the reporting year. New private vehicle registrations included in these figures even increased by 4.4 per cent. to 1.225 million units. On the other hand, the number of changes of privately used car ownerships fell by 1.4 per cent. to 7.298 million in Germany in 2017.

Within this overall market, loan revenue for the car financing business (mobility) of Santander Consumer Bank fell by 2.3 per cent. from EUR 5.628 billion to EUR 5.499 billion (excluding dealer stock financing) after the strong previous year.

### ***Business Area Durable Goods Financing***

Santander Consumer Bank is a major provider of consumer goods financing services in Germany. Santander Consumer Bank works closely with dealers in the durable goods financing business who increasingly use financing of consumer goods as a marketing tool. The main sales drivers are the areas of entertainment electronics, computers and furniture. Furthermore, Santander Consumer Bank offers full-service financing and e-commerce solutions for web shops. A key product is the so-called "ComfortCard", a form of loyalty card which includes a credit line with a predetermined limit and additional insurance services. The durable goods financing is not included in the Portfolio.

### ***Business Area Retail Banking Business***

Santander Consumer Bank offers a range of classic retail banking products to private customers, comprising current and savings accounts, consumer credit and loans, deposit and insurance business. With 307 branches in Germany (as of the end of December 2017), Santander Consumer Bank targets loan-oriented private clients but also has a focus on the market for deposit business. Santander Consumer Bank offers the whole range of banking products like savings, insurances and consumer loans and, in addition, also funds, asset management, structured investment products as well as the mortgage finance business and the corporate business (Business & Corporate Banking). The retail banking business is not included in the Portfolio.

### **Origination**

Santander Consumer Bank originates its "Motor Vehicles" business through car dealers in Germany acting as intermediaries and through its internet website.

## **General Characteristics of Retail Loans**

### ***Retail Loan Amount***

The amount of the Retail Loan is generally smaller than the purchase price of other financed vehicle since roughly 66 per cent. of the Retail Customers make a down-payment, which in average amounts to 30 per cent. of the purchase price. The entire amount of the Retail Loan is paid out in Euro at the beginning of the term of the Retail Loan.

### ***Instalments***

Retail Loans offered by Santander Consumer Bank are, in general, offered for a maximum period of 120 months. In general, the term of Retail Loans varies from 12 to 96 months. Retail Loans are repayable in equal monthly instalments due at the first or fifteenth of the calendar month, in the vast majority of cases per direct debit (*Lastschriftzug*). Only Retail Loans with a minimum remaining term of 1 month will be included in the Portfolio.

### ***Interest Rates***

The interest rates for the Retail Loans are fixed for the lifetime of the Loans. Santander Consumer Bank determines the interest rates on the basis of general agreements with the car dealers. However, the car dealers have the possibility to offer a higher interest rate to their retail customers. The difference between the interest rate offered by Santander Consumer Bank and the interest rate offered by the car dealer is either in favour or at the expense of the respective car dealer.

### ***Insurance***

Santander Consumer Bank offers to its retail customers a Payment Protection Insurance (*Ratenschutzversicherung*) with the Retail Loan as a package deal on a non-compulsory basis. A Payment Protection Insurance will cover the still outstanding loan payments in the case of the death of the debtor or in case of a temporary disability or unemployment of the Debtor. In addition, Santander Consumer Bank offers a Gap Insurance (*Gap-Versicherung*) which covers under certain conditions the difference between purchase price and current value of the motor vehicle. Furthermore, Santander Consumer Bank offers a Repair Cost Insurance (*Reparaturkostenversicherung*) which covers repair costs for the repair of certain important components of the Financed Vehicle such as engine, gears and steering.

### ***Systems***

99 per cent. of the car dealers cooperating with Santander Consumer Bank use an online electronic calculation system which is capable of interfacing with the loan decision system of Santander Consumer Bank, the remaining 1 per cent. transmit the relevant data per fax. The car dealers enter the relevant personal data of their customers (including age, actual salary, number of children, nationality, employer) and their requests (including vehicle model, loan term, amount of monthly payments) into its dealer calculation system which submits them electronically to the system of Santander Consumer Bank. Alternatively, the car dealer can transmit the relevant information to Santander Consumer Bank by telefax and employees of Santander Consumer Bank will feed the data in the system. Santander Consumer Bank's system will review the calculations on the basis of the Santander Consumer Bank's lending criteria. If Santander Consumer Bank's system comes to the result that Santander Consumer Bank's lending criteria are not met the request will be subject to a (final) manual credit check. The final result as to whether or not a loan will be granted is transmitted to the car dealers by fax. It enables the car dealers to provide their customers with binding offers of Santander Consumer Bank within a short period of time from the loan application.

### ***Prepayments***

Under Santander Consumer Bank's loan contracts, prepayments are generally permissible by consent of Santander Consumer Bank or in accordance with the applicable section 489 paragraph 1 No. 2 of the German Civil Code (section 489 Abs. 1 Nr. 2 of the German Civil Code (*Bürgerliches Gesetzbuch*)).

### ***Collateral***

The Retail Loans are generally secured by the transfer of title of the financed vehicle to Santander Consumer Bank by way of security and by the security assignment of wage claims of the retail customer to Santander Consumer Bank.

### ***Compliance with the CRR***

Santander Consumer Bank is a credit institution and as such is bound by the requirements of the CRR. The policies and procedures of Santander Consumer Bank in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation are in compliance with the requirements of the CRR. Santander Consumer Bank has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of Santander Consumer Bank in this regard broadly include the following:

- criteria for the granting of credit and the process for approving, amending, renewing and refinancing credits (See "CREDIT AND COLLECTION POLICY" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Servicing Agreement");
- systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (and the Portfolio will be serviced in line with the usual servicing procedures of Santander Consumer Bank acting as Servicer (See "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Servicing Agreement");
- diversification of credit portfolios taking into account Santander Consumer Bank's target market and overall credit strategy in relation to the Portfolio (See "INFORMATION TABLES REGARDING THE PORTFOLIO");
- policies and procedures in relation to risk mitigation techniques (see "CREDIT AND COLLECTION POLICY" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Servicing Agreement").

The foregoing information regarding Santander Consumer Bank AG under the heading "THE SELLER, THE SERVICER AND THE SUBORDINATED LOAN PROVIDER" has been provided by Santander Consumer Bank AG, and Santander Consumer Bank AG is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Seller, the Servicer and the Subordinated Loan Provider (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from Santander Consumer Bank AG, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, Santander Consumer Bank AG in its capacity as the Seller, the Servicer and the Subordinated Loan Provider, and their respective affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

**THE ACCOUNT BANK, THE CALCULATION AGENT; THE LISTING AGENT AND THE PRINCIPAL PAYING AGENT**

ABN AMRO Bank N.V., a public limited company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under registration number 34334259 and having its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Bank N.V. is a full-service bank with a primary focus on The Netherlands and selective operations internationally, serving retail, private and corporate banking clients based on an in-depth financial expertise and extensive knowledge of numerous industry sectors. ABN AMRO Bank N.V. is also internationally active in a number of specialised activities such as energy, commodities & transportation and clearing, private banking and asset based lending in a select number of countries.

The foregoing information regarding ABN AMRO Bank N.V. under the heading "THE ACCOUNT BANK, THE CALCULATION AGENT AND THE PRINCIPAL PAYING AGENT" has been provided by ABN AMRO Bank N.V., and ABN AMRO Bank N.V. is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Account Bank, the Calculation Agent and the Principal Paying Agent (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from ABN AMRO Bank N.V., no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, ABN AMRO Bank N.V. in its capacity as the Account Bank, the Calculation Agent and the Principal Paying Agent, and their respective affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

**THE CASH ADMINISTRATOR, THE CORPORATE ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR**

The Calculation Agent is Wilmington Trust SP Services (Frankfurt) GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 76380 and having its registered office at Steinweg 3-5, 60313 Frankfurt am Main, Germany.

Wilmington Trust SP Services (Frankfurt) GmbH will further act as corporate administrator in respect of the Issuer in accordance with the terms of the Corporate Administration Agreement.

Pursuant to the Agency Agreement, Wilmington Trust SP Services (Frankfurt) GmbH has been appointed as EURIBOR Determination Agent to determine the rate of EURIBOR with respect to each Payment Date so that interest payments on the Notes can be effected on such Payment Date.

Pursuant to the Servicing Agreement, Wilmington Trust SP Services (Frankfurt) GmbH has been appointed as Back-Up Servicer Facilitator to facilitate the appointment of a successor servicer upon the occurrence of a Servicer Termination Event.

Wilmington Trust SP Services (Frankfurt) GmbH provides a wide range of corporate and trust services in capital market transactions. Since its opening in 2006 Wilmington Trust SP Services (Frankfurt) GmbH acts as corporate administrator in about 70 German special purpose vehicles, holds in numerous transactions the function of a security trustee and provides loan administration services for structured/syndicated loan transactions. Wilmington Trust SP Services (Frankfurt) GmbH is ultimately held by M&T Bank Corp., Buffalo/New York, USA, a NYSE listed bank ("**MTB**") in the United States of America.

The foregoing information regarding Wilmington Trust SP Services (Frankfurt) GmbH under the heading "THE CALCULATION AGENT, THE CORPORATE ADMINISTRATOR, THE EURIBOR DETERMINATION AGENT AND THE BACK-UP SERVICER FACILITATOR" has been provided by Wilmington Trust SP Services (Frankfurt) GmbH, and Wilmington Trust SP Services (Frankfurt) GmbH is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Cash Administrator, the Corporate Administrator, the EURIBOR Determination Agent and the Back-Up Servicer Facilitator (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from Wilmington Trust SP Services (Frankfurt) GmbH, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, Wilmington Trust SP Services (Frankfurt) GmbH in its capacity as the Cash Administrator, the Corporate Administrator, the EURIBOR Determination Agent and the Back-Up Servicer Facilitator, and their respective affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

## THE INTEREST RATE SWAP COUNTERPARTIES

### 1. DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main ("**DZ BANK**") is a stock corporation (*Aktiengesellschaft*) incorporated under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 45651 and having its registered office at Platz der Republik, 60325 Frankfurt am Main, Germany.

Legal name	DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Commercial name	DZ BANK AG
Domicile	Platz der Republik, 60325 Frankfurt am Main, Federal Republic of Germany
Legal Form, Legislation	DZ BANK is a stock corporation ( <i>Aktiengesellschaft</i> ) organised under German Law
Country of Incorporation	Federal Republic of Germany
Principal Activities	DZ BANK is acting as a central bank, corporate bank and parent holding company of the DZ BANK Group. The DZ BANK Group forms part of the German Volksbanken Raiffeisenbanken cooperative financial network, which comprises about 1,000 cooperative banks and is one of Germany's largest financial services organisations measured in terms of total assets.

DZ BANK is a central institution and is closely geared to the interests of the cooperative banks, which are both its owners and its most important customers. Using a customized product portfolio and customer-focused marketing, DZ BANK aims to ensure that the cooperative banks continually improve their competitiveness on the basis of their brands. In addition, following the merger with WGZ BANK, DZ BANK in its function as central bank for about 1,000 cooperative banks is responsible for liquidity management within the Volksbanken Raiffeisenbanken cooperative financial network.

As a corporate bank DZ BANK serves companies and institutions that need a banking partner that operates at the national level. DZ BANK offers the full range of products and services of an international oriented financial institution with a special focus on Europe. DZ BANK also provides access to the international financial markets for its partner institutions and their customers.

The foregoing information regarding DZ BANK AG Deutsche Zentral-Genossenschaftsbank under the heading "THE INTEREST RATE SWAP COUNTERPARTIES - DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main" has been provided by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main and the Issuer assumes no responsibility therefor, except for the correct reproduction of the provided information.

The foregoing information regarding DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main under the heading "THE INTEREST RATE SWAP COUNTERPARTIES" has been provided by DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main is solely responsible for the accuracy of the

preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main as an Interest Rate Swap Counterparty (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main in its capacity an Interest Rate Swap Counterparty, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

## **2. ABN AMRO BANK N.V.**

ABN AMRO Bank N.V., a public limited company (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce (*Kamer van Koophandel*) under registration number 34334259 and having its registered office at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

ABN AMRO Bank N.V. is a full-service bank with a primary focus on The Netherlands and selective operations internationally, serving retail, private and corporate banking clients based on an in-depth financial expertise and extensive knowledge of numerous industry sectors. ABN AMRO Bank N.V. is also internationally active in a number of specialised activities such as energy, commodities & transportation and clearing, private banking and asset based lending in a select number of countries.

The foregoing information regarding ABN AMRO Bank N.V. under the heading "THE INTEREST RATE SWAP COUNTERPARTIES" has been provided by ABN AMRO Bank N.V., and ABN AMRO Bank N.V. is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from ABN AMRO Bank N.V. as an Interest Rate Swap Counterparty (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from ABN AMRO Bank N.V., no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, ABN AMRO Bank N.V. in its capacity an Interest Rate Swap Counterparty, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

## **THE TRANSACTION SECURITY TRUSTEE**

The Transaction Security Trustee is TMF Trustee Limited.

TMF Trustee Limited is a private limited company, incorporated under the laws of England, registered with Companies House under registration number 03814168 and having its registered office at 6 St Andrew Street, London EC4A 3AE, United Kingdom. TMF Trustee Limited was incorporated on 21 July 1999. TMF Trustee Limited is a wholly owned subsidiary of TMF Global Services (UK) Limited a private limited company registered in England and Wales under the number 03561975 and its registered office is at 6 St Andrew Street, London, EC4A 3AE, United Kingdom. TMF Global Services (UK) Limited is part of the TMF Group.

TMF Trustee Limited has provided and currently provides trustee services on numerous securitisations and structured finance transactions.

TMF Group provides a comprehensive range of compliance and administrative services which are critical for clients from a financial, reputation and risk management perspective. TMF Group has more than 125 offices in over 83 jurisdictions worldwide.

Additional information is available at [www.tmf-group.com](http://www.tmf-group.com).

The foregoing information regarding TMF Trustee Limited under the heading "THE TRANSACTION SECURITY TRUSTEE" has been provided by TMF Trustee Limited, and TMF Trustee Limited is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Transaction Security Trustee (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from TMF Trustee Limited, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, TMF Trustee Limited in its capacity as the Transaction Security Trustee, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.



## THE DATA TRUSTEE

The Data Trustee is TMF Trustee Services GmbH.

TMF Trustee Services GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) incorporated under the laws of Germany, registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Frankfurt am Main under registration number HRB 54140 and having its registered office at Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main, Germany.

TMF Trustee Services GmbH was originally incorporated under the name UNA Incorporation GmbH on 11 September 2000. On 13 July 2015, the purpose of the company was changed and the company was renamed TMF Trustee Services GmbH. TMF Trustee Services GmbH is part of the TMF Group.

The foregoing information regarding TMF Trustee Services GmbH under the heading "THE DATA TRUSTEE" has been provided by TMF Trustee Services GmbH, and TMF Trustee Services GmbH is solely responsible for the accuracy of the preceding paragraphs, provided that, with respect to any information included herein and specified to be sourced from the Data Trustee (i) the Issuer confirms that any such information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the above information available to it from TMF Trustee Services GmbH, no facts have been omitted, the omission would render the reproduced information inaccurate or misleading and (ii) the Issuer has not independently verified any such information and accepts no responsibility for the accuracy hereof. Except for the preceding paragraph, TMF Trustee Services GmbH in its capacity as the Data Trustee, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Prospectus.

## THE ACCOUNTS

The Issuer will maintain the Transaction Account in connection with the Transaction Documents for the receipt of amounts relating to the Purchased Receivables and the Related Collateral (other than any Commingling Reserve Amount) and for making payments in respect of its payment obligations. The Issuer will maintain, in respect of each Interest Rate Swap, a Swap Collateral Account to which cash collateral posted by the relevant Interest Rate Swap Counterparty as well as any Replacement Swap Premium or Swap Tax Credits received by the Issuer will be transferred. The Issuer will maintain the Commingling Reserve Account to which the Seller will transfer the Commingling Reserve Amount following the occurrence of a Commingling Reserve Trigger Event. The Issuer will maintain the Set-Off Reserve Account (together with the Transaction Account, the Commingling Reserve Account and the Swap Collateral Accounts, the "Accounts" and each, an "Account") **to which the Seller will transfer the Set-Off Reserve Amount following the occurrence of a Set-Off Reserve Trigger Event. Each Account will be kept as a current account at the Account Bank, ABN AMRO Bank N.V., in accordance with the Accounts Agreement, the Corporate Administration Agreement and the Transaction Security Agreement, or any other person appointed as Account Bank. If and to the extent that any Interest Rate Swap Counterparty intends to provide collateral in accordance with any Interest Rate Swap in the form of securities, the Issuer may enter into custody arrangements with a counterparty having the Account Bank Required Rating, subject to such custody arrangements being secured in favour of the Transaction Security Trustee.**

The Cash Administrator will make payments from any Account without having to execute an affidavit or fulfil any formalities other than comply with tax, currency exchange or other regulations of the country where the payment takes place.

All payments and other transfers to be made by or to the Issuer in connection with the Notes and the other Transaction Documents, as well as the processing of proceeds from the Purchased Receivables and the Related Collateral, are undertaken through the Transaction Account and, if applicable, the Commingling Reserve Account, and, if applicable, the Set-Off Reserve Account and, if applicable, the Swap Collateral Accounts. Neither the balance on the Transaction Account nor the balance on the Commingling Reserve Account nor the balance on the Set-Off Reserve Account nor the balance on the Swap Collateral Accounts nor any balance on any other Account may be utilised for any type of investments and all Accounts are solely cash accounts.

Pursuant to the Transaction Security Agreement and the Dutch Account Pledge Agreement, all claims of the Issuer in respect of the Accounts Agreement and the Accounts, respectively, are assigned for security purposes to the Transaction Security Trustee. Under the Transaction Security Agreement and the Dutch Account Pledge Agreement, the Transaction Security Trustee has authorised the Issuer to administer each Account to the extent that all obligations of the Issuer are fulfilled in accordance with the Pre-Enforcement Priority of Payments, Condition 7.6 (Pre-Enforcement Priority of Payments) of the Terms and Conditions of the Notes and the requirements of the Transaction Security Agreement. Under the Dutch Account Pledge Agreement, the Issuer, the Cash Administrator and the Corporate Administrator shall be permitted to draw amounts from the Accounts (or any of them) for the purpose of making payments to satisfy payment obligations of the Issuer in accordance with the Pre-Enforcement Priority of Payments or as otherwise permitted under the provisions of the Accounts Agreement and/or of the Agency Agreement.

The Transaction Security Trustee may revoke the authority granted to the Issuer and take any necessary action with respect to any Account if, in the opinion of the Transaction Security Trustee, this is necessary to protect the collateral rights under the Transaction Security Agreement and the Dutch Account Pledge Agreement, including funds credited to such Account.

See "THE MAIN PROVISIONS OF THE TRANSACTION SECURITY AGREEMENT" and "OUTLINE OF THE OTHER PRINCIPAL TRANSACTION DOCUMENTS – Dutch Account Pledge Agreement".

### Accounts Agreement

Pursuant to the Accounts Agreement entered into between the Issuer, the Transaction Security Trustee, the Account Bank, the Cash Administrator and the Corporate Administrator in relation to the Transaction Account, each of the Transaction Account, the Commingling Reserve Account, the Set-Off

Reserve Account and the Swap Collateral Accounts has been opened with the Account Bank on or prior to the Purchase Date. The Account Bank will comply with any Payment Instruction of the Corporate Administrator and the Cash Administrator (or, upon the receipt of an Enforcement Notice from the Transaction Security Trustee, any Payment Instruction of the Transaction Security Trustee), respectively, (in each case on behalf of the Issuer) to effect a payment by debit from the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account or any Swap Collateral Account, as applicable, if such instruction is in writing and complies with the relevant account arrangements between the Issuer and the Account Bank and is permitted under the Accounts Agreement.

Any amounts standing to the credit of the Accounts will bear interest as agreed between the Issuer and the Account Bank from time to time, always in accordance with the applicable provisions (if any) of the relevant account arrangements, such interest to be calculated and credited to the respective Account in accordance with the Account Bank's usual procedure for crediting interest to such accounts. The interest earned (if any) on the amounts credited to the Transaction Account is part of the Available Distribution Amount or the Credit, as applicable. The interest earned (if any) on the amounts credited to the Commingling Reserve Account, the interest earned (if any) on the amounts credited to the Set-Off Reserve Account and the interest earned in respect of any Swap Collateral credited to the Swap Collateral Accounts is, in each case, neither part of the Available Distribution Amount nor the Credit, as applicable, but will be transferred to an account specified by the Seller on each Payment Date or, in case of any Swap Collateral Account, be paid to the relevant Interest Rate Swap Counterparty, it being understood that such payment will not be subject to either the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, respectively.

In addition, the Issuer and the Seller will enter into a separate fee letter in respect of fees payable by the Issuer to the Seller in relation to any balance credited to the Commingling Reserve Account or Set-Off Reserve Account. On each Payment Date, the Issuer shall pay such amount of fees owed by it to the Seller to an account specified by the Seller in accordance with the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments.

Under the Accounts Agreement, the Account Bank waives any first priority pledge or other lien, including its standard contract terms pledge, it may have with respect to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account and the Swap Collateral Accounts, respectively, and further waives any right it has or may acquire to combine, consolidate or merge the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account or any Swap Collateral Account, respectively, with each other or any other account of the Issuer, or any other person or set-off any liabilities of the Issuer or any other person to the Account Bank and agrees that it shall not set-off or transfer any sum standing to the credit of or to be credited to the Transaction Account, the Commingling Reserve Account, the Set-Off Reserve Account or any Swap Collateral Account, respectively, in or towards satisfaction of any liabilities to the Account Bank of the Issuer, as the case may be, or any other person.

The Issuer will be required to terminate the account relationship with the Account Bank within 30 calendar days after (i) the Account Bank ceases to have the Account Bank Required Rating or (ii) the Account Bank is no longer rated by any of the Rating Agencies.

**"Account Bank Required Rating"** means, at any time in respect of the Account Bank:

- (a) a short-term deposit rating of at least P-1 (or its replacement) by Moody's (or, if it does not have a short-term deposit rating assigned by Moody's, the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Account Bank are assigned a rating of at least P-1 (or its replacement) by Moody's); and
- (b) (i) if it does have a DBRS Critical Obligations Rating, (y) a DBRS Critical Obligations Rating of at least A(high) or (z) a long-term senior unsecured debt rating of at least A from DBRS, or (ii) if it does not have a DBRS Critical Obligations Rating, an issuer rating or deposit rating or long-term senior unsecured debt rating of at least A from DBRS, or (iii) such other rating from time to time notified or published by DBRS replacing any of the above ratings or implementing a rating requirement; or

- (c) such other rating or ratings as may be agreed by the relevant Rating Agency from time to time as would maintain the then current ratings of the Notes.

The Account Bank currently has a short-term deposits rating of P-1 by Moody's and a short-term issuer rating of R-1 (middle) by DBRS. The Account Bank currently has a long-term deposits rating of A1 by Moody's and a long-term issuer rating of A(high) by DBRS.

## CERTIFICATION BY TRUE SALE INTERNATIONAL GMBH

True Sale International GmbH ("TSI") has granted to the Issuer a certificate entitled "*Certified by TSI – Deutscher Verbriefungsstandard*", which the Issuer may use as a quality label for the Notes.

The certification label has been officially registered as a trademark and is usually licensed to the Issuer of Notes, if the Notes meet, *inter alia*, the following conditions:

- (a) creation of a special purpose vehicle in accordance with a certain documentation standard;
- (b) transfer of the shares to non-profit foundations (*Stiftungen*), also in accordance with a certain documentation standard;
- (c) use of the TSI-securitisation platform, i.e., use of a German special purpose vehicle structure for the securitisation;
- (d) the Issuer must agree to the general certification conditions; including the annexes, and must pay a certification fee;
- (e) the Issuer must accept TSI's disclosure and reporting standards, including the publication of the investor reports, prospectus and the originator's or issuer's declaration of undertaking on the True Sale International GmbH website ([www.true-sale-international.de](http://www.true-sale-international.de));
- (f) the Seller or the Issuer must confirm that the main quality criteria of the "*Certified by TSI – Deutscher Verbriefungsstandard*" label, particularly with regard to lending and servicing standards, are maintained throughout the duration of the transaction.

Certification by True Sale International GmbH (TSI) is not a recommendation to buy, sell or hold any Notes. TSI's certification label is issued on the basis of an assurance given to True Sale International GmbH by the Issuer, as of the date of this Prospectus that, throughout the duration of the transaction, he will comply with:

- (a) the reporting and disclosure requirements of True Sale International GmbH, and
- (b) the main quality criteria of the "*Certified by TSI – Deutscher Verbriefungsstandard*" label, in particular regarding the loan and servicing standards.

True Sale International GmbH has relied on the above-mentioned declaration of undertaking and has not made any investigations or examinations in respect of the declaration of undertaking, any party to the Transaction Documents, or any Notes and disclaims any responsibility for monitoring continuing compliance with these standards by the parties concerned or any other aspect of their activities or operations.

## PCS LABEL

Application has been made to Prime Collateralised Securities (UK) Limited for the Class A Notes to receive the Prime Collateralised Securities label (the "**PCS Label**"). The PCS Label is not a recommendation to buy, sell or hold securities. There can be no assurance that the Class A Notes will receive the PCS Label (either before issuance or at any time thereafter) and if the Class A Notes do receive the PCS Label, there can be no assurance that the PCS Label will not be withdrawn from the Class A Notes at a later date. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2004/39/EC) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC) or Section 3(a) of the United States Securities Exchange Act of 1934 (as amended by the Credit Agency Reform Act of 2006). Prime Collateralised Securities (PCS) UK Limited is not an "expert" as defined in the United States Securities Acts of 1933 (as amended).

By awarding the PCS Label to certain securities, no views are expressed about the creditworthiness of these securities or their suitability for any existing or potential investor or as to whether there will be a ready, liquid market for these securities. To understand the nature of the PCS Label, you must read the information set out in [www.pcsmarket.org](http://www.pcsmarket.org).

## TAXATION IN GERMANY

The following is a general discussion of certain German tax consequences of the acquisition, ownership and disposition of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be or will become relevant in the context of the acquisition of Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the laws of Germany currently in force and as applied on the date of this Prospectus. These laws might be subject to change, possibly also with retroactive or retrospective effect.

This section should be read in conjunction with "RISK FACTORS—Taxation in the Federal Republic of Germany" above.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES AND THE RECEIPT OF INTEREST THEREON, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR CITIZENS.

### Income Taxation

#### *Tax Residents*

Payments of interest on the Notes to persons or entities who are tax residents in Germany (i.e., persons or entities whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany) are subject to German personal income tax (*Einkommensteuer*) at the applicable personal income tax rate (plus solidarity surcharge at a rate of 5.5 per cent. thereon and church tax, if applicable) or corporate income tax at a tax rate of 15 per cent. (plus solidarity surcharge at a rate of 5.5 per cent. thereon). Such interest payments may also be subject to trade tax if the Notes form part of the property of a German trade or business. Similarly, if interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to income tax, solidarity surcharge and possibly also trade tax. The same applies to proceeds from the redemption of interest claims if the Note is disposed of separately.

If the Notes are disposed or redeemed, any capital gains arising from the disposition or redemption will also be subject to (corporate) income tax, solidarity surcharge and, provided that the Notes form part of a business property, to trade tax. Such capital gains are subject to tax irrespective of any holding period and whether or not the Notes are disposed of (or redeemed) with interest claims.

The taxable interest income and income from a disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes will qualify as income from private (i.e. non-business) investments and capital gains ("**Private Investment Income**") if the Notes do not form part of a business property. Private Investment Income is generally subject to a flat taxation (*Abgeltungssteuer*) at a rate of 25 per cent. plus solidarity surcharge at a rate of 5.5 per cent. thereon and church tax, if applicable. The tax basis of such income will be the relevant gross income. Expenses related to Private Investment Income such as financing or administration costs actually incurred in relation with the acquisition or ownership of the Notes will not be deductible. Instead, the total amount of any Private Investment Income of the Noteholder will be decreased by a lump sum deduction (*Sparer-Pauschbetrag*) of EUR 801 (EUR 1,602 for married couples / couples subject to a civil law partnership filing jointly). If the Notes form part of a business property, taxable interest income and income from a disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes will qualify as business income. Such business income will either be taxed at the applicable income tax rate of the individual taxpayer or at the uniform 15 per cent. corporate income tax rate if the Note is held by a corporation, in each case plus solidarity surcharge at a rate of 5.5 per cent. thereon and possibly also trade tax. The basis of such taxation will generally be the relevant net income. A lump sum deduction will not be available.

The tax will be levied by way of withholding at a rate of 25 per cent. (plus solidarity surcharge) if the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution, a security trading enterprise (*Wertpapierhandelsunternehmen*) or a German security trading bank (*Wertpapierhandelsbank*) (the

**"Disbursing Agent"**). If the Notes are kept in a custodial account which the Noteholder maintains with a Disbursing Agent but have not been kept in such an account since their acquisition and the relevant acquisition data (*Anschaffungsdaten*) has not been evidenced to the satisfaction of the Disbursing Agent, the Disbursing Agent will generally have to withhold tax at the 25 per cent. rate (plus solidarity surcharge) on a lump-sum basis of 30 per cent. of the proceeds from the disposition, assignment or redemption of the Notes. If the Notes are not held in a custodial account with a Disbursing Agent at the time the interest is received or at the time of the relevant disposition or redemption, no tax will be withheld but the Noteholder will have to include its income on the Notes in its tax return and the tax will be collected by way of assessment (for the applicable tax rates see above).

No withholding tax will in general be levied if the Noteholder is an individual (i) who has filed a withholding exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent and (ii) whose Note neither forms part of the property of a trade or business nor gives rise to income from the letting and leasing of property. However, this is the case only to the extent the interest income derived from the Note together with other Private Investment Income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no withholding tax will be deducted if the Noteholder has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the relevant local tax office.

Payment of the withholding tax with respect to Private Investment Income (such as interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes) will satisfy the income tax liability of the Noteholder in respect of the relevant income (*Abgeltungssteuer*). However, Noteholders may apply for a tax assessment (in lieu of the flat taxation) if the resulting income tax burden (excluding the solidarity surcharge) is lower than 25 per cent.; the non-deductibility of income-related expenses for Private Investment Income is also applicable under the income tax assessment. Where, however, the relevant income qualifies as business income, the withholding tax and the solidarity surcharge thereon are credited as prepayments against the German individual or corporate income tax and the solidarity surcharge liability of the Noteholder determined on the basis of general rules applicable to them. Amounts overwithheld will entitle the Noteholder to a refund, based on an assessment to tax.

For Disbursing Agents, an electronic information system as regards church withholding tax applies with the effect that church tax will be collected by the Disbursing Agent by way of withholding unless the Noteholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). In case of a blocking notice the Noteholder is obliged to include the Private Investment Income for church tax purposes in its tax return.

#### *Non-Residents*

Interest income from the Notes, income from a separate disposition or redemption of interest claims as well as any capital gains from a disposition or redemption of the Notes derived by persons not resident in Germany are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the Noteholder or (ii) the interest income otherwise constitutes German source income (such as income from the letting and leasing of certain German-*situs* property). In the case of (i) the applicable tax regime is similar to the regime explained in the preceding sub-section "*Tax Residents*" with regard to business income.

Non-residents of Germany are, in general, exempt from German withholding tax on interest and the solidarity surcharge thereon. However, where the interest is subject to German taxation as set forth in the preceding paragraph and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied as explained above in the preceding sub-section "*Tax Residents*".

The withholding tax may be refunded based upon an applicable tax treaty.

#### ***Inheritance and Gift Tax***

Inheritance tax (*Erbschaftsteuer*) or gift tax (*Schenkungssteuer*) with respect to the Notes will not arise under the laws of Germany, if, in the case of inheritance tax, neither the descendant nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a



permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates, i.e. citizens who maintained a relevant residence in Germany.

***Other Taxes***

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net wealth tax is not levied in Germany.

***Common Reporting Standard***

In addition to the reporting requirements under FATCA, the Organisation for Economic Co-operation and Development has developed a new global standard for the annual automatic exchange of financial information between tax authorities (the "CRS"). Germany is a signatory jurisdiction to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017, as regards reportable financial information gathered in relation to fiscal year 2016.

The CRS has been implemented into German domestic law via the law dated 21 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU.

The regulation may impose obligations on the Issuer and its shareholder/Noteholders, if the Issuer is actually regarded as a reporting financial institution under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of the tax residency (through the issuance of self-certifications forms by the shareholder/Noteholders), tax identification number and CRS classification of the shareholder/Noteholders in order to fulfil its own legal obligations from 1 January 2016.

Investors should contact their own tax advisers regarding the application of CRS to their particular circumstances.

## SUBSCRIPTION AND SALE

### Subscription of the Notes

Pursuant to the Subscription Agreement, the Managers have agreed, subject to certain conditions, to subscribe, or to procure subscriptions, for the Class A Notes. Banco Santander, S.A., has agreed, subject to certain conditions, to subscribe for the Class B Notes to be on-sold to the Seller. The Seller has agreed to pay each Manager a combined management, underwriting and placement commission on the Notes, as agreed between the parties to the Subscription Agreement. The Seller has further agreed to reimburse each Manager for certain of its expenses in connection with the issue of the Notes.

In the Subscription Agreement, the Issuer has made certain representations and warranties in respect of its legal and financial matters.

The Subscription Agreement entitles the Managers to terminate their obligations thereunder in certain circumstances prior to payment of the purchase price of the Notes. The Issuer has agreed to indemnify each Manager against certain liabilities in connection with the offer and sale of the Notes.

The issuance of the Notes is not designed to comply with the U.S. Risk Retention Rules other than the safe harbour for certain non-U.S. related transactions under Rule 20 of the U.S. Risk Retention Rules. "**U.S. Risk Retention Rules**" means Regulation RR (17 C.F.R Part 246) implementing the risk retention requirements of section 15G of the U.S. Securities Exchange Act of 1934, as amended.

The Notes offered and sold by the Issuer may not be purchased by any persons, or for the account or benefit of any persons, that are, "U.S. persons" as defined in the final rules promulgated under section 15(G) of the U.S. Securities Exchange Act of 1934, as amended, adopted pursuant to the requirements of Section 941 of the Dodd Frank Wall Street Reform and Consumer Protection Act and codified at 17 C.F.R. Part 246 (the "**U.S. Risk Retention Rules**") (such persons, "**Risk Retention U.S. Persons**") except (i) with the prior written consent of Santander Consumer Bank AG and (ii) where such sale falls within the safe harbour for certain non-U.S. related transactions under Rule 20 of the U.S. Risk Retention Rules. In any case, the notes may not be purchased by, or for the account or benefit of, any "U.S. person" as defined under Regulation S under the U.S. Securities Act of 1933, as amended ("**Regulation S**"). The definition of "U.S. person" in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of "U.S. person" in Regulation S. Each purchaser of Notes, including beneficial interests therein will be required to have made certain representations and agreements, including that it (i) (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note; and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the safe harbour for certain non-U.S. related transactions provided for in Rule 20 of the U.S. Risk Retention Rules) or (ii) (1) is a Risk Retention U.S. Person and (2) is not a "U.S. person" as defined under Regulation S.

With respect to the U.S. Risk Retention Rules, the Seller does not intend to retain credit risk in connection with the offer and sale of the Notes in reliance upon a safe harbour provided for in Rule 20 of the U.S. Risk Retention Rules regarding certain non-U.S. related transactions. No other steps have been taken by the Seller, the Issuer, the Corporate Administrator, the Arranger or the Joint Lead Managers or any of their affiliates or any other party to otherwise comply with the U.S. Risk Retention Rules.

### Selling Restrictions

#### *General*

All applicable laws and regulations must be observed in any jurisdiction in which the Notes may be offered, sold or delivered, to the best of each Manager's knowledge and belief. Each Manager has agreed in the Subscription Agreement that it will not, directly or indirectly offer, sell or deliver any of the Notes or distribute the Prospectus the preliminary Prospectus or any other offering material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with

the applicable laws and regulations thereof, to the best of such Manager's knowledge and belief and it will not impose any obligations on the Issuer except as set out in the Subscription Agreement.

Notwithstanding the foregoing none of the Managers will have any liability to the Issuer or the Seller for compliance by the Issuer or the Seller or any other person with the U.S. Risk Retention Rules except to the extent that such Manager may be liable to the Issuer or the Seller due to such Manager's failure to comply with the procedures described in the Subscription Agreement.

The Notes shall not be offered to a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"), unless all of the following conditions are fulfilled:

- (a) the Managers have performed a suitability test in accordance with Article 25(2) of MiFID II;
- (b) the Managers are satisfied, on the basis of the test referred to paragraph (a) above, that the Notes are suitable for that retail client;
- (c) the Managers immediately communicate to the retail client the outcome of the suitability test in a report; and
- (d) if paragraphs (a) through (c) above are fulfilled but the financial instrument portfolio of that retail client does not exceed EUR 500,000, the Managers shall ensure, on the basis of the information provided by the retail client in accordance, that the retail client does not invest an aggregate amount exceeding 10 per cent. of that retail client's financial instrument portfolio in the Notes.

*United States of America and its Territories (the "**United States**")*

1. The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Each of the Managers has represented and agreed in the Subscription Agreement that it has not offered or sold, and will not offer or sell, any Note constituting part of its allotment within the United States except in accordance with Rule 903 under Regulation S under the Securities Act. Accordingly, each Manager has further represented and agreed that neither it, its respective affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note.

In addition, before 40 calendar days after commencement of the offering, an offer or sale of Notes within the United States by a dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act.

Each Manager has (i) acknowledged that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act; (ii) represented and agreed that it has not offered, sold or delivered any Notes, and will not offer, sell or deliver any Notes, (x) as part of its distribution at any time or (y) otherwise before 40 calendar days after the later of the commencement of the offering and the issue date, except in accordance with Rule 903 under Regulation S under the Securities Act; and accordingly, (iii) further represented and agreed that neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to any Note, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act, and (iv) also agreed that, at or prior to confirmation of any sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons by any person referred to in Rule 903 (b)(2) (iii) (x) as part of their distribution at any time or (y) otherwise

until 40 calendar days after the later of the commencement of the offering and the issue date (the "**Distribution Compliance Period**"), except in either case in accordance with Regulation S under the Securities Act.

Terms used above have the meaning given to them in Regulation S under the Securities Act."

Terms used in this clause have the meanings given to them in Regulation S under the Securities Act.

The Notes will be issued in accordance with the provisions of United States Treasury Regulation section 1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as the TEFRA D Rules, as applicable, for purposes of section 4701 of the U.S. Internal Revenue Code) (the "**TEFRA D Rules**").

2. Further, each Manager has represented and agreed in the Subscription Agreement that:
- (a) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not delivered and will not deliver, directly or indirectly, within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
  - (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
  - (c) if it is considered a United States person, that it is acquiring the Notes for purposes of resale in connection with their original issuance and agrees that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation section 1.163-5 (c)(2)(i)(D)(6) (or successor rules in substantially the same form);
  - (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period that it will either (i) repeat and confirm the representations and agreements contained in sub-clauses (a), (b) and (c) on such affiliate's behalf; or (ii) agree that it will obtain from such affiliate for the benefit of the purchaser of the Notes and Issuer the representations and agreements contained in sub-clauses (a), (b) and (c) above; and
  - (e) it will obtain for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b), (c) and (d) above from any person other than its affiliate with whom it enters into a written contract, as defined in United States Treasury Regulation section 1.163-5(c)(2)(i)(D)(4) (or substantially identical successor provisions) for the offer and sale during the restricted period of Notes.

Terms used in this clause 2 have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

#### *United Kingdom*

Each Manager has represented and agreed in the Subscription Agreement that:

- (f) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the United Kingdom Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

- (g) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

As used herein, "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

*Republic of France*

Each of the Managers has represented and agreed in the Subscription Agreement that:

- (a) this Prospectus is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French Autorité des Marchés Financiers ("**AMF**");
- (b) the Notes have not been offered, sold or distributed and will not be offered, sold or distributed, directly or indirectly, to the public in France. Such offers, sales and distributions have been and shall only be made in France (i) to qualified investors (*investisseurs qualifiés*) acting for their own account and/or (ii) to persons providing portfolio management investment service for third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), each as defined in and in accordance with Articles L. 411-2-II, D. 411-1, D. 321-1, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code and any implementing regulation and/or (iii) in a transaction that, in accordance with Article L. 411-2-I of the French Monetary and Financial Code and Article 211-2 of the General Regulation of the AMF, does not constitute a public offering of financial securities;
- (c) investors in France are informed that the subsequent direct or indirect retransfer of the Notes to the public in France can only be made in compliance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 through L. 621-8-3 of the French Monetary and Financial Code; and
- (d) this Prospectus and any other offering material relating to the Notes have not been and will not be submitted to the AMF for approval and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

*European Economic Area*

Each Manager has represented and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") and with effect from and including the date on which the Prospectus Directive is implemented in that Member State (the "**Relevant Implementation Date**") since 1 January 2018 (being the date of application of PRIIPS Regulation), it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, published in another Relevant Member State and notified to the competent authority in that Relevant Member state in accordance with article 18 of the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of the Notes to the public in the Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive,
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Managers, or
- (c) in any other circumstances falling within article 3(2) of the Prospectus Directive,

Provided that no such offer of the Notes shall require the Issuer or the Managers to publish a prospectus pursuant to article 3 of the Prospectus Directive or supplement a prospectus pursuant to article 16 of the Prospectus Directive.

In the foregoing sentence, the expression an "**offer of notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to

purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "**2010 PD Amending Directive**" means Directive 2010/73/EU.

*Prohibition of Sales to EEA Retail Investors*

Each of the Managers has represented and agreed with the Issuer in the Subscription Agreement that the Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to retail investors in the European Economic Area and this Prospectus or any other offering material relating to the Notes has not been distributed or caused to be distributed and will not be distributed or caused to be distributed to retail investors in the European Economic Area.

For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

## USE OF PROCEEDS

The gross proceeds from the issue of the Class A Notes being EUR 563,816,220 and the Class B Notes being EUR 39,000,000 amount to EUR 602,816,220 in total and will be used by the Issuer to finance the acquisition of the Receivables and Related Collateral from the Seller having an aggregate Outstanding Principal Amount of EUR 599,999,998.18 on the Note Issuance Date for a purchase price of EUR 602,816,218.18. The costs of the Issuer in connection with the issue of the Notes, including, without limitation, transaction structuring fees, costs and expenses payable on the Note Issuance Date to the Joint Lead Managers and to other parties in connection with the offer and sale of the Notes and certain other costs, and in connection with the admission of the Notes to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange, are paid separately by the Seller to the respective recipients.

The difference between (i) the Aggregate Outstanding Note Principal Amount of the Class A Notes and the Class B Notes on the Closing Date being EUR 600,000,000 and (ii) the Aggregate Outstanding Principal Amount of the Receivables, in an amount of EUR 599,999,998.18, will remain on the Transaction Account of the Issuer and will be part of the Available Distribution Amount on the first Payment Date.

## GENERAL INFORMATION

### Subject of this Prospectus

This Prospectus relates to Class A Notes in an aggregate principal amount of EUR 561,000,000 and Class B Notes in an aggregate principal amount of EUR 39,000,000, in each case issued by SC Germany Auto 2018-1 UG (haftungsbeschränkt), Frankfurt am Main, Germany.

### Authorisation

The issue of the Notes was authorised by a resolution of the managing directors of the Issuer passed on 12 June 2018.

### Litigation

Neither the Issuer is, or has been since its incorporation, nor the Seller is, or has during the last twelve months prior to the date of this Prospectus been, engaged in any governmental, litigation or arbitration proceedings which may have or have had during such period a significant effect on their respective financial position, and, as far as the Issuer and the Seller are aware, no such governmental, litigation or arbitration proceedings are pending or threatened, respectively.

### Payment Information

For as long as the Notes are listed on the official list of the Luxembourg Stock Exchange, the Issuer will inform the Luxembourg Stock Exchange of the Interest Amounts, the Interest Periods and the Interest Rates and, if relevant, the payments of principal on each Class of Notes, in each case in the manner described in the Terms and Conditions of the Notes.

Payments and transfers of the Notes will be settled through Clearstream Luxembourg and Euroclear, as described herein. The Notes have been accepted for clearing by Clearstream Luxembourg and Euroclear.

All notices regarding the Notes will be either (i) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Noteholders or (ii) made available for a period of not less than 30 calendar days but in any case only as long as any Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange on the following website: [www.bourse.lu](http://www.bourse.lu).

### Material Change

There has been no material adverse change in the financial position or prospects of the Issuer since its incorporation.

### Miscellaneous

The Issuer will not publish interim accounts. The fiscal year in respect of the Issuer is the calendar year.

### Luxembourg Listing

Application has been made for the Notes to be admitted for listing on the Official List of the Luxembourg Stock Exchange and to be traded on the regulated market of the Luxembourg Stock Exchange. The Issuer has appointed Banque Internationale à Luxembourg S.A., as the initial listing agent for the Luxembourg Stock Exchange.

### Publication of Documents

This Prospectus will be made available to the public by publication in electronic form on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) and on the website of True Sale International GmbH ([www.true-sale-international.de](http://www.true-sale-international.de)).



### Availability of Documents

Prior to the listing of the Notes on the Luxembourg Stock Exchange, the constitutional documents of the Issuer are available at the specified offices of the Issuer for inspection and copies of these documents may be obtained, free of charge, upon request.

Certain loan level data (on a no-name basis) is available for inspection, free of charge, at the registered office of the Seller at Santander Consumer Bank AG, Santander-Platz 1, 41061 Mönchengladbach, Germany during customary business hours upon request from the Note Issuance Date until redemption of the Notes in full. Such data may also be obtained, free of charge, upon request from the Seller in electronic form following the due execution of a non-disclosure agreement.

Upon listing of the Notes on the Luxembourg Stock Exchange, copies of the constitutive documents of the Issuer may also be obtained free of charge during customary business hours at the specified offices of the Principal Paying Agent and at the registered office of the Issuer. The following documents will also be available at the offices of the Principal Paying Agent and of the Issuer:

- (a) the articles of association (*Gesellschaftsvertrag*) of the Issuer;
- (b) the resolution of the managing directors of the Issuer approving the issue of the Notes and the transaction envisaged by the Transaction Documents;
- (c) the future annual financial statements of the Issuer (interim financial statements will not be prepared);
- (d) all notices given to the Noteholders pursuant to the Terms and Conditions of the Notes;
- (e) this Prospectus and all Transaction Documents referred to in this Prospectus;
- (f) annual financial statements of the Seller for the years ended 31 December 2016 and 2017.

### Post-issuance Transaction Information

Following the Note Issuance Date and until redemption of the Notes in full, the Principal Paying Agent will provide the Issuer, the Corporate Administrator, the Transaction Security Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 13 (Form of Notices) of the Terms and Conditions of the Notes, the Noteholders, and so long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange, and admitted to trading on the regulated market of the Luxembourg Stock Exchange, with the following information, all in accordance with the Agency Agreement and the Terms and Conditions of the Notes:

- (a) with respect to each Payment Date, the Interest Amount pursuant to Condition 6.1 (Interest Calculation) of the Terms and Conditions of the Notes;
- (b) with respect to each Payment Date, the amount of Interest Shortfall pursuant to Condition 6.5 (Interest Shortfall) of the Terms and Conditions of the Notes, if any;
- (c) with respect to each Payment Date, the amount of principal on each Class A Note and each Class B Note pursuant to Condition 7 (Redemption) of the Terms and Conditions of the Notes to be paid on such Payment Date;
- (d) with respect to each Payment Date, the Note Principal Amount of each Class A Note and each Class B Note and the Class A Principal Amount and the Class B Principal Amount as from such Payment Date; and
- (e) in the event the payments to be made on a Payment Date constitute the final payment with respect to the Notes pursuant to Condition 7.3 (Legal Maturity Date) of the Terms and Conditions of the Notes, the fact that such is the final payment.

In each case, such notification shall be made by the Principal Paying Agent on the EURIBOR Determination Date preceding the relevant Payment Date.

Additionally, the Issuer has undertaken towards True Sale International GmbH to arrange for the Detailed Investor Reports which contain the post-issuance transaction information regarding the performance of the Purchased Receivables and the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange to be submitted for publication on True Sale International GmbH's website ([www.true-sale-international.de](http://www.true-sale-international.de)), where such reports will remain available to investors until full redemption of the Class A Notes. True Sale International GmbH has no obligation vis-à-vis the Noteholders to update or verify any information or publish it on its website.

### Admission to Trading

Application has been made by the Listing Agent for admission to trading of the Notes on the regulated market of the Luxembourg Stock Exchange. The estimate of the total expenses related to admission to listing and trading of the Class A Notes and the Class B Notes on the Luxembourg Stock Exchange is equal to EUR 10,500 (taxes excluded). Such expenses will be paid by Santander Consumer Bank AG.

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### Clearing Codes

<i>Class A Notes</i>		<i>Class B Notes</i>	
WKN:	A2LQ37	WKN:	A2LQ38
ISIN:	XS1831869653	ISIN:	XS1831869810
Common Code:	183186965	Common Code:	183186981

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