



Silver Arrow S.A., acting in respect of its Compartment 11

(incorporated as a public limited liability company (société anonyme) in Luxembourg, and registered with the Luxembourg register of commerce and companies under number B 111345)

EUR 1,748,200,000 Class A Compartment 11 Notes due 2027, issue price: 100.451 per cent.
EUR 141,700,000 Class B Compartment 11 Notes due 2027, issue price: 100 per cent.

Silver Arrow S.A. is registered with the Luxembourg Commercial Register under registration number B 111345. Silver Arrow S.A. has elected in its articles of incorporation (*statuts*) to be governed by the Luxembourg law of 22 March 2004 on securitisation, as amended ("**Luxembourg Securitisation Law**"). The exclusive purpose of Silver Arrow S.A. is to enter into one or more securitisation transactions, each via a separate compartment ("**Compartment**") within the meaning of the Luxembourg Securitisation Law (see "THE ISSUER"). The Compartment 11 Notes (as defined below) will be funding the eleventh securitisation transaction ("**Transaction 11**") of Silver Arrow S.A., acting in respect of its Compartment 11 (the "**Issuer**") as described further herein. All documents relating to the Transaction 11 as more specifically described herein are referred to as the "**Transaction 11 Documents**".

In this Offering Circular, a reference to the Issuer in relation to the Transaction 11 Documents, means the Issuer acting in respect of its Compartment 11.

The Class A Compartment 11 Notes and the Class B Compartment 11 Notes (together the "**Compartment 11 Notes**" or the "**Notes**") of the Issuer are backed by a portfolio (the "**Portfolio**") of auto loan receivables (the "**Purchased Loan Receivables**") secured by certain passenger cars and/or commercial vehicles (the "**Financed Vehicles**") and certain other collateral more specifically described herein (the Financed Vehicles, the other collateral and the proceeds therefrom, the "**Loan Collateral**"). The obligations of the Issuer under the Compartment 11 Notes will be secured by first-ranking security interests granted to Wilmington Trust SP Services (Frankfurt) GmbH (the "**Trustee**") acting in a fiduciary capacity for, *inter alia*, the Compartment 11 Noteholders pursuant to a trust agreement (the "**Trust Agreement**") entered into between, *inter alios*, the Trustee and the Issuer. Although all Classes will share in the same security, Class A Compartment 11 Notes will rank senior to the Class B Compartment 11 Notes, see "PRE-ENFORCEMENT PRIORITY OF PAYMENTS" and "POST-ENFORCEMENT PRIORITY OF PAYMENTS". The Issuer will apply the net proceeds from the issue of the Compartment 11 Notes to purchase on the Purchase Date (being identical with the Issue Date, as defined below) the Portfolio secured by the Loan Collateral. Certain characteristics of the Portfolio and the Loan Collateral are described in "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL" and in "PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA".

This prospectus (the "**Offering Circular**") constitutes a prospectus within the meaning of Article 6 of Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). The Offering Circular is valid for a period of twelve months from the date of approval. After such date, there is no obligation to supplement this Offering Circular in the event of significant new factors, material mistakes or material inaccuracies. This Offering Circular will be published on the website of the Luxembourg Stock Exchange under www.bourse.lu.

This Offering Circular has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**") of Luxembourg in its capacity as competent authority under the Prospectus Regulation. The CSSF only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and the Luxembourg law dated 16 July 2019 on prospectuses for securities (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières*) (the "**Prospectus Law 2019**"). The approval by the CSSF only relates to the Class A Compartment 11 Notes but not to the Class B Compartment 11 Notes. The Class B Compartment 11 Notes will not be listed. Such approval should not be considered as an endorsement of the quality of the Class A Compartment 11 Notes or an endorsement of the Issuer. Investors should make their own assessment as to the suitability of investing in the Compartment 11 Notes. In the context of such approval, the CSSF neither assumes any

responsibility nor gives any undertaking as to the economic and financial soundness of the Transaction 11 and the quality or solvency of the Issuer in line with Article 6 (4) of the Prospectus Law 2019.

Application has also been made to the Luxembourg Stock Exchange for the Class A Compartment 11 Notes to be listed on the official list of the Luxembourg Stock Exchange on 27 May 2020 (the "**Issue Date**") and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purpose 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.

On the Issue Date, the Seller will, as originator for the purposes of the Securitisation Regulation (as defined below), retain, for the life of the Transaction 11, a material net economic interest of at least 5% in the securitisation, as required by Article 6 of the Securitisation Regulation (which does not take into account any relevant national measures) (the "**Retention Requirement**"). As of the Issue Date, such interest will, in accordance with Article 6(3)(d) of the Securitisation Regulation, be retained through the holding of the Class B Compartment 11 Notes and the Subordinated Loan. Any change to the manner in which such interest is held will be notified to investors.

The Seller has been designated as "*Reporting Entity*" pursuant to Article 7 of the Securitisation Regulation (the "**Reporting Entity**"). For further details on the information to be disclosed by the Reporting Entity please see the section entitled "Compliance with Article 7 of the Securitisation Regulation".

Each prospective investor is required to independently assess and determine the sufficiency of the information described in the preceding two paragraphs for the purposes of complying with Article 5 of the Securitisation Regulation, and none of the Issuer, the Seller (in its capacity as the Seller and the Servicer), the Joint Lead Managers and Joint Bookrunners, the Arranger, nor the Managers makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each prospective Compartment 11 Noteholder should ensure that they comply with any implementing provisions in respect of Article 5 of the Securitisation Regulation in their relevant jurisdiction. Investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction should seek guidance from their regulator. The Seller accepts responsibility for the information set out in this paragraph and in the preceding two paragraphs.

As of the Issue Date, the Transaction 11 is intended to meet the requirements for simple, transparent and standardised non-ABCP securitisations provided for by Articles 19 to 22 of the Securitisation Regulation (the "**STS Requirements**"). The compliance of the Transaction 11 with the STS Requirements as of the Issue Date is expected to be verified by STS Verification International GmbH, in its capacity as third party verification agent authorised pursuant to Article 28 of the Securitisation Regulation. No assurance can be provided that the Transaction 11 does or continues to qualify as an STS-securitisation under the Securitisation Regulation at any point in time in the future.

The Seller will notify the European Securities and Markets Authority ("**ESMA**") that the Transaction 11 meets the STS Requirements in accordance with Article 27 of the Securitisation Regulation (the "**STS Notification**").

For more information on the compliance of the Transaction 11 with the STS Requirements please see the section entitled "Compliance with STS Requirements".

Compliance with the STS Requirements is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2014/65/EU) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).

The issuance of the Compartment 11 Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 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 and Joint Bookrunners, the Managers or any of their affiliates or any other party to accomplish such compliance.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Compartment 11 Notes has led to the conclusion that: (i) the target market for the Compartment 11 Notes is

eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Compartment 11 Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Compartment 11 Notes (a "distributor") should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Compartment 11 Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

PRIIPs Regulation / Prohibition of sales to EEA retail investors – The Compartment 11 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, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution 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 Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Compartment 11 Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Compartment 11 Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

Amounts payable under the Class A Compartment 11 Notes will be calculated by reference to the Euro Interbank Offered Rate ("**EURIBOR**"), which is provided by European Money Markets Institute, with its office in Brussels, Belgium (the "**Administrator**"). The Administrator has been granted an authorisation by the Belgian Financial Services and Markets Authority under Article 34 (critical benchmark administrator) of the EU benchmarks regulation (Regulation (EU) 2016/1011) (the "**Benchmark Regulation**") for the administration of EURIBOR and appears 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.

For a discussion of certain significant factors affecting investments in the Compartment 11 Notes, see "RISK FACTORS".

For reference to the definitions of capitalised terms appearing in this Offering Circular, see "THE MASTER DEFINITIONS SCHEDULE".

The Arranger

BNP PARIBAS

The Joint Lead Managers and Joint Bookrunners

BNP PARIBAS

Landesbank Baden-Württemberg

The Managers

Commerzbank

DZ BANK AG

**Santander Corporate and
Investment Banking**

The date of this Offering Circular is 25 May 2020.

The Compartment 11 Notes will be governed by the laws of Germany.

Both the Class A Compartment 11 Notes and the Class B Compartment 11 Notes will be initially represented by a temporary bearer global note in New Global Note form (each, a "**Temporary Global Note**") without coupons attached. Each Temporary Global Note will be exchangeable, as described herein (see "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES — Condition 2(c) (*Form and Denomination*)") for a permanent bearer global note in New Global Note form (each a "**Permanent Global Note**", and together with the Temporary Global Notes, the "Global Notes" and each, a "**Global Note**") without coupons attached. The Global Notes will be deposited with the Common Safekeeper on or before the Issue Date for Clearstream Banking *société anonyme* ("**Clearstream Luxembourg**") and Euroclear System ("**Euroclear**") and the Class A Compartment 11 Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not necessarily mean that the Class A Compartment 11 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 on, *inter alia*, satisfaction of the Eurosystem eligibility criteria. See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES — Condition 2(i) (*Form and Denomination*)".

THE COMPARTMENT 11 NOTES REPRESENT OBLIGATIONS OF THE ISSUER ONLY AND DO NOT REPRESENT AN INTEREST IN OR OBLIGATION OF ANY OF THE ARRANGER, THE JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS, THE MANAGERS, THE SELLER, THE SERVICER (IF DIFFERENT), THE TRUSTEE, THE DATA TRUSTEE, THE ACCOUNT BANK, THE CUSTODIAN, THE PAYING AGENT, THE INTEREST DETERMINATION AGENT, THE CALCULATION AGENT, THE SWAP COUNTERPARTY, THE CORPORATE SERVICES PROVIDER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION 11 DOCUMENTS. IT SHOULD BE NOTED FURTHER THAT THE COMPARTMENT 11 NOTES WILL ONLY BE CAPABLE OF BEING SATISFIED AND DISCHARGED FROM THE ASSETS OF COMPARTMENT 11 OF THE ISSUER AND NOT FROM ANY OTHER COMPARTMENT OF THE ISSUER OR FROM ANY OTHER ASSETS OF THE ISSUER. NEITHER THE COMPARTMENT 11 NOTES NOR THE UNDERLYING PURCHASED LOAN RECEIVABLES WILL BE INSURED OR GUARANTEED BY ANY GOVERNMENTAL AUTHORITY OR BY ANY OF THE ARRANGER, THE JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS, THE MANAGERS, THE SELLER, THE SERVICER (IF DIFFERENT), THE CALCULATION AGENT, THE TRUSTEE, THE DATA TRUSTEE, THE ACCOUNT BANK, THE CUSTODIAN, THE PAYING AGENT, THE INTEREST DETERMINATION AGENT, THE SWAP COUNTERPARTY, THE CORPORATE SERVICES PROVIDER OR ANY OF THEIR RESPECTIVE AFFILIATES OR ANY OTHER PARTY (OTHER THAN THE ISSUER) TO THE TRANSACTION 11 DOCUMENTS OR BY ANY OTHER PERSON OR ENTITY EXCEPT AS DESCRIBED HEREIN.

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS, NOR HAS THE ISSUER BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT"). THE ISSUER WILL BE RELYING ON AN EXCLUSION OR EXEMPTION FROM THE DEFINITION OF "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT CONTAINED IN SECTION 3(C)(1) OF THE INVESTMENT COMPANY ACT, ALTHOUGH THERE MAY BE ADDITIONAL STATUTORY OR REGULATORY EXCLUSIONS OR EXEMPTIONS AVAILABLE TO THE ISSUER.

Class	Class A Compartment 11 Notes	Class B Compartment 11 Notes
Initial Aggregate Outstanding Note Principal Amount	EUR 1,748,200,000	EUR 141,700,000
Interest rate	EURIBOR + 0.70 per cent. <i>per annum</i> , subject to a floor of zero	1 per cent. <i>per annum</i>
Price	100.451 per cent.	100 per cent.
Expected ratings		
DBRS + Fitch	AAA(sf) / AAAsf	n/a
Legal Maturity Date	15 February 2027, subject to the Business Day Convention	15 February 2027, subject to the Business Day Convention
ISIN code	XS2168635857	XS2168636319
Common code	216863585	216863631

Interest on the Compartment 11 Notes will accrue on the Outstanding Note Principal Amount of each Compartment 11 Note at a *per annum* rate equal to EURIBOR plus 0.70 per cent., subject to a floor of zero, in the case of the Class A Compartment 11 Notes, and 1 per cent. in the case of the Class B Compartment 11 Notes. Interest will be payable in euros by reference to successive interest accrual periods (each, an "**Interest Period**") monthly in arrear on the 15th day of each calendar month, subject to the Business Day Convention (each, a "**Payment Date**"). The first Payment Date will be 15 June 2020. The Compartment 11 Notes will mature on 15 February 2027, subject to the Business Day Convention (the "**Legal Maturity Date**"), unless previously redeemed in full. See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES — Condition 7 (*Payment of Interest*)".

The Class A Compartment 11 Notes are expected, on the Issue Date, to be rated by DBRS Ratings Limited ("**DBRS**") and Fitch Deutschland GmbH ("**Fitch**", together with DBRS the "**Rating Agencies**"). The Class B Compartment 11 Notes will not be rated. It is a condition to the issue of the Compartment 11 Notes that the Class A Compartment 11 Notes are assigned the ratings indicated in the above table.

Fitch is established in the European Community and DBRS is established in the United Kingdom. According to the press release from the European Securities Markets Authority ("**ESMA**") dated 31 October 2011, each of DBRS and Fitch is registered under 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 and by Regulation (EU) No 462/2013. Reference is made to the list of registered or certified credit rating agencies published by ESMA on the webpage <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs> as last updated on 14 November 2019. By appointing DBRS as one Rating Agency for this Transaction 11, the Issuer satisfied the requirement as set forth in Article 8d, paragraph 1 of Regulation (EU) No 462/2013 for this Transaction 11.

The Rating Agencies' ratings of the Compartment 11 Notes address the likelihood that the holders of the Class A Compartment 11 Notes (each, a "**Class A Compartment 11 Noteholder**" or "**Class A Noteholder**") will receive all payments to which they are entitled, as described herein. Each rating takes into consideration the characteristics of the Purchased Loan Receivables, the Loan Collateral and the structural, legal, tax and Issuer-related aspects associated with the Class A Compartment 11 Notes.

However, the ratings assigned to the Class A Compartment 11 Notes do not represent any assessment of the likelihood or level of principal prepayments. The ratings do not address the possibility that the Class A Compartment 11 Noteholders might suffer a lower than expected yield due to prepayments or early amortisation or may fail to recoup their initial investments. In addition, faster than expected repayments on the Purchased Loan Receivables in combination with any purchase price on the Compartment 11 Notes above par may reduce the yield of the Compartment 11 Noteholders.

The ratings assigned to the Class A Compartment 11 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 Compartment 11 Notes by any rating agency other than the Rating Agencies. There can be no assurance as to whether any other rating agency will rate the Class A Compartment 11 Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned to the Class A Compartment 11 Notes by such other rating agency could be lower than the respective ratings assigned by the Rating Agencies.

Certain of the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Arranger, Joint Lead Managers and Joint Bookrunners, Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Compartment 11 Notes. Any such short positions could adversely affect future trading prices of Compartment 11 Notes. The Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Issuer accepts full responsibility for the information contained in this Offering Circular, (notwithstanding that the Seller and Servicer, the Trustee, the Data Trustee, the Swap Counterparty, the Corporate Services Provider, the Subordinated Lender, the Account Bank, the Custodian, the Calculation Agent, the Interest Determination Agent and Paying Agent, or any other party accepts responsibility in this Offering Circular in respect of its own description), provided that, with respect to any information included herein and specified to be sourced from a third party (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 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 hereof. The Issuer has taken all reasonable care to ensure that the information given in this Offering Circular is to the best of its knowledge in accordance with the facts and does not omit anything likely to affect its importance. The Issuer has taken all reasonable care to ensure that the information stated herein is true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein, whether of fact or opinion. The Seller, the Servicer and the Subordinated Lender accepts responsibility for any information in this Offering Circular relating to the Purchased Loan Receivables, the Loan Collateral, the disclosure of servicing related risk factors, risk factors relating to the Purchased Loan Receivables, the information contained in "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS", "PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA" and "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER". To the best knowledge and belief of the Seller, the Servicer and the Subordinated Lender (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular relating to the Purchased Loan Receivables, the Loan Collateral, the disclosure of servicing related risk factors, risk factors relating to the Purchased Loan Receivables, the information contained in "EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS", "PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA" and "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER" is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Seller also accepts responsibility for any information in this Offering Circular relating to the compliance of the Transaction 11 with the provisions of the Securitisation Regulation and the STS Requirements and, in particular, for any information contained in the section entitled "Compliance with the Securitisation Regulation" and "Compliance with STS Requirements".

No person has been authorised to give any information or to make any representations, other than those contained in this Offering Circular, in connection with the issue and sale of the Compartment 11 Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the Seller, the Servicer (if different), the Account Bank, the Swap Counterparty, the Corporate Services Provider, the Custodian, the Paying Agent, the Interest Determination Agent, the Calculation Agent, the Data Trustee and the Trustee (all as defined below) or by the Arranger, the Joint Lead Managers and Joint Bookrunners, and the Managers or by any other party mentioned herein.

Neither the delivery of this Offering Circular nor any offering, sale or delivery of any Compartment 11 Notes shall, under any circumstances, create any implication (i) that the information in this Offering Circular is correct as of any time subsequent to the date hereof, or (ii) that there has been no adverse change in the financial situation of the Issuer or with respect to Mercedes-Benz Bank AG since the date of this Offering Circular or the balance sheet date of the most recent financial statements of the Issuer which are deemed to be incorporated into this Offering Circular or (iii) that any other information supplied in connection with the issue of the Compartment 11 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.

The Compartment 11 Notes sold on the Issue Date may not be purchased by any person except for persons that are not "U.S. persons" as defined in the U.S. Risk Retention Rules ("**Risk Retention U.S. Persons**"). "**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. Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is very similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. Each purchaser of Compartment 11 Notes, including beneficial interests therein, will, by its acquisition of a Compartment 11 Note or beneficial interest therein, be deemed, and in certain circumstances (including as a condition to placing an order relating to the Compartment 11 Notes), will be required, to have made certain representations and agreements, including that it (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.

Notwithstanding the foregoing, the Issuer can, with the prior consent of the Seller, sell a limited portion of the Compartment 11 Notes to, or for the account or benefit of, Risk Retention U.S. Persons in accordance with an exemption from the U.S. Risk Retention Rules.

The issuance of the Compartment 11 Notes was not designed to comply with the U.S. Risk Retention Rules other than the exemption under Section 1.20 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 and Joint Bookrunners, the Managers or any of their affiliates or any other party to accomplish such compliance.

The Compartment 11 Notes have not been, and will not be, registered under the Securities Act. The Compartment 11 Notes may be offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), 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. The Compartment 11 Notes will be issued in bearer form and are subject to certain United States tax law requirements.

No action has been taken by the Issuer or the Seller or the Arranger or the Joint Lead Managers and Joint Bookrunners or the Managers other than as set out in this Offering Circular that would permit a public offering of the Compartment 11 Notes, or possession or distribution of this Offering Circular or any other offering material in any country or jurisdiction where action for that purpose is required. Accordingly, no Compartment 11 Notes may be offered or sold, directly or indirectly, and neither this Offering Circular (nor any part hereof) nor any information memorandum, offering circular, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in compliance with applicable laws, orders, rules and regulations, and the Issuer, the Seller, the Arranger, the Joint Lead Managers and Joint Bookrunners and the Managers have represented that all offers and sales by them have been made on such terms.

This Offering Circular may only be used for the purposes for which it has been published. This Offering Circular 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 any offer to buy any of the securities offered hereby in any circumstances in which such offer or solicitation is unlawful. The distribution of this Offering Circular (or of any part thereof) and the offering and sale of the Compartment 11 Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part thereof) may come, are required by the Issuer, the Seller and the Arranger, the Joint Lead Managers and Joint Bookrunners, and the Managers to inform themselves about and to observe any such restrictions. This Offering Circular 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 Compartment 11 Notes and distribution of this Offering Circular (or of any part thereof), see "SUBSCRIPTION AND SALE".

In connection with the issue of the Class A Compartment 11 Notes, BNP Paribas as Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) may over-allot or effect transactions with a view to supporting the market price of such Class A Compartment 11 Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) will undertake any stabilisation action. Any stabilisation action may begin at any time on or after the date on which adequate public disclosure of the terms of the offer of the Class A Compartment 11 Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of thirty (30) days after the Issue date of the relevant Class A Compartment 11 Notes and sixty (60) days after the date of the allotment of the Class A Compartment 11 Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or any person acting on its behalf) in accordance with all applicable laws and rules.

If you are in any doubt about the contents of this document you should consult, as appropriate, your legal adviser, stockbroker, bank manager, accountant or other financial adviser.

An investment in these Compartment 11 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, the yield and the income deriving from them may increase as well as decrease.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "€" and "euros" are to the lawful currency of the Member States of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February, 1992), as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 November, 1997), as amended by the Treaty of Nice (signed in Nice on 26 February, 2001, as amended by the Treaty of Lisbon (signed in Lisbon on 13 December 2007)).

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

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RISK FACTORS

THE PURCHASE OF CERTAIN COMPARTMENT 11 NOTES MAY INVOLVE SUBSTANTIAL RISKS AND BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE COMPARTMENT 11 NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES ALL THE INFORMATION SET FORTH IN THIS OFFERING CIRCULAR AND IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW. PROSPECTIVE INVESTORS SHOULD MAKE SUCH INQUIRIES AS THEY DEEM NECESSARY WITHOUT RELYING ON THE ISSUER OR THE ARRANGER OR ANY OTHER PARTY REFERRED TO HEREIN.

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Compartment 11 Notes, These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Compartment 11 Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Compartment 11 Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Compartment 11 Notes may occur for other reasons. Additional risks and uncertainties not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the Issuer's financial strength in relation to its Compartment 11.

As more than one risk factor can affect the Compartment 11 Notes simultaneously, the effect of a single risk factor cannot be accurately predicted. Additionally, risk factors may have a cumulative effect, the extent of which is uncertain, so that the combined effect on the Compartment 11 Notes cannot be accurately predicted. No binding statement can be given on the effect of a combination of risk factors on the Compartment 11 Notes.

Various factors that may affect the Issuer's ability to fulfil its obligations under the Notes are categorised below as either (i) risks relating to the Issuer, (ii) risks relating to the Notes, (iii) risks relating to the Purchased Loan Receivables, (iv) risks relating to the Transaction Parties, (v) risks relating to the structure, (vi) legal and regulatory risks relating to the Purchased Loan Receivables, (vii) legal and regulatory risks relating to the Notes and (viii) risks relating to taxation. Several risks may fall into more than one of these seven categories and investors should therefore not conclude from the fact that a risk factor is discussed under a specific category that such risk factor could not also be discussed under one or more other categories.

I. Risks relating to the Issuer

Limited resources of the Issuer

The Issuer is a special purpose entity organised under and governed by the Luxembourg Securitisation Law and, in respect of Compartment 11, with no business operations other than the issue of the Compartment 11 Notes, the financing of the purchase of the Portfolio secured by the related Loan Collateral and the entrance into the related Transaction 11 Documents. Assets and proceeds of the Issuer in respect of Compartments other than Compartment 11 will not be available for payments under the Compartment 11 Notes. Therefore, the ability of the Issuer to meet its obligations under the Compartment 11 Notes will depend, *inter alia*, upon receipt of:

- payments of Principal Collections and Interest Collections under the Purchased Loan Receivables;
- Recovery Collections;
- any Repurchase Price due from the Seller under the Loan Receivables Purchase Agreement;
- the amount standing to the credit of the General Reserve Ledger;
- net interest earned on the General Reserve Ledger and the Operating Ledger;

- payments, if any, under the other Transaction 11 Documents in accordance with the terms thereof.

Other than the foregoing, the Issuer will have no other funds available to meet its obligations under the Compartment 11 Notes.

Insolvency of the Issuer

Silver Arrow S.A. is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg and managed by its directors. Accordingly, bankruptcy proceedings with respect to Silver Arrow S.A. would likely proceed under, and be governed by, the bankruptcy laws of Luxembourg. Under Luxembourg law, a company is bankrupt ("*en faillite*") when it is unable to meet its current liabilities and when its creditworthiness is impaired.

In particular, under Luxembourg bankruptcy law, certain acts deemed to be abnormal and carried out by the bankrupt party during the so-called "suspect period" may be unenforceable against the bankruptcy estate of such party. Whilst the unenforceability is compulsory in certain cases, it is optional in other cases. The "suspect period" is the period that lapses between the date of cessation of payments (*cessation des paiements*), as determined by the bankruptcy court, and the date of the court order declaring the bankruptcy. The "suspect period" cannot exceed six months.

Under Article 445 of the Luxembourg Code of Commerce: (a) a contract for the transfer of movable or immovable property entered into or carried out without consideration, or a contract or transaction entered into or carried out with considerably insufficient consideration for the insolvent party; (b) a payment, whether in cash or by transfer, assignment, sale, set-off or otherwise for debts not yet due, or a payment other than in cash or bills of exchange for debts due or (c) a contractual or judiciary mortgage, pledge, or charge on the debtor's assets for previously contracted debts, would each be unenforceable against the bankruptcy estate if carried out during the suspect period or ten days preceding the suspect period.

According to Article 61(4) second paragraph of the Luxembourg Securitisation Law and without prejudice to the provisions of the law of 5 August 2005 on financial collateral arrangements, as amended, the validity and perfection of each of the security interests mentioned under item (c) in the above paragraph cannot be challenged by a bankruptcy receiver with respect to Article 445 of the Luxembourg Code of Commerce and such security interests are hence enforceable even if they were granted by the company during the suspect period. However, Article 61(4) second paragraph of the Luxembourg Securitisation Law is only applicable if (i) the articles of incorporation of the company granting the security interests are governed by the Luxembourg Securitisation Law and (ii) the company granted the respective security interest no later than the issue date of the securities or at the conclusion of the agreements secured by such security interest and only to secure its obligations assumed after the securitisation or in favour of its investors.

Under Article 446 of the Luxembourg Code of Commerce, any payments made by the bankrupt debtor in the suspect period may be rescinded if the creditor was aware of the cessation of payment of the debtor.

Under Article 448 of the Luxembourg Code of Commerce, transactions entered into by the bankrupt debtor with the intent to deprive its creditors are null and void (Article 448 of the Code of Commerce), regardless of the date on which they were made.

Silver Arrow S.A. can be declared bankrupt upon petition by a creditor of Silver Arrow S.A. or at the initiative of the court or at the request of Silver Arrow S.A. in accordance with the relevant provisions of Luxembourg insolvency law. The conditions for opening bankruptcy proceedings are the stoppage of payments ("*cessation des paiements*") and the loss of commercial creditworthiness ("*ébranlement du crédit commercial*"). The failure of controlled management proceedings may also constitute grounds for opening bankruptcy proceedings. If the above-mentioned conditions are satisfied, the Luxembourg court will appoint a bankruptcy trustee ("*curateur*") who shall be the sole legal representative of Silver Arrow S.A. and obliged to take such action as he deems to be in the best interests of Silver Arrow S.A. and of all creditors of the Company. Certain preferred creditors of Silver Arrow S.A. (including the Luxembourg tax authorities) may have a privilege that ranks senior to the rights of the Noteholders in such circumstances. Other insolvency proceedings under Luxembourg law include controlled management and moratorium of payments ("*gestion contrôlée et sursis de paiement*") of Silver Arrow S.A., composition proceedings ("*concordat*") and judicial liquidation proceedings ("*liquidation judiciaire*").

While the transaction structure is designed to minimise the likelihood of the Issuer becoming insolvent, there can be no assurance that the Issuer will not become insolvent and/or the subject of insolvency

proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws.

Compartments

The Compartment 11 Notes will be contractual obligations of the Issuer solely in respect of Compartment 11 of the Issuer. No third party guarantees the fulfilment of the Issuer's obligations under the Compartment 11 Notes. Consequently, the Compartment 11 Noteholders have no rights of recourse against such third parties. In connection with the above it has also to be noted that, pursuant to Article 62 of the Securitisation Law, where individual compartment assets are insufficient for the purpose of meeting the Issuer's obligations under a respective issuance, it is not possible for the Compartment 11 Noteholders in that Compartment's issuance to obtain the satisfaction of the debt owed to them by the Issuer from assets belonging to another compartment. Consequently, the Compartment 11 Noteholders may have the risk of not being able to receive any income in respect of their investment or, at worst, of being unable to recover their initial investment.

Sharing of proceeds with other Secured Parties

The proceeds of collection and enforcement of the Compartment 11 Security created by the Issuer in favour of the Trustee will be distributed in accordance with the applicable Priority of Payments to satisfy claims of all Secured Parties thereunder. If the proceeds are not sufficient to satisfy all obligations of the Issuer certain parties that rank more junior in the applicable Priority of Payments will suffer a Loss. See "PRE-ENFORCEMENT PRIORITY OF PAYMENTS" and "POST-ENFORCEMENT PRIORITY OF PAYMENTS".

II. Risks relating to the Notes

Liability under the Compartment 11 Notes

The Compartment 11 Notes will be contractual obligations of the Issuer solely in respect of Compartment 11 of the Issuer. The Compartment 11 Notes will not be obligations or responsibilities of, or guaranteed by, any of the Seller, the Servicer (if different), the Trustee, the Data Trustee, the Paying Agent, the Interest Determination Agent, the Account Bank, the Custodian, the Calculation Agent, the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers or any of their respective Affiliates or any Affiliate of the Issuer or any other party to the Transaction 11 Documents (other than the Issuer solely in respect of its Compartment 11) or any other third person or entity other than the Issuer. Furthermore, no person other than the Issuer solely in respect of its Compartment 11 will accept any liability whatsoever to the Compartment 11 Noteholders in respect of any failure by the Issuer to pay any amount due under the Compartment 11 Notes. The Issuer will not be liable whatsoever to the Compartment 11 Noteholders in respect of any of its Compartments (or assets relating to such Compartments) other than Compartment 11.

All payment obligations of the Issuer under the Compartment 11 Notes constitute exclusively obligations to pay out the sums standing to the credit of the Operating Ledger, the General Reserve Ledger and the proceeds from the Compartment 11 Security, in each case in accordance with the applicable Priority of Payments. If, following the enforcement of the Compartment 11 Security, the Available Distribution Amount proves ultimately insufficient, after payment of all claims ranking in priority to amounts due under the Compartment 11 Notes, to pay in full all principal and interest and other amounts whatsoever due in respect of the Compartment 11 Notes, any shortfall arising will be extinguished and the Compartment 11 Noteholders will neither have any further claim against the Issuer in respect of any such amounts nor have recourse to any other person for the Loss sustained. The enforcement of the Compartment 11 Security by the Trustee is the only remedy available to the Compartment 11 Noteholders for the purpose of recovering amounts payable in respect of the Compartment 11 Notes. Such assets and the Available Distribution Amount will be deemed to be "ultimately insufficient" at such time as no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Compartment 11 Noteholders, and neither assets nor proceeds will be so available thereafter.

Ratings of the Class A Compartment 11 Notes

The ratings assigned to the Class A Compartment 11 Notes by the Rating Agencies take into consideration the structural and legal aspects associated with the Class A Compartment 11 Notes and the underlying Purchased Loan Receivables, the credit quality of the Portfolio and the related Loan Collateral, the extent to which the Obligors' payments under the Purchased Loan Receivables are sufficient to make the payments required under the Compartment 11 Notes as well as other relevant features of the structure, including, *inter alia*, the credit quality of the Account Bank, the Seller and the Servicer (if different). The Rating Agencies' rating reflects only the view of the Rating Agencies. Each rating assigned to the Class A Compartment 11 Notes addresses the likelihood of full and timely payment to the Class A Compartment 11 Noteholders of all

payments of interest on the Class A Compartment 11 Notes on each Payment Date and the ultimate payment of principal on the Legal Maturity Date of the Class A Compartment 11 Notes. Rating organisations other than the Rating Agencies may seek to rate the Class A Compartment 11 Notes and, if such "shadow ratings" or "unsolicited ratings" are lower than the comparable ratings assigned to the Class A Compartment 11 Notes by the Rating Agencies, such shadow or unsolicited ratings could have an adverse effect on the value of the Class A Compartment 11 Notes. Future events, including events affecting the Account Bank, the Seller and the Servicer (if different) could also have an adverse effect on the rating of the Class A Compartment 11 Notes.

A rating in respect of certain securities is not a recommendation to buy, sell or hold such securities and may be subject to revision or withdrawal at any time by the relevant rating organisation. The ratings assigned to the Class A Compartment 11 Notes should be evaluated independently from similar ratings on other types of securities. There is no assurance that the ratings of the Class A Compartment 11 Notes will continue for any period of time or that they will not be lowered, reviewed, suspended or withdrawn by the Rating Agencies. In addition, the continued rating of the Class A Compartment 11 Notes will be, *inter alia*, dependent on the Issuer fulfilling its notification requirements to the relevant Rating Agencies. In the event that the ratings initially assigned to the Class A Compartment 11 Notes by the Rating Agencies are subsequently withdrawn or lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement to the Class A Compartment 11 Notes.

Interest on the Class A Compartment 11 Notes

The interest rate payable by the Issuer with respect to the Class A Compartment 11 Notes is calculated as the sum of (i) EURIBOR or an Alternative Base Rate if a Base Rate Modification takes effect in accordance with Condition 7.3(b) to (d) (the "**Applicable Benchmark Rate**"), plus (ii) the applicable margin (where the sum of (i) and (ii) is subject to a floor of zero) as set out in the Conditions. In the event that the Applicable Benchmark Rate were to fall to a negative rate which exceeds the margin, the Class A Noteholders will not receive any interest payments on the Class A Compartment 11 Notes.

Interest rate risk / risk of Swap Counterparty insolvency

Interest payable on the Class A Compartment 11 Notes is calculated on a EURIBOR-basis. Amounts of interest payable by the Obligors under the Loan Agreements in respect of the Purchased Loan Receivables are calculated on the basis of fixed rates. In order to mitigate a mismatch of amounts of interest paid under the Loan Agreements and amounts of interest due under the Class A Compartment 11 Notes the Issuer has entered into the Swap Agreement based on the ISDA Master Agreement (as amended and complemented to reflect the specific requirements of the Transaction 11) with the Swap Counterparty according to which the Issuer will make payments to the Swap Counterparty by reference to a certain fixed interest rate and the Swap Counterparty will make payments to the Issuer by reference to a rate based on a EURIBOR-basis.

If the Swap Counterparty defaults in respect of its payment obligations under the Swap, the Issuer may not have sufficient funds to meet its obligations to pay interest on the floating rate of the Class A Compartment 11 Notes.

If a default by the Swap Counterparty under the Swap Agreement results in the termination of the Swap Agreement, the Issuer will be obliged to enter into a replacement interest rate hedging arrangement with another appropriately rated entity. A failure or inability to (timely) enter into such a replacement arrangement may result in a downgrading of the rating of the Class A Compartment 11 Notes. Further, such failure or inability may expose the Noteholders to the risk that the Issuer will not be able to pay interest on the Class A Compartment 11 Notes in full.

The Swap Counterparty is obliged to grant certain collateral to the Issuer as security for its payment obligations under and in accordance with the Swap Agreement if certain rating triggers with respect to the Swap Counterparty are breached. See "OVERVIEW OF MAIN TRANSACTION 11 DOCUMENTS – The Swap Agreement".

Absence of secondary market liquidity and market value of Compartment 11 Notes

Although application has been made to the Luxembourg Stock Exchange for the Class A Compartment 11 Notes to be listed on the official list and to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, there is currently no secondary market for the Class A Compartment 11 Notes. There can be no assurance that there will be bids and offers and that a liquid secondary market for the Class A Compartment 11 Notes will develop or that a market will develop for the Class A Compartment

11 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 Class A Compartment 11 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 and 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.

Consequently, any sale of the Class A Compartment 11 Notes by the Class A Compartment 11 Noteholders in any secondary market transaction may be at a discount to the original purchase price of such Class A Compartment 11 Notes. Accordingly, investors should be prepared to remain invested in the Class A Compartment 11 Notes until the Legal Maturity Date.

Reform of EURIBOR determinations

The EURIBOR qualifies as a benchmark (a "**Benchmark**") within the meaning of Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EC and Regulation (EU) No 596/2014 (the "**Benchmark Regulation**"), which is applicable since 1 January 2018 (with the exception of certain provisions). Currently, EURIBOR has been identified as a "critical benchmark" within the meaning of the Benchmark Regulation. The Benchmark Regulation applies to "contributors", "administrators" and "users" of benchmarks (such as EURIBOR) in the EU, and among other things, (i) requires benchmark administrators to be authorised and to comply with extensive requirements in relation to the administration of benchmarks and (ii) bans the use of benchmarks of unauthorised administrators. As of the date of this Offering Circular, EURIBOR is administered by European Money Markets Institute which is registered in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**"). Should the European Money Markets Institute become de-registered from ESMA's register of administrators and benchmarks, there is a risk that the use of EURIBOR might be banned in accordance with the Benchmark Regulation.

It is not possible to ascertain as at the date of this Offering Circular (i) what the impact of these initiatives and the reforms will be on the determination of EURIBOR in the future, which could adversely affect the value of the Class A Compartment 11 Notes, (ii) how such changes may impact the determination of EURIBOR for the purposes of the Class A Compartment 11 Notes and the Swap Agreement, (iii) whether any changes will result in a sudden or prolonged increase or decrease in EURIBOR rates or (iv) whether such changes will have an adverse impact on the liquidity or the market value of the Class A Compartment 11 Notes and the payment of interest thereunder. Any changes to EURIBOR as a result of the European Union or other international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes could have a material adverse effect on the value of and return on the Compartment 11 Notes. Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain benchmarks, trigger changes in the rules of methodologies used in certain benchmarks, adversely affect the performance of a benchmark or lead to the disappearance of certain benchmarks.

In this context, investors should note that pursuant to the Conditions in certain circumstances, EURIBOR may be replaced if an Alternative Base Rate is determined in accordance with Condition 7.3(b) to (d) and a Base Rate Modification takes effect. See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES – 7.3". Should a Base Rate Modification take effect, this could negatively affect the yield and the market value of the Class A Compartment 11 Notes.

Responsibility of prospective investors

The purchase of the Class A Compartment 11 Notes is only suitable for investors (i) that possess adequate knowledge and experience in structured finance investments and have the necessary background and resources to evaluate all relevant risks related with such investments; (ii) that are able to bear the risk of loss of their investment (up to a total loss of the investment) without having to prematurely liquidate the investment; and (iii) that are able to assess the tax aspects and implications of such investment independently.

Furthermore, each potential investor should base its investment decision on its own and independent investigation and on the advice of its professional advisors (with whom the investor may deem it necessary

to consult), be able to assess if an investment in the Class A Compartment 11 Notes (i) is in compliance with its financial requirements, its targets and situation (or if it is acquiring the Class A Compartment 11 Notes in a fiduciary capacity, those of the beneficiary); (ii) is in compliance with its principles for investments, guidelines for or restrictions on investments (regardless of whether it acquires the Compartment 11 Notes for itself or as a trustee); and (iii) is an appropriate investment for itself (or for any beneficiary if acting as a trustee), notwithstanding the risks of such investment.

Eurosystem Eligibility

The Class A Compartment 11 Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Compartment 11 Notes are intended upon issue to be deposited with one of Euroclear or Clearstream, Luxembourg as Common Safekeeper and does not necessarily mean that the Class A Compartment 11 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 on, *inter alia*, satisfaction of the Eurosystem eligibility criteria set out in the Guideline (EU) 2015/510 of the European Central Bank (the "**ECB**") of 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) (recast), which applies since 1 May 2015, as amended by Guideline (EU) 2019/1032 of the ECB of 10 May 2019 (ECB/2019/11).

If the Class A Compartment 11 Notes do not satisfy the criteria specified by the ECB, then the Class A Compartment 11 Notes will not qualify as Eurosystem eligible collateral. As a consequence Noteholders will not be permitted to use the Class A Compartment 11 Notes as collateral for monetary policy transactions of the Eurosystem and may sell the Class A Compartment 11 Notes in the secondary market at a reduced price only.

Limitation of time

Claims for payment of principal arising from a Compartment 11 Note cease to exist with the expiration of five years after the Legal Maturity Date, unless the bearer note is submitted to the Issuer for redemption prior to the expiration of five years after the Legal Maturity Date. In case of a submission, the claims will be time-barred in two years beginning with the end of the period for presentation (ending five years after the Legal Maturity Date in accordance with the Conditions). The judicial assertion of the claim arising from a bearer note has the same effect as a presentation of such bearer note. Claims for payment of interest arising from a Compartment 11 Note will be time-barred in three years beginning with the end of the year in which the respective interest payment became due and payable.

III. Risks relating to the Purchased Loan Receivables

Non-existence of Purchased Loan Receivables

The Issuer is entitled to demand payment of a Repurchase Price from the Seller, but from no other Person, if Purchased Loan Receivables do not exist or cease to exist (*Bestands- und Veritätshaftung*) in accordance with the Loan Receivables Purchase Agreement. If a Loan Agreement relating to a Purchased Loan Receivable proves not to have been legally valid as of the Cut-Off Date, the Seller will, pursuant to the Loan Receivables Purchase Agreement, pay to the Issuer a Repurchase Price in an amount equal to the then Outstanding Loan Principal Amount of such Purchased Loan Receivable. If Purchased Loan Receivables do not exist and no Repurchase Price is paid by the Seller, then this may result in losses for the Compartment 11 Noteholders.

Risks arising from the COVID-19 Pandemic

In December 2019, a novel strain of coronavirus ("**COVID-19**") was reported in Wuhan, China. The World Health Organization has classified COVID-19 as a global pandemic (the "**COVID-19 Pandemic**"). Governments around the world have implemented measures to combat the spread of the virus, including travel bans, quarantines and restrictions on public gatherings and commercial activity. The effects of the COVID-19 Pandemic on the Issuer's ability to fulfil its obligations under the Compartment 11 Notes can be diverse, including, but not limited to, the following aspects.

To mitigate the consequences of the COVID-19 Pandemic, the German Bundestag passed a comprehensive package of legislative measures titled "*Law to Mitigate the Consequences of the COVID-19 Pandemic in Civil, Insolvency and Criminal Procedure Law*" (the "**COVID-19 Law**"). The COVID-19 Law contains, *inter alia*, provisions applicable to consumer loan agreement, which came into force as of 1 April 2020 due to COVID-19 (coronavirus). Pursuant to such provisions, consumer borrowers affected by the COVID-19 Pandemic are entitled to 3 months payment deferrals with respect to loan instalments that fall

due between 1 April 2020 and 30 June 2020. The right of the lender for early termination of such loan agreements due to non-payment by the consumer is excluded during the 3 month payment deferral period.

In response to recent developments and as a consequence of the new COVID-19 Law, the Seller has amended its Credit and Collection Policy to permit the Servicer to offer relief to customers experiencing financial difficulty due to COVID-19 impact. The actions the Servicer may take include the deferral of payment obligations for up to 3 months from now (without an extension of the last payment due, with an increase in the amounts required to be paid by the customer after completion of the deferral period, to the extent required to make up all deferred payments) or an extension of the term of the customer's contract for up to 3 months (whereby the customer continues making monthly payments at either the original or a reduced rate). The Servicer will not consider a customer's contract to be delinquent or in arrears as a result of such measures.

In addition to consequences resulting from such specific legislative measures, the performance of the Purchased Loan Receivables may be adversely affected by the general worsening of economic conditions, an increase in unemployment rates and other direct or indirect effects of the COVID-19 Pandemic on the circumstances of individual Obligor.

Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the effects of the COVID-19 Pandemic. As the COVID-19 Pandemic has led to many organisations either closing or implementing policies requiring their employees to work at home, delays or difficulties in performing otherwise routine functions could occur. This may affect the performance of their respective obligations under the Transaction 11 Documents. In particular, it may affect the administration, collection and enforcement of the Purchased Loan Receivables by the Servicer in accordance with the Servicing Agreement.

Risk of Losses on the Purchased Loan Receivables

Losses on the Purchased Loan Receivables may result in Losses for the Compartment 11 Noteholders.

The risk to the Class A Compartment 11 Noteholders that they will not receive the amount due to them under the Class A Compartment 11 Notes as stated on the cover page of this Offering Circular is covered up to the General Reserve Required Amount, subject to any parties senior to the Class A Compartment 11 Noteholders being entitled to such amounts pursuant to the applicable Priority of Payments and such risk is mitigated by the investments of principal of the Class B Compartment 11 Noteholders as such investments are subordinated to the Class A Compartment 11 Notes.

The risk to the Class B Compartment 11 Noteholders that they will not receive the amount due to them under the Class B Compartment 11 Notes as stated on the cover page of this Offering Circular is covered up to the General Reserve Required Amount, subject to any parties senior to the Class B Compartment 11 Noteholders being entitled to such amounts pursuant to the applicable Priority of Payments.

There is no assurance that the Class A Noteholders will receive for each Class A Compartment 11 Note the total principal amount of EUR 100,000 plus interest calculated at an interest rate of EURIBOR plus 0.70 per cent. *per annum*.

There is no assurance that the Class B Noteholders will receive for each Class B Compartment 11 Note the total principal amount of EUR 100,000 plus interest calculated at an interest rate of 1 per cent. *per annum*.

Performance of Purchased Loan Receivables uncertain

The payment of principal and interest on the Compartment 11 Notes is dependent on, *inter alia*, the performance of the Purchased Loan Receivables. Accordingly, the Compartment 11 Noteholders will be exposed to the credit risk of the Obligor.

The performance of the Purchased Loan Receivables depends on a number of factors, including general economic conditions, unemployment levels, the circumstances of individual Obligor (such as may result from epidemic infectious diseases like the recent outbreak of the COVID-19 Pandemic, in relation to which please see "Risks arising from the COVID-19 Pandemic" above for further details), Mercedes-Benz Bank AG's underwriting standards at origination and the success of Mercedes-Benz Bank AG's servicing and collection strategies. Consequently, no accurate prediction can be made of how the Loan Receivables (and accordingly the Compartment 11 Notes) will perform based on credit evaluation scores or other similar measures.

Risk of Early Repayment

In the event that the Loan Agreements underlying the Purchased Loan Receivables are prematurely terminated or otherwise settled early, the Compartment 11 Noteholders will (not taking into account any loss suffered by the Issuer with respect to some or all of the Purchased Loan Receivables, which is described above) be repaid the principal which they invested, but will receive interest for a period of time that is shorter than the period stipulated in the respective Loan Agreement. In addition, faster than expected repayments on the Purchased Loan Receivables in combination with any purchase price for the Compartment 11 Notes above par may reduce the yield of the Compartment 11 Noteholders.

Reliance on Seller Loan Warranties and Eligibility Criteria

If the Seller Loan Warranties given by the Seller in the Loan Receivables Purchase Agreement in respect of the Portfolio and each Purchased Loan Receivable and related Loan Collateral are, in whole or in part, incorrect or if the Purchased Loan Receivables and the Loan Collateral do not comply with the Eligibility Criteria on the Cut-Off Date, this shall constitute a breach of contract under the Loan Receivables Purchase Agreement and the Issuer will have contractual remedies against the Seller. In the case of any related misrepresentation or breach of any Eligibility Criterion, the Seller will be required to pay a Repurchase Price to the Issuer (see the definition of Repurchase Price in the "MASTER DEFINITIONS SCHEDULE — Repurchase Price"). Consequently, in the event that any such representation or warranty is breached, the Issuer is exposed to the credit risk of the Seller. Should the Seller's credit quality deteriorate, this could, in conjunction with afore-said breach of contract, undermine the Issuer's ability to make payments on the Compartment 11 Notes.

Reliance on Credit and Collection Policy

The Servicer will carry out the administration, collection and enforcement of the Purchased Loan Receivables in accordance with the Servicer's Credit and Collection Policy. Accordingly, the Compartment 11 Noteholders are relying on the business judgment and practices of the Servicer as to the liquidation of the Purchased Loan Receivables against the Obligor and with respect to the enforcement of the related Loan Collateral. See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Servicing Agreement" and "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER — Credit and Collection Policy".

No independent investigation and limited information

None of the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers, the Trustee, the Issuer or any other person referred to herein (other than the Seller but only as explicitly described herein) has undertaken or will undertake any investigations, searches or other actions to verify any details in respect of the Purchased Loan Receivables or the Loan Agreements or to establish the creditworthiness of any Obligor. Each of the afore-mentioned persons will rely solely on the accuracy of the representations and warranties and the financial information given by the Seller to the Issuer in the Loan Receivables Purchase Agreement in respect of, *inter alia*, the Purchased Loan Receivables, the Obligors, the Loan Agreements underlying the Purchased Loan Receivables and the Financed Vehicles. The benefit of the representations and warranties given to the Issuer will be transferred by the Issuer to the Trustee for the benefit of the Secured Parties under the Trust Agreement and the Security Deed.

The Seller is under no obligation and will not provide the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers, the Trustee or the Issuer with the names or the identities of the Obligors and copies of the relevant Loan Agreements and legal documents in respect of the relevant Loan Agreement. The Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers and the Issuer will only be supplied with financial information in relation to the Portfolio and the underlying Loan Agreements. Furthermore, none of the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers, the Trustee or the Issuer will have any right to inspect the records of the Seller. However, pursuant to the terms of the Data Trust Agreement, the Issuer and the Trustee may at any time, if any of them has reasonable grounds, demand from the Data Trustee an investigation of the records of the Seller and may request that the Data Trustee informs them about the results of its investigation provided that (i) the Data Trustee shall be entitled (and, where the nature of the investigation so requires, obligated) to sub-contract all or certain tasks related to the investigation to a reputable law firm or reputable accounting firm as expert and (ii) provided further that the Data Trustee may not disclose to the Issuer or the Trustee the names or the identities of the Obligors and copies of the relevant Loan Agreements and legal documents in respect of the relevant Loan Agreement.

The primary remedy of the Trustee and the Issuer for breaches of any Eligibility Criteria as of the Cut-Off Date or Seller Loan Warranties as of the Purchase Date will be to require the Seller to pay a Repurchase

Price in an amount equal to the Outstanding Loan Principal Amount of such Purchased Loan Receivables (or the affected portion thereof) on the date of payment of the Repurchase Price.

Historical, forecast and estimates

The historical information set out in particular in "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL" is based on the historical experience and present procedures of the Seller. None of the Issuer, the Subordinated Lender, the Corporate Services Provider, the Swap Counterparty, the Data Trustee, the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers, the Trustee, the Account Bank, the Custodian, the Paying Agent, the Interest Determination Agent nor the Calculation Agent has undertaken or will undertake any investigation or review of, or search to verify, the historical information. There can be no assurances as to the future performance of the Purchased Loan Receivables.

Estimates of the weighted average lives of the Compartment 11 Notes, respectively, included in this Offering Circular 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 actually realised figures. Consequently, the actual results might differ from the projections and such differences may be significant.

Impact on the value of the Financed Vehicles caused by governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions

Daimler AG and its subsidiaries ("Daimler") are continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

Several federal and state authorities and other institutions worldwide have inquired about and/or are/have been conducting investigations and/or administrative proceedings, and/or have issued administrative orders or, in the case of the Stuttgart district attorney's office, a fine notice. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal and antitrust laws. These authorities and institutions include, amongst others, the U.S. Department of Justice ("DOJ"), which has requested that Daimler conducts an internal investigation, the U.S. Environmental Protection Agency ("EPA"), the California Air Resources Board ("CARB") and other US state authorities, the South Korean Ministry of Environment ("MoE") and the South Korean competition authority (Korea Fair Trade Commission "KFTC"), the European Commission, the German Federal Cartel Office ("Bundeskartellamt") as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Ministry of Transport and Digital Infrastructure ("BMVI") and the German Federal Motor Transport Authority ("KBA"). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the recent developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued. Such actions, measures and orders may include subpoenas, that is, legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, or orders to recall vehicles, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings, including the resolution of proceedings by way of a settlement. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

Since 2018, the KBA has issued various administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EC type approvals in this respect, including mandatory recalls and, in certain cases, stops of the first registration. In addition and since 2018 Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's administrative orders in order to have the open legal issues resolved, if necessary by a court of law. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by, and continued discussions with, the KBA, it is likely that in the course of the ongoing and/or further investigations KBA will issue additional administrative orders holding that other Mercedes-Benz diesel vehicles are also equipped with impermissible defeat devices. The new calibrations requested by KBA are being processed, and for a certain proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked or further delivery and registration stops may be ordered or resolved by Daimler as a precautionary measure, also with regard to the used car, leasing and financing businesses. Daimler is conducting further investigations and otherwise continues to fully cooperate with the authorities and institutions.

In January 2019, another vehicle manufacturer reached civil settlements with US federal and state authorities, as well as with vehicle customers. Although the manufacturer did not admit liability, the authorities maintain the position that the manufacturer included undisclosed Auxiliary Emission Control Devices (AECs) in its diesel vehicles, apparently including functionalities that are common in diesel vehicles, and that certain of these AECs are illegal defeat devices. As part of these settlements, the manufacturer has agreed to, among other things, pay civil penalties, undertake a recall of affected vehicles, provide extended warranties, undertake a nationwide mitigation project and make other payments. The manufacturer has furthermore agreed to provide payments to current and former diesel vehicle owners as part of a class action settlement.

In light of these matters and in light of the ongoing governmental information requests, inquiries, investigations, administrative orders and proceedings, as well as our own internal investigations, it is likely that, besides KBA, one or more regulatory and/or investigative authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the group are equipped with impermissible defeat devices and/or that certain functionalities and/or calibrations were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler's processes regarding running change, field-fix and defect reporting as well as other compliance issues. Except for, in particular, the Stuttgart district attorney's office's administrative offense proceedings, the other inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests and the objection proceedings against KBA's administrative orders are still ongoing and open; hence, Daimler cannot predict the outcome at this time.

Due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and the above as well as any potential other information requests, inquiries, investigations, administrative orders and proceedings, it is possible that Daimler will become subject to significant additional monetary penalties, fines, disgorgements of profits, remediation requirements, further vehicle recalls, further registration and delivery stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions (such as the exclusion from public tenders), including further investigations and/or administrative orders by these or other authorities and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs - could also adopt such determinations or findings, even if such determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative determination or finding in one proceeding, such as the fine notice issued by the Stuttgart district attorney's office, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, Daimler's ability to defend itself in proceedings could be impaired by the fine notice issued by the Stuttgart district attorney's office as well as other unfavorable findings, results or developments in any of

the information requests, inquiries, investigations, administrative orders, legal actions and/or proceedings discussed above.

In Germany, among others, a multitude of lawsuits by customers alleging claims under warranty and/or tort laws are pending. Daimler regards these lawsuits as being without merit and will defend against the claims.

At the date of this Offering Circular, there are no indications that these recent developments will have a material negative impact on payments on the Purchased Loan Receivables, but there can be no assurance that the inquiries, investigations, legal actions, proceedings and orders mentioned above and any future disclosure or settlement by or with respect to Daimler AG and its subsidiaries will not adversely affect the businesses of Daimler AG and its subsidiaries or ultimately the Purchased Loan Receivables and/or the Issuer's ability to make payments under the Compartment 11 Notes.

IV. Risks relating to the Transaction Parties

Creditworthiness of Parties to the Transaction 11 Documents

The ability of the Issuer to meet its obligations under the Compartment 11 Notes will be dependent, in whole or in part, on the performance of the duties by each party to the Transaction 11 Documents.

No assurance can be given that the creditworthiness of the parties to the Transaction 11 Documents, in particular, that the Servicer and the Account Bank will not deteriorate in the future. In the event that any of the Transaction Parties were to fail to perform its obligations under the respective agreement(s) to which it is a party, payments on the Compartment 11 Notes may be adversely affected. Investors should also be aware that third parties on which the Issuer relies may be adversely impacted by the general economic climate (including any failure arising from circumstances beyond their control such as epidemics (for example, the COVID-19 Pandemic which has led to many organisations either closing or implementing policies requiring their employees to work at home, which could result in delays or difficulties in performing otherwise routine functions)). This may affect the performance of their respective obligations under the respective Transaction 11 Documents. In particular, it may affect the administration, collection and enforcement of the Purchased Loan Receivables by the Servicer in accordance with the Servicing Agreement.

However, the credit risk mentioned above is mitigated by certain credit sensitive triggers. For example, it constitutes a Servicer Termination Event, *inter alia*, if the Servicer is Insolvent or the Servicer fails to perform a material obligation which is not remedied within twenty (20) Business Days of notice from the Issuer or the Trustee. The Account Bank has to have the Required Rating.

Risks relating to the Servicer

If the appointment of the Servicer is terminated, the Issuer has the right to appoint a successor Servicer pursuant to the Servicing Agreement. Even though the Calculation Agent has agreed that it will 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, with the parties to the Servicing Agreement upon receipt of a notice by the Servicer of the occurrence of a Servicer Termination Event, there is no assurance that an appropriate successor Servicer can be found and hired in the required time span and that this does not have a negative impact on the amount and the timing of the Collections made.

Commingling risk and risk of Servicer Shortfalls

Under the Servicing Agreement, the Servicer is entitled to commingle Collections made during a Collection Period with the Servicer's own funds and the Servicer shall only be obliged to transfer all Collections of a Collection Period to the Operating Ledger of the Issuer no later than on the Payment Date relating to the relevant Collection Period. The commingling and late payment risk deriving from the afore-mentioned arrangement in the Servicing Agreement is mitigated by way of the Commingling Reserve Required Amount. Under the Servicing Agreement, the Servicer undertakes to remit to the Issuer on any relevant Payment Date upon the occurrence and continuance of a Commingling Reserve Trigger Event, the Commingling Reserve Required Amount, by way of deposit (*Kaution*) as collateral for its actual or contingent obligations under the Servicing Agreement to transfer Collections to the Issuer on the following Payment Date. The Commingling Reserve Required Amount may be provided from time to time, at the option of the Servicer, either (i) by payment of the relevant amount of cash into the Commingling Reserve Ledger or (ii) by depositing Eligible Securities having a Value of at least the relevant Commingling Reserve Required Amount into the Eligible Securities Account or (iii) by depositing Eligible Securities with such

Value into a securities account of the Servicer which is pledged to the Issuer, or any combination of Eligible Securities and cash such that the sum of both equals at least the relevant Commingling Reserve Required Amount provided that:

Following the occurrence of a Commingling Reserve Trigger Event, the Servicer shall deposit the applicable Commingling Reserve Required Amount into the Commingling Reserve Ledger in cash and thereafter, if the Servicer for the first time intends to provide the Commingling Reserve Required Amount, in whole or in part, in the form of Eligible Securities,

- (a) the Servicer shall notify the Rating Agencies of its intention no later than 30 calendar days prior to the date on which the replacement shall be effected; and
- (b) the Issuer shall repay any cash to the Servicer (i) only upon receipt of Eligible Securities with the corresponding Value into the Eligible Securities Account or a securities account of the Servicer pledged to the Issuer to its satisfaction and (ii) only if the repayment of such cash will not adversely affect the rating of the Class A Compartment 11 Notes.

Thereafter, all remittances by or on behalf of the Servicer shall be made in amounts sufficient to ensure that on each Payment Date funds at least equal to the relevant Commingling Reserve Required Amount will stand to the credit of the Commingling Reserve Ledger plus the Eligible Securities Account plus the Servicer's securities account pledged to the Issuer. If, at any time during the life of Transaction 11, securities provided as Commingling Reserve Required Amount cease to be Eligible Securities (in particular in case such securities do not have the required ratings anymore or will mature within the next 30 calendar days), the Servicer shall, within ten (10) calendar days after such securities have become ineligible, provide cash in an amount equal to, or new Eligible Securities having a Value such that the Commingling Reserve Required Amount as of the relevant Payment Date is met.

If, following the occurrence of a Servicer Termination Event a Servicer Shortfall occurs, the Issuer may use the Commingling Reserve Required Amount in an amount equal to such Servicer Shortfall to make, under the applicable Priority of Payments, payments on the relevant Payment Date (until the Commingling Reserve Trigger Event ceases to continue). For such purposes, the Issuer may realise any Eligible Securities which may be on deposit in the Eligible Securities Account as Commingling Reserve Required Amount (excluding, for the avoidance of doubt, any securities provided by the Swap Counterparty as swap collateral) and/or enforce any pledges granted to it in accordance with the account pledge agreement, as applicable.

Any excess of the amount standing to the credit of the Commingling Reserve Ledger over the Commingling Reserve Required Amount as calculated on each Calculation Date will be paid on each following Payment Date directly by the Issuer to the Servicer outside the Priority of Payments. In case the Value of Eligible Securities on deposit in the Eligible Securities Account or in the Servicer's securities account pledged to the Issuer exceeds the Commingling Reserve Required Amount, on request of the Servicer the Issuer shall release Eligible Securities such that, however, the Value of the Eligible Securities does not fall below the Commingling Reserve Required Amount. In case of any combination of cash and Eligible Securities, the Issuer shall release excess funds at the option of the Servicer either in the form of Eligible Securities or cash.

Following any realisation of Eligible Securities or an enforcement of pledges, any excess of realisation proceeds or enforcement proceeds over the Servicer Shortfalls may be retained by the Issuer in the Commingling Reserve Ledger up to an amount equal to the Commingling Reserve Required Amount as of the relevant Payment Date. Any excess of realisation proceeds or enforcement proceeds over the relevant Commingling Reserve Required Amount will be released to the Seller on the following Payment Date outside the Priority of Payments.

Recovery and Resolution Proceedings

As a result of Directive 2014/59/EU on Banking Recovery and Resolution Directive of 15 May 2014 ("**BRRD**"), as implemented into German law by the German Recovery and Resolution Act (*Sanierungs- und Abwicklungsgesetz – "SAG"*) which became effective on 1 January 2015, it is possible that a credit institution or investment firm with its head office in an EEA state and/or certain group companies (such institution, investment firm or group company could encompass the Seller or the Swap Counterparty) could be subject to certain resolution actions. Any such action may affect the ability of any relevant entity to

satisfy its obligations under the Transaction 11 Documents (including the Swap Agreement) and there can be no assurance that Compartment 11 Noteholders will not be adversely affected as a result.

On 23 November 2016, the European Commission presented a comprehensive package of reforms in order to further strengthen the resilience of banks resident in the European Union, to improve banks' lending capacity and to improve liquidity of the markets, including a proposal to amend the BRRD. To fast-track selected parts of the proposal, the Directive (EU) 2017/2399 amending the BRRD (the "**BRRD Amending Directive**") as regards the ranking of unsecured debt instruments entered into force on 28 December 2017. At this stage it can neither be predicted when and in which form the remaining parts of the proposal may be implemented, nor the impact of the BRRD Amending Directive and future amendments on the Noteholders.

V. Risks relating to the structure

Risks in connection with the application of the German Debenture Act (Schuldverschreibungsgesetz – SchVG)

A Compartment 11 Noteholder is subject to the risk of being outvoted and losing rights towards the Issuer against his will in the case that the Compartment 11 Noteholders agree pursuant to the Conditions to amendments of the Conditions by majority vote according to the German Debenture Act (*Schuldverschreibungsgesetz – SchVG*). In the case of an appointment of a Compartment 11 Noteholders' representative for all Compartment 11 Noteholders, a particular Compartment 11 Noteholder may lose, in whole or in part, the possibility to enforce and claim his rights against the Issuer regardless of other Compartment 11 Noteholders.

Conflicts of Interest

In connection with Transaction 11, the Seller will also be acting as Servicer and the Account Bank will also be acting as Paying Agent, Interest Determination Agent and Custodian. These parties will have only the respective duties and responsibilities assumed by them under the Transaction 11 Documents and will not, by virtue of their or any of their 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 those under each Transaction 11 Document to which they are a party. All Transaction 11 Parties (other than the Issuer) may enter into other business dealings with each other or Silver Arrow S.A. (in respect of Compartments other than Compartment 11) from which they may derive revenues and profits without any duty to account therefore in connection with Transaction 11.

The Servicer may hold or service claims (for third parties) against the Obligors other than the Purchased Loan Receivables.

The wider interests or obligations of the afore-mentioned parties may therefore conflict with the interests of the Compartment 11 Noteholders.

The afore-mentioned parties may engage in commercial relations, in particular, be lender, provide general banking, investment and other financial services to the Obligors, Silver Arrow S.A. (in respect of Compartments other than Compartment 11) and other parties to Transaction 11. The Corporate Services Provider may provide corporate, administrative or other services to other entities.

In such relations, the afore-mentioned parties are not obliged to take into account the interests of the Compartment 11 Noteholders. Accordingly, because of these other relations, potential conflicts of interest may arise in respect of Transaction 11.

Termination of Swap Agreement

The Swap Counterparty may terminate a Swap Agreement if, among other things, the Issuer becomes Insolvent, the Issuer fails to make a payment under the Swap Agreement when due and such failure is not remedied within the period of time specified in the relevant Swap Agreement, performance of the Swap Agreement becomes illegal, an Enforcement Event occurs under the Conditions, payments to the respective Swap Counterparty are reduced or payments from the respective Swap Counterparty are increased for a set period of time due to tax reasons or the Clean-Up Call is exercised. The Issuer may terminate a Swap Agreement if, among other things, such Swap Counterparty becomes Insolvent, such Swap Counterparty fails to make a payment under the Swap Agreement when due and such failure is not remedied within three (3) Business Days of notice of such failure being given, performance of the Swap Agreement becomes illegal. The transaction under the Swap Agreement will terminate upon redemption of the Compartment 11 Notes in full.

The Issuer is exposed to the risk that a Swap Counterparty may become Insolvent or may suffer from a ratings downgrade. In the event that a Swap Counterparty suffers a ratings downgrade and ceases to be an Eligible Swap Counterparty, the Issuer may terminate the related Swap Agreement if such Swap Counterparty fails, within a set period of time, to take certain actions intended to mitigate the effects of such downgrade. Such actions could include such Swap Counterparty collateralising its obligations as a referenced amount calculated in accordance with a credit support annex to the 1992/2002 ISDA Master Agreement, transferring its obligations to a replacement Swap Counterparty or procuring a guarantee. However, in the event such Swap Counterparty is downgraded there can be no assurance that a guarantor or replacement Swap Counterparty will be found or that the amount of collateral will be sufficient to meet the Swap Counterparty's obligations.

Termination payment priorities and subordination

Generally, a swap transaction under a Swap Agreement may only be terminated early upon the occurrence of certain events of default or termination events set forth in such Swap Agreement.

In the event that a Swap Agreement is terminated by either party due to an event of default or a termination event, then depending upon the market value of the swap a termination payment may be due to the Issuer or to the Swap Counterparty. Any such termination payment could, if market interest rates and other conditions have changed materially, be substantial. Under certain circumstances, termination payments required to be made by the Issuer to such Swap Counterparty will rank higher in priority than all payments on the Compartment 11 Notes. In such event, the Purchased Loan Receivables and the General Reserve Account may be insufficient to satisfy the required payments under the relevant Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments due in respect of the Compartment 11 Notes.

If a Swap Agreement is terminated by either party or the Swap Counterparty becomes Insolvent, the Issuer may not be able to enter into a replacement Swap Agreement immediately or at all. To the extent a replacement swap is not on a timely basis entered into, the amount available to pay the principal of and interest under the Compartment 11 Notes will be reduced if the interest rates under such Notes exceed the rate the Issuer would have been required to pay the Swap Counterparty under the terminated Swap Agreement. Under these circumstances the Purchased Loan Receivables and the General Reserve Account may be insufficient to make the required payments on the Compartment 11 Notes and the Noteholders may experience delays and/or reductions in the interest and principal payments on the Compartment 11 Notes.

In the event of the insolvency of a Swap Counterparty, the Issuer will be treated as a general creditor of such Swap Counterparty and is consequently subject to the credit risk of such Swap Counterparty. To mitigate this risk, under the terms of each Swap Agreement, the Swap Counterparty will be obliged to post collateral or take an alternative remedy in accordance with the terms of the Swap Agreement in the event that the relevant ratings of such Swap Counterparty fall below certain levels (which are set out in the Swap Agreement) while the Swap Agreement is outstanding. However, no assurance can be given that sufficient collateral will be available to the Swap Counterparty such that it is able to post collateral in accordance with the requirements of the relevant Swap Agreement or that the collateral will be posted on time in accordance with the relevant Swap Agreement. If the Swap Counterparty fails to post sufficient collateral, there is a risk that the Issuer will have insufficient funds to make payments on the Compartment 11 Notes.

In the event that the relevant ratings of the Swap Counterparty are below certain levels (which are set out in the Swap Agreement) while the Swap Agreement is outstanding, the Swap Counterparty will, in accordance with the terms of the applicable Swap Agreement, be required to elect to take certain remedial measures within the applicable time frame stipulated in the applicable Swap Agreement (at its own cost) which may include providing collateral in support of its obligations under the Swap Agreement, arranging for its obligations under the applicable Swap Agreement to be transferred to an entity which is an Eligible Swap Counterparty, procuring another entity which is an Eligible Swap Counterparty to become co-obligor or guarantor in respect of its obligations under the applicable Swap Agreement, or taking such other action as required to maintain or restore the rating of the Class A Notes. However, no assurance can be given that, at the time that such actions are required, sufficient collateral will be available to the Swap Counterparty for posting or that another entity which is an Eligible Swap Counterparty will be available to become a replacement swap counterparty, co-obligor or guarantor or that the Swap Counterparty will be able to take the requisite other action. If the remedial measures following a downgrade of the Swap Counterparty below the level of an Eligible Swap Counterparty are not taken within the applicable time frames, this will permit the Issuer to terminate the Swap Agreement early.

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor. In particular, recent cases have focused on provisions involving the subordination of a swap counterparty's payment rights in respect of certain termination payments upon the occurrence of insolvency proceedings or other default on the part of such counterparty. Such provisions are similar in effect to the terms included in the Transaction 11 Documents relating to the subordination of certain payments under a Swap Agreement.

The Supreme Court of the United Kingdom in *Belmont Park Investments PTY Limited (Respondent) v BNY Corporate Trustee Services Limited and Lehman Brothers Special Financing Inc* [2011] UKSC 38 unanimously upheld the decision of the Court of Appeal in upholding the validity of similar post-enforcement "flip" priorities of payment (a so-called "flip clause"), stating that, provided that such provisions formed part of a commercial transaction entered into in good faith which did not have, as its predominant purpose or one of its main purposes, the deprivation of the property of one of the parties on bankruptcy, the anti-deprivation principle was not breached by such provisions. On that basis, such provisions would be enforceable as a matter of English law.

In parallel proceedings in New York, Judge Peck of the U.S. Bankruptcy Court for the Southern District of New York granted Lehman Brothers Special Finance Inc.'s motion for summary judgement on the basis that the effect was that the provisions do infringe the anti-deprivation principle in a U.S. insolvency. Judge Peck acknowledged that this resulted in the U.S. courts coming to a decision "directly at odds with the judgement of the English Courts". Subsequently, that same court distinguished its prior decisions in a recent June 2016 opinion, *Lehman Brothers Special Financing Inc. v Bank of America National Association, et al.* (No. 10-03547 (SCC)) (*In re Lehman Bros. Holdings, Inc.*). In that case, the court found, among other things, that provisions in a swap agreement that established the priority of distributions to a swap participant at the time an early termination occurred resulting from the filing of a bankruptcy case, were not prohibited ipso facto clauses under the U.S. Bankruptcy Code and were enforceable against the debtor. In contrast, in the court's prior decisions, the priorities at issue there were established at the time the swaps were entered into and then later reversed as a result of an early termination caused by the filing of a bankruptcy case.

Therefore, the court held in those cases that such provisions were prohibited ipso facto clauses. Consistent with its prior rulings, the court also ruled in its June 2016 decision that certain other transactions at issue in that case involving the reversing of pre-determined priorities resulting from the filing of a bankruptcy case also violated the ipso facto prohibitions under the U.S. Bankruptcy Code

However, this is an aspect of cross border insolvency law which remains untested. So whilst the priority issue is considered largely resolved in England and Wales, concerns still remain that the English and U.S. courts will diverge in their approach which, in the case of an unfavourable decision in the U.S., may adversely affect the Issuer's ability to make payments on the Compartment 11 Notes. In contrast, a U.S. Bankruptcy Court has held in two separate cases that such a subordination provision is unenforceable under U.S. bankruptcy law and that any action to enforce such provision may violate the automatic stay which applies under such law in the case of a U.S. bankruptcy of the counterparty.

If a creditor of the Issuer (such as the Swap Counterparty) or a related entity becomes subject to insolvency proceedings in any jurisdiction outside England and Wales (including, but not limited to, the US), and it is owed a payment by the Issuer, a question arises as to whether the insolvent creditor or any insolvency official appointed in respect of that creditor could successfully challenge the validity and/or enforceability of subordination provisions included in the Transaction 11 Documents (such as a provision of the relevant Priority of Payments which refers to the ranking of the Swap Counterparty's rights in respect of certain amounts under the Swap Agreement). In particular, based on the decision of the US Bankruptcy Court referred to above, there is a risk that such subordination provisions would not be upheld under US bankruptcy law. Such laws may be relevant in certain circumstances with respect to a range of entities which may act as a Swap Counterparty, including US established entities and certain non-US established entities with assets or operations in the US (although the scope of any such proceedings may be limited if the relevant non-US entity is a bank with a licensed branch in a US state). In general, if a subordination provision included in the Transaction 11 Documents was successfully challenged under the insolvency laws of any relevant jurisdiction outside England and Wales and any relevant foreign judgment or order was recognised by the English courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Compartment 11 Notes and/or the ability of the Issuer to satisfy its obligations under the Compartment 11 Notes.

Given the general relevance of the issues under discussion in the judgments referred to above and that the Transaction 11 Documents include terms providing for the subordination of certain payments under the Swap Agreement, there is a risk that the final outcome of the dispute in such judgments (including any recognition action by the English courts) may adversely affect the Issuer's ability to make payments on the Compartment 11 Notes and/or the market value of the Compartment 11 Notes and result in negative rating pressure in respect of the Class A Compartment 11 Notes. If any rating assigned to the Class A Compartment 11 Notes is lowered, the market value of such Class A Compartment 11 Notes may reduce.

VI. Legal and regulatory risks relating to the Purchased Loan Receivables

Notice of assignment; defences of the Obligors

The assignment of the Purchased Loan Receivables and the assignment and transfer of the Loan Collateral is in principle "silent" (i.e. without notification to the Obligors) and may only be disclosed to the relevant Obligors in accordance with the Servicing Agreement or where the Seller agrees to such disclosure otherwise. Until the relevant Obligors have been notified of the assignment of the relevant Purchased Loan Receivables, they may pay with discharging effect to the Servicer or enter into any other transaction with regard to such Purchased Loan Receivables with the Seller which will have binding effect on the Issuer and the Trustee. Furthermore, there is the possibility that, after the Cut-Off Date, Obligors may deposit funds with the Seller which funds they could use to exercise a right of set-off or counter-claim against the Purchased Loan Receivables. Each Obligor may further raise defences against the Issuer and the Trustee arising from its relationship with the Seller which are existing or contingent (*begründet*) at the time of the assignment of the Purchased Loan Receivables. Furthermore, each Obligor is entitled to set-off against the Issuer and the Trustee the claims the Obligor has, if any, against the Seller unless such Obligor has knowledge of the assignment upon acquiring such claims or such claims become due only after the Obligor acquires such knowledge and after the relevant Purchased Loan Receivables themselves become due. The afore-described risks are mitigated because, as of the Cut-Off Date, the Seller represents and warrants to the Issuer that each Loan Receivable is owned by the Seller free of third party rights, including any set-off rights, any defence, retention or revocation rights of the relevant Obligor. Furthermore, it is an Eligibility Criterion that as of the Cut-Off Date no Obligor shall have deposited funds with the Seller.

Finally, under the terms of the Loan Receivables Purchase Agreement, the Seller shall on any Payment Date on which the Set-Off Exposure exceeds 0.5 per cent. of the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date provide a cash amount such that the amount standing to the credit of the Set-Off Reserve Ledger is equal to the Set-Off Reserve Required Amount. The Set-Off Reserve Ledger is an interest bearing ledger of the Issuer Account-C11. On each Payment Date, any amount standing to the credit of the Set-Off Reserve Ledger which exceeds the Set-Off Reserve Required Amount will be paid back by the Issuer to the Seller outside the Priority of Payments. If on any Payment Date, the Seller fails to provide for the Set-Off Reserve Required Amount (and does not cure such failure within five (5) Business Days after the relevant Payment Date), for as long as the Seller remains as Servicer, a Servicer Termination Event will be triggered.

In the case of any misrepresentation of the Seller or the breach of the Eligibility Criterion that, as of the Cut-Off Date, no Obligor shall have deposited funds with the Seller, Compartment 11 Noteholders may become exposed to the credit risk of the Seller. See "Reliance on Seller Loan Warranties and the Eligibility Criteria" below.

Risk of "re-characterisation" of a sale as loan secured by loan receivables

The Transaction 11 is structured to qualify under German law as an effective (true) sale of the Loan Receivables under the Loan Receivables Purchase Agreement from the Seller to the Issuer and not as a secured loan. However, there are no statutory or case law based tests as to when a securitisation transaction qualifies as an effective sale or as a secured loan. Therefore, there is a theoretical risk that a court might "re-characterise" the sale of Loan Receivables under the Loan Receivables Purchase Agreement into a secured loan. In such case, sections 166 and 51 no. 1 of the German Insolvency Code (*Insolvenzordnung*) would apply, in the context of which the assignment of the Loan Receivables would be considered as having been made for security purposes only. In this case, the secured creditor may not enforce its security interest itself. Instead, the insolvency administrator appointed in respect of the estate of the Seller will be entitled to enforcement. The insolvency administrator is obliged to transfer the proceeds from such enforcement to the creditor. The insolvency administrator may, however, deduct from the enforcement proceeds fees which may amount to up to 4 per cent. plus 5 per cent. of the enforcement proceeds and value added tax, if applicable. 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 collection of the Purchased Loan Receivables and enforcement of the Loan Collateral to repay the Compartment 11 Notes, if the sale and assignment of the Purchased Loan Receivables by the Seller to the Issuer were regarded as a secured loan rather than a sale of receivables.

The Issuer has been advised, however, that the transfer of the Purchased Loan Receivables would in all likelihood be construed such that the risk of the insolvency of the Obligor lies with the Issuer (i.e. as a "true sale") and that, therefore, the Issuer would have the right to segregation (*Aussonderungsrecht*) of the Purchased Loan Receivables from the estate of the Seller in the event of the Seller's insolvency and that, consequently, the cost sharing provisions described above would generally not apply with respect thereto.

It should be noted, however, that such right of segregation will not apply with respect to the Loan Collateral transferred to the Issuer, including the security interest created in respect of the Financed Vehicles relating to the Purchased Loan Receivables if insolvency proceedings are instituted in respect of the relevant Obligor in Germany. In that case, the cost sharing provisions will apply.

Furthermore, even in the event that the sale and assignment of the Purchased Loan Receivables were to be re-characterised as a loan secured by the Purchased Loan Receivables, 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 Loan 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) ("**Financial Collateral Directive**") and section 1 paragraph 17 of the German Banking Act (*Kreditwesengesetz*) and hence would benefit from the privileged treatment of financial collateral under the German Insolvency Code (*Insolvenzordnung*). The Purchased Loan Receivables constitute credit claims within the meaning of Article 2(1) number (o) of the aforementioned Financial Collateral Directive because they originate from loans granted by the Seller which is a credit institution within the meaning of Article 4(1) number (1) CRR. 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 Financial Collateral Directive and the German Banking Act (*Kreditwesengesetz*) referred to in this paragraph. Pursuant to section 166 paragraph 3 no. 3 of the German Insolvency Code (*Insolvenzordnung*), financial collateral is not subject to the enforcement right of the insolvency administrator.

Voidable transactions

Certain transactions carried out by a debtor prior to becoming insolvent may be voidable pursuant to section 129 through 134 of the German Insolvency Code (*Insolvenzordnung*). Under section 131 of the German Insolvency Code (*Insolvenzordnung*), the insolvency administrator is entitled, subject to certain conditions, to void transactions made during a three months' period prior to the filing for insolvency provided that such transactions provided, created or made possible security or satisfaction to a creditor in a manner or at a time to which such creditor was not entitled.

Pursuant to section 130 of the Insolvency Code (*Insolvenzordnung*), the insolvency administrator is also entitled to void transactions which provided, created or made possible, security or satisfaction to a creditor, even if such creditor was entitled to such security or satisfaction in the manner and at the time given provided that certain adverse conditions are met. These adverse conditions are that (i) the insolvent debtor was actually insolvent at the time when the specific transaction was effected and the creditor who received security or satisfaction knew of such insolvency, or (ii) the transaction providing security or satisfaction was made after the petition for the institution of Insolvency Proceedings and the creditor who received security or satisfaction knew of such petition.

Pursuant to section 133(1) of the Insolvency Code (*Insolvenzordnung*), the insolvency administrator is entitled to void a transaction carried out by the insolvent debtor if (i) such transaction was entered into by the debtor in the last ten (10) years prior to the filing of the petition for the institution of Insolvency Proceedings or after such petition and (ii) such transaction was entered into with the intent of harming the debtor's general creditors, and (iii) the other party had knowledge thereof at the time of the respective transaction. The knowledge, mentioned in (iii) is presumed if the other party had knowledge of an impending inability on the part of the debtor to make payments when due and of the fact that the transaction was detrimental to the creditors. In order to determine whether or not the debtor had the intention of

discriminating against the other (general) creditors, the German Federal Court of Justice (*Bundesgerichtshof*) distinguishes in several decisions whether or not the other party was entitled to satisfaction or security. If the other party was indeed entitled to satisfaction or security, the mere knowledge of the debtor that the fulfilment of this obligation will be disadvantageous to the other creditors does not suffice. It must, in addition, be established that the debtor, when satisfying its obligation or granting the security, primarily intended to discriminate against the other creditors rather than to fulfil its obligations.

The afore-described risks of voidability are mitigated through representations and warranties by the Seller in the form of independent guarantees set out in clause 8 (*Representations and warranties*) of the Loan Receivables Purchase Agreement that the Seller satisfies on the Signing Date the following conditions:

- the Seller has not taken any corporate action nor have any steps been taken or legal proceedings been started or threatened against the Seller for its winding-up, bankruptcy, insolvency, dissolution or reorganisation or for the appointment of a receiver, insolvency liquidator, other administrator, administrative receiver, trustee in bankruptcy, liquidator, sequestrator or similar officer of the Seller or of any or all of its assets or revenues;
- no action or administrative proceeding of or before any Governmental Authority or arbitrator has been started or threatened (1) which could be expected to have a Material Adverse Effect in respect of the Seller, (2) as to which there is a likelihood of an adverse judgment which could be expected to have a Material Adverse Effect in respect of the Seller or (3) which purports to affect the legality, validity or enforceability of this Agreement and/or any other Transaction 11 Document; and
- the Seller is not in a general stoppage of payment situation (*Zahlungseinstellung*) and/or otherwise in a situation which would oblige the Seller's directors to take steps for the opening of Insolvency Proceedings.

On the basis of the above representations and warranties, should the Seller become insolvent, the Issuer should be able to argue that it was, when entering into the Loan Receivables Purchase Agreement on the Signing Date, acting in good faith as to the Seller's solvency.

The insolvency administrator's right to void transactions in accordance with sections 130 and 131 of the German Insolvency Code (*Insolvenzordnung*) as described above (however, expressly not such transactions as voidable under section 133(1) of the German Insolvency Code (*Insolvenzordnung*)) is limited by the exception made in section 142 of the German Insolvency Code (*Insolvenzordnung*). Pursuant to section 142 of the German Insolvency Code (*Insolvenzordnung*), the insolvency administrator is not entitled to void transactions qualifying as "mismatching payments and transfers" and as "matching payments and transfers" if the debtor, as consideration for the transaction, directly receives an equivalent cash payment in a timely manner. A cash payment is equivalent if the debtor receives full compensation. Although there is no case law on this point, legal commentators hold that there is an equivalent cash payment in the case of factoring, even if the receivables are sold to the factor with a certain discount. Because of the similarities between factoring and securitisation, it is likely that securitisations will be treated in the same way.

Banking secrecy

On 25 May 2004, the Court of Appeals (*Oberlandesgericht*) Frankfurt/Main rendered a decision in which the court took the view that the German banking secrecy duties owed by a bank to its customers constitute an implied restriction on the assignability of loan receivables pursuant to section 399 of the German Civil Code 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 Loan Receivables*" above). On 25 November 2004 the District Court Koblenz and on 17 December 2004 the District Court Frankfurt opposed this view and ruled that German banking secrecy principles do not result in a contractual prohibition to transfer (consumer) loan receivables.

The German Federal Supreme Court (*Bundesgerichtshof*) has set forth in a judgement in February 2007 that the assignment of loan receivables is valid even if the assigning bank violates banking secrecy and/or data protection rules in making the assignment. However, the Federal Supreme Court did not rule out that the customer may have a claim for damages resulting from the violation of banking secrecy or data protection rules. The German Federal Constitutional Court (*Bundesverfassungsgericht*) confirmed this

judgement in a decree of July 2007 and held that in the case of transfer of loans the related transfer of customer information does not contravene constitutional rights of the borrower.

In order to mitigate the risk of damage claims of borrowers the Transaction 11 Documents will provide that Purchased Loan Receivables data will only be disclosed to the Issuer in compliance with the guidelines of the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – "BaFin"*) as laid down for asset-backed transactions in the Circular 4/97 (*Rundschreiben 4/97*). For the purposes of Transaction 11, the Issuer, the Seller and the Data Trustee will have agreed that certain data, including the identity and address of each Obligor, shall not be disclosed to the Issuer on the relevant Purchase Date but shall be stored in an encrypted format. The Decryption Key will be forwarded to the Data Trustee. Under the Data Trust Agreement, the Data Trustee will safeguard the Decryption Key and despatch it to a successor Servicer or any agent only upon the occurrence of certain events (see "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Data Trust Agreement").

The assignment of the Purchased Loan Receivables, however, is not structured in strict compliance with the guidelines for German true sale securitisations of bank assets set out in the BaFin Circular 4/97 (*Rundschreiben 4/97*). These guidelines, which directly apply to securitisations of bank assets and only indirectly to securitisations of loan receivables like the assignment of Purchased Loan Receivables, 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. A corporate services provider or trust company 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. A corresponding view has been expressed by BaFin in a letter dated 14 December 2007 (BA 37-FR 1903-2007/0001). Absent any court rulings, however, it cannot be ruled out that a court would find that the transmission by the Data Trustee of the Decryption Key used for the decryption of the encrypted personal data of the Obligors to any substitute Servicer or the Trustee occurred in violation of data protection requirements.

Data protection

On 24 May 2016 the Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (the "**General Data Protection Regulation**") entered into force. The General Data Protection Regulation applies since 25 May 2018 and, together with the Data Protection Amendment and Implementation Act (*Datenschutzanpassungs- und Umsetzungsgesetz*), replaced the German Federal Data Protection Act (*Bundesdatenschutzgesetz*).

Pursuant to the General Data Protection Regulation, a transfer of an Obligor's personal data is permitted, *inter alia*, if (a) the Obligor as 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 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. There is no jurisprudence or publication from a court or other competent authority available confirming the traditional view on the manner and procedures for an assignment of loan receivables to be in compliance with, or the consequences of a violation of, the General Data Protection Regulation or the Data Protection Amendment and Implementation Act (*Datenschutzanpassungs- und Umsetzungsgesetz*) which implements Directive (EU) 2016/680 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data. Therefore, at this point there remains some uncertainty to predict the potential impact on the Transaction 11 and the effect on BaFin Circular 4/97.

Prepayment of loans

Pursuant to Section 500 (2) of the German Civil Code, the borrower may in case of a consumer loan contract (including start-up entrepreneurs (*Existenzgründer*) pursuant to Section 512 German Civil Code unless the loan amount exceeds EUR 75,000) 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 the event of a prepayment, the Issuer would receive interest on such loan for a shorter period of time than initially anticipated.

The Loan Agreements provide for an obligation of the Obligor 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 Obligor for the interest which would have been payable by the Obligor 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 (3) 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. The Compartment 11 Noteholders will (not taking into account any loss suffered by the Issuer with respect to some or all of the Purchased Loan Receivables, which is described above) be repaid the principal which they invested, but will receive interest for a period of time that is shorter than the period stipulated in the respective Loan Agreement.

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 apply to some of the Purchased Loan Receivables. Consumers are defined as individuals acting for purposes relating neither to their commercial nor independent professional activities. Similarly, the German consumer loan legislation applies to entrepreneurs who enter into the Loan Agreements to take up a trade or self-employed occupation, unless the net loan amount or the cash price exceeds EUR 75,000. At least around 56 per cent. of the Loan Agreements underlying the Purchased Loan Receivables 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 Loan 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. The Loan Agreements are all subject to varying provisions of the German Civil Code regarding consumer loans and linked contracts and, in particular, as regards the required instructions on an Obligor's right of withdrawal (*Widerrufsrecht*).

Under the above-mentioned provisions, if the borrower is a consumer (or an entrepreneur who enters into the Loan Agreements 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 14 days commencing after the conclusion of the consumer loan contract and the receipt of 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 was not properly notified of his or her right of withdrawal or was not 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 Agreements as falling short of such standards. In addition, the European Court of Justice ("**ECJ**") recently held that consumer loan agreements have to set out, in a clear and concise manner, the information to be specified in accordance with European consumer protection laws, including information on how the period of withdrawal is to be calculated, and that European consumer protection laws preclude a loan agreement from making reference, as regards the required information, to a provision of national law which itself refers to other legislative provisions of national law (ECJ ruling C-66/19 dated 26 March 2020). The ECJ argued that such reference to legislative provisions does not sufficiently enable the borrower to determine the starting point of the period of withdrawal. The wording that appears to have been the subject of ECJ decision is contained in the form of withdrawal notice included in the Introductory Act to the German Civil Code ("**EGBGB**") and accordingly has been used in the Loan Agreements as well. However, the German Federal Court of Justice has recently held, in light of the aforementioned ECJ decision, that a withdrawal instruction which follows the form of withdrawal notice published in the EGBGB will continue to be deemed a legal and valid withdrawal instruction which validly initiates the commencement of the 14 day withdrawal period.

Should an Obligor withdraw its consent to the relevant Loan Agreement, such Obligor would be obliged to prepay the Purchased Loan Receivable. Hence, the Issuer would receive interest under such Purchased Loan Receivable for a shorter period of time than initially anticipated. In this instance, the Issuer's claims with

regard to the prepayment of the Purchased Loan Receivable would not be secured by the Loan Collateral granted if the related security purpose agreement did not extend to such claims. In addition, depending on the specific circumstances, an Obligor may be able to successfully reduce the amount to be prepaid if it can be proven that the interest he or she would have paid to another lender had the relevant Loan Agreement not been made, would have been lower than the interest paid under the relevant Loan Agreement until the Obligor's withdrawal of its consent to such Loan Agreement, i.e, the market interest rate was lower at that time (see also "Prepayment of Loans" above).

Furthermore, under Sections 505a and 505d of the German Civil Code, the Seller in its capacity as lender (*Darlehensgeber*) is obliged to conduct a mandatory credit assessment of each Obligor and the Seller will only be entitled to enter into a Loan Agreement if the outcome of such credit assessment is that the Obligor will be able to perform its duties under such Loan Agreement. If the Seller did not conduct such credit assessment in respect of the Obligor, the interest rate under the Loan Agreement will be reduced to the market interest rate (*marktüblicher Zinssatz*) and the Obligor has a right for early termination (*vorzeitige Kündigung*). Furthermore, if the Obligor is not able to perform its duties under the Loan Agreement the Seller will not be entitled to assert any claims subject to such breach of duty, if the Seller would not have entered into the Loan Agreement after conducting a credit assessment.

If an Obligor is a consumer (or an entrepreneur who enters into the Loan Agreements 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 Agreement, such Loan Agreement 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 (as applicable). As a result, if such Obligor has any defences against the supplier of such vehicles or other goods or related services, such defences may also be raised as a defence against the Issuer's claim for payment under the relevant Loan Agreement and, accordingly, the Obligor 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 (Section 359 of the German Civil Code, as applicable). Further, the withdrawal of the Obligor's consent to one of the contracts linked (*verbunden*) to the Loan Agreement may also extend to such Loan Agreement and such withdrawal may be raised as a defence against such Loan Agreement. In addition, Section 359a (1) of the German Civil Code (as applicable) states that Section 358 (1) of the German Civil Code applies also to those loan contracts where the loan contract is not linked (*verbunden*) to another contract but specifies the relevant goods or services (as the case may be) under such other contract which is subject to a withdrawal. By virtue of the German Act on the Implementation of the Consumer Rights Directive and on the Amendment of the Act Governing Housing Agency dated 20 September 2013 (*Gesetz zur Umsetzung der Verbraucherrechterichtlinie and zur Änderung des Gesetzes zur Regelung der Wohnungsvermittlung*), Section 359a of the German Civil Code has been replaced by the new Section 360 of the German Civil Code which applies to Loan Agreements entered into on or after 13 June 2014. According to Section 360 of the German Civil Code, the withdrawal by the consumer of his or her consent to a contract extends to another contract that is not linked (*verbunden*) but which qualifies as an accessory contract (*zusammenhängender Vertrag*). The term "accessory contract" is defined in Section 360 (2) of the German Civil Code 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, in addition, a consumer loan agreement qualifies as an accessory 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 that the requirements of Section 359a or Section 360 of the German Civil Code (as applicable) are met, the withdrawal extends then also to the Loan Agreement, and the Obligor may raise the withdrawal of its consent to such other contract as a defence against its obligations under the Loan Agreement. The notice providing information about the right of withdrawal must contain information about the aforementioned legal effects of linked and accessory contracts. In the event that a consumer is not properly notified of his or her right of withdrawal and such legal effects of linked and accessory contracts, the consumer may withdraw his or her consent to any of these contracts at any time during the term of these contracts and even thereafter (and may also raise such withdrawal as a defence against the relevant Loan Receivable). If, for example, the purchase agreement for vehicles or other goods or the related services linked to a Loan Agreement is invalid or has been rescinded, the Obligor has the right to refuse further payments under the relevant Loan Agreement (Section 359 of the German Civil Code, as applicable) and may in certain circumstances also request repayment of the amount already paid under the Loan Agreement.

According to the prevailing view in legal literature, Section 358 (1) of the German Civil Code does not apply to insurance policies (including, but not limited to, any payment protection insurance policy (*Restschuldversicherung*)) to the extent that these insurance policies are subject to rights of withdrawal on the basis of statutory provisions other than (i) Sections 355 *et seqq.* of the German Civil Code or (ii) any statute referring to Sections 355 *et seqq.* of the German Civil Code (each a "**Relevant Insurance Policy**"). Therefore, if the Obligor withdraws its consent to a Relevant Insurance Policy, such withdrawal may not be raised as a defence against the Loan Agreement and leaves such Loan Agreement unaffected. The German Federal Court of Justice (*Bundesgerichtshof*) has not yet ruled on this issue. However, in light of the rulings of the Higher Regional Court (*Oberlandesgericht*) in Brandenburg, dated 14 July 2010 (4 U 141/09); the Higher Regional Court (*Oberlandesgericht*) in Schleswig, dated 17 March 2010 (5 U 2/10); and the Higher Regional Court (*Oberlandesgericht*) in Dusseldorf, dated 27 November 2014 (1-6 U135/14), the possibility that the German Federal Court of Justice or German legal literature could in future reverse the prevailing view referred to above cannot be excluded. As a result of such an interpretation, Section 358 (1) of the German Civil Code would also be applied to cases where the consumer withdraws his or her consent to a Relevant Insurance Policy and thus the Loan Agreements would be affected as described above. In addition, even if the Relevant Insurance Policy is entered into by the Seller as policy holder (*Versicherungsnehmer*), and the Obligor merely accedes to it as insured person (*versicherte Person*), the same risk applies. Since, in such case, it could be argued that the Obligor should benefit from the same consumer protection as if the Obligor were the policy holder and the Relevant Insurance Policy and the related Loan Agreement constituted linked contracts (to the extent the premiums to the relevant insurance have been financed by the Loan Agreement). This would in particular imply that defences may be invoked by the Obligor against the Loan Agreements on the basis of rights and claims the Obligor or the Seller may have under the Relevant Insurance Policies. While contradictory court rulings have been issued by German Higher Regional and Regional Courts on this matter (see Higher Regional Court (*Oberlandesgericht*) in Karlsruhe, 17 September 2014 (17 U 239/13) and Regional Court (*Landgericht*) in Hamburg, 22 January 2010 (320 5 98/09) (each against the applicability of Section 358 (1) of the German Civil Code) versus Higher Regional Court (*Oberlandesgericht*) in Hamm, 11 November 2013 (31 U 127/13) and the Regional Court (*Landgericht*) in Mannheim, 16 March 2012 (8 0 213/11) (each supportive of the applicability of Section 358 of the German Civil Code)), the German Federal Court of Justice has not decided this question.

In addition, there is legal uncertainty as to the interpretation of Sections 359a (1) and 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 Agreement but which is sufficiently specified in, and financed by (as applicable), such Loan Agreement. If such consequences were triggered, it would be uncertain whether the Loan Agreement would only be affected to the extent it finances the Relevant Insurance Policy or on the whole.

In the context of the preceding two paragraphs, it should be noted that according to the prevailing view in German legal literature, the Obligor's withdrawal of its consent to the Relevant Insurance Policy may in any case be raised as a defence against the Loan Agreement to the extent the Relevant Insurance Policy qualifies as a distance marketing agreement (*Fernabsatzvertrag*; Section 312c of the German Civil Code) or an off-premises agreement (*Außerhalb von Geschäftsräumen geschlossene Verträge*; Section 312b of the German Civil Code).

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 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 extends to accessory contracts. However, unlike the definition of accessory contracts included in Section 360 (2) of the German Civil Code, the definition of accessory 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 accessory 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 accessory 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 (*Gruppenversicherungvertrag*) exercised by the insured person (*versicherte Person*) rather than the policy holder (*Versicherungsnehmer*). Currently, it cannot be ruled out that an Obligor 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 Agreement.

Excessive security

Under 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 such security is "excessive", i.e. 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 (*Übersicherung*). Although there is no direct legal authority on the point, the Issuer has been advised that the Loan Collateral for the Purchased Loan Receivables is not excessive, although it cannot be ruled out that a German court would hold otherwise. However, this risk is mitigated on the basis that, pursuant to the Loan Receivables Purchase Agreement, the Seller represents and warrants to the Issuer that the Loan Collateral relating to Purchased Loan Receivables is legal, valid, binding and enforceable and that, pursuant to the Credit and Collection Policy, the Servicer will release excessive Loan Collateral on behalf of the Issuer.

Non-petition and limited recourse clauses

Non-petition, exclusion of liability and limited recourse clauses may in certain circumstances be held invalid under German law. Liability arising out of wilful misconduct and/or, under certain circumstances, gross negligence or, insofar as material obligations and duties are concerned, other negligent breaches of duty cannot validly be excluded or limited in advance. Furthermore, where the relevant limited recourse, exclusion of liability and no petition clause is directly contrary to the purpose of the contract, the relevant clauses could, in such circumstances, be declared void. Furthermore, in relation to the procedural rights of the parties, a general prohibition for one of the parties to sue the other party might be held to contravene *bonos mores* (*sittenwidrig*) and might therefore be declared void. In principle, non-petition, exclusion of liability and limited recourse clauses must not be the result of disparity of bargaining power or economic resources of the parties.

The Issuer has been advised by a reputable law firm that a disparity of bargaining power does not apply in securitisation transactions in which all parties involved are corporate entities with sufficient economic and intellectual resources and that the non-petition clauses reinforce the intended transactional mechanics and the intended allocation of risk. The relevant limited recourse, exclusion of liability and no petition clauses are in the interest of all parties to the agreements containing limited recourse, exclusion of liability and no petition clauses and do not lead to an imbalance of benefits as between the parties which would be required for holding such clauses null and void. Furthermore, the Luxembourg Securitisation Law explicitly states, for the purposes of Luxembourg law that limited recourse and non-petition clauses shall be legal, valid, binding and enforceable to the extent the relevant Issuer has elected to be governed by the Luxembourg Securitisation Law.

Assignability of Purchased Loan Receivables

As a general rule under German law, receivables are assignable unless their assignment is excluded either by agreement or by the nature of the receivables to be assigned. Under section 354a (1) of the German Commercial Code (*Handelsgesetzbuch*), however, the assignment of claims for the payment of money arising under loans that constitute business transactions (*Handelsgeschäft*) for both parties (including the borrower) within the meaning of the German Commercial Code will be valid notwithstanding an agreement prohibiting such assignment, provided that, in case of loan receivables of a credit institution (*Kreditinstitut*) within the meaning of the German Banking Act (*Kreditwesengesetz*), the underlying agreement was entered into on or before 18 August 2008. Notwithstanding that German courts would not enforce restrictions on the assignment of monetary claims to the extent to which section 354a (1) of the German Commercial Code (*Handelsgesetzbuch*) provides that they are not enforceable, section 354a (1) nonetheless allows the debtor of an assigned claim to pay and discharge its obligations to the original creditor (i.e. Mercedes-Benz Bank AG) even if such debtor has been notified of the assignment of its debt obligation. In the event that some of the debtors are not merchants (*Kaufleute*) in the meaning of the German Commercial Code (*Handelsgesetzbuch*) and in the event of loan receivables against a credit institution (*Kreditinstitut*) within the meaning of the German Banking Act (*Kreditwesengesetz*) arising out of agreements entered into after 18 August 2008, contractually stipulated restrictions on assignment would render any assignment in violation of such restrictions invalid.

Pursuant to the Loan Receivables Purchase Agreement, the Seller will warrant to the Issuer that the Loan Agreements under which the Purchased Loan Receivables have been originated are based on certain standard forms. These standard forms do not specifically prevent the Seller from transferring its rights under the relevant Loan Agreement to a third party for refinancing purposes. Pursuant to the Loan Receivables Purchase Agreement, the Seller will represent and warrant to the Issuer that the provisions of the Loan Agreements are valid. The Seller will also warrant to the Issuer in the Loan Receivables Purchase Agreement that the assignment of the Purchased Loan Receivables to the Issuer is not prohibited and is valid.

Change of law

The underlying Loan Agreements, the Trust Agreement, the Loan Receivables Purchase Agreement and the other Transaction 11 Documents and the issue of the Compartment 11 Notes, as well as the ratings which are to be assigned to the Compartment 11 Notes are based on the law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change of law or its interpretation or administrative practice after the date of this Offering Circular.

Termination for good cause

As a general principal of German law, a contract may always be terminated for good cause (*aus wichtigem Grund*) and such right may not be totally excluded nor may it be made subject to unreasonable restrictions or the consent from a third party. This may also have an impact on several limitations of the right of the parties to the Transaction 11 Documents to terminate for good cause.

VII. Legal and regulatory risks relating to the Notes

Risk retention and due diligence requirements

Investors, to which the Securitisation Regulation is applicable, should make themselves aware of the requirements of Articles 5 of the Securitisation Regulation, in addition to any other regulatory requirements applicable to them with respect to their investment in the Compartment 11 Notes.

The Securitisation Regulation replaced the former risk retention requirements by one single provision, Article 6 of the Securitisation Regulation, which provides for a new direct obligation on originators to retain risk. Article 5(1)(c) of the Securitisation Regulation requires institutional investors as defined in Article 2(12) of the Securitisation Regulation (which term also includes an insurance or reinsurance undertaking as defined in the Solvency II Regulation and an alternative investment fund manager as defined in the AIFM Regulation) to verify that, if established in the European Union, the originator, sponsor or original lender retains on an ongoing basis a material net economic interest in accordance with Article 6 of the Securitisation Regulation and the risk retention is disclosed to the institutional investor in accordance with Article 7(1)(e) of the Securitisation Regulation.

The Seller will covenant with the Issuer and the Trustee under the Trust Agreement that it will, as originator for the purposes of the Securitisation Regulation, retain, for the life of the Transaction 11, a material net economic interest of at least 5% in the securitisation, as required by Article 6 of the Securitisation Regulation (which does not take into account any relevant national measures). As of the Issue Date, such interest will, in accordance with Article 6(3)(d) of the Securitisation Regulation, be retained through the holding of the Class B Compartment 11 Notes and the Subordinated Loan. Any change to the manner in which such interest is held will be notified to investors.

The outstanding balance of the retained exposures may be reduced over time by, amongst other things, amortisation and allocation of losses or defaults on the underlying Purchased Loan Receivables. The Monthly Reports will also set out monthly confirmation as to the Seller continued holding of the original retained exposures.

It should be noted that there is no certainty that references to the retention obligations of the Seller in this Prospectus will constitute explicit disclosure (on the part of the Seller) or adequate due diligence (on the part of the Noteholders) for the purposes of Article 5 of the Securitisation Regulation.

Article 5 of the Securitisation Regulation places an obligation on institutional investors (as defined in the Securitisation Regulation) before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions and monitor on an ongoing basis in a timely manner performance information on the exposures underlying their securitisation positions. After the Issue Date, the Seller in its capacity as originator and designated reporting entity under Article 7 of the Securitisation Regulation, will

prepare Monthly Reports wherein relevant information with regard to the Purchased Loan Receivables will be disclosed publicly together with an overview of the retention of the material net economic interest by the Seller in accordance with Article 7 of the Securitisation Regulation.

Where the relevant retention requirements are not complied with in any material respect and there is negligence or omission in the fulfilment of the due diligence obligations on the part of a credit institution that is investing in the Compartment 11 Notes, a proportionate additional risk weight of no less than 250 per cent. of the risk weight (with the total risk weight capped at 1250 per cent.) which would otherwise apply to the relevant securitisation position will be imposed on such credit institution, progressively increasing with each subsequent infringement of the due diligence provisions.

If the Seller does not comply with its obligations under Article 6 of the Securitisation Regulation, the ability of the Noteholders to sell and/or the price investors receive for, the Compartment 11 Notes in the secondary market may be adversely affected.

Following the issuance of Notes, relevant investors, to which the Securitisation Regulation is applicable, are required to independently assess and determine the sufficiency of the information described above for the purposes of complying with Article 5 of the Securitisation Regulation.

Noteholders should take their own advice and/or seek guidance from their regulator on compliance with, and the application of, the provisions of Article 6 of the Securitisation Regulation in particular.

Securitisation Regulation and simple, transparent and standardised securitisation

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 (the "**Securitisation Regulation**") came into force.

Although the Transaction 11 has been structured to comply with the requirements for simple, transparent and standardised securitisations transactions as set out in Articles 20, 21 and 22 of the Securitisation Regulation, the Transaction will be verified by STS Verification International GmbH on the Issue Date, there can be no guarantee that it maintains this status throughout its lifetime. Noteholders and potential investors should verify the current status of the Transaction on the website of ESMA. Non-compliance with such status may result in higher capital requirements for investors as an investment in the Compartment 11 Notes would not benefit from Articles 243, 260, 262 and 264 of the CRR. Furthermore, following STS classification, any non-compliance could result in various administrative sanctions and/or remedial measures being imposed on the Issuer which may be payable or reimbursable by the Issuer. As the Priority of Payments does not foresee a reimbursement of the Issuer for the payment of any of such administrative sanctions and/or remedial measures the repayment of the Compartment 11 Notes may be adversely affected. As the STS status of the Transaction 11 as described in this Offering Circular is not static, investors should verify the current status of the Transaction 11 on the ESMA website. Non-compliance with such status may result in higher capital requirements for investors as an investment in the Notes would not benefit from Articles 260, 262 and 264 of the CRR. Furthermore, non-compliance could result in various administrative sanctions and/or remedial measures being imposed on the Issuer or otherwise payable or reimbursable by the Issuer. As the Transaction 11 Documents do not contemplate the payment or reimbursement by the Issuer of any of such administrative sanctions and/or remedial measures the redemption of the Compartment 11 Notes may be adversely affected thereby.

On 28 December 2017 Regulation (EU) 2017/2401 amending Regulation (EU) 575/2013 was published in the Official Journal of the European Union which implements the revised securitisation framework developed by Basel Committee on Banking Supervision into the CRR (the "**CRR Amendment Regulation**").

Notably, the risk weights applicable to securitisation exposures for credit institutions and investment firms will in general substantially increase under the new securitisation framework implemented under the CRR Amendment Regulation and the Securitisation Regulation and these new risk weights apply since 1 January 2019 or since 1 January 2020, depending on the features of the particular securitisation exposure.

Prospective investors should carefully consider (and, where appropriate, take independent advice) in relation to the capital charges associated with an investment in the Compartment 11 Notes, especially during this transition period. In particular, investors should carefully consider the effects of the change (and likely increase) to the capital charges associated with an investment in the Compartment 11 Notes for credit institutions and investment firms, depending on the particular exposure. These effects may include, but are

not limited to, a decrease in demand for the Compartment 11 Notes in the secondary market, which may lead to a decreased price for the Compartment 11 Notes. It may also lead to decreased liquidity and increased volatility in the secondary market. Prospective investors are themselves responsible for monitoring and assessing changes to the EU risk retention rules and their regulatory capital requirements.

Basel Capital Accord and regulatory capital requirements

The European authorities have now incorporated the Basel III framework into EU law, primarily through Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directive 2006/48/EC and 2006/49/EC (Capital Requirements Directive – "**CRD**"), as amended by Directive (EU) 2019/878 of 20 May 2019 (the "**CRD V**"), and the CRR, as amended by Regulation (EU) 2019/876 of 20 May 2019 (the "**CRR II**"). The changes under CRD V and CRR II which recently entered into force may have an impact on the capital requirements in respect of the Compartment 11 Notes and/or on incentives to hold the Compartment 11 Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Compartment 11 Notes.

Additionally, Regulation (EU) No 2015/61 of 10 October 2014 (the "**LCR Regulation**") sets out assumed asset inflow and outflow rates to better reflect actual experience in times of stress. On 19 November 2018, Delegated Regulation (EU) 2018/1620 amending the LCR Regulation (the "**Delegated Regulation**") entered into force, pursuant to which, *inter alia*, (i) the calculation of the expected liquidity outflows and inflows on repurchase agreements, reverse repurchase agreements and collateral swaps shall be aligned with the international liquidity standard developed by Basel Committee on Banking Supervision; (ii) the treatment of certain reserves held with third-country central banks shall be amended and (iii) transactions exposures of securitisations, which qualify as simple, transparent and standardised securitisations in accordance with the Securitisation Regulation, shall qualify as Level 2B high quality liquid assets, if they additionally fulfil the conditions laid down in Article 13 of the LCR Regulation. The Delegated Regulation will apply as from 30 April 2020.

The above changes to the CRD, the LCR Regulation and the Delegated Regulation may have negative implications on the cost of regulatory capital for certain investors and thereby on the overall return from an investment in the Compartment 11 Notes and the liquidity of the Notes. Therefore, investors should consult their own advisers as to the regulatory capital requirements in respect of the Compartment 11 Notes and as to the consequences to and effect on them of any changes by the CRD V and CRR II 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.

There can be no guarantee that the regulatory capital treatment of the Compartment 11 Notes for investors will not be affected by any future implementation of and changes to the CRD V, or other regulatory or accounting changes.

U.S. Risk Retention

The Transaction 11 will not involve risk retention by the Seller for the purposes of the U.S. Risk Retention Rules, but rather will be made in reliance on an exemption provided for in Section ___20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. 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 securities are issued) of all classes of securities issued in the securitisation transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Offering Circular as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitisation transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Compartment 11 Notes may not be purchased by Risk Retention U.S. Persons. Prospective investors should note that, although the definition of U.S. person in the U.S. Risk Retention Rules is very similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules.

There can be no assurance that the exemption provided for in Section __.20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. Failure of the offering of the Compartment 11 Notes 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 Compartment 11 Notes. 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 Compartment 11 Notes.

None of the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Compartment 11 Notes as to whether the transactions described in this Offering Circular comply as a matter of fact with the U.S. Risk Retention Rules on the Issue Date or at any time in the future. Investors should consult their own advisers 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.

Risks from Reliance on Verification “verified – STS VERIFICATION INTERNATIONAL” by STS Verification International GmbH

STS Verification International GmbH (“SVI”) has been authorised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) as third party verification agent pursuant to Article 28 of the Securitisation Regulation (Regulation (EU) 2017/2402) (the “**Securitisation Regulation**”). SVI grants a registered verification label “verified – STS VERIFICATION INTERNATIONAL” if a securitisation complies with the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation (“**STS Requirements**”). The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the intention of implementing a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the SVI verification does not affect the liability of such originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of such verification by SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation. Notwithstanding confirmation by SVI which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

(For a more detailed explanation see “VERIFICATION BY SVI” below.)

SVI has carried out no other investigations or surveys in respect of the issuer or the notes concerned other than as such set out in SVI’s final Verification Report 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. Furthermore, SVI has not provided any form of advisory, audit or equivalent service to the issuer.

Investors should therefore not evaluate their notes investments on the basis of this certification.

VIII. Risks relating to taxation

The Common Reporting Standard

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation (“**DAC II**”) implements the Common Reporting Standard (“**CRS**”) in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis.

For the purposes of complying with its obligations under CRS and DAC II, if any, the Issuer shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II and Noteholders will be deemed, by their holding, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) or any other person to the relevant tax authorities who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by the Issuer to comply with its CRS and DAC II obligations, if any, may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed as a result under applicable law. Such monetary penalties may lead to an inability of the Issuer to pay fully or partially interest on the Compartment 11 Notes and or to redeem part or all of the Compartment 11 Notes.

Income tax

A foreign corporation is subject to unlimited German resident taxation if it maintains its place of effective management and control (*Geschäftsleitung*) in Germany. As a consequence, the foreign corporation would be subject to German resident taxation on its worldwide income, unless certain branch income is tax-exempt according to the provision of any applicable tax treaty. The determination of where the place of effective management and control is located is based on factual circumstances and cannot be made with scientific accuracy. If the German tax authorities and German fiscal courts come to the conclusion that the Issuer maintains its effective place of management and control in Germany, the Issuer's worldwide income would be subject to German corporate income except for non-German branch income which is tax-exempted according to the provision of any applicable tax treaty; ancillary charges might be assessed additionally.

A foreign corporation that does not maintain its effective place of management and control in Germany may become subject to limited German corporate income taxation if it maintains a permanent establishment (*Betriebsstätte*) or has a permanent representative (*Ständiger Vertreter*) in Germany. The Issuer does not maintain any business premises or office facilities in Germany. In addition, the servicing activities of the Servicer should not constitute business being rendered for, and subject to the directions of, the Issuer on a permanent basis such that the Issuer would not have a permanent representative in Germany (*ständiger Vertreter*) due to the collection services of the Services. The competent German tax authorities are still in the process of determining which elements of the activities of a foreign entity (including having its receivables serviced by a German entity) may create a permanent establishment or a permanent representative of such entity pursuant to German domestic law. Should the German tax authorities and German fiscal courts come to the conclusion that the Issuer maintains a permanent establishment (*Betriebsstätte*) or has a permanent representative (*Ständiger Vertreter*) in Germany, all income attributable to the functions rendered by the Servicer would be subject to German limited corporate income taxation; plus ancillary charges (if any). Such income might include all refinancing income and expenses of the Issuer and, therefore, the earnings-stripping rule might apply to the interest payable on the issued Notes.

Any German corporate income tax amounts paid by the Issuer to the German tax authorities would reduce the amounts available for payments under the Compartment 11 Notes.

Trade tax

The Issuer is subject to German trade tax if its effective place of management is in Germany or the Issuer has a permanent establishment in Germany.

As outlined above, there are good and valid reasons to treat the Issuer as not being managed in Germany. However, it cannot be excluded that the German tax authorities treat the Issuer as being effectively managed from within Germany. In this case, trade tax will, in principle, be levied on business profits derived by the Issuer attributable to a German permanent establishment. In that case, pursuant to Section 8 no. 1 of the German Trade Tax Act (*GewStG — Gewerbesteuergesetz*) an add-back will occur in the amount of 25 per cent. of the interest payments. Additionally, the rules on the add-back of interest payments for tax purposes will also treat certain discounts agreed on upon the sale of receivables resulting from pending business transactions (*schwebende Geschäfte*) as interest payments which are to be added-back at a rate of 25 per cent.

However, the Issuer would, in principle, be able to rely on section 19 of the German Regulations for the Implementation of the Trade Tax Act (*GewStDV — Gewerbesteuerdurchführungsverordnung*). This section 19 contains a special rule for the computation of indebtedness incurred by financial institutions by limiting the relevant debt to the value of certain fixed assets. Under revised section 19 (3) *GewStDV* this special rule should also be applicable to the Issuer – irrespective of whether the credit risks are essentially transferred to the Issuer for accounting and/or tax purposes – as an entity that is solely engaged in the issuance of securities for the purpose of funding the purchase of bank-originated payment claims. However, there is neither any formal guidance from the German tax authorities nor are any court rulings available confirming such view so that it is not totally excluded that the German tax authorities and/or fiscal courts might deny the application of section 19 (3) *GewStDV*. If section 19 (3) *GewStDV* applies, the Issuer's trade tax base will probably not differ from its corporate income tax base.

As outlined for corporate tax purposes, in case the Issuer does not have its effective place of management in Germany, it is also unlikely that the Issuer has a permanent establishment for trade tax purposes in Germany as the Issuer neither maintains any business premises or office facility in Germany nor has it an own right to dispose of the business premises of the Servicer.

Value Added Tax

Under the criteria set forth in section 2.4 (3) 5 et seq. of the German VAT Guidelines (*Umsatzsteuer-Anwendungserlass* – "**Guidelines**"), there is a VAT-exemption for the purchase and the collection of receivables in an ABS-structure, and the tax place is outside of Germany at the place where the Purchaser is established (Luxembourg). In consequence the purchase of receivables is not subject to German VAT provided that the seller of the receivables retains the servicing of the receivables sold. Otherwise the transaction would need to be characterised as factoring supplied by the Purchaser to the Seller with the consequence that the difference between the nominal value of the sold receivables and the purchase price would be subject to German VAT. The Issuer and Mercedes-Benz Bank AG as Seller of the Loan Receivables will enter into the Servicing Agreement according to which Mercedes-Benz Bank AG has agreed in particular to collect the Loan Receivables. Due to this obligation of Mercedes-Benz Bank AG to collect the Loan Receivables the transaction will not qualify as factoring. Since the position of the German Ministry of Finance as established in section 2.4 (3) 5 et seq. of the Guidelines has not been subject to the decisions of the fiscal courts regarding the aspects discussed in this paragraph there remains an uncertainty in this respect. In a decision of the ECJ, rendered on 27 October 2011 (Rs. C-93/10) the ECJ has ruled that a person who purchases debts on discount on a non-recourse basis does not make a supply of services and does not carry out an economic activity for VAT purposes when the difference between the face value of the debts and the price paid by the assignee reflects the actual economic value of the debts at the time of their assignment. The Federal Ministry of Finance has implemented the aforementioned ECJ decision and the following decision of the German Federal Fiscal Court in the Guidelines but only in the context of non-performing loans (ie receivables that are due but have not been (partly or fully) paid for more than 90 days or if the requirements for a termination are fulfilled or a termination has been declared). Thus, although the ECJ decision removes some uncertainty about the VAT treatment of discounts in the context of the assignment of receivables, it still leaves space for interpretation, in particular because the restated Guidelines only clarify how to deal with non-performing loans.

With regard to the right of the Issuer to dismiss Mercedes-Benz Bank AG as Servicer and to appoint a new Servicer, it is uncertain how the German tax authorities would classify the subsequent collection of the Loan Receivables by the new Servicer for VAT purposes. In general, the subsequent replacement of Mercedes-Benz Bank AG as Servicer should not change the VAT classification of the transaction at the Cut-Off Date. With regard to the servicing after the date of replacement of Mercedes-Benz Bank AG one could argue that the new Servicer merely acts as an auxiliary person (*Erfüllungsgehilfe*) of the Issuer and therefore the replacement of Mercedes-Benz Bank AG leads to the Issuer assuming the collection of the Loan Receivables which must then be considered as factoring. In consequence the Issuer (Luxembourg) would supply servicing under the factoring-judicature to Mercedes-Benz Bank AG (Germany). The place of supply would be at the establishment of the service-recipient Mercedes-Benz Bank AG in Germany (assuming that the Issuer qualifies as VAT business). The supply would be taxable and subject to reverse charge, i.e. Mercedes-Benz Bank AG should need to self-assess the VAT. In result there should be no VAT risk for the Issuer under German law to be expected from this perspective. If the authorities support the treatment as exempt from VAT (see VAT Guidelines above) instead of assuming factoring, no VAT risk arises in the first place.

Financial Transaction Tax

On 14 February 2013, the EU Commission adopted a proposal (the "**Commission's Proposal**") for a Council Directive) on a common financial transaction tax ("**FTT**") in Austria, Belgium, Estonia, France, Germany, Greece, Italy, Portugal, Slovakia, Slovenia and Spain (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has 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.

However, the FTT 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.

U.S. Foreign Account Tax Compliance Act

In constellations with a US connection the regulations of the Foreign Account Tax Compliance Act ("**FATCA**") could apply. Under the FATCA regime and the corresponding local regulations in Luxembourg, and Germany specific financial and non-financial institutions are required to exchange tax relevant information with the US tax authorities. A non-compliance with such reporting obligations can result in a duty to withhold 30 per cent. U.S. withholding tax on, inter alia, interest and other fixed or determinable annual or periodical income of persons or entities taxable in the US. However, if an amount in respect of such withholding tax were to be deducted or withheld either from amounts due to the Issuer or from interest, principal or other payments made in respect of the Compartment 11 Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the Terms and Conditions of the Compartment 11 Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors in the Compartment 11 Notes may receive less interest or principal than expected.

ATAD Laws

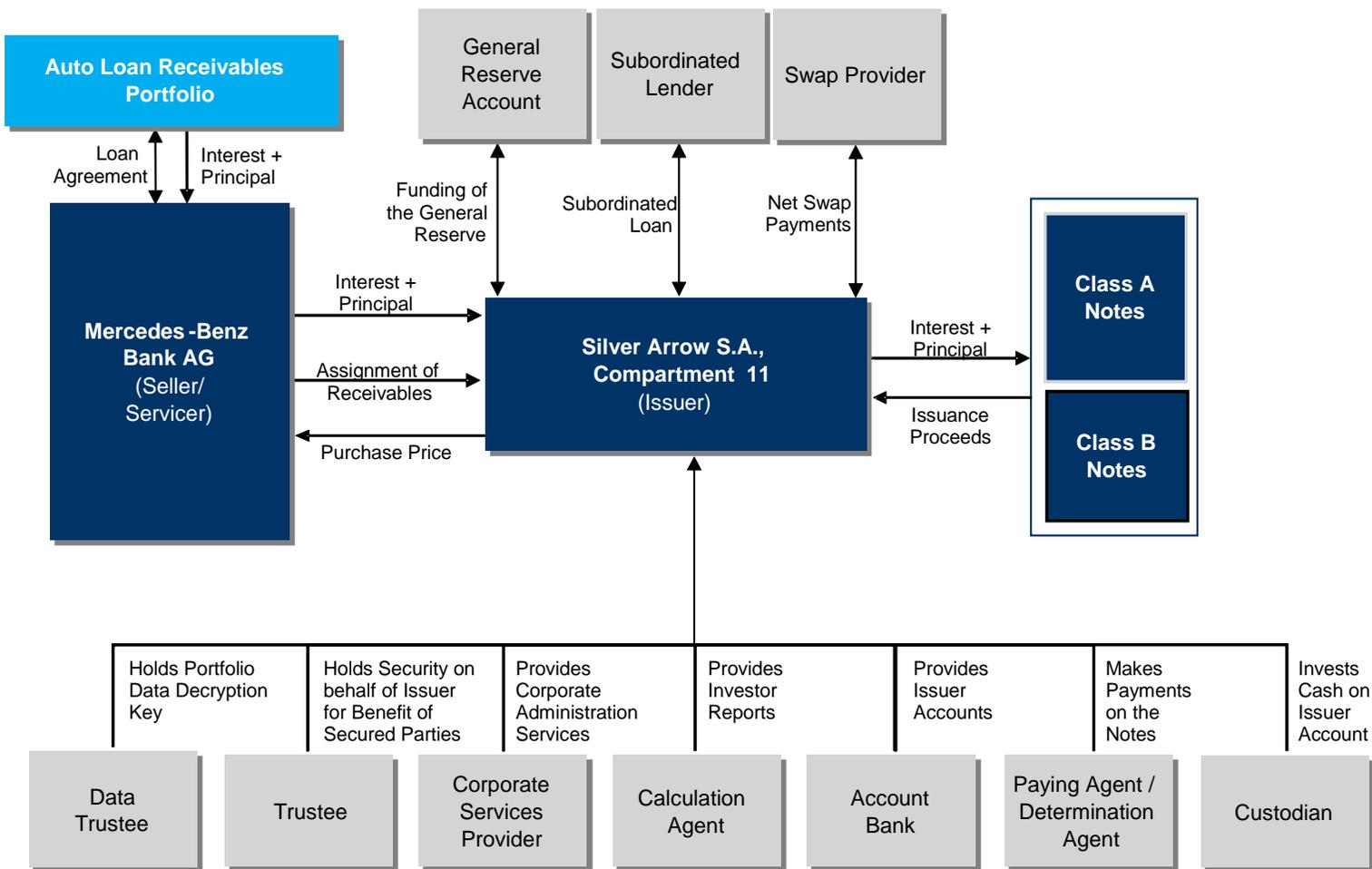
The Issuer is liable to Luxembourg corporate income tax on its worldwide net profits. The Luxembourg laws of 21 December 2018 and of 20 December 2019 (collectively, the "**ATAD Laws**"), which respectively implement the Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market and Council Directive (EU) 2017/952 of 29 May 2017 amending the latter directive as regards hybrid mismatches with third countries, introduced new tax measures into Luxembourg law, including among others a limitation as regards so-called "exceeding borrowing costs" and hybrid mismatch rules. Whilst certain exemptions and safe harbor provisions (for example, exceeding borrowing costs up to 3 million euro will always remain deductible) exist in relation to the limitation of exceeding borrowing costs, these new rules may in certain situations result in the limitation respectively the denial of the deduction of payments to investors for Luxembourg tax purposes, which may adversely affect the income tax position of the Issuer and as such affect generally its ability to make payments to the holders of the Compartment 11 Notes. Clarifications as regards the ATAD Laws and their interpretation may be enacted after the date of this Prospectus, possibly with retroactive effect, and could alter the tax position of the Issuer. In addition, the Issuer may take positions with respect to certain tax issues resulting from the ATAD Laws which may depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the applicable tax authority, there could be a materially adverse effect on the Issuer and its ability to make payments to the holders of the Compartment 11 Notes.

Therefore, prospective holders of the Compartment 11 Notes should make an investment decision only after careful consideration, with its independent advisers, as to the consequences of the ATAD Laws.

THE ISSUER BELIEVES THAT THE RISKS DESCRIBED ABOVE ARE THE PRINCIPAL RISKS FOR THE COMPARTMENT 11 NOTEHOLDERS, BUT THE INABILITY OF THE ISSUER TO PAY INTEREST AND PRINCIPAL ON THE COMPARTMENT 11 NOTES MAY OCCUR FOR OTHER REASONS. ALTHOUGH THE ISSUER BELIEVES THAT THE VARIOUS STRUCTURAL ELEMENTS DESCRIBED IN THIS OFFERING CIRCULAR MITIGATE SOME OF THESE RISKS FOR THE COMPARTMENT 11 NOTEHOLDERS, THERE CAN BE NO ASSURANCE THAT THESE MEASURES WILL BE SUFFICIENT TO ENSURE FULL PAYMENTS TO THE COMPARTMENT 11 NOTEHOLDERS OF INTEREST AND PRINCIPAL ON A TIMELY BASIS OR AT ALL.

STRUCTURE DIAGRAM

This structure diagram of Transaction 11 is qualified in its entirety by reference to the more detailed information appearing elsewhere in this Offering Circular.



TRANSACTION OVERVIEW

THE PARTIES TO THE TRANSACTION 11 (INCLUDING DIRECT OR INDIRECT OWNERSHIP)

Issuer	SILVER ARROW S.A., acting in respect of its Compartment 11 , an unregulated securitisation undertaking within the meaning of the Luxembourg law of 22 March 2004 on securitisation (" Luxembourg Securitisation Law ") incorporated under the form of a public limited liability company (<i>société anonyme</i>), with its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg trade and companies register under number B 111345. Silver Arrow S.A. has expressly elected in its articles of incorporation (<i>statuts</i>) to be governed by the Luxembourg Securitisation Law. The exclusive purpose of Silver Arrow S.A. is to enter into several securitisation transactions, each via a separate compartment (" Compartment ") within the meaning of the Luxembourg Securitisation Law.
Compartment 11	The eleventh Compartment of the Issuer for a public securitisation transaction in respect of which the Issuer will issue the Compartment 11 Notes and enter into the Transaction 11 Documents, create the Compartment 11 Security and open the Issuer Account-C11.
Seller	MERCEDES-BENZ BANK AG , a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Stuttgart under registration number HRB 22937 and having its registered office at Siemensstrasse 7, 70469 Stuttgart, Germany, a wholly-owned subsidiary of Daimler AG, in its capacity as Seller.
Servicer	MERCEDES-BENZ BANK AG , a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Stuttgart under registration number HRB 22937 and having its registered office at Siemensstrasse 7, 70469 Stuttgart, Germany, a wholly-owned subsidiary of Daimler AG, in its capacity as Servicer.
Subordinated Lender	MERCEDES-BENZ BANK AG , a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Stuttgart under registration number HRB 22937 and having its registered office at Siemensstrasse 7, 70469 Stuttgart, Germany, a wholly-owned subsidiary of Daimler AG, in its capacity as Subordinated Lender.
Trustee	WILMINGTON TRUST SP SERVICES (FRANKFURT) GMBH , a company incorporated with limited liability (<i>Gesellschaft mit beschränkter Haftung</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Frankfurt am Main under registration number HRB 76380 and having its registered office at Steinweg 3-5, 60313 Frankfurt am Main, Germany.
Data Trustee	DATA CUSTODY AGENT SERVICES B.V. , a private company with limited liability (<i>besloten vennootschap met beperkte aansprakelijkheid</i>) incorporated under the laws of the Netherlands, having its official seat (<i>statutaire zetel</i>) in Amsterdam, The Netherlands, and its registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands, registered in the Trade Register under number 34199176.
Arranger	BNP PARIBAS , a French <i>société anonyme</i> having its registered office at 16, boulevard des Italiens, 75009 Paris, France.

Joint Lead Managers and Joint Bookrunners	<p>BNP PARIBAS, a French <i>société anonyme</i> having its registered office at 16, boulevard des Italiens, 75009 Paris, France; and</p> <p>LANDESBANK BADEN-WÜRTTEMBERG, a public law corporation (<i>Anstalt des öffentlichen Rechts</i>) incorporated under the laws of Germany and having its registered office at Am Hauptbahnhof 2, 70173 Stuttgart, Germany registered with the commercial register (<i>Handelsregister</i>) of the local court (<i>Amtsgericht</i>) of Stuttgart, Germany under HRA 12704.</p>
Managers	<p>COMMERZBANK AKTIENGESELLSCHAFT, a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Frankfurt am Main under number HRB 32000, with its office at Kaiserstraße 16, 60311 Frankfurt am Main, Germany;</p> <p>DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, FRANKFURT AM MAIN, a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Frankfurt am Main under registration number HRB 45651 and having its registered office at Platz der Republik, 60265 Frankfurt am Main, Federal Republic of Germany; and</p> <p>BANCO SANTANDER, S.A. (acting through its Santander Corporate and Investment Banking division), Paseo de Pereda, 9-12, 39004, Santander, Spain.</p>
Swap Counterparty	<p>DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTSBANK, FRANKFURT AM MAIN, a public company incorporated with limited liability (<i>Aktiengesellschaft</i>) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (<i>Amtsgericht</i>) in Frankfurt am Main under registration number HRB 45651 and having its registered office at Platz der Republik, 60265 Frankfurt am Main, Federal Republic of Germany.</p>
Account Bank, Paying Agent/Interest Determination Agent and Custodian	<p>ELAVON FINANCIAL SERVICES DAC, a Designated Activity Company registered in Ireland with the Companies Registration Office, registered number 418442, with its registered office at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland.</p>
Calculation Agent	<p>U.S. BANK GLOBAL CORPORATE TRUST LIMITED, a limited company registered in England and Wales having the registration number 05521133 and a registered address of 125 Old Broad Street, Fifth Floor, London, EC2N 1AR.</p>
Corporate Services Provider	<p>INTERTRUST (LUXEMBOURG) S.à r.l., a company incorporated with limited liability (<i>Société à responsabilité limitée</i>) under the laws of the Grand Duchy of Luxembourg and registered under registration number B 103.123, having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg.</p>
Rating Agencies	<p>DBRS RATINGS LIMITED ("DBRS") and FITCH DEUTSCHLAND GMBH ("Fitch").</p>

THE COMPARTMENT 11 NOTES

Class A Compartment 11 Notes	Aggregate Outstanding Note Principal Amount: EUR 1,748,200,000, consisting of 17,482 Class A Compartment 11 Notes, each with an initial Outstanding Note Principal Amount of EUR 100,000.
Class B Compartment	Aggregate Outstanding Note Principal Amount: EUR 141,700,000, consisting of 1,417 Class B Compartment 11 Notes, each with an initial Outstanding Note

11 Notes	Principal Amount of EUR 100,000.
Form and Denomination	<p>The Class A Compartment 11 Notes are issued in bearer form with a denomination of EUR 100,000 per Class A Compartment 11 Note. The Class B Compartment 11 Notes are issued in bearer form with a denomination of EUR 100,000 per Class B Compartment 11 Note.</p> <p>Each Class of Compartment 11 Notes is represented by a Global Note without interest coupons which is deposited with a Common Safekeeper. Each Global Note shall be issued in a new global note form and shall be kept in custody by the relevant Common Safekeeper until all obligations of the Issuer under the Compartment 11 Notes represented by it have been satisfied. Definitive notes and interest coupons will not be issued.</p> <p>Copies of the form of the Global Notes are available free of charge at the specified offices of the Paying Agent.</p>
Status of the Compartment 11 Notes	<p>The Compartment 11 Notes constitute direct, unconditional and unsubordinated obligations of the Issuer, ranking <i>pari passu</i> among themselves, subject to the applicable Priority of Payments. The Compartment 11 Notes benefit from security granted over the assets by the Issuer to the Trustee pursuant to the Trust Agreement and the Security Deed. The Compartment 11 Notes constitute limited recourse obligations of the Issuer.</p> <p>The payment of interest and principal on the Compartment 11 Notes is conditional upon, <i>inter alia</i>, the performance of the Purchased Loan Receivables.</p>
Interest Rate	<p>Class A Compartment 11 Notes: EURIBOR plus 0.70 per cent. <i>per annum</i>, subject to a floor of zero. In certain circumstances, EURIBOR may be amended if an Alternative Base Rate is determined in accordance with Condition 7.3(b) to (d) and a Base Rate Modification takes effect.</p> <p>See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES – 7.3".</p> <p>Class B Compartment 11 Notes: 1 per cent. <i>per annum</i>.</p>
Signing Date	25 May 2020, the day on which the signing of all Transaction 11 Documents takes place.
Issue Date	27 May 2020.
Legal Maturity Date	15 February 2027, subject to the Business Day Convention.
Payment Date	<p>Means, in respect of the first Payment Date, 15 June 2020 and thereafter the 15th day of each calendar month, subject to the Business Day Convention.</p> <p>Unless redeemed earlier, the last Payment Date will be the Legal Maturity Date.</p>
Interest Period	In respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date.
Amortisation	The Issuer will redeem the Compartment 11 Notes in whole or in part on each Payment Date, subject to the Available Distribution Amount and in accordance with the applicable Priority of Payments.
Clean-Up Call	The Seller will have the option to exercise the Clean-Up Call to repurchase all then outstanding Purchased Loan Receivables at the Repurchase Price from the Issuer on any Payment Date following the Determination Date on which the

	<p>Aggregate Outstanding Loan Principal Amount is less than 10 per cent. of the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date, subject to the notice provided by the Seller to the Issuer in accordance with the terms of the Loan Receivables Purchase Agreement.</p> <p>See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES – 8.3".</p>
Available Distribution Amount	<p>Means, with respect to a Payment Date, the sum of:</p> <ul style="list-style-type: none"> (a) the Collections; (b) the amount standing to the credit of the General Reserve Ledger; (c) the Net Swap Receipts payable by the Swap Counterparty to the Issuer on the Payment Date; (d) the amount standing to the credit of the Commingling Reserve Ledger upon the occurrence of a Servicer Termination Event, including any realisation proceeds or enforcement proceeds from Eligible Securities, in each case to the extent necessary to cover any Servicer Shortfall; (e) the amount standing to the credit of the Set-Off Reserve Ledger, if and only to the extent that the Servicer has, as of the previous Payment Date, failed to transfer to the Issuer any Collections or indemnity payments in relation to the set-off risk related to the Seller; and (f) any other amount standing to the credit of the Operating Ledger, including any interest accrued on the Operating Ledger.
Pre-enforcement Priority of Payments	<p>Prior to the issuance of an Enforcement Notice by the Trustee, the Issuer will distribute the Available Distribution Amount on each Payment Date in accordance with the Pre-enforcement Priority of Payments as set out in Condition 7.4.</p> <p>See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES – 7.4".</p>
Post-enforcement Priority of Payments	<p>After the issuance of an Enforcement Notice by the Trustee, the Trustee will apply the Available Distribution Amount on each Payment Date towards the discharge of the claims of the Compartment 11 Noteholders and the other creditors of the Issuer in accordance with the Post-enforcement Priority of Payments as set out in Condition 9.</p> <p>See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES – 9".</p>
Use of Proceeds from the Compartment 11 Notes	<p>The Issuer will apply the net proceeds of the Compartment 11 Notes for, in particular, the purchase of the Loan Receivables from the Seller on the Issue Date.</p>
Subscription	<p>On the Issue Date the Joint Lead Managers and Joint Bookrunners will subscribe the Compartment 11 Notes from the Issuer, subject to certain conditions as described in the Subscription Agreement.</p>
Selling Restrictions	<p>Subject to certain exceptions, the Compartment 11 Notes are not being offered or sold within the United States.</p> <p>For a description of these and other restrictions on sale and transfer, see "SUBSCRIPTION AND SALE – Selling Restrictions".</p>
Listing and admission to trading	<p>Application has been made to the Luxembourg Stock Exchange for the Class A Compartment 11 Notes to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on its regulated market.</p>

	The Class B Compartment 11 Notes will not be listed.
Settlement	Clearstream Banking, <i>société anonyme</i> , Luxembourg, 42 Avenue J.F. Kennedy, L-1885 Luxembourg and Euroclear Banking S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Kingdom of Belgium.
Governing Law	The Compartment 11 Notes will be governed by the laws of the Federal Republic of Germany. The application of the provisions of articles 470-1 to 470-19 of the Luxembourg Companies Law is expressly excluded.
Ratings	The Class A Compartment 11 Notes are expected to be rated AAA(sf) by DBRS and AAAsf by Fitch. The Class B Compartment 11 Notes are not expected to be rated by the Rating Agencies.

THE ASSETS & RESERVES

Assets backing the Compartment 11 Notes	<p>The Compartment 11 Notes are backed by the Purchased Loan Receivables as described herein and as acquired by the Issuer in accordance with the Loan Receivables Purchase Agreement.</p> <p>Under the Loan Receivables Purchase Agreement, the Seller will sell and assign to the Issuer the Portfolio of Loan Receivables with an Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date of EUR 1,889,999,895.42.</p>
Eligibility Criteria and Seller Loan Warranties	<p><i>A. Eligibility Criteria</i></p> <p>To be eligible for purchase by the Issuer on the Purchase Date, pursuant to the Loan Receivables Purchase Agreement a set of criteria (the "Eligibility Criteria") must have been met by the Purchased Loan Receivables on the Cut-Off Date.</p> <p><i>B. Seller Loan Warranties</i></p> <p>As of the Purchase Date the Seller represents and warrants to the Issuer certain Seller Loan Warranties.</p> <p>If one or more Purchased Loan Receivables did not fulfil the Eligibility Criteria on the Cut-Off Date, or the Seller is in breach of one or more of the Seller Loan Warranties, the Seller shall be obliged to repurchase such Loan Receivable at the relevant Repurchase Price on the next Payment Date. See "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL – Eligibility Criteria" and "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL – Seller Loan Warranties".</p>
Issuer Account-C11	<p>On or before the Signing Date, the Issuer will open and maintain the Issuer Account-C11 with following ledgers (the "Issuer Account-C11") with the Account Bank which must have the Required Rating:</p> <ul style="list-style-type: none"> (a) Operating Ledger; (b) General Reserve Ledger; (c) Commingling Reserve Ledger; (d) Set-Off Reserve Ledger; and

	<p>(e) Swap Collateral Ledger.</p> <p>The Issuer shall, during the life of the Transaction 11, maintain the Issuer Account-C11 with an account bank which must have the Required Rating. If at any time the Account Bank ceases to have the Required Rating, the Account Bank shall take certain remedial actions required by the Rating Agencies to maintain the rating of the Class A Compartment 11 Notes. If the Issuer should fail to appoint such successor account bank within thirty (30) days after receipt of the resignation notice given by the Account Bank, then the resigning Account Bank may appoint a successor account bank which has the Required Rating and is approved in writing by the Trustee, with the required capacities in the name and for the account of the Issuer by giving not less than thirty (30) days' prior notice to the Issuer. The Account Bank shall continue to provide services under the Bank Account Agreement in any case until a successor Account Bank with the Required Rating is validly appointed by the Issuer.</p>
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THE MAIN TRANSACTION 11 DOCUMENTS

Loan Receivables Purchase Agreement	<p>Pursuant to the Loan Receivables Purchase Agreement, the Seller will sell and assign the Portfolio of Loan Receivables to the Issuer against payment of the Purchase Price on the Issue Date. The Purchase Price equals the Aggregate Outstanding Loan Principal Amount of the Purchased Loan Receivables as of the Cut-Off Date plus an amount equal to the amount of the issue price of the Class A Compartment 11 Notes in excess of 100 per cent.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Loan Receivables Purchase Agreement".</p>
Servicing Agreement	<p>Pursuant to the Servicing Agreement, the Servicer shall service, collect and administer the Purchased Loan Receivables and shall perform all related functions in accordance with the provisions of the Servicing Agreement and the Credit and Collection Policy.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Servicing Agreement".</p>
Bank Account Agreement	<p>Pursuant to the Bank Account Agreement, the Issuer appoints the Account Bank to establish the Issuer Account-C11 to be operated by the Calculation Agent under the Transaction 11 Documents.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Bank Account Agreement".</p>
Calculation Agency Agreement	<p>Pursuant to the Calculation Agency Agreement, the Issuer appoints the Calculation Agent to perform certain calculations with respect to the payments due according to the applicable Priority of Payments based on the information received from the Servicer.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Calculation Agency Agreement".</p>
Trust Agreement	<p>Pursuant to the Trust Agreement, the Issuer assigns and transfers for security purposes its rights and claims (i.e., <i>inter alia</i>, the rights to the Purchased Loan Receivables) to the Trustee who holds such security for the benefit of the Secured Parties, other than as set out in the Security Deed.</p> <p>See "MATERIAL TERMS OF THE TRUST AGREEMENT".</p>

<p>Security Deed</p>	<p>Pursuant to the English law governed Security Deed, the Issuer has granted certain collateral as security for the payment or discharge of the Trustee Claim in connection with the English law governed Swap Agreement and Custody Agreement.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Security Deed".</p>
<p>Data Trust Agreement</p>	<p>Pursuant to the Data Trust Agreement, the Seller will deliver to the Data Trustee the Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller under the Loan Receivables Purchase Agreement and the Servicing Agreement.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Data Trust Agreement".</p>
<p>Corporate Services Agreement</p>	<p>Pursuant to the Corporate Services Agreement, Silver Arrow S.A. has appointed the Corporate Services Provider to perform certain domiciliation, corporate and administrative services for Silver Arrow S.A. in accordance with Silver Arrow S.A.'s articles of incorporation and also in relation to Compartment 11.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Corporate Services Agreement".</p>
<p>Custody Agreement</p>	<p>Pursuant to the Custody Agreement, the Custodian provides certain custody services in relation to (i) any portion of the Commingling Reserve Required Amount provided in the form of Eligible Securities and (ii) any collateral transferred to the Issuer by the Swap Counterparty which consists of certain securities as further specified in the Swap Agreement.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Custody Agreement".</p>
<p>Agency Agreement</p>	<p>Pursuant to the Agency Agreement, the Issuer will appoint the Paying Agent to forward payments to be made by the Issuer to the Compartment 11 Noteholders and will appoint the Interest Determination Agent to determine the relevant EURIBOR rate for the Class A Compartment 11 Notes.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Agency Agreement".</p>
<p>Subscription Agreement</p>	<p>Pursuant to the Subscription Agreement, the Joint Lead Managers and Joint Bookrunners will, subject to certain customary closing conditions, subscribe the Compartment 11 Notes.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Subscription Agreement".</p>
<p>Subordinated Loan Agreement</p>	<p>Pursuant to the Subordinated Loan Agreement, the Subordinated Lender grants a loan to the Issuer in an amount equal to EUR 9,450,000.</p> <p>See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Subordinated Loan Agreement".</p>

Swap Agreement	Pursuant to the Swap Agreement, the Issuer will hedge certain interest risk arising in connection with the Class A Compartment 11 Notes. See "OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS — Swap Agreement".
Governing Law	The Transaction 11 Documents are governed by the laws of the Federal Republic of Germany apart from, the Swap Agreement, the Security Deed and the Custody Agreement, which are governed by English law, and the Corporate Services Agreement which is governed by Luxembourg law.

COMPLIANCE WITH THE SECURITISATION REGULATION

Compliance with the Retention Requirement

The Seller will covenant with the Issuer and the Trustee under the Trust Agreement that it will, as originator for the purposes of the Securitisation Regulation, retain, for the life of the Transaction 11, a material net economic interest of at least 5% in the securitisation, as required by Article 6 of the Securitisation Regulation (which does not take into account any relevant national measures). As of the Issue Date, such interest will, in accordance with Article 6(3)(d) of the Securitisation Regulation, be retained through the holding of the Class B Compartment 11 Notes and the Subordinated Loan. Any change to the manner in which such interest is held will be notified to investors.

The Seller will further covenant with the Issuer and the Trustee under the Trust Agreement that the Purchased Loan Receivables will not be selected by the Seller with the aim of rendering losses on the Purchased Loan Receivables to the Issuer, measured over the life of the Transaction 11, higher than the losses over the same period on comparable Loan Receivables held on the balance sheet of the Seller.

Compliance with Article 7 of the Securitisation Regulation

Pursuant to the Trust Agreement, the Seller has been designated as "reporting entity" pursuant to Article 7(2) of the Securitisation Regulation (the "**Reporting Entity**"). In such capacity, the Seller shall fulfil the information requirements pursuant to Article 7 of the Securitisation Regulation. For such purpose:

- 1.1 pursuant to the Servicing Agreement the Seller in its capacity as Servicer has undertaken to prepare, on a quarterly basis, the loan-level data setting out the information required by Article 7(1)(a) of the Securitisation Regulation and the applicable Regulatory Technical Standards (the "**Loan Level Data**");
- 1.2 pursuant to the Servicing Agreement the Seller in its capacity as Servicer has undertaken to prepare the Monthly Report containing the information required by Article 7(1)(e) of the Securitisation Regulation; and
- 1.3 pursuant to the Trust Agreement:
 - (a) the Issuer shall deliver to the Reporting Entity a copy of the Transaction 11 Documents, the Offering Circular and any other document or report received in connection with the Transaction 11, unless the Reporting Entity already has possession of the respective documents;
 - (b) the Servicer shall deliver to the Reporting Entity the Loan Level Data on a quarterly basis;
 - (c) the Servicer shall deliver to the Reporting Entity the Monthly Report on each Reporting Date; and
 - (d) upon the occurrence of an event triggering the existence of any inside information as referred to in Article 7(1)(f) and (g), the Servicer has undertaken to prepare and deliver to the Reporting Entity the Inside Information Report containing such information without undue delay, subject to the timely receipt of all necessary information from the relevant parties.

The Reporting Entity will make available the information required under Article 7(1) of the Securitisation Regulation and set out in points (a), (b), (c) and (d) above on the website of European Data Warehouse (being, as at the date of this Offering Circular, www.eurowd.eu). Once a securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, the Reporting Entity will make the information available via such securitisation repository.

Investors to assess compliance; Information

Each prospective investor is required to independently assess and determine the sufficiency of the information described in the preceding two paragraphs for the purposes of complying with Article 5 of the Securitisation Regulation, and none of the Issuer, the Seller (in its capacity as Seller and Servicer), the Joint Lead Managers and Joint Bookrunners, the Arranger, nor the Managers makes any representation that the information described above is sufficient in all circumstances for such purposes. In addition, each

prospective Compartment 11 Noteholder should ensure that it complies with any implementing provisions in respect of Article 5 of the Securitisation Regulation in its relevant jurisdiction.

Prospective investors who are uncertain as to the requirements which apply to them in respect of their relevant jurisdiction, should seek guidance from their regulator.

COMPLIANCE WITH STS REQUIREMENTS

The Transaction 11 is intended to meet the requirements for simple, transparent and standardised non-ABCP securitisations provided for by Articles 19 to 22 of the Securitisation Regulation (the "**STS Requirements**").

For such purpose, *inter alia*, external verification according to Article 22(2) of the Securitisation Regulation is expected to be obtained prior to the Issue Date. Such external verification shall include the verification of compliance of the Purchased Loan Receivables with certain Eligibility Criteria and the verification of the fact that the data disclosed in any formal offering document in respect of the Purchased Loan Receivables is accurate.

The compliance of the Transaction 11 with the STS Requirements as of the Issue Date is expected to be verified by STS Verification International GmbH, in its capacity as third party verification agent authorised pursuant to Article 28 of the Securitisation Regulation. No assurance can be provided that the Transaction 11 does or continues to qualify as an STS-securitisation under the Securitisation Regulation at any point in time in the future.

The Seller will notify ESMA that the Transaction 11 meets the STS Requirements in accordance with Article 27 of the Securitisation Regulation and such notification will be available under <https://www.esma.europa.eu/policy-activities/securitisation/simple-transparent-and-standardised-sts-securitisation>.

As the STS status of the Transaction 11 as described in this Offering Circular is not static, investors should verify the current status of the Transaction 11 on the ESMA website. Non-compliance with such status may result in higher capital requirements for investors as an investment in the Notes would not benefit from Articles 260, 262 and 264 of the CRR. Furthermore, non-compliance could result in various administrative sanctions and/or remedial measures being imposed on the Issuer or otherwise payable or reimbursable by the Issuer. As the Transaction 11 Documents do not contemplate the payment or reimbursement by the Issuer of any of such administrative sanctions and/or remedial measures the redemption of the Compartment 11 Notes may be adversely affected thereby.

Compliance with the STS Requirements is not a recommendation to buy, sell or hold securities. It is not investment advice whether generally or as defined under Markets in Financial Instruments Directive (2014/65/EU) and it is not a credit rating whether generally or as defined under the Credit Rating Agency Regulation (1060/2009/EC).

VERIFICATION BY SVI

STS Verification International GmbH ("**SVI**") has been authorised by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) as third party verification agent pursuant to Article 28 of the Securitisation Regulation (Regulation (EU) 2017/2402) (the "**Securitisation Regulation**").

The verification label "verified – STS VERIFICATION INTERNATIONAL" has been officially registered as a trade mark and is licensed to an issuer of securities if the securities meet the requirements for simple, transparent and standardised securitisation as set out in Articles 19 to 22 of the Securitisation Regulation ("**STS Requirements**").

The verification label is issued on the basis of SVI's verification process, which is explained in detail on the SVI website (www.sts-verification-international.com). The verification process is based on the SVI verification manual. It describes the verification process and the individual inspections in detail. The verification manual is authoritative for all parties involved in the verification process and its application ensures an objective and uniform verification of transactions to be verified.

The originator will include in its notification pursuant to Article 27(1) of the Securitisation Regulation a statement that compliance of its securitisation with the STS Requirements has been verified by SVI.

The aim of the Securitisation Regulation is to restart high-quality securitisation markets, and the implementation of a framework for simple, transparent and standardised transactions with corresponding STS criteria shall contribute to this. However, it should be noted that the verification performed by SVI does not affect the liability of such originator or special purpose vehicle in respect of their legal obligations under the Securitisation Regulation. Furthermore, the use of such verification by SVI shall not affect the obligations imposed on institutional investors as set out in Article 5 of the Securitisation Regulation. Notwithstanding verification by SVI which verifies compliance of a securitisation with the STS Requirements, such verification by SVI does not ensure the compliance of a securitisation with the general requirements of the Securitisation Regulation.

SVI has carried out no other investigations or surveys in respect of the issuer or the securities concerned other than as such set out in SVI's final Verification Report and disclaims any responsibility for monitoring continuing compliance with the STS Requirements by the parties concerned or any other aspect of their activities or operations.

Verification by SVI is not a recommendation to buy, sell or hold securities. Investors should therefore not evaluate their investment in securities solely on the basis of this verification.

TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES

The terms and conditions of the Compartment 11 Notes (the "**Conditions**") are set out below. Appendix A to the Conditions sets out the "MASTER DEFINITIONS SCHEDULE" (see page 179 *et seq.*), Appendix B to the Conditions sets out the "MATERIAL TERMS OF THE TRUST AGREEMENT", including its Schedules 1 and 2 (see page 78 *et seq.*), Appendix C to the Conditions sets out the Eligibility Criteria (see the "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL — Eligibility Criteria" on page 92 *et seq.*) and the Seller Loan Warranties (see the "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL — Seller Loan Warranties" on page 93) and Appendix D to the Conditions sets out the Credit and Collection Policy for information purposes as in force as of the Issue Date, see the "THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER — Credit and Collection Policy" on page 156 *et seq.*

1. APPENDIXES

Appendix A, Appendix B, Appendix C and Appendix D to the Conditions (as attached hereto) are integral parts of the Conditions and form integral parts thereof. Capitalised terms not defined but used herein shall have the same meanings herein as in Appendix A, Appendix B, Appendix C or Appendix D to these Conditions.

2. FORM AND DENOMINATION

(a) On the Issue Date, Silver Arrow S.A. (the "**Issuer**") will issue (*begeben*), acting in respect of its Compartment 11, the following classes Compartment 11 Notes in bearer form (*Inhaberschuldverschreibungen*) (each, a "**Class**" and collectively, the "**Compartment 11 Notes**") pursuant to these Conditions:

- (i) The floating rate class A Compartment 11 notes due 2027 (the "**Class A Compartment 11 Notes**") which are issued in an initial Aggregate Outstanding Note Principal Amount of EUR 1,748,200,000 and divided into 17,482 Compartment 11 Notes, each having an initial Outstanding Note Principal Amount of EUR 100,000; and
- (i) The fixed rate class B Compartment 11 notes due 2027 (the "**Class B Compartment 11 Notes**") which are issued in an initial Aggregate Outstanding Note Principal Amount of EUR 141,700,000 and divided into 1,417 Compartment 11 Notes, each having an initial Outstanding Note Principal Amount of EUR 100,000.

The holders of the Compartment 11 Notes are referred to as the "**Compartment 11 Noteholders**".

(b) Each Class of Compartment 11 Notes shall be initially represented by a temporary global bearer note in NGN form (each a "**Temporary Global Note**") without coupons attached. The Temporary Global Notes shall be exchangeable, as provided in paragraph (c) below, for permanent global bearer notes in NGN form (the "**Permanent Global Notes**") without coupons attached representing each such Class. Each Permanent Global Note and each Temporary Global Note is also referred to herein as a "**Global Note**" and, together, as "**Global Notes**". The Global Notes shall be held in book-entry form only. The Permanent Global Notes will not be exchangeable, in whole or in part for definitive Compartment 11 Notes. Definitive Compartment 11 Notes will not be issued. The Global Notes will, on or around the Issue Date, be deposited with the Common Safekeeper for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream Luxembourg**") and, together with Euroclear, the "**ICSDs**"). The Global Notes shall be effectuated by the Common Safekeeper. The Class A Compartment 11 Notes are intended to be held in a manner which will allow Eurosystem eligibility. This does not mean that the Class A Compartment 11 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 on, *inter alia*, satisfaction of the Eurosystem eligibility criteria. The Global Note will

bear the personal signatures of two directors of the Issuer and will be authenticated by an employee of Elavon Financial Services DAC (the "**Paying Agent**").

- (c) The Temporary Global Notes shall be exchanged for the Permanent Global Notes on a date not earlier than forty (40) calendar days after the later of the commencement of the offering and the Issue Date. Each Permanent Global Note delivered in exchange for the relevant Temporary Global Note shall be delivered only outside of the United States. Any exchange of a Temporary Global Note pursuant to this Condition 2(c) shall be made free of charge to the Compartment 11 Noteholders. On an exchange (also of a portion only) of the Compartment 11 Notes represented by a Temporary Global Note, the Issuer shall procure that details of such exchange shall be entered (*pro rata*, if applicable) in the records of the ICSDs.
- (d) Payments of interest or principal on the Compartment 11 Notes represented by a Temporary Global Note shall be made only after delivery by the relevant participants to Euroclear or Clearstream Luxembourg, as relevant, and by Euroclear or Clearstream Luxembourg to the Paying Agent of the certifications described in paragraph (c) above.
- (e) Copies of the Global Note representing Class A Compartment 11 Notes are available for inspection at the main offices of the Issuer and, as long as the Class A Compartment 11 Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on its regulated market, from the Paying Agent (as defined in Condition 12(a) (*Agents; Determinations Binding*)).
- (f) The Compartment 11 Notes are subject to the provisions of a trust agreement relating to Compartment 11 (the "**Trust Agreement**") between, *inter alia*, the Issuer (acting in respect of its Compartment 11) and the Trustee dated on or about the Signing Date. The main provisions of the Trust Agreement (including its Schedules 1 and 2) are set out in Appendix B to these Conditions.
- (g) The nominal amount of Compartment 11 Notes represented by the relevant Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. 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 Compartment 11 Notes) shall be conclusive evidence of the nominal amount of Compartment 11 Notes represented by such Global Note and, for these purposes, a statement issued by an ICSD stating that the nominal amount of the Compartment 11 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 Compartment 11 Notes represented by the relevant Global Note the Issuer shall procure that details of such 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 nominal amount of the Compartment 11 Notes recorded in the records of the ICSDs and represented by the relevant Global Note shall be reduced by the aggregate nominal amount of the Compartment 11 Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

3. STATUS AND PRIORITY

- (a) The Compartment 11 Notes constitute direct, secured and (subject to Condition 4.2 (*Limited recourse, non-petition*)) unconditional obligations of the Issuer in respect of its Compartment 11.
- (b) The obligations of the Issuer under the Class A Compartment 11 Notes rank *pari passu* amongst themselves without any preference among themselves, subject to the applicable Priority of Payments as set out in Conditions 7.4 (*Pre-enforcement Priority of Payments*) and Condition 9 (*Post-enforcement Priority of Payments*). The obligations of the Issuer under the Class B Compartment 11 Notes rank junior to the Class A Compartment 11 Notes and rank *pari passu* amongst themselves, subject to the applicable Priority of

Payments as set out in Conditions 7.4 (*Pre-enforcement Priority of Payments*) and Condition 9 (*Post-enforcement Priority of Payments*).

4. **PROVISION OF SECURITY; LIMITED PAYMENT OBLIGATION; ISSUER EVENT OF DEFAULT**

4.1 **Compartment 11 Security**

Pursuant to the provisions of the Trust Agreement, the Issuer has assigned to the Trustee all its rights, claims and interests in the Purchased Loan Receivables and the Loan Collateral (that was transferred by the Seller to it under the Loan Receivables Purchase Agreement), all of its rights, claims and interests arising under certain Transaction 11 Documents to which the Issuer is a party and certain other rights specified in the Trust Agreement (such collateral as created pursuant to clause 8 (*Creation of Compartment 11 Security*) of the Trust Agreement, the "**Compartment 11 Security**") as security for the Issuer's obligations under the Compartment 11 Notes and the obligations owed by the Issuer to the other Secured Parties.

4.2 **Limited recourse, non-petition**

(a) All payments of principal, interest or any other amount to be made by the Issuer in respect of each Class of Compartment 11 Notes will be payable only from, and to the extent of, the sums paid to, or recovered by or on behalf of, the Issuer or the Trustee in respect of the Compartment 11 Security. If the proceeds of the Compartment 11 Security are not sufficient to pay any amounts due in respect of the relevant Class, no other assets of the Issuer, in particular no assets relating to another Compartment will be available to meet such insufficiency. The Compartment 11 Noteholders of such Class will rely solely on such sums and the rights of the Issuer in respect of the Compartment 11 Security for payments to be made by the Issuer in respect of such Compartment 11 Notes. The obligations of the Issuer to make payments in respect of the Compartment 11 Notes will be limited to such sums (in the case of the holders) following realisation of the Compartment 11 Security and the Trustee and such Compartment 11 Noteholders will have no further recourse to the Issuer in respect thereof.

(b) **Extinguishment of Claims**

Having realised the Compartment 11 Security and distributed the Available Distribution Amount in accordance with the Post-enforcement Priority of Payments, neither the Trustee nor the Compartment 11 Noteholders may take any further steps against the Issuer to recover any sum still unpaid and any remaining obligations to pay such amount shall be extinguished.

(c) **Non-petition**

Neither the Compartment 11 Noteholders nor the Trustee may, until the expiry of one year and one day after the payment of all sums outstanding and owing under the latest maturing relevant Compartment 11 Notes take any corporate action or other steps or legal proceedings for the winding-up, dissolution or reorganisation of, or the institution of Insolvency Proceedings against, the Issuer or (in the case of the Compartment 11 Noteholders only) for the appointment of a receiver, administrator, liquidator or similar officer of the Issuer in respect of any or all of its revenues and assets provided that the Trustee may prove or lodge a claim in the event of a liquidation of the Issuer initiated by another party.

4.3 **Enforcement of payment obligations**

The Trustee shall enforce the Compartment 11 Security upon the occurrence of an Enforcement Event on the conditions and in accordance with the terms of the Trust Agreement, in particular clause 14.2 of the Trust Agreement.

4.4 Issuer Event of Default and Enforcement Event

The Issuer Event of Default shall have the meaning given to it in the Master Definitions Schedule. Upon the occurrence of an Issuer Event of Default and the service of an Enforcement Notice by the Trustee, an Enforcement Event will occur.

5. GENERAL COVENANTS OF THE ISSUER

5.1 Appointment of Trustee

As long as any Compartment 11 Notes are outstanding, the Issuer shall ensure that a trustee is appointed at all times who undertakes to perform substantially the same functions and obligations as the Trustee pursuant to the Trust Agreement.

6. PAYMENTS ON THE COMPARTMENT 11 NOTES

6.1 Payment Dates

Payments of interest and, in accordance with the provisions herein, principal in respect of the Compartment 11 Notes to the Compartment 11 Noteholders shall become due and payable monthly on each 15th day of each calendar month, subject to the Business Day Convention (each such day, a "**Payment Date**"). The first Payment Date shall be 15 June 2020.

6.2 Outstanding Note Principal Amount

The initial Aggregate Outstanding Note Principal Amount of all Class A Compartment 11 Notes is EUR 1,748,200,000, and of all Class B Compartment 11 Notes EUR 141,700,000.

6.3 Payments and discharge

- (a) Payments of principal and interest in respect of the Compartment 11 Notes shall be made by the Issuer, through the Paying Agent, on each Payment Date to, or to the order of, Euroclear and Clearstream Luxembourg, as relevant, for credit to the relevant participants in Euroclear and Clearstream Luxembourg for subsequent transfer to the Compartment 11 Noteholders.
- (b) All payments made by the Issuer to, or to the order of Euroclear and Clearstream Luxembourg shall discharge the liability of the Issuer under the relevant Compartment 11 Notes to the extent of the sums so paid.

7. PAYMENT OF INTEREST

7.1 Interest calculation

- (a) Each Compartment 11 Note shall bear interest on its Outstanding Note Principal Amount from the Issue Date until the close of the day preceding the day on which such Compartment 11 Note has been redeemed in full.
- (b) The amount of interest payable by the Issuer in respect of a Compartment 11 Note on a Payment Date shall be calculated by the Calculation Agent by applying the relevant Class A Interest Rate and Class B Interest Rate (Condition 7.3 (*Interest Rate*)), to the Outstanding Note Principal Amount of such Compartment 11 Note as of the immediately preceding Payment Date (or in case of the first Payment Date as of the Issue 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) (each being the "**Class A Interest Amount**" or the "**Class B Interest Amount**").

7.2 Interest Period

"**Interest Period**" means, in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) the first Payment Date and in respect of any subsequent Payment Date, the period commencing on (and including) the immediately

preceding Payment Date and ending on (but excluding) such Payment Date, provided that the last Interest Period shall end on (but exclude) the Legal Maturity Date or, if earlier, the date on which all Compartment 11 Notes are redeemed in full.

7.3 Interest Rate

- (a) The applicable rate of interest payable on the Compartment 11 Notes for each Interest Period shall be:
- (i) in the case of the Class A Compartment 11 Notes, EURIBOR plus 0.70 per cent. *per annum*, subject to a floor of zero (the "**Class A Interest Rate**"),
 - (ii) in the case of the Class B Compartment 11 Notes, 1 per cent. *per annum* (the "**Class B Interest Rate**").
- (b) The Servicer may, at any time, request the Issuer and the Trustee to agree, without the consent of the Compartment 11 Noteholders, to amend EURIBOR as referred to in Condition 7.3(a)(i) above (any such amended rate, an "**Alternative Base Rate**") and make such other related or consequential amendments as are necessary or advisable in order to facilitate such change, in particular to Condition 7.3(a)(i) above, (a "**Base Rate Modification**") provided that the following conditions are satisfied:
- (i) the Servicer, on behalf of the Issuer, has provided the Trustee, the Compartment 11 Noteholders and the Swap Counterparty with at least 30 calendar days' prior written notice of any such proposed Base Rate Modification in compliance with Condition 11 (*Form of Notices*) and has certified to the Trustee, the Compartment 11 Noteholders and the Swap Counterparty in such notice (such notice being a "**Base Rate Modification Certificate**") that:
 - (1) such Base Rate Modification is being undertaken due to:
 - (A) a prolonged and material disruption to EURIBOR, a material change in the methodology of calculating EURIBOR or EURIBOR ceasing to exist or be published;
 - (B) 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);
 - (C) 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;
 - (D) a public statement by the supervisor of the EURIBOR administrator that means EURIBOR may no longer be used or that its use is or will be subject to restrictions or adverse consequences; or
 - (E) the reasonable expectation of the Servicer that any of the events specified in sub-paragraphs (A), (B), (C) or (D) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
 - (2) such Alternative Base Rate is:
 - (A) a base rate published, endorsed, approved or recognised by the European Central Bank, any regulator in Germany or the EU or any stock exchange on which the Class A Compartment 11 Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);

- (B) the Euro Over Night Index Average (or any rate which is derived from, based upon or otherwise similar to the foregoing);
 - (C) 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;
 - (D) 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 the Seller; or
 - (E) such other base rate as the Servicer reasonably determines;
- (ii) the Rating Agencies have been notified of such proposed Base Rate Modification and, based on such notification, the Servicer is not aware that the then current ratings of the Class A Compartment 11 Notes would be adversely affected by such Base Rate Modification; and
 - (iii) the Seller pays all fees, costs and expenses (including legal fees) incurred by the Issuer and the Trustee or any other party to the Transaction 11 Documents in connection with such Base Rate Modification.
- (c) Notwithstanding Condition 7.3(b) above, no Base Rate Modification will become effective if within 30 days of the delivery of the Base Rate Modification Certificate, (i) the Swap Counterparty does not consent to Base Rate Modification or (ii) Compartment 11 Noteholders representing at least 10 per cent. of the Outstanding Note Principal Amount of the Class A Compartment 11 Notes have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable Clearing System through which the Class A Compartment 11 Notes are held) that they do not consent to the Base Rate Modification (a "**Noteholder Base Rate Consent Event**"). Objections made in writing other than through the applicable Clearing System must be accompanied by evidence to the Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Class A Compartment 11 Notes.
 - (d) If a Noteholder Base Rate Consent Event occurs, the Base Rate Modification will not become effective unless a majority resolution of the holders of the Class A Compartment 11 Notes is passed in favour of the Base Rate Modification in compliance with Condition 14.2 (*Amendments to the Conditions, Noteholders' Representative*).
 - (e) The Servicer on behalf of the Issuer will notify the Trustee, the Compartment 11 Noteholders and the Swap Counterparty on the date when the Base Rate Modification takes effect in compliance with Condition 11 (*Form of Notices*).

7.4 Pre-enforcement Priority of Payments

Prior to the issuance of an Enforcement Notice by the Trustee, the Issuer will distribute the Available Distribution Amount on each Payment Date in accordance with the following Pre-enforcement Priority of Payments:

- (a) *first*, any due and payable taxes owed by the Issuer;
- (b) *second*, any due and payable amounts to the Trustee under the Trust Agreement;
- (c) *third*, (on a *pro rata* and *pari passu* basis) any due and payable Administration Expenses and Servicing Fee;
- (d) *fourth*, any due and payable Net Swap Payments and Swap Termination Payments under the Swap Agreement (provided that the Swap Counterparty is not the defaulting party (as defined in the Swap Agreement) and there has been no termination of the Swap Agreement (due to a termination event relating to the Swap Counterparty's downgrade));

- (e) *fifth*, (on a *pro rata* and *pari passu* basis) any due and payable Class A Interest Amount on the Class A Compartment 11 Notes;
- (f) *sixth*, an amount equal to the General Reserve Required Amount to the General Reserve Ledger;
- (g) *seventh*, (on a *pro rata* and *pari passu* basis) the Class A Principal Redemption Amount in respect of the redemption of the Class A Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes is reduced to zero;
- (h) *eighth*, (on a *pro rata* and *pari passu* basis) any due and payable Class B Interest Amount on the Class B Compartment 11 Notes;
- (i) *ninth*, (on a *pro rata* and *pari passu* basis) the Class B Principal Redemption Amount in respect of the redemption of the Class B Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes is reduced to zero;
- (j) *tenth*, any due and payable interest amount on the Subordinated Loan;
- (k) *eleventh*, the Subordinated Loan Redemption Amount in respect of the redemption of the Subordinated Loan until the Subordinated Loan is reduced to zero;
- (l) *twelfth*, any indemnity payments to any party under the Transaction 11 Documents;
- (m) *thirteenth*, any payments due under the Swap Agreement other than those made under item fourth above; and
- (n) *fourteenth*, the Final Success Fee to the Seller.

8. REDEMPTION

8.1 Amortisation — Pre-enforcement

The Issuer will redeem the Class A Compartment 11 Notes and the Class B Compartment 11 Notes subject to the Available Distribution Amount and in accordance with the applicable Priority of Payments.

8.2 Final Redemption

On the Legal Maturity Date, each Class A Compartment 11 Note shall, unless previously redeemed, be redeemed in full at the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes and, after all the Class A Compartment 11 Notes have been redeemed in full, each Class B Compartment 11 Note shall, unless previously redeemed, be redeemed in full at the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes.

8.3 Clean-Up Call

- (a) As of any Payment Date following the respective Determination Date on which the Aggregate Outstanding Loan Principal Amount is reduced to less than 10 per cent. of the Aggregate Outstanding Loan Principal Amount at the Cut-Off Date, the Seller will (provided that on the relevant Payment Date no Enforcement Event has occurred) have the option under the Loan Receivables Purchase Agreement (the "**Clean-Up Call**") to acquire all Purchased Loan Receivables (together with any related Loan Collateral) then outstanding against payment of the Repurchase Price, subject to the following requirements (the "**Clean-Up Call Conditions**"):
 - (i) the Repurchase Price should, together with funds credited to the General Reserve Ledger and to the Operating Ledger be at least equal to the sum of (x) the aggregate Outstanding Note Principal Amount of all Class A Compartment 11 Notes plus (y) accrued interest thereon plus (z) all claims of any creditors of the

Issuer in respect of Compartment 11 ranking prior to the claims of the Class A Compartment 11 Noteholders according to the applicable Priority of Payments; and

- (ii) the Seller shall have notified the Issuer of its intention to exercise the Clean-Up Call at least 10 days prior to the contemplated settlement date of the Clean-Up Call.
- (b) An early redemption of the Compartment 11 Notes pursuant to this Condition 8.3 (*Clean-Up Call*) shall be excluded if the Clean-Up Call associated with that early redemption does not fully satisfy German regulatory requirements (applicable from time to time) in respect of Clean-Up Calls.
- (c) Upon payment in full of the amounts specified in Condition 8.3(a)(i) to, or for the order of, the Compartment 11 Noteholders, no Compartment 11 Noteholders shall be entitled to receive any further payments of interest or principal.

9. POST-ENFORCEMENT PRIORITY OF PAYMENTS

After the issuance of an Enforcement Notice by the Trustee, the Trustee will apply the Available Distribution Amount on each Payment Date towards the discharge of the claims of the Compartment 11 Noteholders and the other creditors of the Issuer in accordance with the following Post-enforcement Priority of Payments:

- (a) *first*, any due and payable taxes owed by the Issuer;
- (b) *second*, any due and payable amounts to the Trustee under the Trust Agreement;
- (c) *third*, (on a *pro rata* and *pari passu* basis) any due and payable Administration Expenses and Servicing Fee;
- (d) *fourth*, any due and payable Net Swap Payments and Swap Termination Payments under the Swap Agreement (provided that the Swap Counterparty is not the defaulting party (as defined in the Swap Agreement) and there has been no termination of the Swap Agreement (due to a termination event relating to the Swap Counterparty's downgrade));
- (e) *fifth*, (on a *pro rata* and *pari passu* basis) any due and payable Class A Interest Amount on the Class A Compartment 11 Notes;
- (f) *sixth*, (on a *pro rata* and *pari passu* basis) the redemption of the Class A Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes is reduced to zero;
- (g) *seventh*, (on a *pro rata* and *pari passu* basis) any due and payable Class B Interest Amount on the Class B Compartment 11 Notes;
- (h) *eighth*, (on a *pro rata* and *pari passu* basis) the redemption of the Class B Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes is reduced to zero;
- (i) *ninth*, any due and payable interest amount on the Subordinated Loan;
- (j) *tenth*, any due and payable principal amounts on the Subordinated Loan until the Subordinated Loan is reduced to zero;
- (k) *eleventh*, any indemnity payments to any party under the Transaction 11 Documents;
- (l) *twelfth*, any payments due under the Swap Agreement other than those made under item fourth above; and
- (m) *thirteenth*, the Final Success Fee to the Seller.

10. **NOTIFICATIONS**

With respect to each Payment Date, on the Calculation Date preceding such Payment Date, the Calculation Agent shall notify the Issuer, the Corporate Services Provider, the Swap Counterparty, the Paying Agent, the Trustee and, on behalf of the Issuer, by means of notification in accordance with Condition 11 (*Form of Notices*), the Compartment 11 Noteholders, and for so long as any of the Compartment 11 Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange through the Paying Agent in respect of Class A Compartment 11 Notes only, as follows:

- i. in respect of the amount of principal payable in respect of each Class A Compartment 11 Note and each Class B Compartment 11 Note pursuant to Condition 8 (*Redemption*) and the Interest Periods, the Class A Interest Amount and the Class B Interest Amount pursuant to Condition 7.1 (*Interest Calculation*) in accordance with the applicable Priority of Payments and subject to the Available Distribution Amount to be paid on such Payment Date;
- ii. in respect of the Aggregate Outstanding Note Principal Amount of Class A Compartment 11 Notes, the Aggregate Outstanding Note Principal Amount of Class B Compartment 11 Notes, the Class A Principal Redemption Amount and the Class B Principal Redemption Amount as from such Payment Date
- iii. in the event of the final payment in respect of the Compartment 11 Notes pursuant to Condition 8.2 (*Final Redemption*) or Condition 8.3 (*Clean-Up Call*), about the fact that such is the final payment; and
- iv. in the event of the payment of interest and redemption after the occurrence of an Enforcement Event, in respect of the amounts of interest and principal to be paid in accordance with Condition 9 (*Post-enforcement Priority of Payments*).

11. **FORM OF NOTICES**

All notices to the Compartment 11 Noteholders hereunder, and in particular the notifications mentioned in Condition 10 (*Notifications*) shall be (i) published in the Luxemburger Wort or on the website of the Luxembourg Stock Exchange (www.bourse.lu) (or such other publication conforming to the rules of the Luxembourg Stock Exchange) if and to the extent a publication in such form is required by the rules of the Luxembourg Stock Exchange and (ii) delivered to Euroclear and Clearstream Luxembourg for communication by it to the Compartment 11 Noteholders. Any notice referred to under (i) above shall be deemed to have been given to all Compartment 11 Noteholders on the date of such publication in the Luxemburger Wort or on the website of the Luxembourg Stock Exchange (www.bourse.lu) (or such other publication conforming to the rules of the Luxembourg Stock Exchange). Any notice referred to under (ii) above shall be deemed to have been given to all Compartment 11 Noteholders on the seventh calendar day after the day on which such notice was delivered to Euroclear and Clearstream Luxembourg.

12. **AGENTS; DETERMINATIONS BINDING**

- (a) The Issuer has appointed Elavon Financial Services DAC as initial paying agent (the "**Paying Agent**"), as the initial interest determination agent (the "**Interest Determination Agent**"), and U.S. Bank Global Corporate Trust Limited as the initial calculation agent (the "**Calculation Agent**").
- (b) The Issuer shall procure that for so long as any Compartment 11 Notes are outstanding there shall always be a paying agent to perform the functions assigned to the Paying Agent in the Agency Agreement, provided that for so long as the Compartment 11 Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange, there shall always be a paying agent being appointed and released from the restrictions of section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*). The Paying Agent shall act solely as agent for the Issuer and shall not have any agency, fiduciary or trustee relationship with the Compartment 11 Noteholders.

- (c) All calculations and determinations made by the Calculation Agent, the Interest Determination Agent or the Paying Agent, as the case may be, for the purposes of these Conditions shall, in the absence of manifest error, be final and binding.

13. TAXATION

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 its interpretation. The Issuer shall account for the deducted or withheld taxes with the competent government agencies and shall, upon request of a Compartment 11 Noteholder, provide proof thereof. The Issuer is not obliged to pay any additional amounts as compensation for taxes deducted or withheld in accordance with this Condition 13 (*Taxation*).

14. MISCELLANEOUS

14.1 Presentation Period

The presentation period for the Global Notes shall end five (5) years after the Legal Maturity Date.

14.2 Amendments to the Conditions, Noteholders' Representative

The Noteholders of each Class of Compartment 11 Notes may agree to amendments of the Conditions applicable to such Class by majority vote and appoint a noteholders' representative for all Compartment 11 Noteholders of such Class for the preservation of their rights (section 5 paragraph (1) sentence 1 of the German Debenture Act (*Schuldverschreibungsgesetz - SchVG*). Majority resolutions will be adopted in a noteholders' meeting of the Compartment 11 Noteholders of the respective Class.

14.3 Governing Law

The form and content of the Compartment 11 Notes and all of the rights and obligations of the Compartment 11 Noteholders and the Issuer under the Compartment 11 Notes shall be governed in all respects by the laws of Germany. It is furthermore specified that the provisions of articles 470-1 to 470-19 of the Luxembourg Companies Law relating to the notes and note holders representation are expressly excluded.

14.4 Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings arising out of or in connection with the Compartment 11 Notes shall be the District Court (*Landgericht*) in Frankfurt am Main, Germany. 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.

14.5 Process Agent

With regard to any proceedings in connection with the Compartment 11 Notes brought against the Issuer in a court of Germany, the Issuer has appointed Mercedes-Benz Bank AG as its agent for service of process. The Issuer shall maintain an agent for service of process in Germany for so long as any Compartment 11 Notes remain outstanding.

MATERIAL TERMS OF THE TRUST AGREEMENT

The following is the text of the material terms of the Trust Agreement, including its Schedules 1 and 2. The text is attached as Appendix B to the Conditions and constitutes an integral part of the Conditions – in case of any overlap or inconsistency in the definitions of a term or expression in the Trust Agreement and elsewhere in the Offering Circular, the definitions and expressions in the Trust Agreement will prevail. For the purpose of this Offering Circular, Schedule 3 to the Trust Agreement, which contains a form of a Release of Compartment 11 Security Agreement, has been omitted.

The descriptions in this section refer to certain material terms of the Trust Agreement. These descriptions do not purport to be complete and are subject to, and are qualified in their entirety by, the detailed provisions of the Trust Agreement.

The Trust Agreement is made on or about the Issue Date between Silver Arrow S.A., acting in respect of its Compartment 11 as Issuer, Wilmington Trust SP Services (Frankfurt) GmbH as Trustee, Data Custody Agent Services B.V. as Data Trustee, Mercedes-Benz Bank AG as Seller and Servicer, Elavon Financial Services DAC as Account Bank, Paying Agent, Interest Determination Agent and Custodian, U.S. Bank Global Corporate Trust Limited as Calculation Agent and Intertrust (Luxembourg) S.à r.l. as Corporate Services Provider.

1. DEFINITIONS, INTERPRETATIONS AND COMMON TERMS

1.1 Definitions

- (a) Unless otherwise defined herein or the context requires otherwise, capitalised terms used in this Agreement have the meanings ascribed to them in clause 1 of the Master Definitions Schedule (the "**Master Definitions Schedule**") set out in Schedule 1 of the Incorporated Terms Memorandum (the "**Incorporated Terms Memorandum**") which is dated on or about the date of this Agreement and signed for the purpose of identification by, *inter alia*, each of the parties hereto. The terms of the Master Definitions Schedule are hereby expressly incorporated into this Agreement by reference.
- (b) In the event of any conflict between the Master Definitions Schedule and this Agreement, this Agreement shall prevail.

1.2 Interpretations

Terms in this Agreement, except where otherwise stated or where the context otherwise requires, shall be interpreted in the same way as set forth in clause 2 of the Master Definitions Schedule.

1.3 Common Terms

(a) Incorporation of Common Terms

Except as provided below, the Common Terms apply to this Agreement and shall be binding on the parties to this Agreement as if set out in full in this Agreement.

(b) Common Terms and applicable Priority of Payments

If there is any conflict between the provisions of the Common Terms and the provisions of this Agreement, the provisions of this Agreement shall prevail, subject always to compliance with Paragraph 6 (*Non-Petition and Limited Recourse*) of the Common Terms. Nothing in the Agreement shall be construed as to prevail over or otherwise alter the applicable Priority of Payments.

(c) Governing law and jurisdiction

This Agreement and all matters arising from or connected with it shall be governed by German law in accordance with Paragraph 25 (*Governing Law*) of the Common Terms. Paragraph 26 (*Jurisdiction*) of the Common Terms applies to this Agreement as if set out in full in this Agreement.

2. RIGHTS AND OBLIGATIONS OF THE TRUSTEE, BINDING EFFECT OF CONDITIONS

- 2.1 This Agreement sets out, *inter alia*, the rights and obligations of the Trustee to the Secured Parties and the legal relationship between the Issuer, the Trustee and the Secured Parties.
- 2.2 The Trustee shall exercise its rights and perform its obligations under this Agreement and the Security Deed, the Conditions and the other Transaction 11 Documents to which it is a party as trustee for the benefit of the Secured Parties subject to clauses 2.3 and 2.4.
- 2.3 Notwithstanding the fact that a Compartment 11 Noteholder may not be a party to this Agreement and the Security Deed, the Trustee agrees (i) that each Compartment 11 Noteholder may demand performance by the Trustee of its obligations under this Agreement and the Security Deed and (ii), to give effect to sub-clause (i), that each of this Agreement and the Security Deed shall, in respect of each Compartment 11 Noteholder, be construed as an agreement for the unrestricted benefit of third parties (*echter Vertrag zugunsten Dritter*).
- 2.4 All parties hereto agree to be bound by, and concur that their rights are subject to, the Conditions.
- 2.5 The Trustee shall have only those duties, obligations and responsibilities expressly specified in this Agreement and the Security Deed and shall not have any implied duties, obligations and responsibilities.
- 2.6 If the Trustee is to grant its consent pursuant to the terms hereof or any of the Transaction 11 Documents, the Trustee may grant or withhold its consent or approval at its sole professional judgment taking into account what the Trustee believes to be the interests of the Secured Parties subject to clause 15 hereof.

3. GENERAL COVENANTS OF THE TRUSTEE

- 3.1 The Trustee undertakes to the Issuer for the benefit of the Compartment 11 Noteholders and the other Secured Parties that it shall exercise and perform, without limitation to clause 15 hereof, with the standard of care that the Trustee exercises in its own affairs (*eigenübliche Sorgfalt*; the "**Trustee Standard of Care**"), all discretions, powers and authorities vested in it under or in connection with this Agreement and the Security Deed giving sole regard to the best interest of the Compartment 11 Noteholders and the other Secured Parties and to direct any conflict between the interests of the various classes of Secured Parties in compliance with clause 16 (*Conflicts of interest*), the other provisions of this Agreement and the relevant provisions of the Security Deed.
- 3.2 In individual instances, the Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm, credit institution, financial advisor or other expert to assist it in performing the duties assigned to it under this Agreement, by delegating the entire or partial performance of the following duties:
- (a) the undertaking of measures required to be taken by the Trustee upon a breach by the Issuer or a Secured Party of any of its respective obligations under the Transaction 11 Documents;
 - (b) the foreclosure on Compartment 11 Security; and
 - (c) the settlement of payments pursuant to clause 17.2(c) (*Application of payments - Post Enforcement*).
- 3.3 If third parties are retained pursuant to clause 3.2, the Trustee shall only be liable for the exercise of due care in the selection and supervision of the third party in each case in accordance with the Trustee Standard of Care. The Trustee, however, shall not be liable for any negligence of the third party.
- 3.4 The Trustee shall promptly notify the Issuer and the Seller of any intended or actual delegation.

4. **COMPARTMENT 11 SECURITY HELD ON TRUST**

The Trustee shall hold the Compartment 11 Security (clause 8 (*Creation of Compartment 11 Security*)) as a security trustee (clause 7 (*Appointment as Trustee*)) for security purposes (clause 9 (*Security purpose*)) and on trust for the Issuer as security for the payment of the Secured Obligations. The Trustee shall segregate the Compartment 11 Security from its other assets in the manner of a professional security trustee (*Sicherheitentreuhänder*) giving due regard to its duties owed to the Secured Parties under this Agreement and the Security Deed.

5. **COVENANT TO PAY**

5.1 **Secured Obligations**

The Issuer covenants with the Trustee that, subject as provided in the relevant Transaction 11 Documents, the Security Deed and this Agreement, it will:

- (a) as and when any sum becomes due and payable by the Issuer to the Compartment 11 Noteholders in respect of the Class A Compartment 11 Notes and/or the Class B Compartment 11 Notes, whether by way of principal, interest or otherwise, until all such payments (after as well as before any judgment or other order of any court of competent jurisdiction) are duly made, unconditionally pay or procure to be paid to or to the order of the Compartment 11 Noteholders such sum on the dates and in the amounts specified in the Conditions; and
- (b) as and when any sum falls due and payable by the Issuer to any Secured Party (other than the Compartment 11 Noteholders) in respect of any relevant Transaction 11 Document owing by the Issuer pursuant to the terms of the relevant Transaction 11 Document and any other document, instrument or agreement relating thereto, until all such payments (after as well as before any judgment or other order of any court of competent jurisdiction) are duly paid unconditionally pay or procure to be paid to or to the order of the relevant Secured Party such sum in such currency and manner as is specified in the relevant Transaction 11 Document subject to the applicable Priority of Payments.

5.2 **Covenant to pay held on trust**

The Trustee shall, subject to the other provisions hereof and the Security Deed, hold the benefit of the covenant to pay pursuant to clauses 5.1 (a) and 5.1 (b) on trust for itself, the Compartment 11 Noteholders and the other Secured Parties.

6. **PARALLEL DEBT**

- (a) Trustee joint and several creditor

In respect of the covenant to pay set forth in clauses 5.1 (a) and 5.1 (b), the Trustee shall be a joint and several creditor (together with any other relevant Secured Party) in respect of the Secured Obligations. Accordingly, the Trustee will have an independent right ("**Trustee Claim**") to demand performance by the Issuer of the Secured Obligations. Any discharge of the Secured Obligations to the Trustee or to any other relevant Secured Party shall, to the same extent, discharge the corresponding obligations owing to the other.

- (b) Separate enforcement

The Trustee Claim may be enforced separately from the relevant Secured Party's claim in respect of the same payment obligation of the Issuer.

7. **APPOINTMENT AS TRUSTEE**

- (a) The Issuer hereby appoints the Trustee as security trustee (*Sicherheitentreuhänder*) of the Compartment 11 Security and of all of the covenants, (including the covenant to pay set forth in clause 5.1 (*Secured Obligations*)) undertakings, mortgages, assignments and other security interests made or given under, or in connection with, this Agreement and the Security Deed by the Issuer or any guarantor of a Secured Party for the benefit of the

Secured Parties in respect of the Secured Obligations owed to each of them respectively by the Issuer (the "**Trust Property**").

- (b) The Secured Parties (other than the Compartment 11 Noteholders) hereby acknowledge the Trustee as their security trustee (*Sicherheitentreuhänder*) and they instruct the Trustee to hold the Trust Property on trust for itself and the other Secured Parties (including the Compartment 11 Noteholders) on the terms and conditions of this Agreement and the Security Deed.

8. CREATION OF COMPARTMENT 11 SECURITY

The parties hereto agree that the Issuer shall create Adverse Claims in favour of the Trustee and for the benefit of the Trustee, the Compartment 11 Noteholders and the other Secured Parties as set out in the following clauses 8.1 (*Transfer for security purposes of Assigned Assets*) and clause 8.2 (*Pledges*) and the relevant provisions in the Security Deed.

8.1 Transfer for security purposes of Assigned Assets

- (a) Assignment

The Issuer hereby assigns and transfers for security purposes (*Sicherungsabtretung und Sicherungsübereignung*) the following rights and claims (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) relating to its Compartment 11 (together, the "**Assigned Assets**") to the Trustee, for the security purposes set out in clause 9 (*Security purpose*):

- (i) all Purchased Loan Receivables together with any related Loan Collateral and all rights, claims and interests relating thereto;
- (ii) all title (*Sicherungseigentum*) to the Financed Vehicles relating to the Purchased Loan Receivables which are identified by reference to the serial numbers delivered by the Issuer for identification purposes to the Trustee on or about the date of this Agreement;
- (iii) 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 Loan Receivables Purchase Agreement and the Servicing Agreement, including all rights of the Issuer relating to any additional security;
- (iv) 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 Lender and/or any other party pursuant to or in respect of the Subordinated Loan Agreement;
- (v) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to any of the Joint Lead Managers and Joint Bookrunners, the Managers and/or any other party pursuant to or in respect of the Subscription Agreement;
- (vi) 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 Paying Agent, the Interest Determination Agent, the Calculation Agent and/or any other party pursuant to or in respect of the Agency Agreement;
- (vii) 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; and
- (viii) 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 Calculation Agent pursuant to or in respect of the Calculation Agency Agreement.

Each case (i) to (viii) above includes any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights to determine unilaterally legal relationships (*Gestaltungsrechte*), including any termination rights (*Kündigungsrechte*).

The Issuer hereby covenants in favour of the Trustee that it will assign and/or transfer to the Trustee any future assets received by the Issuer as security for any of the foregoing or otherwise in connection with the Transaction 11 Documents, in particular such assets which the Issuer receives from any of its counterparties in relation to any of the Transaction 11 Documents as security for the obligations of such counterparty towards the Issuer. The Issuer will perform such covenant in accordance with the provisions of this Agreement.

- (b) The Trustee hereby accepts the assignment and the transfer of the Assigned Assets and any security related thereto and the covenants of the Issuer hereunder.
- (c) The existing Assigned Assets shall pass to the Trustee on the Issue Date, and any future Assigned Assets shall directly pass to the Trustee at the date on which such Assigned Assets arise, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the relevant Assigned Assets consists.

The Issuer undertakes to assign and transfer to the Trustee, on the terms and conditions and for the purposes set out herein, any rights and claims under any future Transaction 11 Document or further agreement relating to the Transaction 11 upon execution of any such documents.

- (d) To the extent that title to the Assigned Assets cannot be transferred by sole agreement between the Issuer and the Trustee as contemplated by the foregoing sub-clauses (a) to (c), the Issuer and the Trustee agree that:
 - (i) with respect to the Financed Vehicles, the delivery (*Übergabe*) necessary to effect the transfer of title for security purposes with regard to the Financed Vehicles (and any vehicle certificates (*Fahrzeugbriefe/Zulassungsbescheinigungen Teil II*) and any other moveable Loan Collateral with regard to any subsequently inserted parts thereof or with regard to any subsequently arising co-ownership interest, is hereby substituted by the agreement between the Issuer and the Trustee that the Issuer hereby assigns to the Trustee all claims, present and future, to request transfer of possession (*Abtretung aller Herausgabeansprüche* – section 931 of the Civil Code) against any third party (including the Seller, Servicer and any Obligor) which is in the direct possession (*unmittelbarer Besitz*) or indirect possession (*mittelbarer Besitz*) of the Financed Vehicles (and any car or vehicle certificates (*Fahrzeugbriefe/Zulassungsbescheinigungen Teil II*)) with respect thereto) or other moveable Loan Collateral. In addition to the foregoing it is hereby agreed between the Issuer and the Trustee that, in the event that (but only in the event that) the related Financed Vehicle or other moveable Loan Collateral are in the Issuer's direct possession (*unmittelbarer Besitz*), the Issuer shall hold possession on behalf of the Trustee and shall grant the Trustee indirect possession (*mittelbarer Besitz*) of the related Financed Vehicle and other moveable Loan Collateral by keeping it with due care free of charge (*als unentgeltlicher Verwahrer*) for the Trustee until the related Financed Vehicle or other moveable Loan Collateral is released or replaced in accordance with the Transaction 11 Documents;
 - (ii) any notice to be given in order to effect transfer of title in the Assigned Assets shall immediately be given by the Issuer in such form as the Trustee requires and the Issuer hereby agrees that if it fails to give such immediate notice, the Trustee is hereby irrevocably authorised to give such notice on behalf of the Issuer;
 - (iii) any other thing to be done, form to be filed or registration to be made to perfect a first priority security interest in the Assigned Assets for the benefit of the Trustee in favour of the Secured Parties shall be immediately done, filed or made by the Issuer at its own costs; and

- (iv) the Issuer shall procure that the Seller provides the Data Trustee with any and all necessary details in order to identify the Financed Vehicles (title to which has been transferred hereunder from the Issuer to the Trustee as contemplated herein) no later than the date on which these Assigned Assets become effective including the vehicle identification number (*Fahrgestellnummern*) of each Financed Vehicle title to which it has acquired under or pursuant to the Loan Receivables Purchase Agreement.

The Trustee hereby accepts each of the fore-going assignments and transfers.

- (e) Acknowledgement of assignment

All parties to this Agreement hereby acknowledge that the rights and claims of the Issuer which constitute the Assigned Assets and which have arisen under contracts and agreements between the Issuer and the parties hereto and which are owed by such parties, are assigned to the Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with clause 12 (*Collection*) and the other provisions hereof and subject to the restrictions contained in this Agreement. Upon notification to any party hereto by the Trustee in respect of the occurrence of an Enforcement Event, the Trustee shall be entitled to exercise the rights of the Issuer under the Transaction 11 Document referred to in this clause 8.1 (*Transfer for security purposes of Assigned Assets*), including, without limitation, the right to give instructions to each such party pursuant to the relevant Transaction 11 Document and each party hereto agrees to be bound by such instructions of the Trustee given pursuant to the relevant Transaction 11 Document to which such party is a party.

8.2 Pledges

- (a) The Issuer hereby pledges (*Verpfändung*) to the Trustee all its present and future claims against the Trustee arising under or in connection with this Agreement. The Issuer hereby pledges (*Verpfändung*) to the Trustee 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 the Issuer Account-C11 and/or any other party pursuant to or in respect of the Account Agreement.
- (b) The Issuer hereby gives notice to the Trustee of such pledge and the Trustee hereby confirms receipt of such notice. The Trustee is under no obligation to enforce any claims of the Issuer against it pledged to the Trustee pursuant to this clause 8.2 (*Pledges*). The Issuer hereby gives notice to the Account Bank of such pledge and the Account Bank hereby confirms receipt of such notice.

9. SECURITY PURPOSE

Except for the Swap Collateral Ledger, the Compartment 11 Security created pursuant to clause 8 (*Creation of Compartment 11 Security*) and the other provisions of this Agreement and the Security Deed shall serve as security for the Secured Obligations and the Trustee Claim. The Compartment 11 Security shall be enforced, collected and distributed pursuant to the provisions of this Agreement and the Security Deed.

In the event that the Swap Counterparty is required to collateralise its obligations pursuant to the terms of the Swap Agreement, the Trustee will hold any cash deposited in the Swap Collateral Ledger in trust. For the avoidance of doubt, the Swap Collateral Ledger shall be segregated from the Operating Ledger and any of the other ledgers of the Issuer Account-C11 and from the general cash flow of the Issuer. Collateral deposited in such Swap Collateral Ledger shall not constitute Collections and shall be monitored on a specific collateral ledger. Amounts standing to the credit of the Swap Collateral Ledger shall secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement. The amounts in the Swap Collateral Ledger will be applied in or towards satisfaction of the Swap Counterparty's obligations to the Issuer upon termination of the Swap Agreement. Any amount in excess of such obligations and owing to the Swap Counterparty pursuant to the Swap Agreement shall not be available to Secured Parties and shall be returned to such Swap Counterparty outside the Priority of Payments.

10. REPRESENTATIONS AND WARRANTIES

10.1 Representations and warranties of the Issuer

On the date hereof and on the Issue Date, the Issuer gives certain representations and warranties to the Trustee, also for the benefit of the other Secured Parties, on the terms set out in Schedule 7 to the Incorporated Terms Memorandum (*Issuer's Representations and Warranties*).

10.2 Representations and warranties of the Trustee

On the date hereof and on the Issue Date, the Trustee hereby represents and warrants to the other parties as follows:

- i. the Trustee has legal personality and is duly incorporated with limited liability as a *Gesellschaft mit beschränkter Haftung* under the laws of Germany; and
- ii. the Trustee has the requisite power and authority to enter into this Agreement and Security Deed, and to undertake and perform the obligations expressed to be assumed by it in this Agreement and the Security Deed.

11. ADMINISTRATION OF SECURITY

11.1 With respect to the Compartment 11 Security, the Trustee shall, in relation to the Issuer and the Secured Parties, have the rights and obligations of a party taking security (*Sicherungsnehmer*). The Trustee is obligated to release the Compartment 11 Security after the Issuer has fully and finally discharged all of the Secured Obligations (clause 18 (*Release of Compartment 11 Security*)).

11.2 The Trustee shall not release the Compartment 11 Security or dispose of the Assigned Assets except as expressly provided herein. The Trustee shall be entitled to assign and transfer the Compartment 11 Security in the event that the Trustee is replaced with a successor Trustee pursuant to clause 21 (*Resignation and substitution of the Trustee*).

11.3 Third parties may deal with the Assigned Assets, collect and release related Loan Collateral if and to the extent the Trustee has given its authorisation or consent in accordance with clause 12 (*Collections*).

12. COLLECTIONS

12.1 For so long as no Servicer Termination Event has occurred the Servicer shall be authorised (*ermächtigt*) by the Issuer to collect or, have collected, in the ordinary course of business or otherwise exercise or deal with the Assigned Assets (including, for the avoidance of doubt, to enforce related Loan Collateral).

12.2 The Trustee hereby consents, for so long as no notice in respect of the occurrence of a Servicer Termination Event has been delivered to the Servicer by the Issuer and the Trustee has not been notified of the delivery of such notice, to the release or replacement by the Servicer of any related Loan Collateral pursuant to the terms of the Servicing Agreement.

13. FURTHER ASSURANCE AND POWERS OF ATTORNEY

13.1 The Issuer shall from time to time execute and do all such things as the Trustee may require for perfecting or protecting the security created or intended to be created pursuant to this Agreement, and at any time after the Compartment 11 Security becomes enforceable, the Issuer shall execute and do all such things as the Trustee may require in respect of the facilitation of the enforcement, in whole or in part, of the Compartment 11 Security and the exercise of all powers, authorities and discretionary rights vested in the Trustee, including, without limitation, to make available to the Trustee copies of all notices to be given in accordance with the Conditions, to notify the Trustee of all amendments to the Transaction 11 Documents and to make available to the Trustee, upon the reasonable request of the Trustee, such information required by the Trustee to perform its obligations under this Agreement.

13.2 Subject to other provisions of this Agreement and the Security Deed, the Issuer hereby appoints the Trustee as its agent and empowers the Trustee to do all such acts and things, to make all necessary statements or declarations and execute all relevant documents, which the Issuer ought to do, make or execute under or in connection with this Agreement and the Security Deed or generally to give full effect to this Agreement, the Security Deed and any other Transaction 11 Documents. The Issuer hereby ratifies and agrees to ratify and approve whatever the Trustee as its agent shall do or purport to do in the exercise or purported exercise of the powers created pursuant to this clause 13 (*Further assurance and power of attorney*) and the provisions in the Security Deed.

13.3 All parties hereto undertake to provide all information to the Trustee that it shall require to exercise the powers contemplated by clause 13.1 above or to carry out the Trustee's obligations under or in connection with this Agreement and the Security Deed. The Trustee (and its sub-agents) shall be exempted from the restrictions of section 181 of the Civil Code and any other restrictions under any other applicable law and shall be entitled to release any sub-agent from any such restriction.

14. **WHEN COMPARTMENT 11 SECURITY BECOMES ENFORCEABLE AND THE RESPECTIVE PROCEDURE**

14.1 **When Compartment 11 Security becomes enforceable**

- (a) The Compartment 11 Security shall become enforceable, in whole or in part, upon the occurrence of an Enforcement Event.
- (b) The Trustee shall be entitled to assume in the absence of notice provided to it by another party, that no Enforcement Event has occurred and is continuing.

14.2 **Procedure**

- (a) Upon an Issuer Event of Default, the Trustee shall as soon as reasonably practicable after having become aware thereof notify the Issuer and each of the other Secured Parties ("**Enforcement Notice**").
- (b) At any time after the service of an Enforcement Notice, the Trustee shall be entitled (but not obliged) to seek the advice, and/or fully rely upon such advice and any written opinion, of a reputable and independent investment bank and/or legal advisor and/or other expert (such advice to be at the reasonably incurred cost of the Issuer), as to whether it should enforce or endeavour to enforce any of the Compartment 11 Security (which has become enforceable) and as to the manner in which it should do so or endeavour to do so.
- (c) Subject to it being indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages, expenses (including reasonable legal costs and expenses) which it may incur by so doing, the Trustee shall, after the service of an Enforcement Notice and without further notice to any party hereto, enforce the Compartment 11 Security, or any part of it, and shall incur no liability to any party for doing so.
- (d) The Trustee shall at all times undertake such actions as are reasonably necessary in order that it can comply with all provisions of this Agreement, the Security Deed and with all applicable German, English and Luxembourg laws relating to the discharge of its functions.
- (e) No person dealing with the Trustee or with any receiver of the Compartment 11 Security or any part thereof appointed by the Trustee shall be concerned to enquire whether the Secured Obligations remain outstanding or any event has happened upon which any of the powers, authorities and discretion conferred by or pursuant to this Agreement, the Security Deed or in connection therewith in relation to such property or any part thereof are or may be exercisable by the Trustee or by any such receiver or otherwise as to the propriety, validity or regularity of acts purporting or intending to be in exercise of any such powers.
- (f) Neither the Trustee nor any receiver shall be liable in respect of any Loss or damage which arises out of the exercise, or the failure to exercise any of their respective powers under any Transaction 11 Document, unless such Loss or damage is caused by its own gross

negligence (*grobe Fahrlässigkeit*), bad faith or wilful misconduct (*Vorsatz*), or any gross negligence (*grobe Fahrlässigkeit*), bad faith or wilful misconduct (*Vorsatz*) of the agents, the appointees of the Trustee or the receiver.

Notwithstanding the above, following an Issuer Event of Default with respect to the Secured Obligations and if and when the requirements for the enforcement of a pledge as set forth in sections 1204 et seq. of the Civil Code are met (*Pfandreife*), the Trustee may enforce any or all of the pledges set out in clause 8.2 (or any part thereof) in any way permitted under German law, in all cases notwithstanding section 1277 of the Civil Code without any enforceable judgement or other instrument (*vollstreckbarer Titel*).

The Trustee shall notify the Issuer of the intention to realise any of the pledges not less than five (5) Business Days before the date on which any of such pledges is intended to be realised. Such notice shall not be required if:

- (a) the Issuer has generally ceased to make payments to the Secured Parties;
- (b) the Issuer is Insolvent; or
- (c) the Trustee has grounds to believe that the observation of the notice requirement could adversely affect the legitimate interests (*berechtigte Interessen*) of the Trustee and the Secured Parties.

15. STANDARD OF CARE; EXCLUSION OF LIABILITY

15.1 Standard of care

Neither the Trustee nor any receiver shall be liable in respect of any Loss or damage which arises out of the exercise, or the failure to exercise any of their respective powers under any Transaction 11 Document, unless such Loss or damage is caused by its own gross negligence (*grobe Fahrlässigkeit*), bad faith or wilful misconduct (*Vorsatz*), or any gross negligence (*grobe Fahrlässigkeit*), bad faith or wilful misconduct (*Vorsatz*) of the agents, the appointees of the Trustee or the receiver.

15.2 Exclusion of liability

The Trustee shall not be liable for: (i) any action or failure to act of the Issuer or of other parties to the Transaction 11 Documents, (ii) the Compartment 11 Notes, the Subordinated Loan Agreement, the Purchased Loan Receivables and the Loan Collateral and the other Transaction 11 Documents being legal, valid, binding, or enforceable, or for the operativeness, efficiency, adequacy or fairness of the provisions set forth in any of them, (iii) a loss of documents related to the Purchased Loan Receivables or Loan Collateral unless directly caused by a violation of the Trustee Standard of Care.

16. CONFLICTS OF INTEREST

16.1 Interests of Secured Parties

Subject to the other provisions of this clause 16 (*Conflicts of interest*), the Trustee shall have regard to the interests of the Secured Parties in the respective order pursuant to the Post-enforcement Priority of Payments as regards the exercise and performance of all powers, trusts, authorities, duties and discretions of the Trustee in respect of the Trust Property under this Agreement, the Security Deed or under any other documents the rights or benefits in which are comprised in the Trust Property (except where expressly provided otherwise).

16.2 Exoneration of Trustee

Each of the Secured Parties hereby acknowledges and concurs with clause 16.1 (*Interests of Secured Parties*) and each of them agrees that it shall have no claim against the Trustee for acting in accordance with the provisions of such clause.

16.3 Reliance by Trustee

- (a) Without prejudice to any other right conferred upon the Trustee,
- (i) whenever the Trustee is required to or desires to determine the interests of any of the Secured Parties; or
 - (ii) otherwise in connection with the performance of its duties under this Agreement, the Security Deed and/or the other Transaction 11 Documents to which it is a party,

the Trustee may in its professional judgment seek the advice and/or written opinion, and/or fully rely upon such advice and/or written opinion, of a law firm, credit institution, financial advisor or other expert (such advice to be at the reasonably incurred cost of the Issuer). If third parties are retained pursuant to clause 3.2, the Trustee shall only be liable for the exercise of due care in the selection and supervision of the third party in each case in accordance with the Trustee Standard of Care. The Trustee, however, shall not be liable for any negligence of the third party. Moreover, the Trustee shall not be liable for any damage or losses caused by acting in reliance on the information or the advice of such person. If the Trustee is unable within a reasonable time to obtain such advice or opinions, the Trustee may employ such other method as it considers fit for so determining and shall not (save in the case of wilful wilful misconduct (*Vorsatz*), bad faith or gross negligence (*grobe Fahrlässigkeit*) as regards the choice of such other method) be liable to the Secured Parties, the Issuer or any of them for such determination or for the consequences thereof.

- (b) The Trustee may call for and shall be at liberty to accept a certificate duly signed by any two directors of the Issuer which are authorised to sign on behalf of the Issuer pursuant to a list of authorised signatories to be delivered to the Trustee from time to time as sufficient evidence of any fact or matter or the expediency of any transaction or thing, save for manifest errors, 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 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. Save for manifest errors, the Trustee may rely and shall not be liable or responsible for the existence, accuracy or sufficiency of any opinions (other than legal opinions on which accuracy or sufficiency the Trustee may rely without limitation), searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction 11 Documents.

17. APPLICATION OF PAYMENTS

17.1 Pre-enforcement

Each of the Secured Parties acknowledges and agrees that, prior to the service of an Enforcement Notice, all moneys of the Issuer shall be applied in accordance with the Pre-enforcement Priority of Payments. The Trustee hereby agrees that the Issuer shall authorise the Calculation Agent to make payments required on behalf of the Issuer in accordance with clause 7 (*Application of funds*) of the Calculation Agency Agreement.

17.2 Post-enforcement

Each of the Issuer and the Secured Parties hereby agrees and authorises that from the date upon which the Trustee serves an Enforcement Notice on the Issuer:

- (a) the Issuer may not make any withdrawal from the Issuer Account-C11;
- (b) unless with the express consent from the Trustee, the Issuer shall refrain from exercising any rights in relation to the Compartment 11 Security; and

- (c) the Trustee may withdraw moneys from the Issuer Account-C11 and apply such moneys in or towards payment of the Secured Obligations in accordance with the Post-enforcement Priority of Payment.

18. RELEASE OF COMPARTMENT 11 SECURITY

Upon the Trustee being satisfied that the Secured Obligations and the Trustee Claim have been fully and finally discharged (the Trustee being, for this purpose, entitled to rely, in its absolute discretion, on any statement of payment, discharge or satisfaction certified by one or more directors or officers of the Issuer) the Trustee shall, at the request and the expense of the Issuer, do all such acts and things and execute all such release documents (in the case of a Clean-Up Call, in substantially the same form as Schedule 3) as may be necessary to release the Compartment 11 Security and the Trustee shall to the extent applicable assign and re-transfer all Assigned Assets to the Issuer or to the order of the Issuer.

19. COVENANTS BY THE ISSUER

The Issuer covenants with the Trustee on the terms of the issuer covenants as set out in Schedule 8 to the Incorporated Terms Memorandum (*Issuer Covenants*).

20. RETENTION BY THE SELLER AND COMPLIANCE WITH THE SECURITISATION REGULATION

- 20.1 The Seller covenants with the Issuer and the Trustee that it will, for the life of the Transaction 11, retain a material net economic interest of not less than 5 per cent. in relation to the Transaction 11 in accordance with Article 6(3)(d) of the Securitisation Regulation. Such interest will be retained by the Seller by way of holding all of the Class B Compartment 11 Notes on a continuing basis and granting the Subordinated Loan on an ongoing basis.
- 20.2 The Seller further covenants with the Issuer and the Trustee that the Purchased Loan Receivables will not be selected by it with the aim of rendering losses on the Purchased Loan Receivables to the Issuer, measured over the life of the Transaction 11, higher than the losses over the same period on comparable Loan Receivables held on the balance sheet of the Seller.
- 20.3 The Issuer undertakes to deliver to the Reporting Entity a copy of the Transaction 11 Documents, the Offering Circular and any other document or report received in connection with the Transaction 11, unless the Reporting Entity already has possession of the respective documents.
- 20.4 The Servicer covenants with the Issuer and the Trustee that, during the life of the Transaction 11, it will:
 - (a) deliver to the Reporting Entity the Loan Level Data on a quarterly basis;
 - (b) deliver to the Reporting Entity the Monthly Report on each Reporting Date; and
 - (c) upon the occurrence of an event triggering the existence of any inside information as referred to in Article 7(1)(f) and (g), it will prepare and deliver to the Reporting Entity the Inside Information Report containing such information without undue delay, subject to the timely receipt of all necessary information from the relevant parties.

21. RESIGNATION AND SUBSTITUTION OF THE TRUSTEE

21.1 Trustee terminating trusteeship and appointment of new Trustee

The Trustee may resign for good cause (*wichtiger Grund*) from its office as Trustee hereunder at any time giving two (2) months' prior written notice provided that, for so long as Secured Obligations remain outstanding, upon or prior to the last Business Day of such notice period, (i) a reputable accounting firm or financial institution which is experienced in the business of trusteeship relating to the securitisation of receivables originated in Germany has been duly appointed by the Issuer as substitute Trustee, (ii) such substitute Trustee mentioned in clause (i) holds all required licenses and authorisations, and (iii) such substitute Trustee (mentioned in clause (i)) (by way of novation or otherwise) assumes, and is vested with, all rights and obligations, authorities, powers

and trusts set forth in this Agreement, the Security Deed and the other relevant Transaction 11 Documents.

21.2 Issuer terminating trusteeship and appointing new Trustee

The Issuer shall be authorised and obligated to terminate the appointment of the Trustee and appoint a successor Trustee in accordance with, *mutatis mutandis*, the provisions of clause 21.1 (*Trustee terminating trusteeship and appointment of new Trustee*) if the Trustee is Insolvent.

21.3 Transfer of Compartment 11 Security, rights and interests

In the event of a substitution of an existing Trustee with a new Trustee, as contemplated by clause 21.1 (*Trustee terminating trusteeship and appointment of new Trustee*) or clause 21.2 (*Issuer terminating trusteeship and appointing new Trustee*) the existing Trustee shall forthwith (by way of novation or otherwise) transfer the Compartment 11 Security together with any other rights it holds under the Security Deed and any other Transaction 11 Documents including, for the avoidance of doubt, its Trustee Claim pursuant to clause 6(a) (*Trustee joint and several creditor*) or grant analogous security interests to the new Trustee. Without prejudice to the obligation of the Trustee set out in the immediately preceding sentence, the Trustee hereby irrevocably grants power of attorney to the Issuer to transfer all the rights, Compartment 11 Security and interests mentioned in such preceding sentence on behalf of the Trustee to the new Trustee and for that purpose the Issuer (and its sub-agents) shall be exempted from the restrictions of section 181 of the Civil Code and any similar restrictions under any other applicable laws.

21.4 Assumption of obligations

In the event of a substitution of an existing Trustee with a new Trustee, as contemplated by clause 21.1 (*Trustee terminating trusteeship and appointment of new Trustee*) or clause 21.2 (*Issuer terminating trusteeship and appointing new Trustee*), the existing Trustee shall (i) transfer (by way of novation or otherwise) all of its rights and obligations hereunder, under the Security Deed and under any other Transaction 11 Documents to the new Trustee on terms substantially similar to the terms of this Agreement, the Security Deed and under any other Transaction 11 Documents; (ii) notify the Servicer, the Issuer, the Account Bank, the Paying Agent and the Calculation Agent. Upon such transfer, the Trustee shall be released from all obligations hereunder, under the Security Deed and under any other Transaction 11 Documents.

21.5 Costs

The costs incurred in connection with a substitution of the Trustee as contemplated by clause 21 (*Resignation and substitution of the Trustee*) shall be borne by the Issuer provided however that nothing herein shall prejudice or limit the Issuer's claims against the Trustee arising by operation of general law of obligations (*Schuldrecht*) or tort (*unerlaubte Handlungen*) due to the Trustee's gross negligence (*grobe Fahrlässigkeit*) or willful misconduct (*Vorsatz*). The resigning Trustee shall reimburse the Issuer any fees paid by the Issuer to the resigning Trustee for periods after the date on which the substitution of the Trustee is taking effect.

21.6 Accounting

The existing Trustee shall be obliged, on its departure, to account to the new Trustee for its activities in respect of this Agreement, the Security Deed and all other Transaction 11 Documents.

22. FEES, INDEMNITIES AND INDIRECT TAXES

22.1 Trustee's fee

The Issuer shall pay the Trustee a standard fee as separately agreed between them in a fee letter dated on or about the Signing Date.

Upon the occurrence of an Enforcement Event or a default of any party (other than the Trustee) to a Transaction 11 Document which results in that the Trustee undertakes additional tasks, the Issuer shall pay or procure to be paid to the Trustee an additional remuneration for each hour of additional services performed by the Trustee at an hourly rate as shall be agreed in the aforesaid

fee letter. In the event that the Issuer and the Trustee, as applicable, fail to agree as to whether and/or in which amount an additional remuneration shall be payable in accordance with the preceding sentence, such matters shall be determined by a bank, financial services institution or auditing firm of recognised standing (acting as an expert and not as an arbitrator) determined by the Trustee. The determination made by such expert shall be final and binding upon the Issuer and the Trustee.

22.2 No entitlement to remuneration

The Trustee shall not be entitled to remuneration in respect of any period after the date on which all the Secured Obligations have been paid or discharged and the Assigned Assets shall have been released and re-assigned and re-transferred to the Issuer and all obligations of the Trustee hereunder, under the Security Deed and any other Transaction 11 Document shall have been fully performed.

22.3 Indemnity

The Issuer will indemnify the Trustee against all costs, expenses and damages which may arise as a result of or in connection with the performance of its obligations hereunder, provided that no such indemnification shall be made to the extent such losses result from the Trustee not applying the Trustee Standard of Care.

The Trustee shall not be bound to take any action under or in connection with this Agreement, the Security Deed or any other Transaction 11 Documents 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 (including under the applicable Priority of Payments), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the applicable Priority of Payments, against all liabilities, proceedings, claims and demands to which it may be or become liable and all direct costs, charges and expenses which may be incurred by it in connection with them.

22.4 Indirect taxes

The Issuer shall in addition pay to the Trustee (if so required) an amount equal to the amount of any value added tax or similar indirect taxes charged in respect of payments due to it under this clause 22 (*Fees, indemnities and indirect taxes*).

The Issuer shall bear all stamp duties, transfer taxes and other similar taxes, duties or charges or charge which are imposed in connection with (i) the creation of, holding of, or enforcement of the Compartment 11 Security, and (ii) any action taken by the trustee pursuant to the Conditions of the Notes or the other Transaction 11 Documents.

23. MISCELLANEOUS

23.1 Ringfencing and further securities/transactions

All parties hereto agree that each Transaction 11 Document (other than the Corporate Services Agreement) shall incur obligations and liabilities in respect of Compartment 11 of the Issuer only and that the Transaction 11 Documents shall not, at present or in the future, create any obligations or liabilities in respect of the Issuer generally or in respect of any Compartment of the Issuer other than Compartment 11. All parties hereto further agree that the immediately preceding sentence shall be an integral part of all Transaction 11 Documents and that, in the event of any conflict between any provision of any Transaction 11 Documents and the immediately preceding sentence, the immediately preceding sentence shall prevail.

23.2 Global condition precedent

All parties hereto agree that it shall constitute a global condition precedent in respect of each individual Transaction 11 Document that all Transaction 11 Documents have, no later than the Signing Date, been executed and delivered by each of the relevant parties thereto. Each party hereto acknowledges that all other parties are entering into the Transaction 11 Documents in

reliance upon all Transaction 11 Documents being validly entered into by all relevant parties to such documents.

23.3 **Duty to appoint process agent**

All parties to the Transaction 11 Documents that are not resident in Germany have the duty to appoint a German process agent no later than the Issue Date.

23.4 **Amendment**

(A) By agreement between the Swap Counterparty and the Issuer, each of the Swap Counterparty and the Issuer shall be entitled:

(a) to amend the Swap Agreement to ensure that the terms hereof, and the parties obligations thereunder, are in compliance with the 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, known as the European Market Infrastructure Regulation ("**EMIR**") and/or the then subsisting technical standards under EMIR; or

(b) to amend or waive (subject at all times to Article 15 (*Dispute resolution*), Chapter VII of the technical standards under EMIR (which relate to, *inter alia*, non-financial counterparties, risk-mitigation techniques for over the counter derivative contracts not cleared by a central counterparty) any of the time periods set out Part 6(c) of the schedule to the Swap Agreement.

(B) The Servicer or the relevant parties to the Transaction 11 Documents, as the case may be, and the Issuer shall be entitled to amend the Servicing Agreement or any other Transaction 11 Documents to ensure that the terms hereof, and the parties obligations thereunder, are in compliance with EMIR and/or the then subsisting technical standards under EMIR,

in the case of (A) above, with the consent of the Issuer and the Swap Counterparty but without the consent of any Compartment 11 Noteholder, the Subordinated Lender or any other Person and in the case of (B) above, with the consent of the Issuer but without the consent of any Compartment 11 Noteholder, the Subordinated Lender or any other Person. In the case of both (A) and (B) above, such amendment or waiver shall only become valid if it is notified to the Trustee and the Rating Agencies. For the avoidance of doubt, none of the aforesaid amendments shall impose any obligation on or limit any of the rights of the Trustee.

23.5 **Termination**

This Agreement shall automatically terminate when the Compartment 11 Security has been fully released in accordance with clause 18 (*Release of Compartment 11 Security*) of this Agreement.

SCHEDULE 1
PRE-ENFORCEMENT PRIORITY OF PAYMENTS

Prior to the issuance of an Enforcement Notice by the Trustee, the Issuer will distribute the Available Distribution Amount on each Payment Date in accordance with the following Pre-enforcement Priority of Payments:

first, any due and payable taxes owed by the Issuer;

second, any due and payable amounts to the Trustee under the Trust Agreement;

third, (on a *pro rata* and *pari passu* basis) any due and payable Administration Expenses and Servicing Fee;

fourth, any due and payable Net Swap Payments and Swap Termination Payments under the Swap Agreement (provided that the Swap Counterparty is not the defaulting party (as defined in the Swap Agreement) and there has been no termination of the Swap Agreement (due to a termination event relating to the Swap Counterparty's downgrade));

fifth, (on a *pro rata* and *pari passu* basis) any due and payable Class A Interest Amount on the Class A Compartment 11 Notes;

sixth, an amount equal to the General Reserve Required Amount to the General Reserve Ledger;

seventh, (on a *pro rata* and *pari passu* basis) the Class A Principal Redemption Amount in respect of the redemption of the Class A Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes is reduced to zero;

eighth, (on a *pro rata* and *pari passu* basis) any due and payable Class B Interest Amount on the Class B Compartment 11 Notes;

ninth, (on a *pro rata* and *pari passu* basis) the Class B Principal Redemption Amount in respect of the redemption of the Class B Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes is reduced to zero;

tenth, any due and payable interest amount on the Subordinated Loan;

eleventh, the Subordinated Loan Redemption Amount in respect of the redemption of the Subordinated Loan until the Subordinated Loan is reduced to zero;

twelfth, any indemnity payments to any party under the Transaction 11 Documents;

thirteenth, any payments due under the Swap Agreement other than those made under item fourth above; and

fourteenth, the Final Success Fee to the Seller.

SCHEDULE 2
POST-ENFORCEMENT PRIORITY OF PAYMENTS

After the issuance of an Enforcement Notice by the Trustee, the Trustee will apply the Available Distribution Amount on each Payment Date towards the discharge of the claims of the Compartment 11 Noteholders and the other creditors of the Issuer in accordance with the following Post-enforcement Priority of Payments:

first, any due and payable taxes owed by the Issuer;

second, any due and payable amounts to the Trustee under the Trust Agreement;

third, (on a *pro rata* and *pari passu* basis) any due and payable Administration Expenses and Servicing Fee;

fourth, any due and payable Net Swap Payments and Swap Termination Payments under the Swap Agreement (provided that the Swap Counterparty is not the defaulting party (as defined in the Swap Agreement) and there has been no termination of the Swap Agreement (due to a termination event relating to the Swap Counterparty's downgrade));

fifth, (on a *pro rata* and *pari passu* basis) any due and payable Class A Interest Amount on the Class A Compartment 11 Notes;

sixth, (on a *pro rata* and *pari passu* basis) the redemption of the Class A Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes is reduced to zero;

seventh, (on a *pro rata* and *pari passu* basis) any due and payable Class B Interest Amount on the Class B Compartment 11 Notes;

eighth, (on a *pro rata* and *pari passu* basis) the redemption of the Class B Compartment 11 Notes until the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes is reduced to zero;

ninth, any due and payable interest amount on the Subordinated Loan;

tenth, any due and payable principal amounts on the Subordinated Loan until the Subordinated Loan is reduced to zero;

eleventh, any indemnity payments to any party under the Transaction 11 Documents;

twelfth, any payments due under the Swap Agreement other than those made under item fourth above; and

thirteenth, the Final Success Fee to the Seller.

OVERVIEW OF THE OTHER PRINCIPAL TRANSACTION 11 DOCUMENTS

1. LOAN RECEIVABLES PURCHASE AGREEMENT

Pursuant to the Loan Receivables Purchase Agreement the Issuer will purchase the Portfolio on or prior to the Issue Date. The Purchase Price of EUR 1,897,784,382.00 will be paid to the Seller and will be equal to the Aggregate Outstanding Loan Principal Amount of the Purchased Loan Receivables as of the Cut-Off Date plus an amount equal to the amount of the issue price of the Class A Compartment 11 Notes in excess of 100 per cent. less an amount of EUR 99,895.42 of excess collateral that will remain with the Issuer.

Pursuant to the Loan Receivables Purchase Agreement, the Seller represents to the Issuer that each Purchased Loan Receivable and the related Loan Agreement complied, as of the Cut-Off Date, with the Eligibility Criteria and, as of the Purchase Date, with the Seller Loan Warranties set out in the Description of the Portfolio and of the Loan Collateral.

The Offer by the Seller for the Purchase of Loan Receivables under the Loan Receivables Purchase Agreement contains certain relevant information for the purpose of identification of the Purchased Loan Receivables. In the Offer, the Seller represents that certain representations and warranties with respect to the relevant Loan Receivable are true and correct as of the Purchase Date, (*Seller Loan Warranties*). See "DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL — Seller Loan Warranties".

The Seller offered and upon acceptance, the Issuer acquires or purports to acquire in respect of the relevant Loan Receivables unrestricted title as from the Purchase Date, other than any Loan Receivables which have become due prior to or on the Purchase Date together with all of the Seller's rights, title and interest in the related Loan Collateral in accordance with the Loan Receivables Purchase Agreement. As a result, the Issuer obtains the full legal and economic ownership in the Purchased Loan Receivables as from the Cut-Off Date, including Principal Collection, Interest Collection, and is free to transfer or otherwise dispose over (*verfügen*) the Purchased Loan Receivables, subject only to the contractual restrictions provided in the relevant Loan Agreement and the contractual agreements underlying the related Loan Collateral.

If for any reason title to any Purchased Loan Receivable or related Loan Collateral is 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 Loan Receivables or the related Loan Collateral not being sold or transferred or only being sold and transferred will be borne by the Seller.

A sale and assignment of the Loan Receivables pursuant to the Loan 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 Obligor to pay the relevant Purchased Loan Receivables. However, in the event of any breach of the Eligibility Criteria and/or Seller Loan Warranties, the Seller owes the payment of the Repurchase Price regardless of the respective Obligor's credit strength.

Pursuant to the Loan 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 Loan Collateral (including any vehicle certificate (*Kfz-Brief/Zulassungsbescheinigung Teil II*)) is 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 Loan Collateral, the Issuer has been granted indirect constructive possession (*mittelbarer Besitz*) by the Seller in respect thereof.

Repurchase Price

If the Seller (i) has breached the Eligibility Criteria as of the Cut-Off Date; or (ii) has breached the Seller Loan Warranties as of the Purchase Date; or (iii) has exercised the Clean-Up Call with respect to all outstanding Purchased Loan Receivables, the Seller shall pay to the Issuer the Repurchase Price. The Repurchase Price shall be equal to the sum of the Outstanding Loan Principal Amounts of the affected Purchased Loan Receivables. Upon receipt thereof, such Purchased Loan Receivable and the relevant Loan Collateral (unless it is extinguished) will be automatically re-assigned by the Issuer to the Seller on the

next immediately following 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.

Use of Loan Collateral

The Issuer has agreed to make use of any Loan Collateral only in accordance with the provisions governing such Loan Collateral and the related Loan Agreement.

The Seller will, at its own cost, keep the Loan Collateral free of, or release such 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

All payments to be made by the Seller to the Issuer pursuant to the Loan 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 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.

Set-Off Reserve Required Amount

Under the terms of the Loan Receivables Purchase Agreement, the Seller shall have to provide to the Issuer specific collateral on any Payment Date on which the Set-Off Exposure exceeds 0.5 per cent. of the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date. The amount of any such collateral shall equal the Set-Off Reserve Required Amount. On each Payment Date, any amount standing to the credit of the Set-Off Reserve Ledger which exceeds the Set-Off Reserve Required Amount will be paid back by the Issuer to the Seller outside the Priority of Payments. If on any Payment Date, the Seller fails to provide the Set-Off Reserve Required Amount (and does not cure such failure within five (5) Business Days after the relevant Payment Date), for as long as the Seller remains as Servicer, a Servicer Termination Event will be triggered.

Insurance and Financed Vehicles

Any credit default (*Ratenschutz*) and purchase price (*Kaufpreisschutz*) insurance payments in respect of any Financed Vehicles or other Loan Collateral form part of the Loan Collateral which has been assigned to the Issuer under the Loan Receivables Purchase Agreement. If the Seller or the Servicer receives any proceeds from property insurances (*Kaskoversicherungen*) or 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 Loan 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 Receivables.

Notification of Assignment

The Obligors will only be notified by the Servicer in respect of the assignment of the Purchased Loan Receivables and related Loan Collateral upon request by the Issuer following the occurrence of an Obligor Notification Event. Should the Servicer fail to notify the Obligors within three (3) Business Days of such request, the Issuer or the Data Trustee as an agent of the Issuer that is compatible with the applicable data protection laws and German banking secrecy rules instructed by the Issuer, shall promptly notify the relevant Obligors of the assignment of the Purchased Loan Receivables and related Loan Collateral to the Issuer within five (5) Business Days after the Servicer fails to notify the relevant Obligors.

In addition, at any time after an Obligor 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 Obligors will continue to make all payments to the account of the Seller as provided in the relevant Loan Agreement between each Obligor and the Seller and each Obligor will obtain a valid discharge of its payment obligation.

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.

Clean-Up Call

In the circumstances described in Condition 8.3, the Seller may exercise the Clean-Up Call.

2. SERVICING AGREEMENT

Pursuant to the Servicing Agreement between the Servicer, the Trustee, the Calculation Agent and the Issuer, the Servicer has the right and obligation to administer the Purchased Loan Receivables and the related Loan Collateral, collect and, if necessary, enforce the Purchased Loan Receivables and enforce the related Loan Collateral and pay all proceeds to the Issuer.

Obligations of the Servicer

The Servicer will act as agent (*Beauftragter*) of the Issuer under the Servicing Agreement. The duties and responsibilities of the Servicer include the assumption of servicing, collection, administrative and enforcement tasks and specific duties as set out below (the "**Services**"):

- (a) collect any and all amounts payable, from time to time, by the Obligors under or in relation to the Loan Agreements as and when they fall due;
- (b) identify the Collections as either Principal Collection or Interest Collection, or, as the case may be, Recovery Collections;
- (c) endeavour, at the expense of the Issuer, to seek Recovery Collections due from Obligors in accordance with the Credit and Collection Policy;
- (d) keep records in relation to the Purchased Loan Receivables which can be segregated from all other records of the Servicer relating to other receivables made or serviced by such Servicer otherwise;
- (e) keep records for all taxation purposes;
- (f) hold, subject to the applicable data protection laws and German banking secrecy rules and the provisions of the Data Trust Agreement, all records relating to the Purchased Loan Receivables in its possession in trust (*treuhänderisch*) for, and to the order of, the Issuer and co-operate with the Data Trustee, the Trustee or any other party to Transaction 11 Documents to the extent required under or in connection with any of the Transaction 11 Documents;
- (g) release on behalf of the Issuer any Loan Collateral in accordance with its Credit and Collection Policy;
- (h) enforce the Loan Collateral upon a Purchased Loan Receivables becoming a Defaulted Loan Receivable in accordance with the Credit and Collection Policy and apply the enforcement proceeds to the relevant Secured Obligations, and insofar as such enforcement proceeds are applied to Purchased Loan Receivables and constitute Collections, pay such Collections to the Issuer into the Operating Ledger on the same date as the on-payment of the Collections;
- (i) make available Monthly Reports on each Reporting Date to the Issuer with a copy to the Corporate Services Provider, the Calculation Agent and the Trustee;
- (j) assist the Issuer's auditors and provide, subject to the applicable data protection laws and German banking secrecy rules and the provisions of the Data Trust Agreement, information to them upon request;

- (k) promptly notify all Obligors following the occurrence of an Obligor Notification Event, or, if the Servicer fails to deliver such Obligor Notification Event Notice within three (3) Business Days after the Obligor Notification Event, the Issuer shall have the right to instruct a successor Servicer or the Data Trustee as an agent of the Issuer that is compatible with the applicable data protection laws and German banking secrecy rules to deliver on its behalf the Obligor Notification Event Notice; and
- (l) on or about each Reporting Date, update the Portfolio Information listed in Schedule 1 to the Servicing Agreement and send the updated Portfolio Information to the Issuer in encrypted form, whilst at the same time ensuring that the Decryption Key entrusted to the Data Trustee remains valid and, if not, swiftly provide the Data Trustee with a new Decryption Key.

The Servicer will administer the Portfolio in accordance with its respective standard procedures, set out in its Credit and Collection Policy for the administration and enforcement of its own consumer loans and related collateral, subject to the provisions of the Servicing Agreement and the Loan Receivable Purchase Agreement. In the administration and servicing of the Portfolio, the Servicer will exercise the due care and diligence of a prudent business person (*Sorgfalt eines ordentlichen Kaufmannes*) as if it was administering receivables on its own behalf. The Servicer will ensure that it has all required licences, approvals, authorisations and consents which are necessary or desirable for the performance of its duties under the Servicing Agreement.

Under the Servicing Agreement, the Servicer is authorised to modify the terms of a Purchased Loan Receivable in accordance with its Credit and Collection Policy, provided that the latest payment due under any Purchased Loan Receivable shall not be extended beyond the Legal Maturity Date. Furthermore, the Issuer and the Trustee authorise the Servicer under the Servicing Agreement to assign and transfer any Purchased Loan Receivables which have become Defaulted Loan Receivables (together with the related Loan Collateral) to a third party, subject to and in accordance with the Credit and Collection Policy. The Servicer is, however, under no obligation to effect any such assignment and transfer. Any proceeds resulting from such assignment and transfer constitute part of the Recovery Collections.

Use of Third Parties

The Servicer may delegate and sub-contract its duties in connection with its Services, provided that such third party has all licences required for the performance of the servicing delegated to it, in particular any licences required under the Act on Rendering Legal Services (*Rechtsdienstleistungsgesetz*).

Servicing Expenses and Reimbursement of Enforcement Expenses

As consideration for the performance of the Services under the Servicing Agreement, the Servicer is entitled to a market standard Servicing Fee as agreed between the Issuer and the Servicer in a separate side letter. The Servicing Fee will be paid by the Issuer in accordance with the applicable Priority of Payments in monthly instalments on each Payment Date with respect to the immediately preceding Collection Period in arrear.

The Servicing Fee will cover any tax including value added tax (if applicable) and all costs, expenses and other disbursements reasonably incurred in connection with the enforcement and servicing of the Performing Loan Receivables and related Loan Collateral as well as the rights and remedies of the Issuer (excluding, for the avoidance of doubt, Defaulted Loan Receivables) and the other Services.

Cash Collection Arrangements

Under the terms of the Servicing Agreement, the Collections received by the Servicer in respect of a Collection Period will be transferred on the Payment Date related to such Collection Period into the Operating Ledger or as otherwise directed by the Issuer or the Trustee. Until such transfer, the Servicer will hold the Collections and any other amount received on trust (*treuhänderisch*) for the Issuer. 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 Loan Receivable in computer readable form.

The Servicing Agreement requires the Servicer to furnish on each Reporting Date the Monthly Reports to the Issuer, with a copy to the Corporate Services Provider, the Rating Agencies, the Calculation Agent and

the Trustee provided that in any event the applicable data protection laws and German banking secrecy rules shall be observed.

Loan Level Data

Subject to applicable data protection laws and German banking secrecy rules, MBB as Servicer undertakes to the Issuer that it will, as long as the Class A Compartment 11 Notes are outstanding and are intended to be held in a manner which will allow Eurosystem eligibility, make loan level data in such a manner available as may be required to comply with the Eurosystem eligibility criteria (as set out in appendix 8 (loan-level data reporting requirements for asset-backed securities) of the Guideline of the European Central Bank of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (recast) (ECB/2011/14) as amended and applicable from time to time).

Reporting under the Securitisation Regulation

Under the Servicing Agreement, the Servicer undertakes to the Issuer that it will:

- (a) make all such information available to the Compartment 11 Noteholders, to competent authorities as referred to in Article 29 of the Securitisation Regulation and to potential Compartment 11 Noteholders as is required to be made available pursuant to Article 7(1) of the Securitisation Regulation and the applicable Regulatory Technical Standards. To the extent no securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, the Servicer will make the relevant information available on the website of the European Data Warehouse (being, as at the Signing Date, www.eurodw.eu). Once a securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, the Servicer will make the information available via such securitisation repository; and
- (b) provide, upon reasonable request by the Issuer, such further information as reasonably requested by the Compartment 11 Noteholders for the purposes of compliance of such Compartment 11 Noteholders with the requirements under Article 5 of the Securitisation Regulation and its implementation into relevant national law, subject to applicable law and availability, provided that the Servicer shall be entitled to limit the frequency of the disclosure of such additional information to not more than four times in a calendar year.

Duty under the Swap Agreement

Under the Servicing Agreement, the Servicer undertakes to the Issuer that it will perform, prepare and submit the relevant reports, confirmations, reconciliation and keep the relevant records as required pursuant to the European Market Infrastructure Regulation ("**EMIR**") and its relevant technical standards.

Termination of Loan Agreements and Enforcement

If an Obligor defaults on a Purchased Loan 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 Loan Receivables Purchase Agreement and the Servicing Agreement in conjunction with the Credit and Collection Policy. If the related Loan Collateral is to be enforced, the Servicer will take such measures as (within the limits of the Credit and Collection Policy) it deems necessary in its professional discretion to realise the related Loan Collateral.

The Servicer will pay the portion of the enforcement proceeds to the Issuer which have been or are to be applied to the Purchased Loan Receivables or to which the Issuer is otherwise entitled in accordance with the Servicing Agreement.

Termination of Appointment of the Servicer

Under the Servicing Agreement, the Issuer may at any time after the occurrence of a Servicer Termination Event terminate the appointment of the Servicer and appoint a successor Servicer. Pursuant to the terms of the Servicing Agreement, the Calculation Agent has agreed that it will 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, with the parties to the Servicing Agreement upon receipt of notice by the Servicer of the occurrence of a Servicer Termination Event.

According to the Servicing Agreement, the appointment of the Servicer is, *inter alia*, automatically terminated in the event that the Servicer is Insolvent and such event shall constitute an Obligor Notification Event.

Upon termination of the appointment of the Servicer and pursuant to the provisions of the Servicing Agreement, the Data Trustee shall, *inter alia*, at the request of the Issuer have to despatch the Decryption Key to any successor Servicer or any agent, and the Issuer shall despatch the encrypted Portfolio Information to any successor Servicer or any agent.

The Servicer is only entitled to resign as Servicer under the Servicing Agreement for good cause (*aus wichtigem Grund*).

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 successor Servicer the rights and obligations of the outgoing Servicer, assumption by any successor Servicer of the specific obligations of a successor Servicer 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 successor Servicer, the Servicer will transfer to the successor Servicer all records and any and all related material, documentation and information.

Any termination of the appointment of the Servicer or of a successor Servicer will be notified by the Issuer (acting through the Corporate Services Provider) to the Servicer, the Rating Agencies, the Trustee, the Paying Agent, the Interest Determination Agent, the Data Trustee, the Account Bank, the Calculation Agent and the Swap Counterparty.

Set-off against claims of Mercedes-Benz Bank AG

If Mercedes-Benz Bank AG in its capacity as Servicer has breached any of its obligations under the Servicing Agreement and if as a result of such breach the Issuer has a claim for the payment of damages against Mercedes-Benz Bank AG and such indemnification has become due and payable, then the Issuer will be entitled to set off its indemnification claim(s) against all its payment obligations to Mercedes-Benz Bank AG under, *inter alia*, the Subordinated Loan Agreement (entered into by Mercedes-Benz Bank AG in its capacity as Subordinated Lender) or the Loan Receivables Purchase Agreement (entered into by Mercedes-Benz Bank AG in its capacity as Seller).

Commingling Reserve Ledger

The Servicer undertakes to remit to the Issuer on any relevant Payment Date upon the occurrence and continuance of a Commingling Reserve Trigger Event, the Commingling Reserve Required Amount, by way of deposit (*Kautio*) as collateral for its actual or contingent obligations under the Servicing Agreement to transfer Collections to the Issuer on the following Payment Date. The Commingling Reserve Required Amount may be provided from time to time, at the option of the Servicer, either (i) by payment of the relevant amount of cash into the Commingling Reserve Ledger or (ii) by depositing Eligible Securities having a Value of at least the relevant Commingling Reserve Required Amount into the Eligible Securities Account or (iii) by depositing Eligible Securities with such Value into a securities account of the Servicer which is pledged to the Issuer, or any combination of Eligible Securities and cash such that the sum of both equals at least the relevant Commingling Reserve Required Amount provided that:

Following the occurrence of a Commingling Reserve Trigger Event, the Servicer shall deposit the applicable Commingling Reserve Required Amount into the Commingling Reserve Ledger in cash and thereafter, if the Servicer for the first time intends to provide the Commingling Reserve Required Amount, in whole or in part, in the form of Eligible Securities,

- (a) the Servicer shall notify the Rating Agencies of its intention no later than 30 calendar days prior to the date on which the replacement shall be effected; and
- (b) the Issuer shall repay any cash to the Servicer (i) only upon receipt of Eligible Securities with the corresponding Value into the Eligible Securities Account or a securities account of the Servicer pledged to the Issuer to its satisfaction and (ii) only if the repayment of such cash will not adversely affect the rating of the Class A Compartment 11 Notes.

Thereafter, all remittances by or on behalf of the Servicer shall be made in amounts sufficient to ensure that on each Payment Date funds at least equal to the relevant Commingling Reserve Required Amount will stand to the credit of the Commingling Reserve Ledger plus the Eligible Securities Account plus the Servicer's securities account pledged to the Issuer. If, at any time during the life of Transaction 11, securities provided as Commingling Reserve Required Amount cease to be Eligible Securities (in particular in case such securities do not have the required ratings anymore or will mature within the next 30 calendar

days), the Servicer shall, within ten (10) calendar days after such securities have become ineligible, provide cash in an amount equal to, or new Eligible Securities having a Value such that the Commingling Reserve Required Amount as of the relevant Payment Date is met.

If, following the occurrence of a Servicer Termination Event a Servicer Shortfall occurs, the Issuer may use the Commingling Reserve Required Amount in an amount equal to such Servicer Shortfall to make, under the applicable Priority of Payments, payments on the relevant Payment Date (until the Commingling Reserve Trigger Event ceases to continue). For such purposes, the Issuer may realise any Eligible Securities which may be on deposit in the Eligible Securities Account as Commingling Reserve Required Amount (excluding, for the avoidance of doubt, any securities provided by the Swap Counterparty as swap collateral) and/or enforce any pledges granted to it in accordance with the account pledge agreement, as applicable.

Any excess of the amount standing to the credit of the Commingling Reserve Ledger over the Commingling Reserve Required Amount as calculated on each Calculation Date will be paid on each following Payment Date directly by the Issuer to the Servicer outside the Priority of Payments. In case the Value of Eligible Securities on deposit in the Eligible Securities Account or in the Servicer's securities account pledged to the Issuer exceeds the Commingling Reserve Required Amount, on request of the Servicer the Issuer shall release Eligible Securities such that, however, the Value of the Eligible Securities does not fall below the Commingling Reserve Required Amount. In case of any combination of cash and Eligible Securities, the Issuer shall release excess funds at the option of the Servicer either in the form of Eligible Securities or cash.

Following any realisation of Eligible Securities or an enforcement of pledges, any excess of realisation proceeds or enforcement proceeds over the Servicer Shortfalls may be retained by the Issuer in the Commingling Reserve Ledger up to an amount equal to the Commingling Reserve Required Amount as of the relevant Payment Date. Any excess of realisation proceeds or enforcement proceeds over the relevant Commingling Reserve Required Amount will be released to the Seller on the following Payment Date outside the Priority of Payments.

For the avoidance of doubt, any interest accrued on the Commingling Reserve Required Amount shall not constitute Interest Collections.

The remittance of any amounts constituting Commingling Reserve Required Amount by the Servicer shall not discharge the Servicer of its obligations towards the Issuer relating to the transfer of the Collections in accordance with the provisions of the Servicing Agreement.

3. SUBORDINATED LOAN AGREEMENT

Pursuant to the Subordinated Loan Agreement, a committed subordinated term loan will be made available to the Issuer by the Subordinated Lender. Pursuant to the terms of the Subordinated Loan Agreement, the Issuer will have to draw all amounts thereunder EUR 9,450,000 on or before the Issue Date which the Issuer will credit to the General Reserve Ledger.

The Subordinated Loan will be repaid in accordance with the applicable Priority of Payments.

All payments of principal and interest payable by the Issuer to the Subordinated Lender will be made free and clear of, and without any withholding or deduction for or, on account of, tax (if any) applicable to the Subordinated Loan 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.

The Subordinated Loan will constitute limited recourse obligations of the Issuer in respect of its Compartment 11. The Subordinated Lender will also agree under 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. All of the Issuer's obligations to the Subordinated Lender will be subordinated to the Issuer's obligations in respect of the Compartment 11 Notes. The claims of the Subordinated Lender will be secured by the Compartment 11 Security, subject to the applicable Priority of Payments. If the net proceeds, resulting from the Compartment 11 Security becoming enforceable in accordance with the Trust Agreement, are not sufficient to pay all Secured Parties, payments

of all other claims ranking in priority to the Subordinated Loan will be made first in accordance with the Post-enforcement Priority of Payment specified in Schedule 2 to the Trust Agreement and no other assets of the Issuer will be available for payment of any shortfall to the Subordinated Lender. Claims in respect of any such remaining shortfall will be extinguished.

4. DATA TRUST AGREEMENT

Pursuant to the terms of the Data Trust Agreement, the Seller will deliver to the Data Trustee the Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller under the Loan Receivable Purchase Agreement. The Data Trust Agreement has been structured to comply with the applicable data protection laws and German banking secrecy rules. Pursuant to the Data Trust Agreement, the Data Trustee will keep the Decryption Key in safe custody and will protect it against unauthorised access by third parties.

If an Obligor Notification Event has occurred, pursuant to the Data Trust Agreement the Data Trustee will fully co-operate with the Trustee and the Issuer, any successor Servicer appointed by the Issuer and with agents of the Issuer that are compatible with the applicable data protection laws and German banking secrecy rules. In this event the Data Trustee will also use its best endeavours to ensure, subject always to the applicable data protection laws and German banking secrecy rules, that all information necessary to permit timely Collections from the Obligors, especially the Decryption Key, is at the request of the Issuer duly and swiftly transferred either to the successor Servicer or any agent.

5. CALCULATION AGENCY AGREEMENT

Pursuant to the Calculation Agency Agreement, the Calculation Agent will, on behalf of the Issuer, *inter alia*, provide certain information to the Servicer for completion of the Monthly Report and upon receipt of the Monthly Reports provided by the Servicer, according to the Servicing Agreement, verify the plausibility, completeness and consistency of the data contained in the Monthly Reports, verify the Servicer's calculations in respect of Collections and any Repurchase Price and verify the Servicer's calculations in respect of the Pre-enforcement Priority of Payments.

Under the Calculation Agency Agreement, the Calculation Agent has undertaken to the Issuer to make available through the Calculation Agent's website (which is currently located at www.usbank.com/abs) the Monthly Investor Reports and any other post-issuance transaction information, no later than on each Calculation Date. The Monthly Investor Reports shall be based upon information provided in the Monthly Reports by the Servicer in accordance with the Servicing Agreement and will be in a form substantially the same as set out in Schedule 3 of the Calculation Agency Agreement. The Calculation Agent's website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Compartment 11 Noteholders or any of the other persons referred to above (as the case may be).

The Calculation Agent will only publish the complete Monthly Investor Report (including the data contained in the Monthly Report) if the Servicer has provided the Calculation Agent with the Monthly Report no later than on the relevant Reporting Date. The Calculation Agent will publish the Monthly Investor Report even if it has not received the Monthly Report from the Servicer to the extent possible.

In addition, the Calculation Agent will be performing certain cash management duties on behalf of the Issuer and will provide the payment instructions to the Account Bank to make cash payments due by the Issuer on the respective Payment Date pursuant to the applicable Priority of Payments.

The obligations of the Calculation Agent under the Calculation Agency Agreement shall terminate upon at least thirty (30) Business Days' written notice of termination from the Issuer, the Servicer or the Calculation Agent provided that the Calculation Agent may only terminate the Calculation Agency Agreement for good cause (*aus wichtigem Grund*) including a change of its general business strategy. The Calculation Agent shall notify the Issuer, the Trustee and the Rating Agencies of its intention to terminate the Calculation Agency Agreement.

6. AGENCY AGREEMENT

Pursuant to the Agency Agreement, the Issuer has appointed the Paying Agent to act as paying agent with respect to the Compartment 11 Notes and to forward payments to be made by the Issuer to the Compartment 11 Noteholders and has appointed the Interest Determination Agent to act as interest determination agent to determine the relevant EURIBOR rate on each Interest Determination Date and provide such figure, *inter alia*, to the Calculation Agent and the Servicer.

The functions, rights and duties of the Paying Agent and the Interest Determination Agent are set out in the Conditions. See "TERMS AND CONDITIONS OF THE COMPARTMENT 11 NOTES".

7. SUBSCRIPTION AGREEMENT

Under the Subscription Agreement entered into by the Issuer, the Joint Lead Managers and Joint Bookrunners, the Managers and the Seller on or about the Signing Date, the Joint Lead Managers and Joint Bookrunners have agreed, subject to certain customary closing conditions, to subscribe, severally not jointly, the Compartment 11 Notes. See "SUBSCRIPTION AND SALE".

8. CORPORATE SERVICES AGREEMENT

Pursuant to the Corporate Services Agreement, Silver Arrow S.A. has appointed the Corporate Services Provider to perform certain domiciliation, corporate and administrative services for Silver Arrow S.A. in accordance with Silver Arrow S.A.'s articles of incorporation and in respect of all Compartments of Silver Arrow S.A. Such services to Silver Arrow S.A. include, *inter alia*, providing the directors of Silver Arrow S.A., keeping the corporate records, convening director's meetings, providing registered office facilities and suitable office accommodation, preparing and filing all statutory and annual returns, preparing the financial statements and performing certain other corporate administrative services against payment of a fee.

The claims of Silver Arrow S.A. under the Corporate Services Agreement have been transferred to the Trustee for security purposes pursuant to the Trust Agreement. The Corporate Services Agreement is governed by the laws of Luxembourg.

9. BANK ACCOUNT AGREEMENT

Pursuant to the Bank Account Agreement, the Account Bank is appointed by the Issuer and will act as agent of the Issuer to hold the Issuer Account-C11 for the Issuer in respect of its Compartment 11. During the life of the Transaction 11, the Account Bank shall maintain the Required Rating.

The functions, rights and duties of the Account Bank are set out in the Bank Account Agreement.

Operating Ledger

The Operating Ledger of the Issuer will be maintained with the Account Bank.

The Servicer will forward the monthly Collections with respect to a Collection Period to the Operating Ledger at the latest on the Payment Date.

The Issuer will use the Collections standing to the credit of the Operating Ledger together with the other amounts forming the Available Distribution Amount and will apply those amounts according to the applicable Priority of Payments.

General Reserve Ledger

The General Reserve Ledger of the Issuer will be maintained with the Account Bank.

The amount standing to the credit of the General Reserve Ledger as of the Issue Date will be EUR 9,450,000.

The Issuer will use the amounts standing to the credit of the General Reserve Ledger together with the other amounts forming the Available Distribution Amount and will apply those amounts according to the applicable Priority of Payments.

On each Payment Date prior to the issuance of an Enforcement Notice, the Issuer will credit to the General Reserve Ledger an amount such that the amount standing to the credit of the General Reserve Ledger is

equal to the General Reserve Required Amount, subject to the Available Distribution Amount and in accordance with the Pre-enforcement Priority of Payments.

The amounts standing to the credit of the General Reserve Ledger from time to time will serve as liquidity support for the Class A Compartment 11 Notes throughout the life of the transaction and will eventually serve as credit enhancement to the Compartment 11 Notes.

Set-Off Reserve Ledger

The Set-Off Reserve Ledger of the Issuer will be maintained with the Account Bank.

On any Payment Date, on which the Set-Off Exposure exceeds 0.5 per cent. of the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date, the Seller shall provide the Issuer with a cash amount such that the amount standing to the credit of the Set-Off Reserve Ledger is equal to the Set-Off Reserve Required Amount.

The Set-Off Exposure is monitored by the Seller on a monthly basis.

On each Payment Date, any amount standing to the credit of the Set-Off Reserve Ledger which exceeds the Set-Off Reserve Required Amount will be paid back by the Issuer to the Seller outside the Priority of Payments.

Commingling Reserve Ledger

The Commingling Reserve Ledger of the Issuer will be maintained with the Account Bank.

The Servicer undertakes to remit to the Issuer on any relevant Payment Date upon the occurrence and continuance of a Commingling Reserve Trigger Event, the Commingling Reserve Required Amount, by way of deposit (*Kaution*) as collateral for its actual or contingent obligations under the Servicing Agreement to transfer Collections to the Issuer on each Payment Date. The Commingling Reserve Required Amount may be provided from time to time, at the option of the Servicer, either (i) by payment of the relevant amount of cash into the Commingling Reserve Ledger or (ii) by depositing Eligible Securities having a Value of at least the relevant Commingling Reserve Required Amount into the Eligible Securities Account or (iii) by depositing Eligible Securities with such Value into a securities account of the Servicer which is pledged to the Issuer, or any combination of Eligible Securities and cash such that the sum of both equals at least the relevant Commingling Reserve Required Amount.

Any excess of the amount standing to the credit of the Commingling Reserve Ledger over the Commingling Reserve Required Amount as calculated on each Calculation Date will be paid on each following Payment Date directly by the Issuer to the Servicer outside the Priority of Payments. In case the Value of Eligible Securities on deposit in the Eligible Securities Account or in the Servicer's securities account pledged to the Issuer exceeds the Commingling Reserve Required Amount, on request of the Servicer the Issuer shall release Eligible Securities such that, however, the Value of the Eligible Securities does not fall below the Commingling Reserve Required Amount. In case of any combination of cash and Eligible Securities, the Issuer shall release excess funds at the option of the Servicer either in the form of Eligible Securities or cash.

Swap Collateral Ledger

The Swap Collateral Ledger of the Issuer will be maintained with the Account Bank.

If the Swap Counterparty ceases to be an Eligible Swap Counterparty, the Swap Counterparty will take remedial action in accordance with the Swap Agreement, including posting eligible collateral into the interest-bearing Swap Collateral Ledger in accordance with the provisions of the Swap Agreement.

The deposit in the Swap Collateral Ledger shall not constitute Collections and shall secure solely the payment obligations of the Swap Counterparty to the Issuer under the Swap Agreement and not any obligations of the Issuer.

On each Payment Date, any amount standing to the credit of the Swap Collateral Ledger which exceeds any required collateral amounts will be paid back by the Issuer to the Swap Counterparty outside the Priority of Payments.

10. CUSTODY AGREEMENT

Pursuant to the Custody Agreement, the Custodian provides certain custody services in relation to (i) any portion of the Commingling Reserve Required Amount provided in the form of Eligible Securities and (ii) any collateral transferred to the Issuer by the Swap Counterparty which consists of certain securities as further specified in the Swap Agreement. Under the Custody Agreement, the Custodian will establish the Eligible Securities Account in which such securities will be held and provide certain custody services. The Custody Agreement is governed by English law.

11. SWAP AGREEMENT

The Issuer has entered into the Swap Agreement. The purpose of the Swap Agreement is to mitigate the interest rate risk of the Issuer arising in connection with the issuance of the Class A Compartment 11 Notes. The Swap Agreement consists of an ISDA Master Agreement, the associated schedule, a confirmation and a credit support annex.

Pursuant to the Swap Agreement entered into by the Issuer and the Swap Counterparty (which shall be an Eligible Swap Counterparty) in relation to the Class A Compartment 11 Notes, the Issuer will pay to the Swap Counterparty on each Payment Date an amount equal to the product of (i) the Swap Notional Amount and (ii) the Swap Fixed Rate and (iii) the Day Count Fraction.

In return, the Swap Counterparty will pay to the Issuer on each Payment Date an amount equal to the product of (i) the Swap Notional Amount and (ii) a rate equal to EURIBOR and (iii) the Day Count Fraction.

The Swap Agreement will be constructed to fulfil the criteria of the Rating Agencies to support the AAA(sf) target rating by DBRS and AAAsf target rating by Fitch for the Class A Compartment 11 Notes. The Swap Agreement is governed by English law.

Payments under the Swap Agreement will be exchanged on a net basis on each Payment Date. Payments made by the Issuer under the Swap Agreement (provided that there has been no event of default under the Swap Agreement where the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) and there has been no termination event due to a downgrade of the ratings of the Swap Counterparty) rank higher in priority than all payments on the Compartment 11 Notes. Payments by the Swap Counterparty to the Issuer under the Swap Agreement (except for payments by the Swap Counterparty into the Swap Collateral Ledger) will be made into the Operating Ledger and will, to the extent necessary, be increased to ensure that such payments are free and clear of all taxes.

Events of default under the Swap Agreement applicable to the Issuer are limited to, and (among other things) events of default applicable to the Swap Counterparty include, the following:

- (1) failure to make a payment under the Swap Agreement when due, if such failure is not remedied within three (3) Business Days of notice of such failure being given; or
- (2) the occurrence of certain bankruptcy and insolvency events.

Termination events under the Swap Agreement include, among other things, the following:

- (1) illegality of the transactions contemplated by the Swap Agreement;
- (2) either party is required to pay additional amounts under the Swap Agreement due to certain taxes, or has the amount payable to it under the Swap Agreement reduced due to certain taxes, and a transfer to another office or affiliate of the Swap Counterparty that would eliminate the effect of such taxes has not taken place after the time set forth in the Swap Agreement;
- (3) an Enforcement Event under the Trust Agreement occurs or any Clean-Up Call or prepayment in full, but not in part, of the Compartment 11 Notes occurs; or
- (4) failure of the Swap Counterparty to maintain its credit rating at certain levels required by the Swap Agreement, which failure may not constitute a termination event if (in the time set forth in the Swap Agreement) the Swap Counterparty:

- (i) posts an amount of collateral (in the form of cash and/or securities) as calculated in accordance with the credit support annex to the Swap Agreement; or
- (ii) obtains a guarantee from an institution with an acceptable rating; or
- (iii) transfers its rights and obligations under the Swap Agreement to a successor Swap Counterparty which is an Eligible Swap Counterparty; or
- (iv) take such other action in order to maintain the rating of the Class A Compartment 11 Notes, or to restore the rating of the Class A Compartment 11 Notes to the level it would have been at immediately prior to such downgrade.

A segregated Swap Collateral Ledger is established with the Account Bank and security created over such account in favour of the Trustee in accordance with provisions in the Bank Account Agreement and the Trust Agreement. Any cash collateral posted to such Swap Collateral Ledger as a result of a ratings downgrade (as referred to in paragraph 4(i) above) shall be monitored on a specific collateral ledger and shall bear interest. Such cash collateral shall be segregated from the Operating Ledger and from the general cash flow of the Issuer and shall not constitute Collections. Collateral posted to such Swap Collateral Ledger is solely for the purposes of, and in connection with, collateralising the Swap Agreement.

Upon the occurrence of any event of default or termination event specified in the Swap Agreement, the non-defaulting party (in case of an event of default) or the party not being regarded as responsible for causing a termination event (pursuant to the provisions of the Swap Agreement) may, after a period of time set forth in the Swap Agreement, elect to terminate such Swap Agreement. If the Swap Agreement is terminated due to an event of default or a termination event, a Swap Termination Payment may be due to the Swap Counterparty by the Issuer out of its available funds. The amount of any such Swap Termination Payment may be based on the actual cost or market quotations of the cost of entering into a similar swap transaction or such other methods as may be required under the Swap Agreement, in each case in accordance with the procedures set forth in the Swap Agreement. Any such Swap Termination Payment could, if market rates or other conditions have changed materially, be substantial. Unless the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or there has been a termination event due to a downgrade of the ratings of the Swap Counterparty, termination payments required to be made by the Issuer to the Swap Counterparty will rank higher in priority than all payments on the Compartment 11 Notes.

The Swap Counterparty may transfer its rights and obligations under the Swap Agreement to a third party which is an Eligible Swap Counterparty.

12. SECURITY DEED

Pursuant to the Security Deed, the Issuer assigns and charges by way of a first fixed charge with full title guarantee to the Trustee as security for the payment and discharge of the Secured Obligations all of the Issuer's right, title, benefit and interest from time to time deriving or accruing from the Swap Agreement, from the Custody Agreement (subject to obtaining any necessary consents to such assignment from any third party) and to and under the Eligible Securities Account. All rights, benefits and interests granted to or conferred upon the Trustee pursuant to clause 3.1 and 3.2 of the Security Deed and all other rights, powers and discretions granted to or conferred upon the Trustee under the Security Deed shall be held by the Trustee on trust for the benefit of itself and for the Secured Parties from time to time subject to and in accordance with the Security Deed and the Trust Agreement. The Security Deed is governed by English law.

DESCRIPTION OF THE PORTFOLIO AND OF THE LOAN COLLATERAL

The following is a description of the Portfolio and the Loan Collateral. The Portfolio is not actively managed, and the Purchased Loan Receivables may not be replenished or replaced.

1. ELIGIBILITY CRITERIA

"Eligibility Criteria" means, in respect of any Loan Receivable that is the subject of an Offer:

- (a) such Loan Receivable has been originated by the Seller pursuant to a Loan Agreement in the ordinary course of the Seller's business in compliance with the Credit and Collection Policy;
- (b) the Obligor is not Insolvent;
- (c) the title to each vehicle to which such Loan Receivable relates is held by the Seller as security for the financing of such vehicle pursuant to a Loan Agreement;
- (d) such Loan Receivable has an original term of no longer than 72 months;
- (e) such Loan Receivable has a seasoning above or equal to one month, i.e. the relevant Obligor has made at least one payment in respect of the Loan Receivable;
- (f) each Obligor to which such Loan Receivable relates is a resident of Germany;
- (g) such Loan Receivable can be validly transferred by way of sale and assignment, such transfer is not subject to any legal or contractual restriction which prevents the valid transfer thereof to the Issuer;
- (h) such Loan Receivable is owned by the Seller free of third party rights, including any set-off rights, any defence, retention or revocation rights of the relevant Obligor;
- (i) such Loan Receivable is not in arrears and not defaulted;
- (j) such Loan Receivable is denominated in euro;
- (k) such Loan Receivable is governed by the laws of Germany;
- (l) such Loan Receivable constitutes the legal, valid and binding obligations of the Obligor(s), enforceable against the Obligor(s) in accordance with its terms;
- (m) such Loan Receivable amortises on a monthly basis and gives rise to monthly instalment payments, whereby Balloon Loan Receivables may be included in the Portfolio;
- (n) the relevant Obligor is not an employee of Daimler AG or any of its affiliates (i.e. "*Firmenangehörigengeschäft*" is excluded);
- (o) such Loan Receivable bears interest at an interest rate above or equal to 0.5 per cent. and the interest rate applicable to the Loan Receivable is fixed;
- (p) the vehicle financed under the relevant Loan Agreement has a sale price below or equal to EUR 200,000;
- (q) the monthly instalments are paid by the Obligor through direct debit;
- (r) such Loan Receivables is not subject to a current account relationship (*Kontokorrentabrede*); and
- (s) such Loan Receivable was neither an exposure in default within the meaning of Article 178(1) of Regulation (EU) No 575/2013 nor an exposure to a credit-impaired Obligor, who, to the best of the Seller's knowledge:

- (i) has been declared insolvent or had a court grant his creditors a final non-appealable right of enforcement or material damages as a result of a missed payment within three years prior to the date of origination or has undergone a debt-restructuring process with regard to his non-performing exposures within three years prior to the Purchase Date;
- (ii) was, at the time of origination, where applicable, on a public credit registry of persons with adverse credit history or another credit registry that is available to the Seller; or
- (iii) has a credit assessment or a credit score indicating that the risk of contractually agreed payments not being made is significantly higher than for comparable exposures held by the Seller which are not securitised.

If one or more Purchased Loan Receivables did not fulfil the Eligibility Criteria on the Cut-Off Date, the Seller shall be obliged to repurchase such Loan Receivable at the relevant Repurchase Price on the next Payment Date.

2. SELLER LOAN WARRANTIES

As of the Purchase Date the Seller represents and warrants the following:

- (a) that all Purchased Loan Receivables comply with the Eligibility Criteria on the Cut-off Date, including that they are valid and enforceable and not subject to any right of revocation, set-off or counter-claim, warranty claims of the Obligors or any other right of objection due to their compliance with all relevant applicable consumer legislation in Germany. Any misrepresentation of the Seller regarding the non-eligibility shall be remedied only in accordance with clause 12 of the Loan Receivables Purchase Agreement;
- (b) it has not altered the Purchased Loan Receivables' legal existence or otherwise waived, altered or modified any provision in relation to any Loan Receivable, in particular, it has not impaired (*beeinträchtigen*) the Receivables by challenge (*Anfechtung*), termination (*Kündigung*) or any other means, unless made in accordance with the provisions of the Servicing Agreement;
- (c) all information given in respect of the Purchased Loan Receivables including any related Loan Collateral is true and correct in all material aspects, a Loan Agreement identifier therein allows each Purchased Loan Receivable to be identifiable in the Seller's systems and the Financed Vehicle's identification number stated in each of the Loan Agreements or any information or document relating thereto, allows each Financed Vehicle relating to a Loan Receivable to be separately identified; and
- (d) the Seller, in its role as Servicer, will, on behalf of the Issuer, prepare, on a quarterly basis, the loan-level data setting out the information required by Article 7(1)(a) of the Securitisation Regulation and the applicable Regulatory Technical Standards (the "**Loan Level Data**") and make such Loan Level Data available on the website of the European Data Warehouse (being, as at the Signing Date, www.eurodw.eu). Once a securitisation repository is registered in accordance with Article 10 of the Securitisation Regulation, the Loan Level Data will be made available via such securitisation repository.

PORTFOLIO CHARACTERISTICS AND HISTORICAL DATA

The portfolio information presented in this Offering Circular is based on a portfolio as of the Cut-Off Date.

Portfolio Characteristics

Cut-Off Date	2020-04-30
Aggregate Outstanding Loan Principal Amount	€ 1,889,999,895
Aggregate Original Loan Principal Amount	€ 2,588,358,894
Number of Loans	94,642
Number of Obligors	88,988
Average Outstanding Loan Principal Amount	€ 19,969.99
Weighted Average Interest Rate	3.10%
Weighted Average Seasoning	17.87 months
Weighted Average Remaining Term	31.13 months
Weighted Average Original Term	49.00 months

Portfolio Information – Distribution by SubPortfolio

SubPortfolio	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
New Commercial Amortizing	162,311,666	8.59%	7,453	7.87%
New Commercial Balloon	361,092,560	19.11%	11,549	12.20%
New Private Amortizing	14,778,080	0.78%	1,327	1.40%
New Private Balloon	274,071,659	14.50%	9,885	10.44%
Used Commercial Amortizing	110,440,054	5.84%	9,793	10.35%
Used Commercial Balloon	196,653,496	10.40%	8,825	9.32%
Used Private Amortizing	102,985,249	5.45%	11,671	12.33%
Used Private Balloon	667,667,131	35.33%	34,139	36.07%
Total	1,889,999,895	100.00%	94,642	100.00%

Portfolio Information – Distribution by Aggregate Outstanding Loan Principal Amount

Aggregate Outstanding Loan Principal Amount (€)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 < x <= 10,000	140,455,134	7.43%	23,266	24.58%
10,000 < x <= 20,000	487,402,257	25.79%	32,419	34.25%
20,000 < x <= 30,000	548,929,787	29.04%	22,473	23.75%
30,000 < x <= 40,000	319,358,217	16.90%	9,323	9.85%
40,000 < x <= 50,000	168,172,143	8.90%	3,804	4.02%
50,000 < x <= 60,000	82,824,919	4.38%	1,526	1.61%
60,000 < x <= 70,000	49,516,525	2.62%	766	0.81%
70,000 < x <= 80,000	33,415,610	1.77%	447	0.47%
80,000 < x <= 90,000	23,331,944	1.23%	275	0.29%
90,000 < x <= 100,000	13,963,736	0.74%	148	0.16%
100,000 < x <= 110,000	8,447,642	0.45%	81	0.09%
110,000 < x <= 120,000	6,387,722	0.34%	56	0.06%
120,000 < x <= 130,000	3,379,938	0.18%	27	0.03%
130,000 < x <= 140,000	2,002,502	0.11%	15	0.02%
> 140,000	2,411,818	0.13%	16	0.02%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	183,615.42
Minimum	1,000.50
Average	19,969.99

Portfolio Information – Distribution by Aggregate Original Loan Principal Amount

Aggregate Original Loan Principal Amount (€)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 < x <= 10,000	45,711,128	2.42%	8,835	9.34%
10,000 < x <= 20,000	303,711,323	16.07%	27,634	29.20%
20,000 < x <= 30,000	531,798,638	28.14%	28,356	29.96%
30,000 < x <= 40,000	408,942,595	21.64%	15,808	16.70%
40,000 < x <= 50,000	223,700,813	11.84%	6,531	6.90%
50,000 < x <= 60,000	129,080,492	6.83%	3,117	3.29%
60,000 < x <= 70,000	72,951,991	3.86%	1,517	1.60%
70,000 < x <= 80,000	35,557,735	1.88%	667	0.70%
80,000 < x <= 90,000	26,434,941	1.40%	469	0.50%
90,000 < x <= 100,000	26,046,868	1.38%	469	0.50%
100,000 < x <= 110,000	23,007,510	1.22%	395	0.42%
110,000 < x <= 120,000	24,970,290	1.32%	369	0.39%
120,000 < x <= 130,000	15,985,180	0.85%	223	0.24%
130,000 < x <= 140,000	9,094,633	0.48%	111	0.12%
> 140,000	13,005,759	0.69%	141	0.15%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	198,617.55
Minimum	1,990.00
Average	27,348.95

Portfolio Information – Distribution by Vehicle Type (New/Used)

New / Used Vehicle	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
New	812,253,965	42.98%	30,214	31.92%
Used	1,077,745,930	57.02%	64,428	68.08%
Total	1,889,999,895	100%	94,642	100%

Portfolio Information – Distribution by Client Type (Private/Commercial)

Client Type	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
Commercial	830,497,777	43.94%	37,620	39.75%
Private	1,059,502,119	56.06%	57,022	60.25%
Total	1,889,999,895	100%	94,642	100%

Portfolio Information – Distribution by Contract Type (Amortising/Balloon)

Amortization Type	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
Amortizing	390,515,049	20.66%	30,244	31.96%
Balloon	1,499,484,846	79.34%	64,398	68.04%
Total	1,889,999,895	100.00%	94,642	100.00%

Portfolio Information – Distribution by Postcode

Post Code (first digit)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0	164,098,248	8.68%	8,120	8.58%
1	177,865,627	9.41%	8,908	9.41%
2	191,141,212	10.11%	9,827	10.38%
3	180,444,230	9.55%	8,979	9.49%
4	233,021,633	12.33%	11,846	12.52%
5	208,672,393	11.04%	10,378	10.97%
6	197,592,664	10.45%	9,748	10.30%
7	240,190,438	12.71%	12,240	12.93%
8	167,284,991	8.85%	8,033	8.49%
9	129,688,459	6.86%	6,563	6.93%
Total	1,889,999,895	100.00%	94,642	100.00%

Portfolio Information – Distribution by Client Interest Rate

Interest Rate (in %)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0.50 <= x <= 1.00	96,946,157	5.13%	3,983	4.21%
1.00 < x <= 1.50	44,209,829	2.34%	1,301	1.37%
1.50 < x <= 2.00	213,662,826	11.30%	8,391	8.87%
2.00 < x <= 2.50	133,435,145	7.06%	3,837	4.05%
2.50 < x <= 3.00	622,279,392	32.92%	31,160	32.92%
3.00 < x <= 3.50	204,336,391	10.81%	11,944	12.62%
3.50 < x <= 4.00	376,349,919	19.91%	19,822	20.94%
4.00 < x <= 4.50	51,317,026	2.72%	4,364	4.61%
4.50 < x <= 5.00	78,069,318	4.13%	4,979	5.26%
5.00 < x <= 5.50	38,059,468	2.01%	2,345	2.48%
5.50 < x <= 6.00	30,404,103	1.61%	2,450	2.59%
6.00 < x <= 6.50	121,109	0.01%	20	0.02%
6.50 < x <= 7.00	809,213	0.04%	46	0.05%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	6.83
Minimum	0.50
Weighted Average	3.10

Portfolio Information – Distribution by Original Term

Original Term (months)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
12 < x <= 24	28,186,896	1.49%	3,000	3.17%
24 < x <= 36	325,164,970	17.20%	20,001	21.13%
36 < x <= 48	1,019,545,206	53.94%	48,056	50.78%
48 < x <= 60	477,269,081	25.25%	22,316	23.58%
60 < x <= 72	39,833,743	2.11%	1,269	1.34%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	72.00
Minimum	13.00
Weighted Average	49.00

Portfolio Information – Distribution by Remaining Term

Remaining Term (months)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 < x <= 12	204,926,956	10.84%	16,204	17.12%
12 < x <= 24	416,667,040	22.05%	24,370	25.75%
24 < x <= 36	554,895,453	29.36%	26,062	27.54%
36 < x <= 48	508,631,322	26.91%	20,318	21.47%
48 < x <= 60	197,487,019	10.45%	7,469	7.89%
60 < x <= 72	7,392,106	0.39%	219	0.23%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	70.00
Minimum	2.00
Weighted Average	31.13

Portfolio Information – Distribution by Seasoning

Seasoning (months)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 < x <= 12	775,406,271	41.03%	33,801	35.71%
12 < x <= 24	585,479,358	30.98%	28,491	30.10%
24 < x <= 36	373,046,635	19.74%	21,194	22.39%
36 < x <= 48	132,070,797	6.99%	8,997	9.51%
48 < x <= 60	22,735,072	1.20%	2,067	2.18%
60 < x <= 72	1,261,763	0.07%	92	0.10%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	70.00
Minimum	2.00
Weighted Average	17.87

Portfolio Information – Distribution by Vehicle Type

Vehicle Type	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
MCC Smart - Cars	42,970,897	2.27%	6,047	6.39%
Mercedes-Benz Cars	1,232,138,942	65.19%	60,210	63.62%
Trucks	146,572,933	7.76%	3,649	3.86%
Vans	468,317,124	24.78%	24,736	26.14%
Total	1,889,999,895	100.00%	94,642	100.00%

Portfolio Information – Top 20 Obligers

Top 20 Obligers	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
Top 1	354,729	0.02%	6	0.01%
Top 2	340,009	0.02%	7	0.01%
Top 3	338,201	0.02%	8	0.01%
Top 4	324,398	0.02%	12	0.01%
Top 5	318,194	0.02%	10	0.01%
Top 6	289,700	0.02%	12	0.01%
Top 7	285,506	0.02%	7	0.01%
Top 8	274,089	0.01%	3	0.00%
Top 9	273,015	0.01%	12	0.01%
Top 10	269,110	0.01%	5	0.01%
Top 11	266,837	0.01%	3	0.00%
Top 12	264,260	0.01%	6	0.01%
Top 13	259,828	0.01%	10	0.01%
Top 14	248,783	0.01%	3	0.00%
Top 15	247,934	0.01%	7	0.01%
Top 16	244,642	0.01%	2	0.00%
Top 17	243,951	0.01%	3	0.00%
Top 18	243,862	0.01%	3	0.00%
Top 19	234,108	0.01%	4	0.00%
Top 20	234,080	0.01%	3	0.00%
Total	5,555,235	0.29%	126	0.13%

Portfolio Information – Distribution by Monthly Instalment

Instalment Amount (€)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 < x <= 250	337,252,328	17.84%	26,751	28.27%
250 < x <= 500	910,529,028	48.18%	46,906	49.56%
500 < x <= 750	341,689,651	18.08%	13,185	13.93%
750 < x <= 1,000	123,841,541	6.55%	3,957	4.18%
1,000 < x <= 1,250	52,687,981	2.79%	1,444	1.53%
1,250 < x <= 1,500	42,482,127	2.25%	882	0.93%
1,500 < x <= 1,750	28,404,454	1.50%	553	0.58%
1,750 < x <= 2,000	20,002,051	1.06%	388	0.41%
2,000 < x <= 2,250	14,673,112	0.78%	264	0.28%
2,250 < x <= 2,500	8,409,939	0.44%	147	0.16%
> 2,500	10,027,683	0.53%	165	0.17%
Total	1,889,999,895	100.00%	94,642	100.00%

Maximum	6,579.71
Minimum	10.31
Weighted Average	523.84

Portfolio Information – Distribution by Balloon as Percentage of Vehicle Sale Price (Balloon Loans only)

Balloon / Purchase Price (%)	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
0 <= x <= 10	13,346,006	0.71%	951	1.00%
10 < x <= 20	70,743,391	3.74%	4,303	4.55%
20 < x <= 30	125,380,112	6.63%	6,596	6.97%
30 < x <= 40	412,191,561	21.81%	19,213	20.30%
40 < x <= 50	530,173,236	28.05%	20,842	22.02%
50 < x <= 60	347,650,539	18.39%	12,493	13.20%
Total	1,499,484,846	79.34%	64,398	68.04%

Maximum	60.00
Weighted Average	41.62

Portfolio Information – Distribution by Federal State

Federal State	Aggregate Outstanding Loan Principal Amount (€)	%	Number of Loans	%
Baden-Wuerttemberg	302,823,666	16.02%	15,300	16.17%
Bayern	229,676,592	12.15%	11,268	11.91%
Berlin	103,128,969	5.46%	5,187	5.48%
Brandenburg	48,667,551	2.58%	2,438	2.58%
Bremen	14,592,477	0.77%	815	0.86%
Hamburg	71,873,116	3.80%	3,606	3.81%
Hessen	167,773,764	8.88%	8,097	8.56%
Mecklenburg-Vorpommern	34,883,724	1.85%	1,732	1.83%
Niedersachsen	140,918,038	7.46%	7,083	7.48%
Nordrhein-Westfalen	415,608,918	21.99%	20,987	22.18%
Rheinland-Pfalz	66,860,357	3.54%	3,335	3.52%
Saarland	24,426,272	1.29%	1,268	1.34%
Sachsen	106,888,792	5.66%	5,235	5.53%
Sachsen-Anhalt	52,600,986	2.78%	2,733	2.89%
Schleswig-Holstein	61,707,103	3.26%	3,166	3.35%
Thueringen	47,569,569	2.52%	2,392	2.53%
Total	1,889,999,895	100.00%	94,642	100.00%

Amortisation Schedule

Period	Determination Data	Aggregate Outstanding Loan Principal Amount	Pool Factor
0	30.04.2020	1,889,999,895.42	100.00%
1	31.05.2020	1,856,183,796.22	98.21%
2	30.06.2020	1,809,519,274.46	95.74%
3	31.07.2020	1,765,337,979.28	93.40%
4	31.08.2020	1,720,270,447.98	91.02%
5	30.09.2020	1,675,354,188.59	88.64%
6	31.10.2020	1,630,980,431.30	86.30%
7	30.11.2020	1,584,494,756.55	83.84%
8	31.12.2020	1,538,018,969.59	81.38%
9	31.01.2021	1,495,106,449.27	79.11%
10	28.02.2021	1,452,958,477.28	76.88%
11	31.03.2021	1,402,184,932.71	74.19%
12	30.04.2021	1,356,490,132.36	71.77%
13	31.05.2021	1,308,874,087.10	69.25%
14	30.06.2021	1,261,175,298.26	66.73%
15	31.07.2021	1,215,813,852.26	64.33%
16	31.08.2021	1,170,100,641.94	61.91%
17	30.09.2021	1,125,819,527.33	59.57%
18	31.10.2021	1,084,394,195.85	57.38%
19	30.11.2021	1,038,461,687.45	54.95%
20	31.12.2021	995,576,759.00	52.68%
21	31.01.2022	949,950,369.49	50.26%
22	28.02.2022	912,913,305.60	48.30%
23	31.03.2022	868,744,540.52	45.97%
24	30.04.2022	825,753,924.21	43.69%
25	31.05.2022	784,781,492.55	41.52%
26	30.06.2022	738,891,939.85	39.09%
27	31.07.2022	697,789,078.41	36.92%
28	31.08.2022	654,162,508.67	34.61%
29	30.09.2022	614,871,033.30	32.53%
30	31.10.2022	575,635,545.28	30.46%
31	30.11.2022	534,179,352.52	28.26%
32	31.12.2022	501,231,337.58	26.52%
33	31.01.2023	461,685,235.83	24.43%
34	28.02.2023	428,943,239.80	22.70%
35	31.03.2023	406,466,983.67	21.51%
36	30.04.2023	376,575,052.44	19.92%
37	31.05.2023	350,407,312.13	18.54%
38	30.06.2023	322,263,513.99	17.05%
39	31.07.2023	295,480,843.96	15.63%
40	31.08.2023	266,380,322.68	14.09%
41	30.09.2023	237,180,231.53	12.55%
42	31.10.2023	208,136,780.35	11.01%
43	30.11.2023	184,220,340.29	9.75%
44	31.12.2023	161,058,343.36	8.52%
45	31.01.2024	126,119,901.47	6.67%
46	29.02.2024	100,559,355.84	5.32%
47	31.03.2024	93,568,469.55	4.95%
48	30.04.2024	85,060,469.88	4.50%
49	31.05.2024	75,761,860.59	4.01%
50	30.06.2024	67,295,224.28	3.56%
51	31.07.2024	58,697,190.09	3.11%
52	31.08.2024	50,440,327.45	2.67%
53	30.09.2024	42,137,977.32	2.23%
54	31.10.2024	34,216,975.52	1.81%
55	30.11.2024	26,371,613.14	1.40%
56	31.12.2024	20,029,571.44	1.06%
57	31.01.2025	10,769,369.69	0.57%
58	28.02.2025	1,356,182.55	0.07%
59	31.03.2025	1,227,680.06	0.06%
60	30.04.2025	1,063,059.80	0.06%
61	31.05.2025	824,215.48	0.04%
62	30.06.2025	670,210.35	0.04%
63	31.07.2025	571,536.71	0.03%
64	31.08.2025	465,581.16	0.02%
65	30.09.2025	385,797.40	0.02%
66	31.10.2025	297,785.55	0.02%
67	30.11.2025	214,853.85	0.01%
68	31.12.2025	163,494.88	0.01%
69	31.01.2026	112,207.62	0.01%

(5) **Historical performance data**

The historical performance data set out hereafter relate to the portfolio of auto loan receivables granted by the Seller to retail (includes private and commercial but not corporate) borrowers, with and without a final balloon instalment, relating to used or new vehicles. Loans to employees (i.e. "Firmenangehörigengeschäft") have been excluded from the historical performance data.

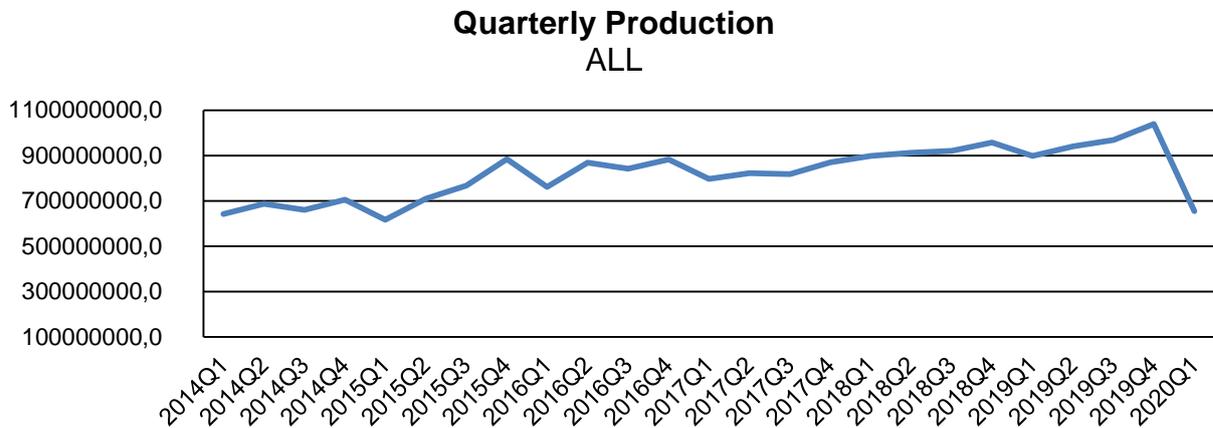
In each of the tables below, "Q1" refers to the period from 1 January to 31 March, "Q2" refers to the period from 1 April to 30 June, "Q3" refers to the period from 1 July to 30 September and "Q4" refers to the period from 1 October to 31 December.

The tables below were prepared on the basis of the internal records of the Seller.

There can be no assurance that the future experience and performance of the Purchased Loan Receivables will be similar to the historical performance set out in the tables below.

Production

Quarterly production – Total portfolio



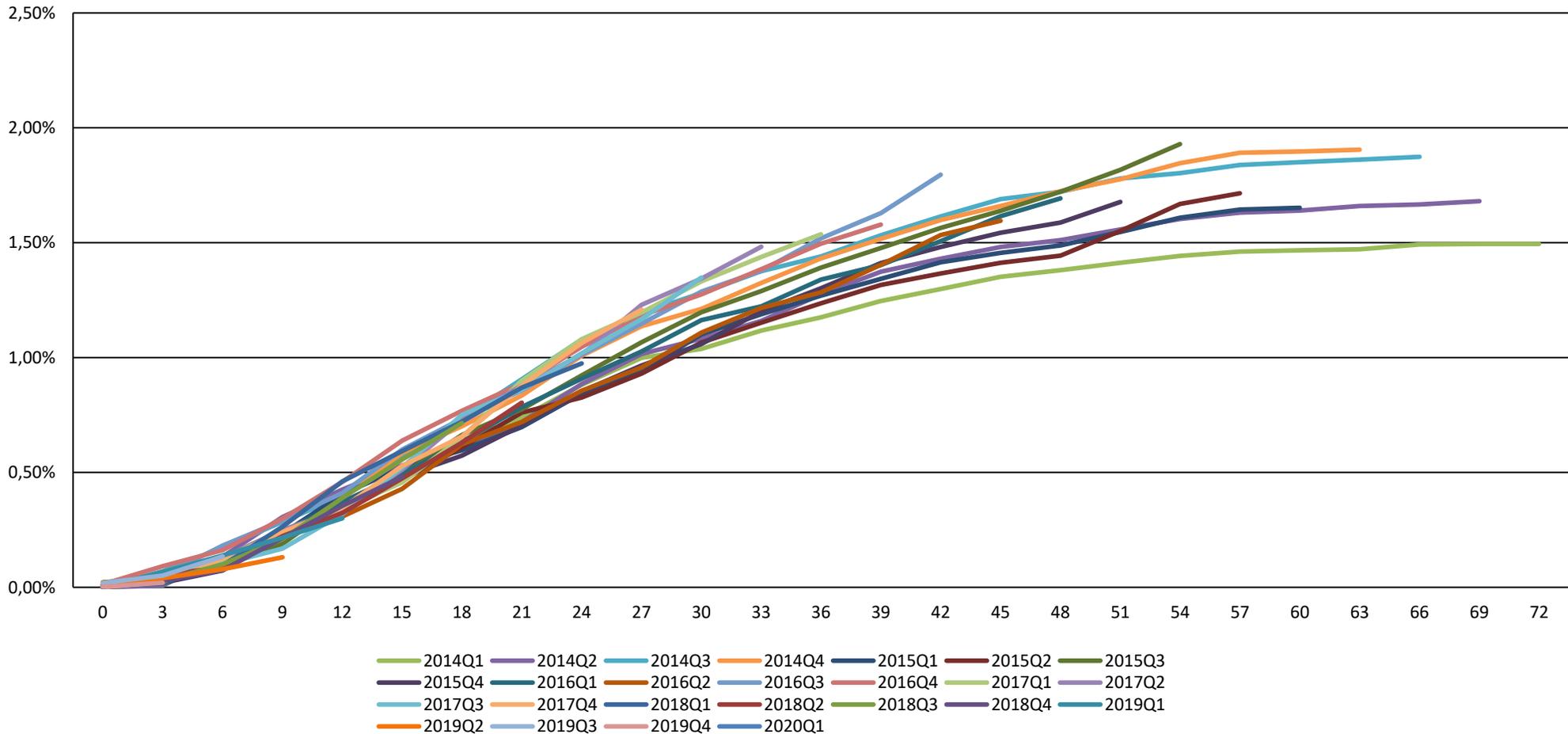
Quarter of Origination	Originated Amount (€)
2014Q1	642,524,385
2014Q2	686,628,237
2014Q3	660,098,076
2014Q4	705,628,451
2015Q1	617,402,569
2015Q2	710,035,964
2015Q3	767,698,321
2015Q4	883,637,911
2016Q1	761,975,556
2016Q2	869,443,167
2016Q3	841,663,596
2016Q4	883,317,417
2017Q1	796,394,427
2017Q2	822,774,458
2017Q3	818,360,660
2017Q4	870,714,657
2018Q1	898,934,208
2018Q2	911,780,996
2018Q3	921,140,014
2018Q4	957,542,445
2019Q1	898,335,667
2019Q2	940,767,731
2019Q3	969,275,727
2019Q4	1,039,569,356
2020Q1	655,437,387

Gross default rates

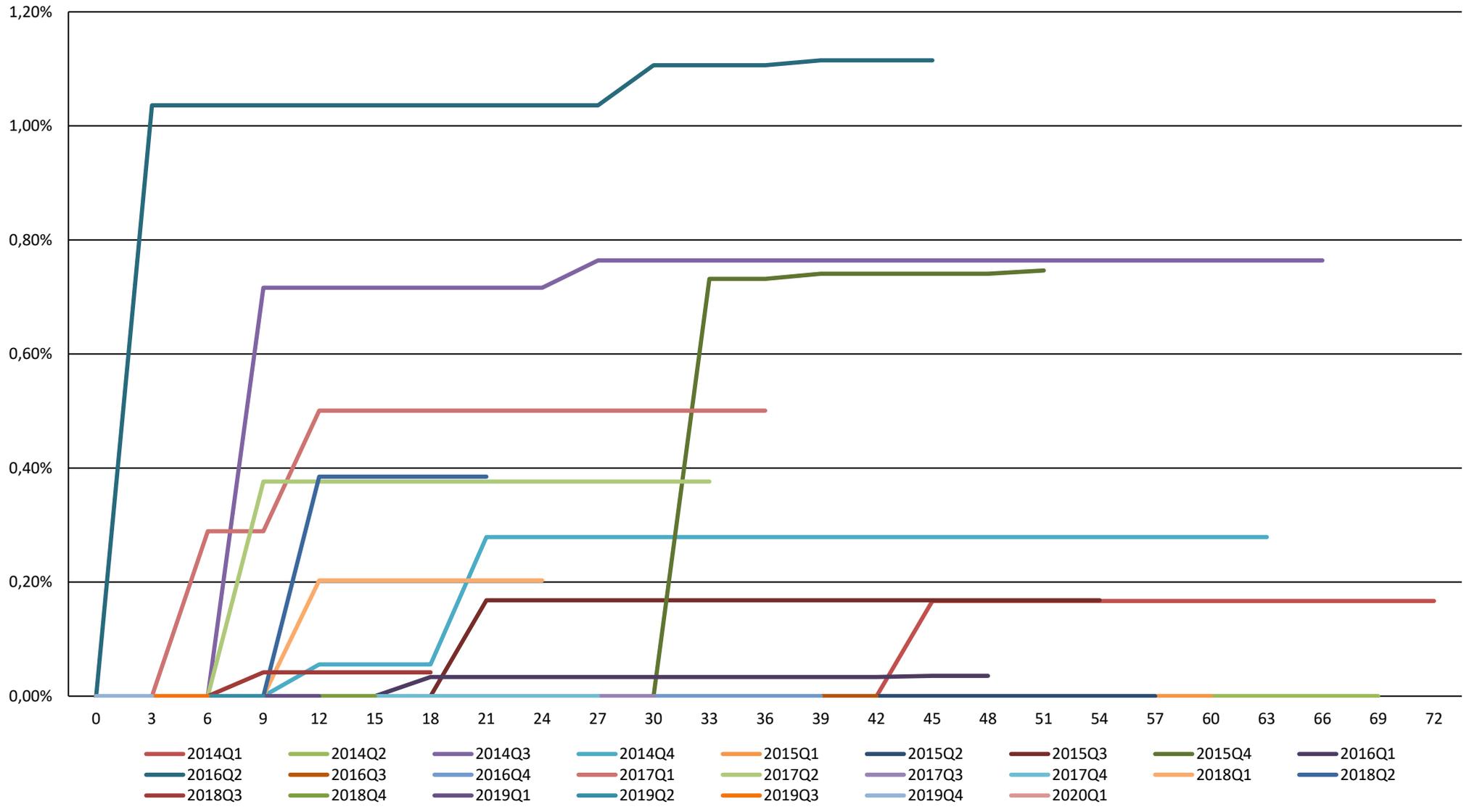
For a generation of originated loans (being all loans originated during the same quarter), the cumulative gross default rate in respect of a month is calculated as the ratio of:

- i. the cumulative defaulted amount recorded between the quarter when such loans were originated and the relevant month, to
- ii. the initial outstanding amount of such loans.

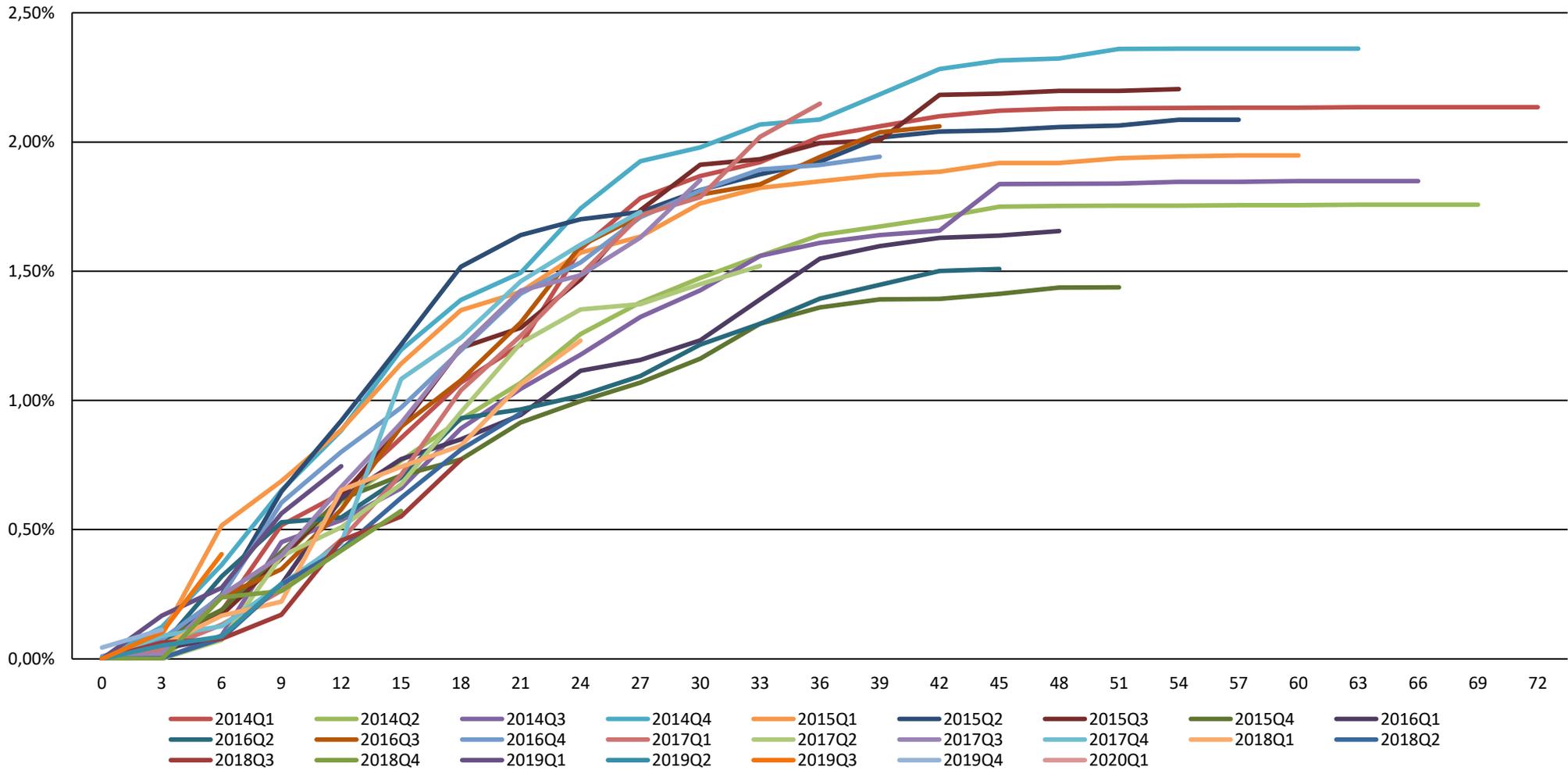
Cumulated Gross Default Rates ALL



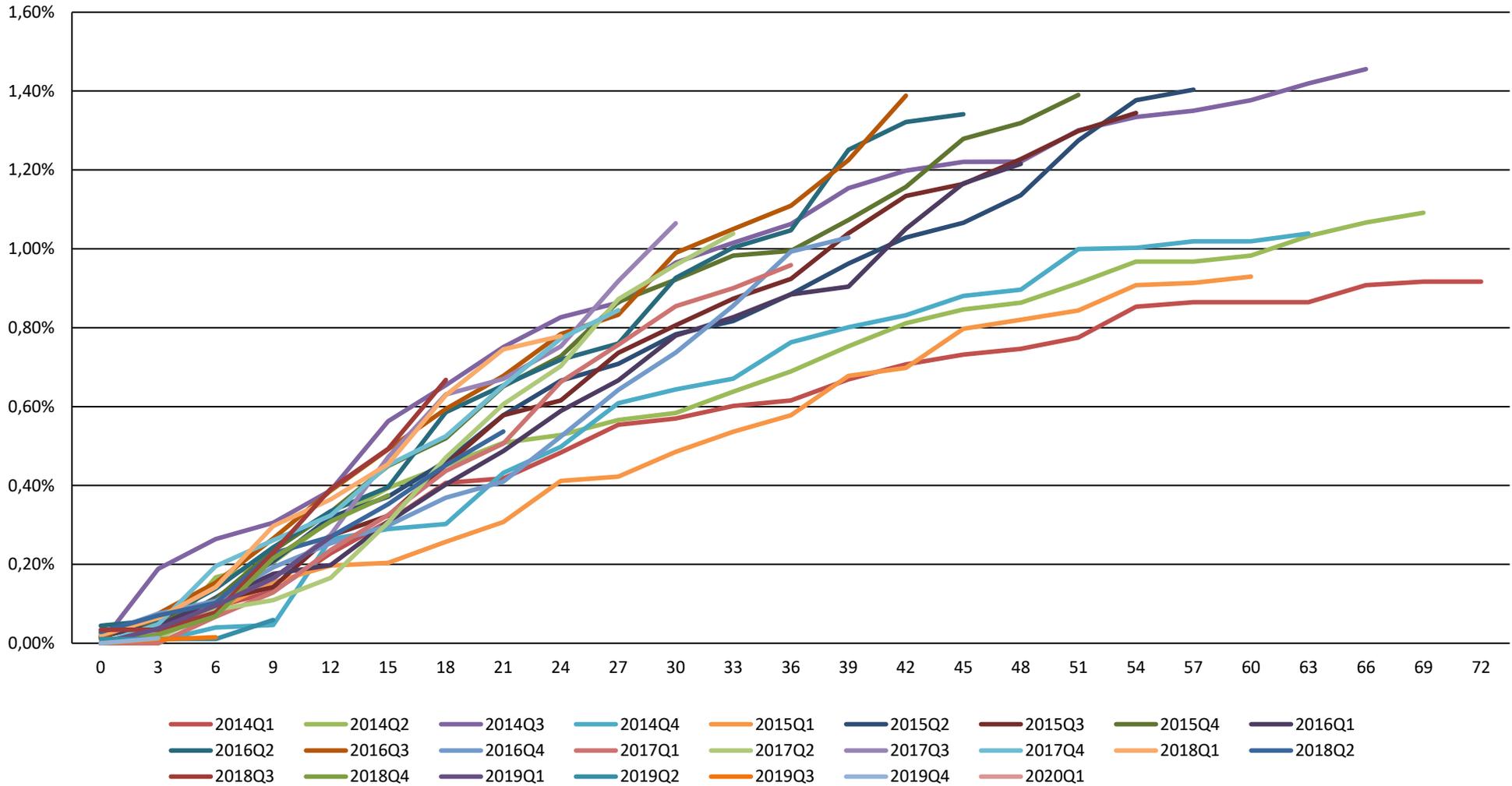
Cumulated Gross Default Rates New-Amortising-Private



Cumulated Gross Default Rates Used-Amortising-Commercial



Cumulated Gross Default Rates Used-Balloon-Private

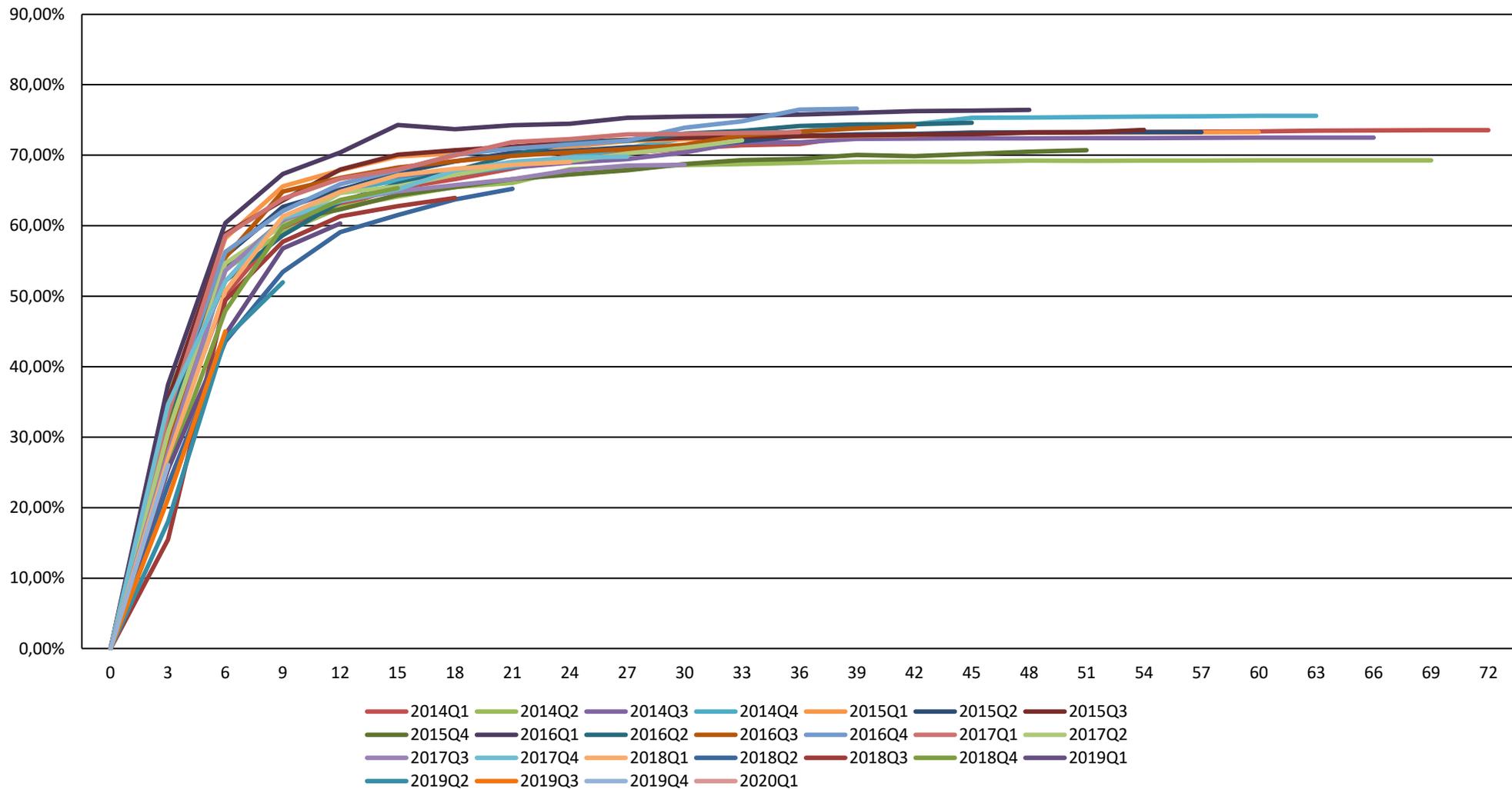


Recovery rates

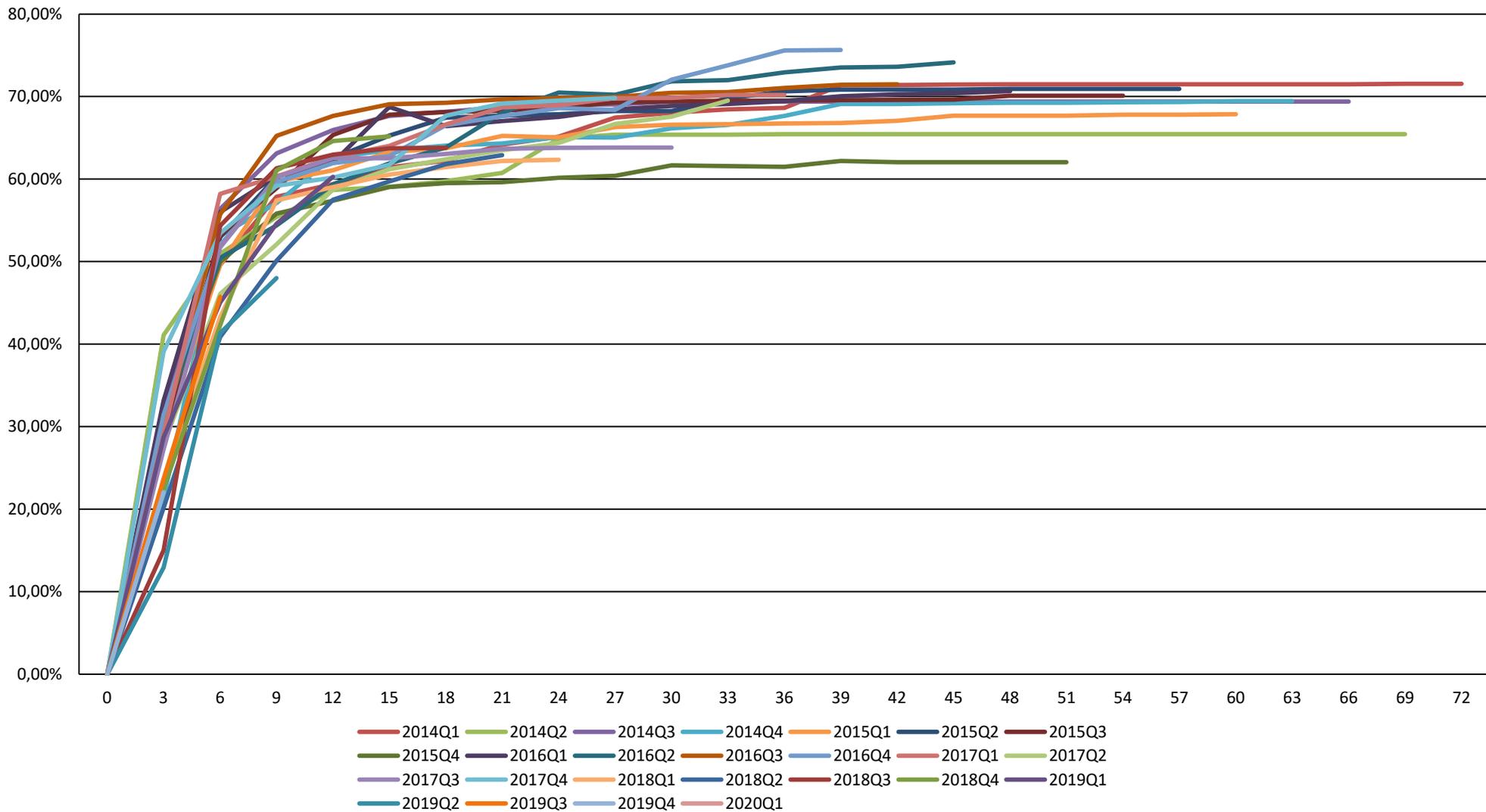
For a generation of defaulted loans (being all loans defaulted during the same quarter), the cumulative recovery rate in respect of a month is calculated as the ratio of:

- i. the cumulative recovered amounts recorded between the quarter when such loans were defaulted and the relevant month, to
- ii. the gross defaulted amount of such loans.

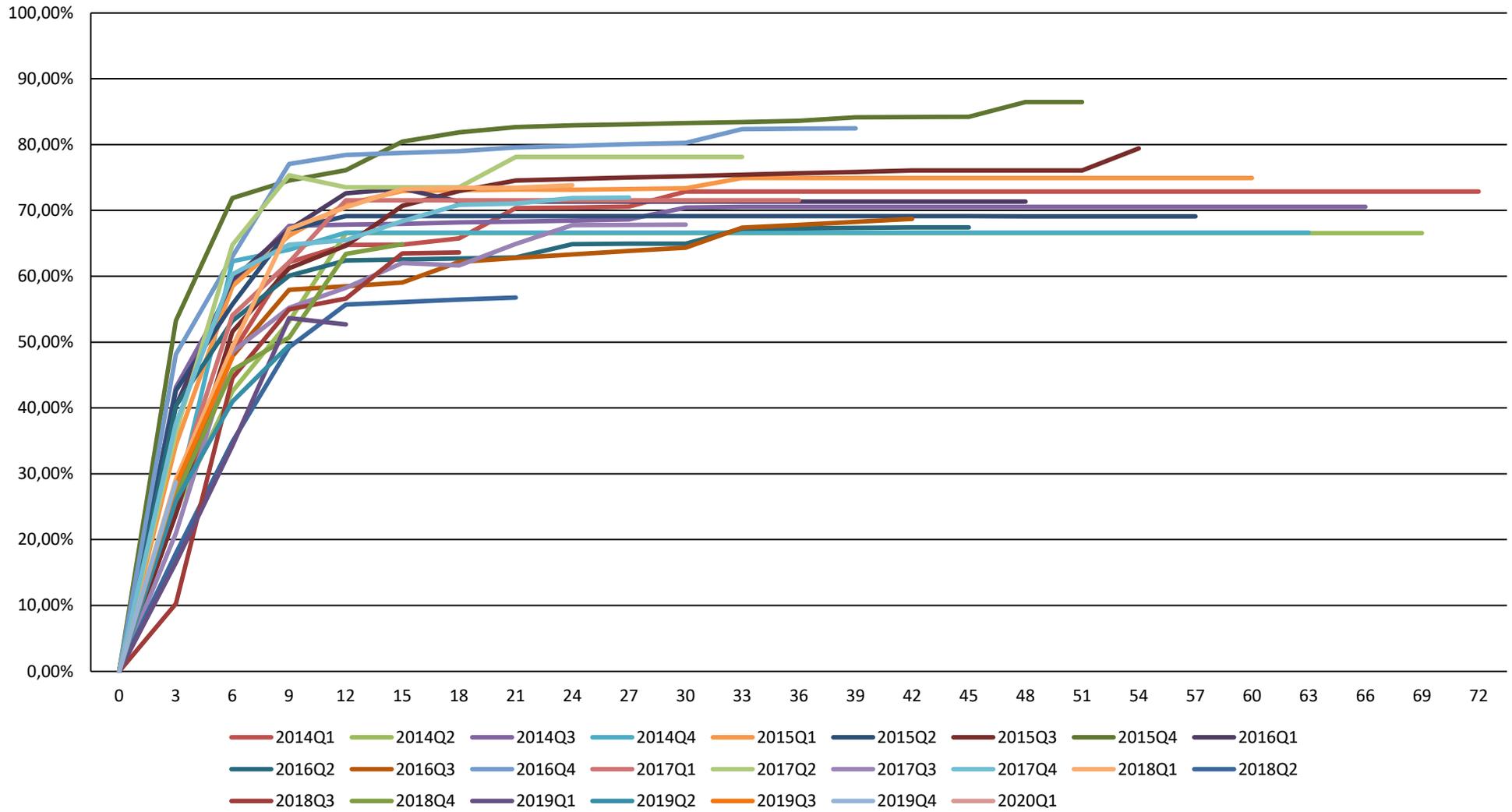
Cumulated RecoveryRates ALL



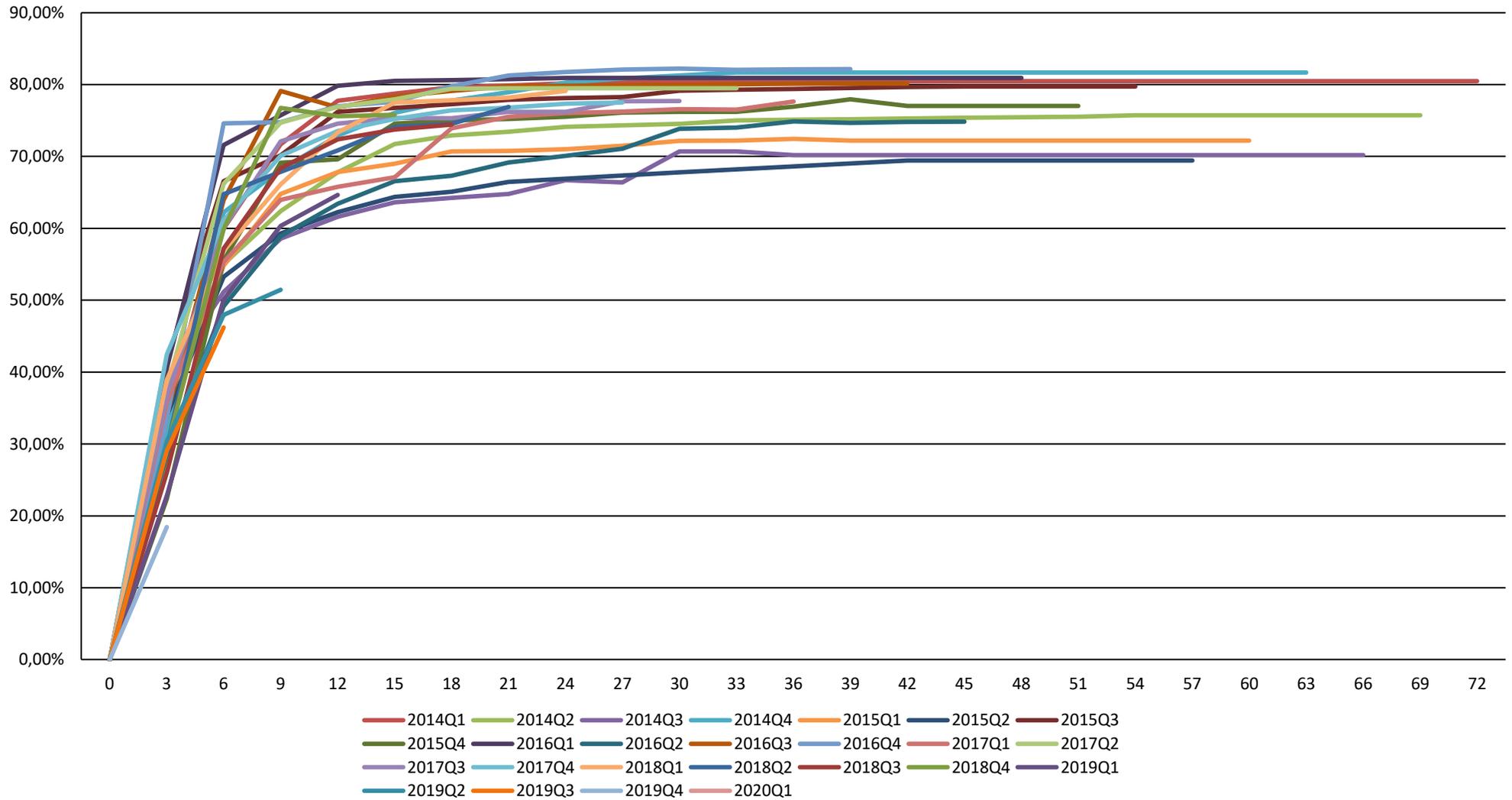
Cumulated Recovery Rates New-Balloon-Commercial



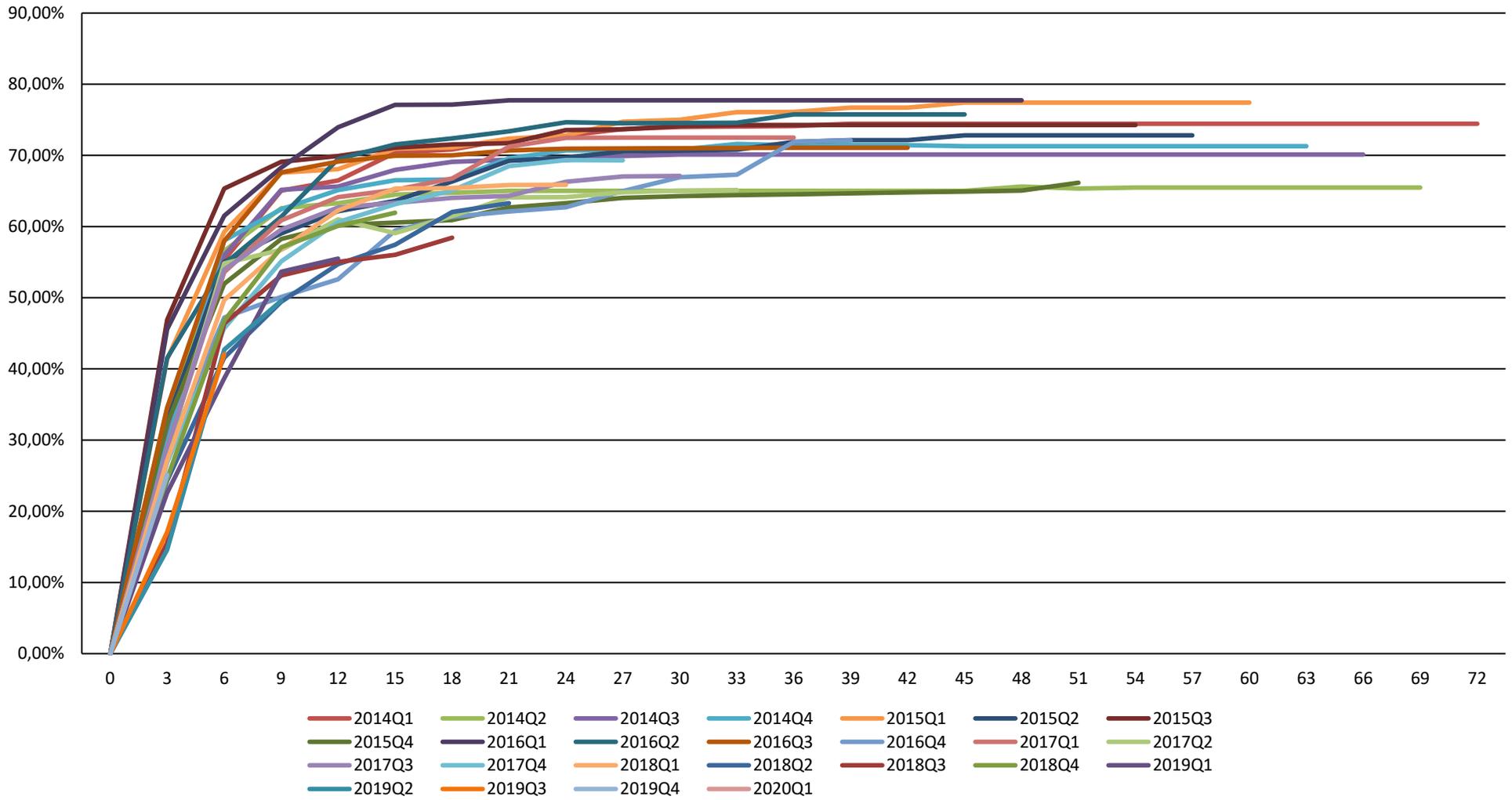
Cumulated Recovery Rates New-Balloon-Private



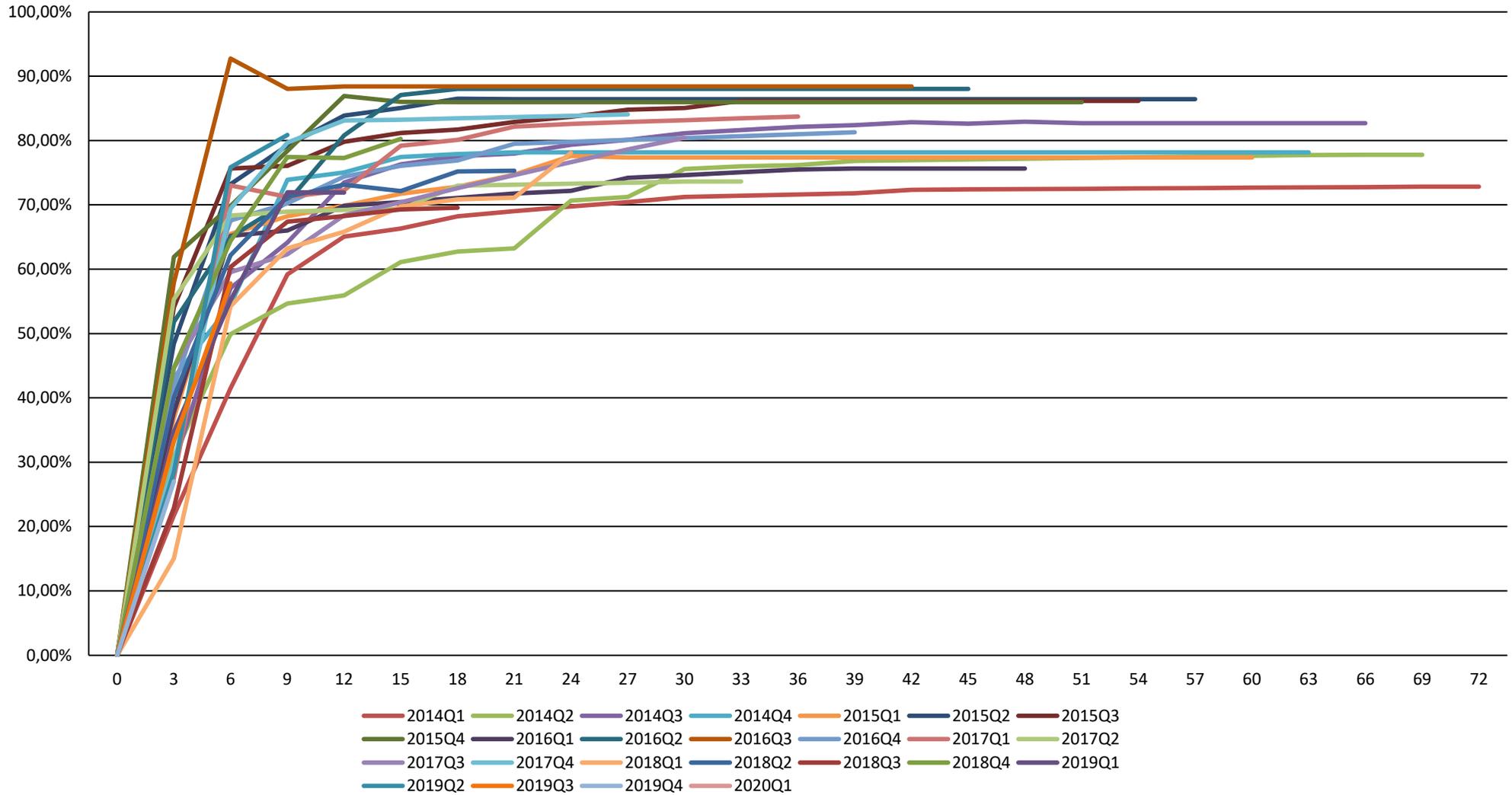
Cumulated Recovery Rates Used-Amortising-Commercial



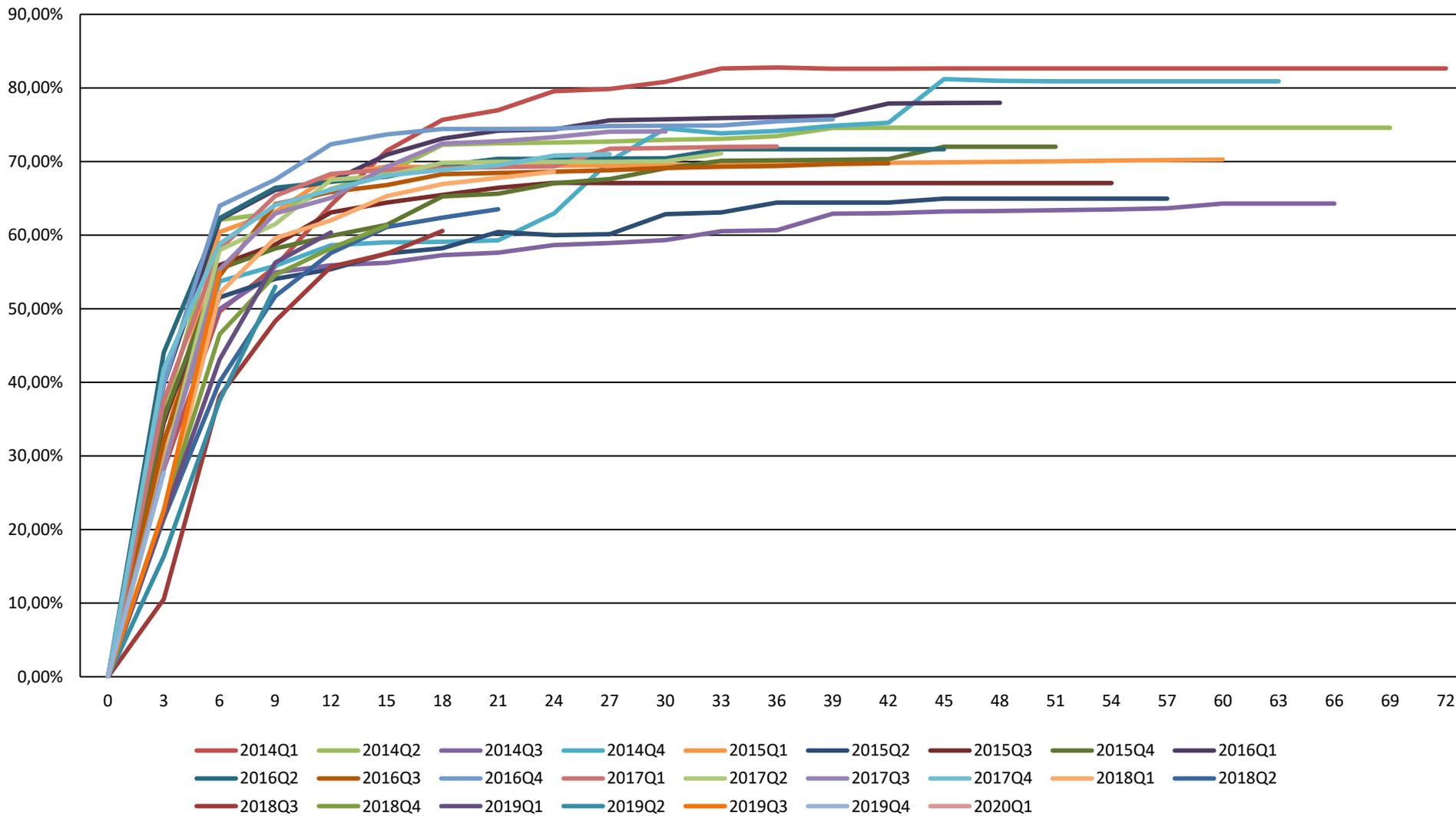
Cumulated Recovery Rates Used-Balloon-Commercial



Cumulated Recovery Rates Used-Amortising-Private



Cumulated Recovery Rates Used-Balloon-Private



Prepayments

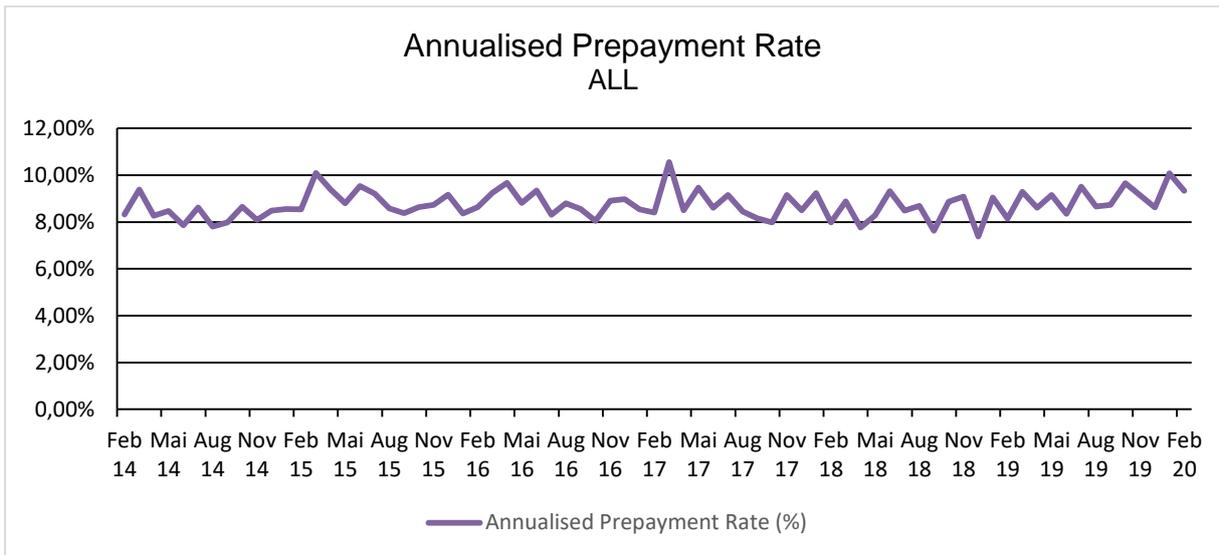
For a given month, the annual prepayment rate (APR) is calculated from the monthly prepayment rate (MPR) according to the following formula: $APR = 1 - (1 - MPR)^{12}$.

The monthly prepayment rate (MPR) 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.

Annual prepayment rates – Total portfolio

Month	Outstanding Principal Balance (€ per beg month)	Prepaid Balance (€)	Monthly Prepayment Rate (%)	Annualised Prepayment Rate (%)
Feb 14	5,562,323,296	40,142,796	0.72%	8.32%
Mar 14	5,553,400,444	45,452,786	0.82%	9.39%
Apr 14	5,575,225,886	39,935,799	0.72%	8.27%
May 14	5,558,883,871	40,837,957	0.73%	8.47%
Jun 14	5,556,375,665	37,742,575	0.68%	7.85%
Jul 14	5,591,915,726	41,876,003	0.75%	8.63%
Aug 14	5,609,278,936	37,872,792	0.68%	7.81%
Sep 14	5,616,122,290	38,813,644	0.69%	7.99%
Oct 14	5,629,831,429	42,298,760	0.75%	8.65%
Nov 14	5,640,364,485	39,541,816	0.70%	8.10%
Dec 14	5,656,905,474	41,664,189	0.74%	8.49%
Jan 15	5,705,748,648	42,338,805	0.74%	8.55%
Feb 15	5,709,761,047	42,297,155	0.74%	8.54%
Mar 15	5,671,365,322	50,046,577	0.88%	10.09%
Apr 15	5,706,431,569	46,751,237	0.82%	9.40%
May 15	5,706,709,367	43,642,858	0.76%	8.80%
Jun 15	5,686,219,722	47,308,175	0.83%	9.54%
Jul 15	5,741,897,140	46,071,167	0.80%	9.21%
Aug 15	5,760,805,545	42,933,799	0.75%	8.59%
Sep 15	5,785,135,774	41,996,114	0.73%	8.37%
Oct 15	5,819,909,129	43,632,742	0.75%	8.63%
Nov 15	5,868,652,783	44,508,976	0.76%	8.73%
Dec 15	5,925,997,392	47,307,071	0.80%	9.17%
Jan 16	6,041,320,052	43,838,932	0.73%	8.37%
Feb 16	6,067,455,428	45,499,638	0.75%	8.64%
Mar 16	6,091,571,081	49,052,340	0.81%	9.25%
Apr 16	6,172,957,732	52,112,588	0.84%	9.67%
May 16	6,194,735,947	47,477,430	0.77%	8.82%
Jun 16	6,256,358,985	50,921,679	0.81%	9.34%
Jul 16	6,344,466,868	45,737,543	0.72%	8.32%
Aug 16	6,386,000,189	48,812,634	0.76%	8.80%
Sep 16	6,462,302,724	47,991,069	0.74%	8.56%
Oct 16	6,520,148,519	45,469,578	0.70%	8.05%
Nov 16	6,546,537,240	50,705,683	0.77%	8.91%
Dec 16	6,623,054,366	51,713,211	0.78%	8.98%
Jan 17	6,713,981,289	49,767,451	0.74%	8.54%
Feb 17	6,725,794,198	49,034,113	0.73%	8.41%
Mar 17	6,740,191,267	62,351,884	0.93%	10.55%
Apr 17	6,840,077,522	50,490,844	0.74%	8.51%
May 17	6,782,624,919	56,013,353	0.83%	9.47%
Jun 17	6,845,305,711	51,191,177	0.75%	8.61%
Jul 17	6,901,760,596	55,003,572	0.80%	9.16%
Aug 17	6,945,294,010	50,864,669	0.73%	8.44%
Sep 17	7,001,042,841	49,502,742	0.71%	8.16%
Oct 17	7,040,090,516	48,599,356	0.69%	7.98%
Nov 17	7,064,055,316	56,333,031	0.80%	9.16%
Dec 17	7,160,187,754	52,773,471	0.74%	8.49%
Jan 18	7,210,955,363	57,991,876	0.80%	9.24%
Feb 18	7,295,548,734	50,407,758	0.69%	7.98%
Mar 18	7,309,150,755	56,457,552	0.77%	8.89%
Apr 18	7,406,198,644	49,687,981	0.67%	7.76%
May 18	7,398,721,412	53,083,056	0.72%	8.28%
Jun 18	7,444,843,983	60,477,689	0.81%	9.32%
Jul 18	7,530,826,387	55,406,824	0.74%	8.48%
Aug 18	7,586,897,485	57,315,175	0.76%	8.70%
Sep 18	7,678,657,996	50,570,111	0.66%	7.62%
Oct 18	7,489,065,130	57,778,074	0.77%	8.88%
Nov 18	7,531,148,698	59,531,969	0.79%	9.08%
Dec 18	7,899,735,575	50,354,902	0.64%	7.39%
Jan 19	7,937,508,609	62,429,168	0.79%	9.04%
Feb 19	7,983,050,554	56,295,691	0.71%	8.14%
Mar 19	7,984,714,877	64,606,595	0.81%	9.29%
Apr 19	8,051,518,757	60,195,691	0.75%	8.61%
May 19	8,242,952,103	65,677,476	0.80%	9.15%
Jun 19	8,331,788,151	60,366,151	0.72%	8.36%
Jul 19	8,356,310,795	69,299,536	0.83%	9.51%
Aug 19	8,422,314,506	63,353,216	0.75%	8.66%
Sep 19	8,455,939,771	64,152,132	0.76%	8.73%
Oct 19	8,498,122,450	71,596,336	0.84%	9.65%
Nov 19	8,550,027,164	67,997,500	0.80%	9.14%
Dec 19	8,663,604,332	64,826,404	0.75%	8.62%
Jan 20	8,677,944,466	76,483,697	0.88%	10.08%
Feb 20	8,753,167,282	71,172,446	0.81%	9.33%



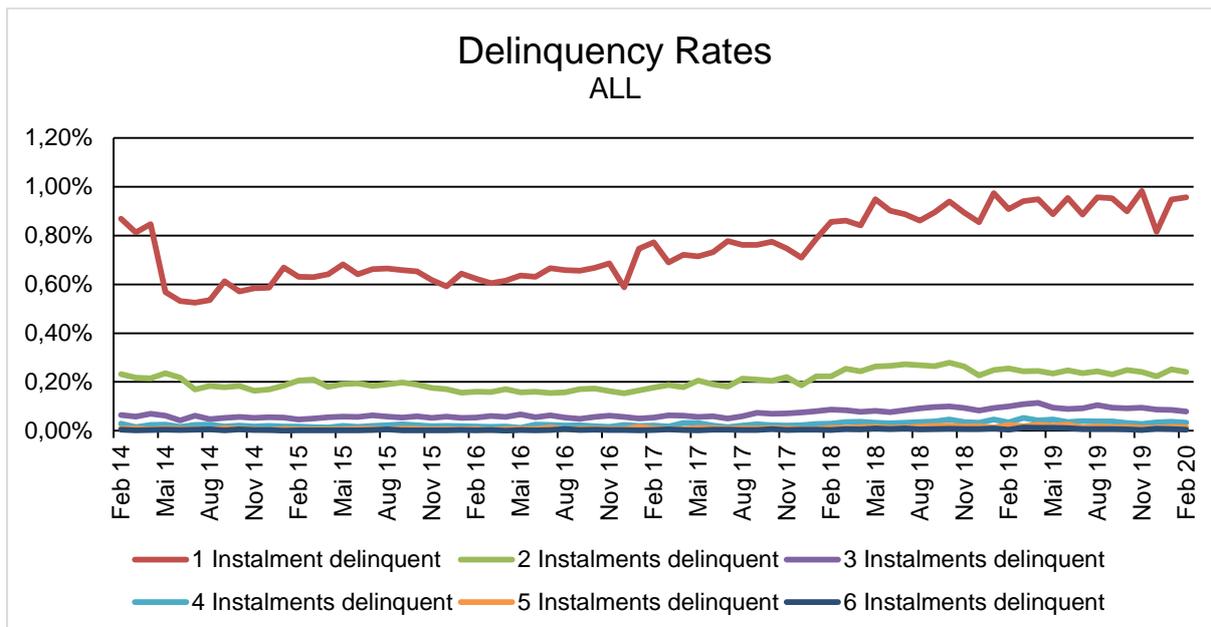
Delinquencies

For a given month and a given delinquency bucket (e.g. 1 instalment delinquent), the delinquency rate is calculated as the ratio of:

- i. the outstanding principal balance of all delinquent loans (in the same delinquency bucket) during the month, to
- ii. the outstanding principal balance of all loans (defaulted loans excluded) at the end of the month.

Delinquency rates – Total portfolio

Month	Outstanding Principal Balance (€ per month end)	1 Instalment delinquent	2 Instalments delinquent	3 Instalments delinquent	4 Instalments delinquent	5 Instalments delinquent	6 Instalments delinquent
Feb 14	5,553,400,444	0.87%	0.23%	0.06%	0.03%	0.01%	0.00%
Mar 14	5,575,225,886	0.81%	0.22%	0.06%	0.01%	0.01%	0.00%
Apr 14	5,558,883,871	0.85%	0.21%	0.07%	0.02%	0.01%	0.00%
May 14	5,556,375,665	0.57%	0.24%	0.06%	0.02%	0.01%	0.00%
Jun 14	5,591,915,726	0.53%	0.22%	0.04%	0.02%	0.01%	0.00%
Jul 14	5,609,278,936	0.52%	0.17%	0.06%	0.02%	0.01%	0.00%
Aug 14	5,616,122,290	0.54%	0.18%	0.05%	0.03%	0.01%	0.01%
Sep 14	5,629,831,429	0.61%	0.18%	0.05%	0.02%	0.01%	0.00%
Oct 14	5,640,364,485	0.57%	0.18%	0.06%	0.02%	0.01%	0.01%
Nov 14	5,656,905,474	0.58%	0.16%	0.05%	0.02%	0.01%	0.00%
Dec 14	5,705,748,648	0.59%	0.17%	0.06%	0.02%	0.00%	0.00%
Jan 15	5,709,761,047	0.67%	0.19%	0.05%	0.02%	0.01%	0.00%
Feb 15	5,671,365,322	0.63%	0.21%	0.05%	0.02%	0.01%	0.00%
Mar 15	5,706,431,569	0.63%	0.21%	0.05%	0.02%	0.01%	0.00%
Apr 15	5,706,709,367	0.64%	0.18%	0.06%	0.01%	0.01%	0.00%
May 15	5,686,219,722	0.68%	0.19%	0.06%	0.02%	0.01%	0.00%
Jun 15	5,741,897,140	0.64%	0.19%	0.06%	0.02%	0.01%	0.00%
Jul 15	5,760,805,545	0.66%	0.18%	0.06%	0.02%	0.01%	0.00%
Aug 15	5,785,135,774	0.67%	0.19%	0.06%	0.02%	0.01%	0.01%
Sep 15	5,819,909,129	0.66%	0.20%	0.05%	0.03%	0.01%	0.00%
Oct 15	5,868,652,783	0.65%	0.19%	0.06%	0.02%	0.01%	0.00%
Nov 15	5,925,997,392	0.62%	0.18%	0.05%	0.02%	0.01%	0.00%
Dec 15	6,041,320,052	0.59%	0.17%	0.06%	0.02%	0.01%	0.00%
Jan 16	6,067,455,428	0.64%	0.16%	0.05%	0.02%	0.01%	0.00%
Feb 16	6,091,571,081	0.62%	0.16%	0.05%	0.02%	0.01%	0.00%
Mar 16	6,172,957,732	0.60%	0.16%	0.06%	0.02%	0.00%	0.00%
Apr 16	6,194,735,947	0.61%	0.17%	0.06%	0.02%	0.01%	0.00%
May 16	6,256,358,985	0.64%	0.16%	0.07%	0.01%	0.01%	0.00%
Jun 16	6,344,466,868	0.63%	0.16%	0.05%	0.03%	0.01%	0.00%
Jul 16	6,386,000,189	0.67%	0.15%	0.06%	0.02%	0.01%	0.00%
Aug 16	6,462,302,724	0.66%	0.16%	0.05%	0.02%	0.01%	0.01%
Sep 16	6,520,148,519	0.66%	0.17%	0.05%	0.02%	0.01%	0.00%
Oct 16	6,546,537,240	0.67%	0.17%	0.06%	0.02%	0.01%	0.00%
Nov 16	6,623,054,366	0.69%	0.16%	0.06%	0.02%	0.01%	0.00%
Dec 16	6,713,981,289	0.59%	0.15%	0.06%	0.02%	0.01%	0.00%
Jan 17	6,725,794,198	0.75%	0.16%	0.05%	0.02%	0.02%	0.00%
Feb 17	6,740,191,267	0.77%	0.18%	0.05%	0.02%	0.01%	0.00%
Mar 17	6,840,077,522	0.69%	0.19%	0.06%	0.02%	0.01%	0.01%
Apr 17	6,782,624,919	0.72%	0.18%	0.06%	0.03%	0.01%	0.00%
May 17	6,845,305,711	0.72%	0.21%	0.06%	0.03%	0.01%	0.00%
Jun 17	6,901,760,596	0.73%	0.19%	0.06%	0.02%	0.01%	0.00%
Jul 17	6,945,294,010	0.78%	0.18%	0.05%	0.01%	0.01%	0.00%
Aug 17	7,001,042,841	0.76%	0.21%	0.06%	0.02%	0.01%	0.00%
Sep 17	7,040,090,516	0.76%	0.21%	0.07%	0.03%	0.01%	0.00%
Oct 17	7,064,055,316	0.77%	0.20%	0.07%	0.02%	0.01%	0.01%
Nov 17	7,160,187,754	0.75%	0.22%	0.07%	0.02%	0.01%	0.00%
Dec 17	7,210,955,363	0.71%	0.19%	0.07%	0.02%	0.01%	0.00%
Jan 18	7,295,548,734	0.79%	0.22%	0.08%	0.03%	0.01%	0.00%
Feb 18	7,309,150,755	0.86%	0.22%	0.09%	0.03%	0.01%	0.00%
Mar 18	7,406,198,644	0.86%	0.25%	0.08%	0.04%	0.01%	0.01%
Apr 18	7,398,721,412	0.84%	0.24%	0.08%	0.04%	0.02%	0.01%
May 18	7,444,843,983	0.95%	0.26%	0.08%	0.03%	0.02%	0.01%
Jun 18	7,530,826,387	0.90%	0.27%	0.08%	0.03%	0.01%	0.01%
Jul 18	7,586,897,485	0.89%	0.27%	0.08%	0.03%	0.01%	0.01%
Aug 18	7,678,657,996	0.86%	0.27%	0.09%	0.04%	0.02%	0.01%
Sep 18	7,489,065,130	0.89%	0.26%	0.10%	0.04%	0.02%	0.01%
Oct 18	7,531,148,698	0.94%	0.28%	0.10%	0.05%	0.02%	0.01%
Nov 18	7,899,735,575	0.89%	0.26%	0.09%	0.04%	0.02%	0.01%
Dec 18	7,937,508,609	0.85%	0.23%	0.08%	0.03%	0.02%	0.01%
Jan 19	7,983,050,554	0.97%	0.25%	0.09%	0.05%	0.01%	0.01%
Feb 19	7,984,714,877	0.91%	0.26%	0.10%	0.03%	0.02%	0.00%
Mar 19	8,051,518,757	0.94%	0.24%	0.11%	0.05%	0.02%	0.01%
Apr 19	8,242,952,103	0.95%	0.25%	0.11%	0.04%	0.02%	0.01%
May 19	8,331,788,151	0.89%	0.23%	0.09%	0.05%	0.02%	0.01%
Jun 19	8,356,310,795	0.95%	0.25%	0.09%	0.04%	0.02%	0.01%
Jul 19	8,422,314,506	0.89%	0.24%	0.09%	0.04%	0.01%	0.01%
Aug 19	8,455,939,771	0.96%	0.24%	0.10%	0.04%	0.02%	0.01%
Sep 19	8,498,122,450	0.95%	0.23%	0.09%	0.04%	0.02%	0.01%
Oct 19	8,550,027,164	0.90%	0.25%	0.09%	0.03%	0.02%	0.01%
Nov 19	8,663,604,332	0.98%	0.24%	0.09%	0.03%	0.01%	0.00%
Dec 19	8,677,944,466	0.82%	0.22%	0.09%	0.03%	0.01%	0.01%
Jan 20	8,753,167,282	0.95%	0.25%	0.09%	0.04%	0.02%	0.01%
Feb 20	8,775,208,931	0.96%	0.24%	0.08%	0.03%	0.01%	0.00%



(6) Inferential statement of the Issuer

The Issuer states herewith that the securitised assets backing the issue have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Compartment 11 Notes.

(7) Economic Environment

After the world economy had made a positive start to the year, the global spread of the coronavirus and the countermeasures taken substantially reduced economic activity, first in China and then, as the first quarter progressed, also in Europe and the United States. The crisis severely affected not only the volatile industrial sector, but above all the service sector as well. Shocks on the supply and demand sides had simultaneous and mutually reinforcing effects. Sharp falls on the stock markets further increased uncertainty. As a result, according to the latest estimates, global economic output declined significantly year-on-year for the first time since the financial crisis. In China, which was the first major economy to be affected by the COVID-19 pandemic, the economy contracted by a historic approximately 7% instead of the anticipated growth of 5 to 6%. But now that the virus seems to be under control in China, there are already signs of economic stabilization there. The economy in the European Monetary Union slid into recession in the second half of the quarter due to the pandemic and the countermeasures taken. However, due to the scarcity of hard economic data, the exact extent of the recession can hardly be quantified at present. Almost at the same time as in Europe and with a similar abruptness, economic activity was reduced also in the United States. In addition to drastic declines in sentiment indicators, the recent historic increase in the number of first-time unemployment claims suggests that a recessionary development can be assumed as early as the first quarter also in the USA. As a reaction to the economic slump, central banks in China, Europe, the United States and other regions have taken massive supporting measures. However, due to the specific nature of this crisis, these programs can, as a first step, only mitigate the immediate consequences. Other large economies such as Japan, India, Brazil and Russia are also affected by the corona crisis to a considerable extent. The drastic drop in the price of oil to significantly below \$30 per barrel has exacerbated the situation for the oil exporting economies.

The development of the global car market was also strongly affected by the corona crisis in the first quarter. The significant market decline that had already been observed in China since January continued in nearly all of Daimler's key sales regions as the quarter progressed. Worldwide demand for cars was significantly lower in the first quarter than in the prior-year period, with a decrease of more than 20%.

The Chinese market was already massively impacted by the coronavirus in February with a slump in demand of approximately 80%. Although the decrease in March was not quite as drastic, the market still suffered a sharp decline of about 45% for the quarter as a whole.

With a certain time lag, the corona crisis also affected the European market. Major European sales markets were already experiencing significant double-digit market contraction in March. Italy was the hardest hit with a drop of about 85%. As a result, the European market recorded a sharp decline over the quarter as a whole. The Western European market was 27% below the prior-year level. The five largest markets – Germany, the United Kingdom, France, Italy and Spain – all contracted by between 20% and 36%. Demand fell significantly also in Eastern Europe.

Demand for cars and light trucks in the United States also showed a sharp decline in March. This resulted in a significant market contraction of about 13% for the quarter as a whole.

Demand for vans in the EU30 region decreased in the first quarter of 2020. The market volume decreased by 18% for midsize and large vans and by 23% for small vans. The US market for large vans was significantly below its prior-year level. The market for large vans in Latin America contracted slightly due to a decrease in demand in Argentina.

Major truck markets showed a very weak development in the first quarter. The North American market for heavy-duty trucks (class 8) was already in a cyclical downturn phase at the beginning of the corona crisis. Exacerbated by the drastic worsening of the overall economic situation, demand fell by about a quarter of its volume compared with the first quarter of last year.

According to recent estimates, the market for heavy-duty trucks in the EU30 region (European Union, United Kingdom, Norway and Switzerland) recorded a sharp contraction of around 25%. In Brazil, demand for heavy-duty trucks was affected by the overall economic downturn and was slightly below its prior-year level. In Japan, sales of heavy-duty trucks remained comparatively stable and were roughly at the level of the first quarter of last year.

Bus markets also developed weakly as a result of the crisis. According to the latest estimates, demand for heavy buses fell significantly in the EU30 region, and the Brazilian market also declined significantly in the first quarter.

EXPECTED MATURITY AND AVERAGE LIFE OF NOTES AND ASSUMPTIONS

The weighted average life of the Compartment 11 Notes refers to the average amount of time that will elapse from the Issue Date of the Compartment 11 Notes to the date of distribution of amounts of principal to the Compartment 11 Noteholders.

The weighted average life of the Compartment 11 Notes will be influenced by, amongst other things, the rate at which the Purchased Loan Receivables are repaid or reduced, which may be in the form of scheduled amortisation, prepayments or defaults. The weighted average life of the Compartment 11 Notes may also be influenced by factors like arrears.

The following table is prepared on the basis of certain assumptions, as described below:

- i. the Compartment 11 Notes are issued on the Issue Date of 27 May 2020;
- ii. the first Payment Date will be on 15 June 2020 and thereafter each following Payment Date will be the 15th day of each calendar month, subject to the Business Day Convention;
- iii. the relevant scheduled amortisation profile of the Purchased Loan Receivables as of the Cut-Off Date;
- iv. the Purchased Loan Receivables are subject to a constant annual rate of principal prepayments as set out in the below table;
- v. the Purchased Loan Receivables are fully performing and do not show any delinquencies or defaults;
- vi. the Purchased Loan Receivables are not subject to loan restructuring;
- vii. no Purchased Loan Receivables are repurchased by the Seller from the Issuer in any situation other than under (viii);
- viii. the Seller will exercise its right to exercise the Clean-Up Call at the earliest Payment Date possible; and
- ix. the initial amount of each Class of Compartment 11 Notes is equal to the Aggregate Outstanding Note Principal Amount as set forth on the front cover of this Offering Circular.

The approximate weighted average life and principal payment window of each Class of Compartment 11 Notes, at various assumed rates of prepayment of the Purchased Loan Receivables, would be as follows (with "CPR" being the constant prepayment rate):

Class A Compartment 11 Notes average life and payment windows

Class A Notes			
CPR	Weighted Average Life <i>(in years)</i>	First Principal Payment Date	Expected Maturity Date
0%	1.72	Jun 20	Dec 23
5%	1.60	Jun 20	Nov 23
9%	1.51	Jun 20	Oct 23
11%	1.46	Jun 20	Sep 23
15%	1.38	Jun 20	Aug 23

Class B Compartment 11 Notes average life and payment windows

Class B Notes			
CPR	Weighted Average Life <i>(in years)</i>	First Principal Payment Date	Expected Maturity Date
0%	3.60	Dec 23	Dec 23
5%	3.52	Nov 23	Nov 23
9%	3.44	Oct 23	Oct 23
11%	3.35	Sep 23	Sep 23
15%	3.26	Aug 23	Aug 23

The exact average life of the Class A Compartment 11 Notes and of the Class B Compartment 11 Notes cannot be predicted as the actual rate at which the Purchased Loan Receivables will be repaid and a number of other relevant factors are unknown.

The average life of each Class of Compartment 11 Notes is subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and the estimates above will prove in any way to be realistic and they must, therefore, be viewed with considerable caution.

Assumed Amortisation of the Compartment 11 Notes

This amortisation scenario is based on the assumptions listed above under Weighted Average Life of the Compartment 11 Notes and is assuming a CPR of 9 per cent. The actual amortisation of the Compartment 11 Notes may differ substantially from the amortisation scenario indicated below.

Period	Payment Date	Class A Balance	Class A Principal	Class B Balance	Class B Principal
0	27.05.2020	1,748,200,000.00		141,700,000.00	
1	15.06.2020	1,699,952,809.23	48,247,190.77	141,700,000.00	0.00
2	15.07.2020	1,639,598,814.34	60,353,994.89	141,700,000.00	0.00
3	17.08.2020	1,582,502,270.89	57,096,543.45	141,700,000.00	0.00
4	15.09.2020	1,525,331,704.54	57,170,566.36	141,700,000.00	0.00
5	15.10.2020	1,469,096,025.12	56,235,679.41	141,700,000.00	0.00
6	16.11.2020	1,414,156,170.16	54,939,854.96	141,700,000.00	0.00
7	15.12.2020	1,357,978,914.06	56,177,256.10	141,700,000.00	0.00
8	15.01.2021	1,302,595,152.22	55,383,761.85	141,700,000.00	0.00
9	15.02.2021	1,251,306,551.90	51,288,600.32	141,700,000.00	0.00
10	15.03.2021	1,201,439,217.91	49,867,333.98	141,700,000.00	0.00
11	15.04.2021	1,144,356,076.32	57,083,141.60	141,700,000.00	0.00
12	17.05.2021	1,092,706,020.45	51,650,055.87	141,700,000.00	0.00
13	15.06.2021	1,040,051,180.22	52,654,840.23	141,700,000.00	0.00
14	15.07.2021	988,070,976.53	51,980,203.69	141,700,000.00	0.00
15	16.08.2021	938,909,615.26	49,161,361.27	141,700,000.00	0.00
16	15.09.2021	890,138,529.58	48,771,085.68	141,700,000.00	0.00
17	15.10.2021	843,317,810.03	46,820,719.55	141,700,000.00	0.00
18	15.11.2021	799,645,981.22	43,671,828.81	141,700,000.00	0.00
19	15.12.2021	752,715,567.65	46,930,413.57	141,700,000.00	0.00
20	17.01.2022	709,066,544.99	43,649,022.66	141,700,000.00	0.00
21	15.02.2022	663,721,748.59	45,344,796.40	141,700,000.00	0.00
22	15.03.2022	626,260,276.26	37,461,472.33	141,700,000.00	0.00
23	15.04.2022	583,383,613.31	42,876,662.95	141,700,000.00	0.00
24	16.05.2022	542,106,824.64	41,276,788.67	141,700,000.00	0.00
25	15.06.2022	503,090,039.32	39,016,785.32	141,700,000.00	0.00
26	15.07.2022	460,633,862.17	42,456,177.15	141,700,000.00	0.00
27	15.08.2022	422,674,392.84	37,959,469.33	141,700,000.00	0.00
28	15.09.2022	383,247,129.97	39,427,262.87	141,700,000.00	0.00
29	17.10.2022	347,854,144.88	35,392,985.09	141,700,000.00	0.00
30	15.11.2022	313,027,358.77	34,826,786.10	141,700,000.00	0.00
31	15.12.2022	276,975,319.92	36,052,038.86	141,700,000.00	0.00
32	16.01.2023	248,076,150.36	28,899,169.56	141,700,000.00	0.00
33	15.02.2023	214,513,041.35	33,563,109.02	141,700,000.00	0.00
34	15.03.2023	186,660,145.37	27,852,895.98	141,700,000.00	0.00
35	17.04.2023	167,018,509.61	19,641,635.75	141,700,000.00	0.00
36	15.05.2023	142,076,038.84	24,942,470.77	141,700,000.00	0.00
37	15.06.2023	120,289,641.07	21,786,397.77	141,700,000.00	0.00
38	17.07.2023	97,361,081.95	22,928,559.12	141,700,000.00	0.00
39	15.08.2023	75,777,261.58	21,583,820.37	141,700,000.00	0.00
40	15.09.2023	52,824,115.12	22,953,146.46	141,700,000.00	0.00
41	16.10.2023	0.00	52,824,115.12	0.00	141,700,000.00
42	15.11.2023	0.00	0.00	0.00	0.00
43	15.12.2023	0.00	0.00	0.00	0.00
44	15.01.2024	0.00	0.00	0.00	0.00
45	15.02.2024	0.00	0.00	0.00	0.00
46	15.03.2024	0.00	0.00	0.00	0.00
47	15.04.2024	0.00	0.00	0.00	0.00
48	15.05.2024	0.00	0.00	0.00	0.00
49	17.06.2024	0.00	0.00	0.00	0.00
50	15.07.2024	0.00	0.00	0.00	0.00
51	15.08.2024	0.00	0.00	0.00	0.00
52	16.09.2024	0.00	0.00	0.00	0.00
53	15.10.2024	0.00	0.00	0.00	0.00
54	15.11.2024	0.00	0.00	0.00	0.00
55	16.12.2024	0.00	0.00	0.00	0.00
56	15.01.2025	0.00	0.00	0.00	0.00
57	17.02.2025	0.00	0.00	0.00	0.00
58	17.03.2025	0.00	0.00	0.00	0.00
59	15.04.2025	0.00	0.00	0.00	0.00
60	15.05.2025	0.00	0.00	0.00	0.00
61	16.06.2025	0.00	0.00	0.00	0.00
62	15.07.2025	0.00	0.00	0.00	0.00
63	15.08.2025	0.00	0.00	0.00	0.00
64	15.09.2025	0.00	0.00	0.00	0.00
65	15.10.2025	0.00	0.00	0.00	0.00
66	17.11.2025	0.00	0.00	0.00	0.00
67	15.12.2025	0.00	0.00	0.00	0.00
68	15.01.2026	0.00	0.00	0.00	0.00
69	16.02.2026	0.00	0.00	0.00	0.00
70	16.03.2026	0.00	0.00	0.00	0.00
71	15.04.2026	0.00	0.00	0.00	0.00
72	15.05.2026	0.00	0.00	0.00	0.00
73	15.06.2026	0.00	0.00	0.00	0.00
74	15.07.2026	0.00	0.00	0.00	0.00
75	17.08.2026	0.00	0.00	0.00	0.00
76	15.09.2026	0.00	0.00	0.00	0.00
77	15.10.2026	0.00	0.00	0.00	0.00
78	16.11.2026	0.00	0.00	0.00	0.00
79	15.12.2026	0.00	0.00	0.00	0.00
80	15.01.2027	0.00	0.00	0.00	0.00
81	15.02.2027	0.00	0.00	0.00	0.00
82	15.03.2027	0.00	0.00	0.00	0.00
83	15.04.2027	0.00	0.00	0.00	0.00
84	17.05.2027	0.00	0.00	0.00	0.00
85	15.06.2027	0.00	0.00	0.00	0.00
86	15.07.2027	0.00	0.00	0.00	0.00
87	16.08.2027	0.00	0.00	0.00	0.00
88	15.09.2027	0.00	0.00	0.00	0.00
89	15.10.2027	0.00	0.00	0.00	0.00
90	15.11.2027	0.00	0.00	0.00	0.00

THE ISSUER

1. GENERAL

Silver Arrow S.A., a company with limited liability (*société anonyme*), was incorporated as a special purpose company for the purpose of issuing asset backed securities under the laws of Luxembourg on 21 October 2005, for an unlimited period and with registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg (telephone: + 352 26 44 91). Silver Arrow S.A. is registered with the Luxembourg Commercial Register under registration number B 111345 since 27 October 2005.

The legal entity identifier (LEI) of Silver Arrow S.A. is: 529900IEOK33A1LGEM65.

Silver Arrow S.A. has elected in its articles of incorporation to be governed by the Luxembourg Securitisation Law.

2. CORPORATE PURPOSE OF THE ISSUER

Silver Arrow S.A. shall have as its business purpose the securitisation (within the meaning of the Luxembourg Securitisation Law which shall apply to Silver Arrow S.A.) of receivables (the "**Permitted Assets**"). Silver Arrow S.A. shall not actively source Permitted Assets but shall only securitise those Permitted Assets that are proposed to it by one or several originators. Silver Arrow S.A. may enter into any agreement and perform any action necessary or useful for the purposes of securitising Permitted Assets, provided it is consistent with (1) the Luxembourg Securitisation Law and (2) paragraph 35 of the Statement of Financial Accounting Standards No. 140 issued by the Financial Accounting Standards Board.

3. COMPARTMENTS

The board of directors of Silver Arrow S.A. may create one or more Compartments within Silver Arrow S.A. Each Compartment shall, in respect of the corresponding funding, correspond to a distinct part of the assets and liabilities of Silver Arrow S.A. The resolution of the board of directors creating one or more Compartments within Silver Arrow S.A. as well as any subsequent amendments thereto, shall be binding as of the date of such resolution against any third party.

As between the Noteholders of Silver Arrow S.A., each Compartment of Silver Arrow S.A. shall be treated as a separate entity. Rights of creditors and investors of Silver Arrow S.A. that (i) have been designed as relating to a Compartment or (ii) have arisen in connection with the creation, the operation or the liquidation of a Compartment are strictly limited to the assets of that Compartment and such assets shall be exclusively available to satisfy such creditors and investors. Creditors and investors of Silver Arrow S.A. whose rights are designated as relating to a specific Compartment of Silver Arrow S.A. shall (subject to mandatory law) have no rights to the assets of any other Compartment.

Unless otherwise provided for in the resolution of the board of directors of Silver Arrow S.A. creating such Compartment, no resolution of the board of directors of Silver Arrow S.A. may be taken to amend the resolution creating such Compartment or take any other decision directly affecting the rights of the shareholders or creditors whose rights relate to such Compartment without the prior approval of the shareholders and creditors whose rights relate to such Compartment. Any decision of the board of directors taken in breach of this provision shall be void.

The liabilities and obligations of the Issuer incurred or arising in connection with the Compartment 11 Notes and the other Transaction 11 Documents and all matters connected therewith will only be satisfied or discharged against the assets of Compartment 11. At the Issue Date, Compartment 11 and all other Compartments established prior to the establishment of Compartment 11 will comprise all of the assets of Silver Arrow S.A. The liabilities and obligations of Silver Arrow S.A. to the Corporate Services Provider in respect of the Corporate Services Agreement which have not arisen in connection with the creation, the operation or the liquidation of a specific compartment would be capable of being satisfied or discharged against the assets of all the Compartments of Silver Arrow S.A., if they cannot be funded otherwise and have been proportionated pro rata among the compartments of Silver Arrow S.A. upon the decision of the Board. The assets of Compartment 11 will be exclusively available to satisfy the rights of the Compartment 11

Noteholders and the other creditors of the Issuer in respect of the Compartment 11 Notes, the other Transaction 11 Documents and all matters connected therewith, as provided therein, and (subject to mandatory law) no other creditors of Silver Arrow S.A. will have any recourse against the assets of Compartment 11 of the Issuer.

4. BUSINESS ACTIVITY

Silver Arrow S.A. has not previously carried on any business or activities other than those incidental to its incorporation, other than in respect of its Compartments established prior to the Issue Date and other than entering into certain transactions prior to the Issue Date with respect to the securitisation transaction contemplated herein.

In respect of Compartment 11, the Issuer's principal activities will be the issue of the Compartment 11 Notes, the granting of Compartment 11 Security, the entering into the Subordinated Loan Agreement, the entering into the Swap Agreement and the entering into all other Transaction 11 Documents to which it is a party and the opening of the Issuer Account-C11 and the exercise of related rights and powers and other activities reasonably incidental thereto.

In respect of Compartments other than Compartment 11, the principal activities of Silver Arrow S.A. will be the operation as a multi-issuance securitisation conduit for the purposes of, on an on-going basis, purchasing assets, directly or via intermediary purchasing entities, from several selling entities, or assuming the credit risk in respect of assets in any other way, and funding such purchases or risk assumptions in particular in the asset-backed markets. Each such securitisation transaction can be structured as a singular or as a revolving purchase of assets (or other assumption of credit risk) and shall be separate from all other securitisations entered into by Silver Arrow S.A. To that end, each securitisation carried out by Silver Arrow S.A. shall be allocated to a separate Compartment.

5. CORPORATE ADMINISTRATION AND MANAGEMENT

The current Directors of Silver Arrow S.A. are as follows:

Director	Business address	Principal activities outside the Issuer
Claudio Chirco, appointed in shareholders' resolutions dated 5 May 2020 (with effect from 5 May 2020)	6, rue Eugène Ruppert, L-2453 Luxembourg	Professional in providing corporate services
Sean Barrett appointed in shareholders' resolutions dated 5 May 2020 (with effect from 5 May 2020)	6, rue Eugène Ruppert, L-2453 Luxembourg	Professional in providing corporate services
Luigi Maula, appointed in shareholders' resolutions dated 4 September 2018 (with effect from 14 August 2018)	6, rue Eugène Ruppert, L-2453 Luxembourg	Professional in providing corporate services

Each of the Directors confirms that there is no conflict of interest between his duties as a Director of Silver Arrow S.A. and his principal and/or other activities outside Silver Arrow S.A.

6. CAPITAL AND SHARES, SHAREHOLDERS

The subscribed capital of Silver Arrow S.A. is set at EUR 31,000 divided into 3,100 shares fully paid up, registered shares with a par value of EUR 10 each.

The shareholders of Silver Arrow S.A. are the Stichting Bertdan and Stichting Cannelle, Dutch foundations (*stichtingen*) established under the laws of The Netherlands whose statutory seats are in Amsterdam and whose registered offices are at Prins Bernhardplein 200, 1097 JB Amsterdam, The Netherlands.

7. CAPITALISATION

The current share capital of Silver Arrow S.A. as at the date of this Offering Circular is as follows:

Share Capital

Authorised, issued and fully paid up: EUR 31,000

8. INDEBTEDNESS

Silver Arrow S.A., acting through its Compartment 11, has no material indebtedness, contingent liabilities and/or guarantees as at the date of the Offering Circular, other than that which it has incurred or shall incur in relation to its Compartments and the transactions including the ones contemplated in this Offering Circular.

9. HOLDING STRUCTURE

(a)	Stichting Bertdan, prenamed	1,550 shares
(b)	Stichting Cannelle, prenamed	<u>1,550 shares</u>
	Total	3,100 shares

10. SUBSIDIARIES

Silver Arrow S.A. has no subsidiaries or Affiliates.

11. NAME OF SILVER ARROW'S FINANCIAL AUDITORS

KPMG Luxembourg, Société coopérative de droit luxembourgeois
39, avenue John F. Kennedy
L-1855 Luxembourg

KPMG Luxembourg, *Société coopérative de droit luxembourgeois*, is a member of the Institut des Réviseurs d' Entreprises.

12. MAIN PROCESS FOR DIRECTOR'S MEETINGS AND DECISIONS

Silver Arrow S.A. is managed by a board of directors comprising at least three (3) members, whether shareholders or not, who are appointed for a period not exceeding six years by the general meeting of shareholders which may at any time remove them.

The number of directors, their term and their remuneration are fixed by the general meeting of the shareholders.

The office of a director shall be vacated if:

- He resigns his office by notice to Silver Arrow S.A., or
- He ceases by virtue of any provision of the law or he becomes prohibited or disqualified by law from being a director, or
- He becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- He is removed from office by resolution of the shareholders.

The board of directors may elect from among its members a chairman.

The board of directors convenes upon call by the chairman, as often as the interest of Silver Arrow S.A. so requires. It must be convened each time two directors so request.

Directors may participate in a meeting of the board of directors by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other, and such participation in a meeting will constitute presence in person at the meeting, provided that all actions approved by the Directors at any such meeting will be reproduced in writing in the form of resolutions.

Resolutions signed by all members of the board of directors will be as valid and effectual as if passed at a meeting duly convened and held. Such signatures may appear on a single document or multiple copies of an identical resolution and may be evidenced by letter, fax, email or similar communication.

The board of directors is vested with the powers to perform all acts of administration and disposition in compliance with the corporate objects of Silver Arrow S.A.

The board of directors can create one or several separate compartments, in accordance with article 5 of the articles of incorporation of Silver Arrow S.A.

Silver Arrow S.A. will be bound in any circumstances by the joint signatures of two members of the board of directors unless special decisions have been reached concerning the authorized signature in case of delegation of powers or proxies given by the board of directors pursuant to article 11 of the articles of incorporation of Silver Arrow S.A.

The board of directors may delegate its powers to conduct the daily management of Silver Arrow S.A. to one or more directors, who will be called managing directors.

It may also commit the management of all the affairs of Silver Arrow S.A. or of a special branch to one or more directors, and give special powers for determined matters to one or more proxy holders, selected from its own members or not, whether shareholders or not.

13. FINANCIAL STATEMENTS

Audited financial statements will be published by Silver Arrow S.A. on an annual basis.

The business year of Silver Arrow S.A. extends from 1 January to 31 December of each calendar year. The first business year began on 21 October 2005 and ended on 31 December 2005. KPMG Luxembourg, *Société coopérative de droit luxembourgeois*, as the auditor of Silver Arrow S.A., audited the annual accounts of Silver Arrow S.A. displayed hereunder for the periods from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018.

In the opinion of KPMG Luxembourg, *Société coopérative de droit luxembourgeois*, the below annual accounts gave, in conformity with Luxembourg legal and regulatory requirements, a true and fair report of the financial position of Silver Arrow S.A. as at 31 December 2017 and as at 31 December 2018 and of the result of its operations from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018.

The financial statements of the Issuer for the fiscal years ended on 31 December 2017 and 31 December 2018 are incorporated by reference into this Offering Circular. See "DOCUMENTS INCORPORATED BY REFERENCE".

14. INSPECTION OF DOCUMENTS

For the life of the Compartment 11 Notes, the following documents (or copies thereof)

- (a) the articles of incorporation of Silver Arrow S.A.;
- (b) the resolution of the board of directors of Silver Arrow S.A., acting in respect of its Compartment 11, approving the issue of the Compartment 11 Notes;
- (c) the Offering Circular and all the Transaction 11 Documents referred in this Offering Circular;
- (d) the shareholders' resolution approving the negative covenants as set out in the Transaction 11 Documents; and
- (e) the historical financial information (if any) of Silver Arrow S.A.;

may be inspected at the Issuer's office at 6, rue Eugène Ruppert, L-2453 Luxembourg.

The Compartment 11 Notes will be obligations of the Issuer acting in respect of its Compartment 11 only and will not be guaranteed by, or be the responsibility of Mercedes-Benz Bank AG, Daimler AG or any other person or entity. It should be noted, in particular, that the Compartment 11 Notes will not be obligations of, and will not be guaranteed by the Issuer (in respect of Compartments other than Compartment 11), the Seller, the Servicer (if different), the Trustee, the Arranger, the Joint Lead Managers and Joint Bookrunners, the Managers or any of their respective Affiliates, the Subordinated Lender, the Account Bank, the Custodian, the Paying Agent, the Interest Determination Agent, the Data Trustee, the Swap Counterparty, the Calculation Agent, the Corporate Services Provider or the Stichting Bertdan and the Stichting Cannelle.

THE SELLER, THE SERVICER AND THE SUBORDINATED LENDER

BUSINESS AND ORGANISATION OF MERCEDES-BENZ BANK AG

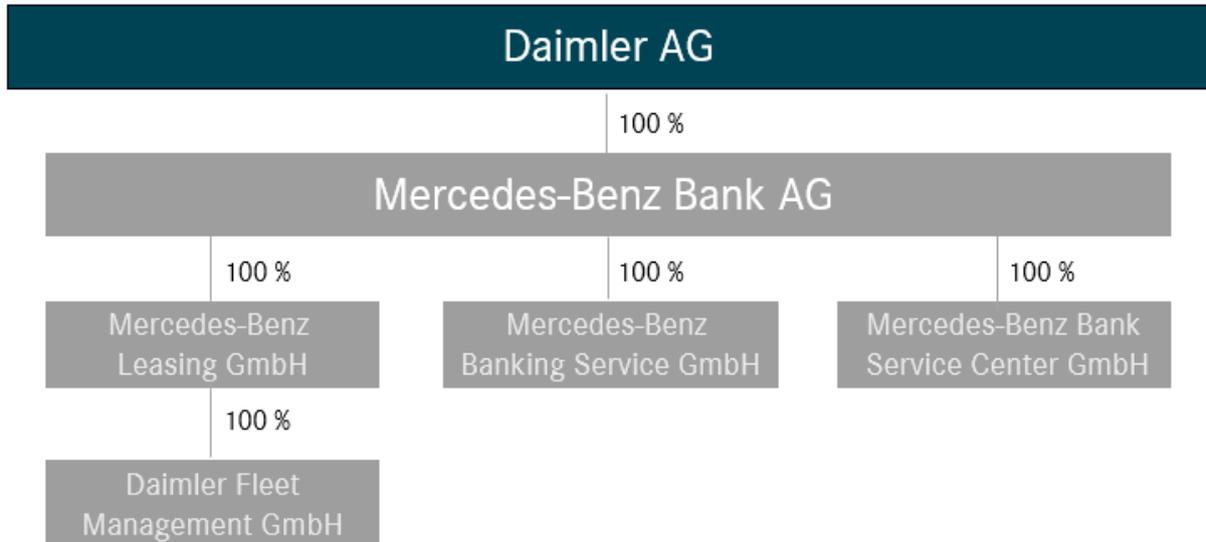
Description of the Seller

Mercedes-Benz Bank AG is a lending and finance company incorporated in Germany, licensed under the German Banking Act ("Vollbanklizenz") and a member of the deposit protection fund ("Einlagensicherungsfonds"). Mercedes-Benz Bank AG is a wholly-owned subsidiary of Daimler AG. With around one million customers and an outstanding leasing and financing portfolio of EUR 25.9 billion (figures as of December 2019), Mercedes-Benz Bank AG is one of the leading automotive banks in Germany. Mercedes-Benz Bank AG has been supporting Daimler group sales in Germany for over three decades. Since October 2009 the Daimler brands in Germany encompass Mercedes-Benz, smart, Mitsubishi Fuso and Setra. In its key business automotive leasing and financing, Mercedes-Benz Bank AG and its subsidiaries (Mercedes-Benz Bank Group) have continuously expanded their market share. Their growth has outpaced the market for years; it finances or leases more than every second vehicle of all new Daimler passenger and commercial vehicles in Germany. A lean cost structure, customer tailored solutions and qualified and motivated employees contribute to this success. Sales partners for automotive financial services are the Daimler automobile dealerships. In Germany, Mercedes-Benz Bank AG aims to be the first choice provider of financial services for dealers and customers in partnership with the automotive brands of the Daimler group. Like these prime automotive brands, the automotive financial services and banking products offered by Mercedes-Benz Bank AG are committed to safety, reliability and innovation. With the support of Mercedes-Benz Bank AG's staff of around 2,000 dedicated employees, its long-term goal is to continue to live up to these commitments.

History of Mercedes-Benz Bank Group

1967	First leasing activities of Daimler-Benz AG
1979	Foundation of Mercedes Leasing GmbH
1987	Start of financing business through formation of Mercedes-Benz Finanz GmbH ("Mercedes-Benz Lease Finanz")
1990	Integration in Daimler-Benz InterServices AG, the service division of the Daimler-Benz Group
1992	Start commercial vehicle fleet management through Mercedes-Benz CharterWay GmbH
1997	Passenger car fleet management introduced to the market through debis car fleet management GmbH (today's Daimler Fleet Management GmbH)
1999	Integration of Chrysler Bank and Chrysler Leasing in course of the merger of Daimler-Benz and Chrysler.
2002	Change of legal name to DaimlerChrysler Bank AG Start of deposit business with new banking products
2003	Introduction of mutual funds; Inauguration of the new headquarters, Pragsattel/Stuttgart
2007	Implementation of the first branch abroad in Spain
2008	Change of the name to Mercedes-Benz Bank AG; introduction of the product "Private Leasing Plus" to the market and implementation branch in Spain for dealer financing
2009	Implementation of a branch abroad in the UK
2010	Restructuring Sales Organisation
2011	Start of business in the new Service Center in Berlin
2013	Starting concentration of European Collection Activities at Service Centre Berlin
2014	Implementation of branch abroad in France
2016	First-time achievement of the 1 st place as best employers in Germany named by the independent Great Place to Work Institute

Current Corporate Structure of Mercedes-Benz Bank Group



Status: April 2020

Mercedes-Benz Bank Group Activities

Until 2001 Mercedes-Benz Bank Group focused its activities on financing, leasing and fleet management.

Between 2001 and 2008, Mercedes-Benz Bank AG widened its product range in order to support sales and to create added value for the Daimler Group: set-up of deposit business, launch of funds and credit card businesses and new focus on insurance business. During this period, the main development has been the start of the direct banking business in July 2002.

The direct banking business aims at:

- satisfying the growing demand of retail customers for banking services;
- completing and further developing the automotive value chain: creation of additional revenues;
- supporting vehicle sales through new and innovative products and services;
- creating enhanced customer loyalty towards the products and cross-selling within the Daimler group;
- acquiring new customers who have not been Daimler customers up to now;
- accessing favorable refinancing sources to cover the funding needs of the leasing and financing business.

Loan Products

Mercedes-Benz Bank AG offers three types of loans to retail customers:

- **Standard Financing:** Constant monthly instalments (including interest) are paid until the full loan amount has been repaid.
- **Option Financing (Plus 3):** Combines the advantages of leasing with acquisition of ownership through financing. By agreeing upon a guaranteed final instalment the customer benefits from low monthly instalments similar to leasing. With Option Financing (Plus 3) the customer decides only at the end of the loan agreement if he wants to:
 - return the vehicle to the dealer at a fixed repurchase value (which was fixed at inception of the loan contract) with which the final balloon instalment is paid;

- keep the vehicle and pay the final balloon instalment from his own resources; or
- sell the vehicle and pay the final balloon from the sales proceeds.
- **Balloon Financing (Final Instalment):** This is comparable to Option Financing (Plus 3) except that there is no put option with respect to the vehicle. Only the last two options mentioned under Option Financing (Plus 3) apply:
 - keep the vehicle and pay the final balloon instalment; or
 - sell the vehicle and pay the final balloon from the sales proceeds.

For both loan types with balloon financing the customer can apply for a new loan contract in order to refinance the final balloon instalment.

In cooperation with well-known insurance companies, Mercedes-Benz Bank AG offers its retail customers various insurance products, such as the "Return to Invoice" (*Kaufpreisschutz*). Purchase price insurance covers the gap between the original purchase price of the vehicle and the replacement value in case of total loss or theft.

Points of Sale

The banking operation of Mercedes-Benz Bank AG is highly integrated within the Daimler dealer network.

The majority of the loans of Mercedes-Benz Bank AG is originated by Daimler dealers. Another channel is used for fleet management contracts (direct lending).

The sales organisation of Mercedes-Benz Bank AG is located in two service centers, one for commercial retail and corporate customers in Berlin and one for private retail customers located in Saarbrücken. Financial consultants of Mercedes-Benz Bank AG support the dealers in the loan origination process. Every dealer is linked to Mercedes-Benz Bank AG via a point-of-sale calculation software. This software is integrated into the IT infrastructure of the respective dealer. As a result, automatic data transfer is assured. Furthermore, at the point of sale, the sales person calculates the financing offer using the calculation software and then transfers the contract data electronically to Mercedes-Benz Bank AG.

CREDIT AND COLLECTION POLICY

The following is a description of the Credit and Collection Policy. The text will be attached as Appendix D to the Conditions. In the case of any overlap or inconsistency in the Credit and Collection Policy and another account of Mercedes-Benz Bank AG's method of managing the credit aspects of its auto loan business elsewhere in the Offering Circular, this description of the Credit and Collection Policy will prevail.

Credit and Collection Policy in general

The Credit and Collection Policy of the Seller is a body of binding working instructions ("*Richtlinien*" and "*Arbeitsanweisungen*") created by the Seller for the standardisation of its credit and collection management. The "*Richtlinien*" are more general in nature whilst the "*Arbeitsanweisungen*" contain specific rules as to critical areas of the Seller's lending and financing business.

Credit Underwriting Process

The credit underwriting process at Mercedes-Benz Bank AG follows the general principle that work intensity of the credit analysis in the credit approval process should increase to the extent the credit application means a higher degree of credit risk. Mercedes-Benz Bank AG divides its loan portfolio into two sub-segments, in relation to retail and corporate customers. For these sub-portfolios, individual credit underwriting processes – the retail and the corporate process – have been developed. While both processes involve many common features such as the usage of risk classification procedures, the corporate process assesses customers on an individual basis whereas the retail process leans towards a very high degree of standardisation. The main criterion for the assignment of a customer to either the retail or the corporate underwriting process is the overall exposure of the relevant borrower unit. The threshold amount is EUR 750,000 with customers above that limit generally qualifying as corporate customers. At Mercedes-Benz Bank AG minimum disclosure requirements for credit approvals of private and commercial customers exist. Private customers have to submit their income statement or current salary slip as well as personal information. In addition, Mercedes-Benz Bank AG contacts SCHUFA (a German central credit inquiry agency) which provides information about the credit worthiness of private customers. Commercial retail customers have to provide information on their solvency such as financial statements or personal and/or commercial information. The amount of information requested depends on the risk of the respective exposure. Furthermore, Mercedes-Benz Bank AG requires SCHUFA information and/or credit information from a bank and/or bureau score. Mercedes-Benz Bank AG checks the information received as to its plausibility and the potential of fraud.

Scoring Process

Retail credit applications at Mercedes-Benz Bank AG are received electronically and then processed using standardised scoring models. Mercedes-Benz Bank AG has been using scoring models since 1998. There are different scorecards for different finance products (loans, leases) and different customer groups (private or small and medium enterprises (SMEs)). The results of the scorecards are regularly back-tested.

The retail scoring process distinguishes between private retail and commercial retail customers.

The private retail scoring process is very much standardised and automated with a decision within 15 minutes from receipt of the credit application. The scoring process of commercial retail customers distinguishes between a non-risk relevant and a risk relevant class. The chosen risk class depends on the calculated expected loss and defined decision rules. Both credit decisions of private retail customers and of the non-risk relevant class of commercial retail customers are taken in a one-vote process applied by the credit department. Credit decisions for commercial retail customers in the risk relevant class are taken in a two-vote process.

As all credit applications are scored several results can be obtained. The scoring process distinguishes in the private retail segment as well as in the non-risk relevant commercial retail class between automated and manual approval (in a one-vote process). In the risk relevant commercial retail class it distinguishes mainly between manual approval and manual denial of the credit department. The distinction is made on the basis of the calculated expected loss, which is based on the assigned probability of default and the loss severity.

Rating Process

While retail customers are scored, risk classification for corporate customers is derived by a rating model. In the rating process the credit decision is taken manually. To assign a rating to a customer, qualitative and quantitative data will be analysed.

Release or Replacement of Loan Collateral

For existing loan contracts, the current collateral may be released or replaced from time to time. In the context of the collateral management a particularly high standard of care has to be applied. The release or replacement of collateral is done in accordance with the following criteria.

The release or replacement of collateral requires an internal decision equivalent to a new credit approval for the respective loan. The approval is based on Mercedes-Benz Bank AG's general credit standards. The respective credit officer does not have access to the information that is required to establish whether a Loan Receivable has been securitised or not. The credit approval responsibilities are based on the current loan outstanding of the relevant obligor. Collateral may also be released if, due to the existence of excessive security, release is required as a matter of German law.

Servicing and Collection Procedures

As part of collection management back office is responsible for the servicing of contracts and manages the entire customer data.

The collection management department is staffed mostly with bankers or employees with business administration background and is responsible for customers that are either in delinquency or in default. Mercedes-Benz Bank AG's collection management process is started as soon as the relevant customer has missed one instalment. Customers with debt classified as high risk are given priority in the process whereby the risk is calculated in accordance with a defined IT-based decision tree.

Delinquent retail customers are called by the power dialer team to obtain a payment promise. In addition to regular phone calls, reminders are automatically sent by the collection management system CACS. The power dialer team is authorised to allow a payment deferral within given time limits. The final maturity date of a loan agreement is only postponed if the debt is restructured. Restructuring requires in any event a new credit application which is performed by the credit department. If the contract cannot be remedied within 90 days after the first instalment missed, the contract will be passed on to the late collection team.

The late collection team is responsible for the further processing of contracts of retail and commercial customers which have left the power dialer process. Additionally, the late collection team handles insolvencies and bankruptcies of commercial retail customers as these cases are excluded from the power dialer process. The team consists of highly specialised collection management experts.

If a loan agreement is terminated, the customer has to return the vehicle to Mercedes-Benz Bank AG. If the customer does not return the vehicle voluntarily, an external recovery agent is authorised to repossess the vehicle. The remarketing department is responsible for the sale of repossessed vehicles. Repossessed vehicles are sold via auction platforms in order to achieve the best price. Buyers are mainly Mercedes-Benz dealerships. After having realised the related collateral, all remaining outstanding amounts are written-off.

Prepayment Management

Mercedes-Benz Bank AG distinguishes between unscheduled repayments (*Sondertilgungen*) and early terminations (*vorzeitige Vertragsbeendigung*) of a loan agreement.

The customer can make an unscheduled repayment once a month and has the option to:

- reduce the contract term, or
- reduce the instalment.

Thereafter, the customer receives a new payment schedule.

In case of an early termination of a loan agreement, Mercedes-Benz Bank AG may charge an early termination fee.

Finance and Control

The finance system of the group is derived from the principles of value-based management to attain an adequate return on the invested capital from the shareholders' perspective. In accordance with the need of shareholders to obtain a suitable return on their invested capital, the group has implemented a value-based finance system that supports value generation and enables group-wide transparency. This controlling system works according to the principle of conformity between internal finance and control and external financial reporting and is based on IFRS. Mercedes-Benz Bank AG meets all requirements with respect to

internal controls over financial reporting. The implementation of the necessary activities includes an "Integrity Code", a written standard designed to regulate the main principles of behaviour within the company, next to the implementation of "**whistleblower procedures**". Periodic statutory financial reports are to include certifications by senior management. In addition, heads and finance directors of subsidiaries have to sign an "Internal Representation Letter" in support of the Mercedes-Benz Bank AG representation letter to be signed by CEO and CFO. Internal controls over financial reporting are monitored according to an internal control system (ICS), the effectiveness and completeness of the controls is checked finally by KPMG and kept track of via an internal control risk management software, based on SAP GRC.

External Audits

KPMG Deutsche Treuhand-Gesellschaft, Wirtschaftsprüfungsgesellschaft, Stuttgart, audits the annual financial statements of Mercedes-Benz Bank AG.

THE TRUSTEE

No later than the Issue Date, the Issuer will appoint Wilmington Trust SP Services (Frankfurt) GmbH as Trustee.

Wilmington Trust SP Services (Frankfurt) GmbH, a company incorporated with limited liability (*Gesellschaft mit beschränkter Haftung*) under the laws of the Federal Republic of Germany, registered in the commercial register of the local court (*Amtsgericht*) in Frankfurt am Main under registration number HRB 76380 and having its registered office at Steinweg 3-5, 60313 Frankfurt am Main, Germany, will act as Trustee in favour of the Secured Parties in relation to the Transaction 11, including the Compartment 11 Noteholders.

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 as corporate administrator, 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 (trading symbol: "**MTB**") in the United States.

The information in the preceding three paragraphs has been provided by Wilmington Trust SP Services (Frankfurt) GmbH for use in this Offering Circular and Wilmington Trust SP Services (Frankfurt) GmbH is solely responsible for the accuracy of the preceding three paragraphs, provided that, with respect to any information included herein and specified to be sourced from Wilmington Trust SP Services (Frankfurt) GmbH (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 three paragraphs, neither Wilmington Trust SP Services (Frankfurt) GmbH in its capacity as Trustee nor any of its affiliates have been involved in the preparation of, and they do not accept responsibility for, this Offering Circular.

THE DATA TRUSTEE

No later than the Issue Date, the Issuer will appoint Data Custody Agent Services B.V. as Data Trustee.

Data Custody Agent Services B.V. will act as Data Trustee. Pursuant to the Data Trust Agreement, the Data Trustee will receive from the Seller the Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller under the Loan Receivable Purchase Agreement.

The objects of Data Custody Agent Services B.V. are, inter alia: the entering into agreements with third parties for the custody and management of personal data whether encrypted or not encrypted and/or keys for the benefit of those third parties and/or other parties involved for the decryption of encrypted personal data, in connection with securitisation and other financing transactions entered into by those third parties in respect of loan claims owed by consumers or non-consumers ("custody and management services"), and the performing of such custody and management services.

The sole shareholder of Data Custody Agent Services B.V. is Intertrust (Netherlands) B.V. Data Custody Agent Services B.V. and Intertrust (Netherlands) B.V. are both private companies with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated under Dutch law, with their seat (*zetel*) in Amsterdam and their registered office at Prins Bernhardplein 200, 1097 JB Amsterdam, the Netherlands.

Data Custody Agent Services B.V. (the Data Trustee) belongs to the same group of companies as Intertrust (Luxembourg) S.à r.l. (the Corporate Services Provider).

The information in the preceding four paragraphs has been provided by Data Custody Agent Services B.V. for use in this Offering Circular and Data Custody Agent Services B.V. is solely responsible for the accuracy of the preceding four paragraphs, provided that, with respect to any information included herein and specified to be sourced from Data Custody Agent Services B.V. (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 Data Custody Agent Services B.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 four paragraphs, neither Data Custody Agent Services B.V. in its capacity as Trustee nor any of its affiliates have been involved in the preparation of, and they do not accept responsibility for, this Offering Circular.

THE SWAP COUNTERPARTY

This description of the Swap Counterparty does not purport to be an abstract of, and is therefore subject to, and qualified in its entirety by reference to, the detailed provisions of the Swap Agreement and the other Transaction 11 Documents.

For the purposes of the Transaction 11, the Issuer has appointed DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main ("**DZ BANK AG**"), registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) in Frankfurt am Main under registration number HRB 45651 and with the legal entity identifier (LEI) 529900HNOAA1KXQJUQ27 as Swap Counterparty.

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 AG is a stock corporation (<i>Aktiengesellschaft</i>) organised under German Law.
Country of Incorporation	Federal Republic of Germany
Principal Activities	<p>DZ BANK AG 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.</p> <p>DZ BANK AG 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 AG 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 AG in its function as central bank for about 1,000 cooperative banks is responsible for liquidity management within the Volksbanken Raiffeisenbanken cooperative financial network.</p> <p>As a corporate bank DZ BANK AG serves companies and institutions that need a banking partner that operates at the national level. DZ BANK AG offers the full range of products and services of an international oriented financial institution with a special focus on Europe. DZ BANK AG also provides access to the international financial markets for its partner institutions and their customers.</p>

The delivery of this Offering Circular does not imply that there has been no change in the affairs of DZ BANK AG since the date hereof or that the information contained or referred to herein is correct as at any time subsequent to its date.

The information in the foregoing paragraphs regarding the Swap Counterparty has been provided by DZ BANK AG, and DZ BANK AG is solely responsible for the accuracy of the foregoing paragraphs, provided that, with respect to any information included herein and specified to be sourced from the 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 the Swap Counterparty, 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 in its capacity as Swap Counterparty, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Offering Circular.

THE CORPORATE SERVICES PROVIDER

Pursuant to the Corporate Services Agreement, the Issuer has appointed Intertrust (Luxembourg) S.à r.l. as corporate services provider (the "**Corporate Services Provider**") to provide management, secretarial and administrative services to the Issuer including the provision of managing directors (*Geschäftsführer*) of the Issuer. It is not in any manner associated with the Issuer or with Daimler AG.

Intertrust is a provider of corporate services, including independent directors, corporate governance and accounting services to SPVs. Intertrust (Luxembourg) S.à r.l. has a business licence as professional of the financial sector including domiciliation agents (*Domiciliataires de Sociétés*) and is supervised by the CSSF.

The sole shareholder of Intertrust (Luxembourg) S.à r.l. is Intertrust Holding (Luxembourg) S.à r.l., a private limited liability company (*société à responsabilité limitée*), existing and organised under the laws of the Grand Duchy of Luxembourg with its registered office at 6, Rue Eugène Ruppert L-2453 Luxembourg, being registered with the Luxembourg Register of Commerce and Companies under number B 156.338.

The information in the preceding two paragraphs has been provided by Intertrust (Luxembourg) S.à r.l. for use in this Offering Circular and Intertrust (Luxembourg) S.à r.l. is solely responsible for the accuracy of the preceding paragraph, provided that, with respect to any information included herein and specified to be sourced from the Corporate Services 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 the Corporate Services Provider, 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, Intertrust (Luxembourg) S.à r.l. in its capacity as Corporate Services Provider, and its affiliates have not been involved in the preparation of, and does not accept responsibility for, this Offering Circular.

THE ACCOUNT BANK, PAYING AGENT, INTEREST DETERMINATION AGENT AND CUSTODIAN

No later than the Issue Date, the Issuer will appoint Elavon Financial Services DAC as Account Bank, Paying Agent, Interest Determination Agent and Custodian. See "OVERVIEW OF THE OTHER PRINCIPAL DOCUMENTS — Bank Account Agreement", "OVERVIEW OF THE OTHER PRINCIPAL DOCUMENTS – Agency Agreement" and "OVERVIEW OF THE OTHER PRINCIPAL DOCUMENTS — Custody Agreement".

Elavon Financial Services DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, U.S. Bank Global Corporate Trust conducts business through Elavon Financial Services DAC from its offices in Dublin at Building 8, Cherrywood Business Park, Loughlinstown, Dublin 18, Ireland D18 W319 and through its UK Branch in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services DAC is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services DAC is authorised by the Central Bank of Ireland and the activities of its UK Branch are also subject to the limited regulation of the UK Financial Conduct Authority and Prudential Regulation Authority.

In Europe, the Corporate Trust business is conducted in combination with U.S. Bank Global Corporate Trust Limited (the legal entity through which certain Corporate Trust agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The Corporate Trust business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

The information in the preceding five paragraphs has been provided by Elavon Financial Services DAC for use in this Offering Circular and Elavon Financial Services DAC is solely responsible for the accuracy of the preceding five paragraphs, provided that, with respect to any information included herein and specified to be sourced from Elavon Financial Services DAC (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 Elavon Financial Services DAC, 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 five paragraphs, Elavon Financial Services DAC in its capacity as Account Bank, Paying Agent, Interest Determination Agent and Custodian has not been involved in the preparation of, and does not accept any responsibility for, this Offering Circular.

THE CALCULATION AGENT

No later than the Issue Date, the Issuer will appoint U.S. Bank Global Corporate Trust Limited as Calculation Agent. See "OVERVIEW OF THE OTHER PRINCIPAL DOCUMENTS — Calculation Agency Agreement".

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is part of the worldwide Corporate Trust business of the U.S. Bancorp group. In Europe, the Corporate Trust business is conducted in combination with Elavon Financial Services DAC. (the legal entity through which Corporate Trust banking and certain agency appointments are conducted), U.S. Bank Trustees Limited (the legal entity through which Corporate Trust trustee appointments are conducted) and U.S. Bank National Association, (the legal entity through which Corporate Trust conducts business in the United States).

The Corporate trust business of U.S. Bancorp is one of the world's largest providers of corporate trust services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

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TAXATION

The following information is not intended as tax advice and does not purport to describe all of the tax considerations that may be relevant to a prospective investor of the Compartment 11 Notes. It should be read in conjunction with the section entitled "RISK FACTORS". Potential investors of the Compartment 11 Notes are urged to satisfy themselves as to the overall tax consequences of purchasing, holding and/or selling the Compartment 11 Notes and, therefore, to consult their professional tax advisors.

Taxation in Germany

Interest - Resident Compartment 11 Noteholders

A Compartment 11 Noteholder, who is tax resident in Germany (i.e., persons whose residence, habitual abode, statutory seat, or effective place of management is located in Germany) and receives interest on the Compartment 11 Notes, is subject to personal or corporate income tax (plus solidarity tax (*Solidarit tszuschlag*) thereon currently at a rate of 5.5 per cent. and church tax, if applicable). The interest may also be subject to trade tax if the Compartment 11 Notes form part of the property of a German trade or business.

If the Compartment 11 Noteholder keeps the Compartment 11 Notes in a custodial account with a German branch of a German or non-German financial institution (*Kreditinstitut*) or financial services institution (*Finanzdienstleistungsinstitut*) or with a securities trading business (*Wertpapierhandelsunternehmen*) or with a securities trading bank (*Wertpapierhandelsbank*), each within the meaning of the KWG, (the "**Institution**"), the interest is principally subject to a flat rate withholding tax at a rate of 25 per cent. (plus solidarity surcharge thereon currently at a rate of 5.5 per cent. plus church tax, if applicable). The flat rate withholding tax is to be withheld by the Institution which credits or pays out the interest to the Compartment 11 Noteholder. With the flat rate withholding tax the income from capital investments of individual investors holding the Compartment 11 Notes as a private asset is deemed discharged and the taxpayer is no longer required to include the income in his or her tax return. For other tax resident investors holding the Compartment 11 Notes as a business asset the withholding tax levied, if any, will be credited as prepayments against the German personal or corporate income tax (plus solidarity surcharge) of the tax resident investor. Amounts over withheld will entitle the Compartment 11 Noteholder to a refund, based on an assessment to tax. Foreign withholding tax on interest income may be credited against German tax. The flat rate withholding tax would not apply, if the Compartment 11 Noteholder is a German financial institution, financial services institution or an investment management company.

For individual resident Compartment 11 Noteholders an annual exemption for investment income of EUR 801 for individual tax payers or EUR 1,602 for married tax payers who are assessed jointly may apply, principally, if their Compartment 11 Notes do not form part of the property of a trade or business nor give rise to income from the letting and leasing of property. Therefore, Compartment 11 Noteholders may be exempt from the flat rate withholding tax on interest, if (i) their interest income qualifies as investment income and (ii) if they filed a withholding exemption certificate (*Freistellungsauftrag*) with the Institution having the respective Compartment 11 Notes in custody. However, the exemption applies only to the extent the interest income derived from the Compartment 11 Notes together with other investment income does not exceed the maximum exemption amount shown on the withholding exemption certificate. Similarly, no flat rate withholding tax will be levied if the Compartment 11 Noteholder submits a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office to the German institution having the respective Compartment 11 Notes in custody. Furthermore, if the flat tax rate exceeds the personal income tax rate of the individual resident Compartment 11 Noteholder, the Compartment 11 Noteholder may elect a personal assessment to apply his or her personal income tax rate. Any expenses related to such income (*Werbungskosten*) such as financing or administration costs actually incurred are not tax deductible.

If the Compartment 11 Noteholder is subject to church tax and has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt f r Steuern*) so that church tax is not levied by way of withholding, the Compartment 11 Noteholder is obliged to include the income in the tax return for church tax purposes.

A legislative initiative is discussed in Germany which is aimed at partly abolishing the current system of a final withholding tax (*Abgeltungsteuer*) for interest income received by private investors. While it is not yet clear if and to what extent the aforementioned withholding tax rules might be amended, it is likely that any

such amendment may lead to a higher tax burden of private investors whose individual tax rate exceeds 25 per cent.

Capital Gains - Resident Compartment 11 Noteholders

A Compartment 11 Noteholder who is tax resident in Germany and receives capital gains from the sale, transfer or redemption of the Compartment 11 Notes is subject to personal or corporate income tax (plus solidarity tax (*Solidarit tszuschlag*) thereon currently at a rate of 5.5 per cent. and church tax, if applicable). The capital gains may also be subject to trade tax if the Compartment 11 Notes form part of the property of a German trade or business.

If the Compartment 11 Noteholder keeps the Compartment 11 Notes acquired in a custodial account at an Institution, the gain from the sale or redemption of the Compartment 11 Notes is principally subject to a flat rate withholding tax at a rate of 25 per cent. (plus solidarity surcharge thereon currently at a rate of 5.5 per cent. plus church tax, if applicable) levied by the Institution which credits or pays out the capital gain to the Compartment 11 Noteholder. The flat rate withholding tax also applies to interest accrued through the date of the sale of the Compartment 11 Notes and shown separately on the respective settlement statement (*St ckzinsen*). In case of capital gains from the sale, transfer or redemption of Compartment 11 Notes, withholding tax will be levied on an amount equal to the difference between the issue or purchase price of the Compartment 11 Notes and the redemption amount or sales proceeds less any directly related expenses *provided that* the Compartment 11 Noteholder has kept the Compartment 11 Notes in a custodial account since the time of issuance or acquisition respectively or has proven the acquisition facts. Otherwise, withholding tax is generally applied to 30 per cent. of the amounts paid in partial or final redemption of the Compartment 11 Notes or the proceeds from the sale of the Compartment 11 Notes.

With the flat rate withholding tax the income from capital investments of individual investors holding the Compartment 11 Notes as a private asset is deemed discharged and the taxpayer is no longer required to include the income in his tax return. Furthermore, the German legislator has introduced new rules regarding the recognition of losses resulting from investments in so called other capital claims within the meaning of sec. 20 para. 1 no. 7 of the German Income Tax Act (such as the Compartment 11 Notes). Losses resulting from the total or partial uncollectability of the Compartment 11 Notes, from the write-off of worthless Compartment 11 Notes, from the transfer of worthless Compartment 11 Notes to a third party or from any other shortfall can only be offset with gains from other capital income (excluding gains from the sale of shares, gains from forward transactions and income from option writer transactions according to the view of the German fiscal authorities as it has been recently indicated but not been officially published yet) up to the amount of 10,000 Euro *p.a.* Losses not offset can be carried forward to subsequent years and can be offset against gains from capital income (again excluding gains from the sale of shares, gains from forward transactions and income from option writer transactions according to the view of the German fiscal authorities as it has been recently indicated but not been officially published yet) in the amount of EUR 10,000 in each subsequent year. It is not entirely clear if and how the loss compensation might be recognized at the level of the withholding tax regime. The German fiscal authorities indicate that the loss compensation will only be available in the course of the individual tax assessment, i.e. withholding tax will be applied without the aforementioned loss compensation and the individual private Compartment 11 Noteholder will have to submit a tax return to have such losses recognized. Beyond the above outlined loss compensation rules, individual investors holding the Compartment 11 Notes as a private asset could not offset losses from the investment in the Compartment 11 Notes against other type of income (e.g. employment income). Nevertheless, the same flat rate withholding tax exemptions and benefits are available as explained under "Interest" above.

If the Compartment 11 Noteholder is a German resident corporation then generally no withholding tax will be levied on capital gains from the sale, transfer or redemption of a Compartment 11 Note provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by certificate of the competent tax office. The same is true if the Compartment 11 Notes are held as a business asset of a German business and the Compartment 11 Noteholder declares this by way of an official form *vis- -vis* the Institution.

A legislative initiative is discussed in Germany which is aimed at partly abolishing the current system of a final withholding tax (*Abgeltungsteuer*) for interest income received by private investors. Currently, it is not clear whether such initiative would also cover capital gains from the sale or redemption of notes. However, the latest published indications by the German legislator seem to focus on a reform of the final withholding tax on interest income, only.

Non-Resident Compartment 11 Noteholders

In principle, interest income deriving from Compartment 11 Notes held by non-resident Noteholders is not regarded as taxable income in Germany unless (i) the Compartment 11 Notes are held as business assets in a German permanent establishment or by a German-resident permanent representative of the Compartment 11 Noteholder or (ii) such income otherwise qualifies as German source income such as income from certain capital investments directly or indirectly secured with real estate located in Germany and the applicable double taxation treaty does not provide for a tax exemption in Germany.

If the interest income deriving from the Compartment 11 Notes qualifies as German source income and the Compartment 11 Notes are held in custody with a German credit institution or a German financial services institution, the German flat rate withholding tax (including solidarity surcharge) would principally apply. Flat rate withholding tax exemptions may be available as explained under "Interest" above.

Gains derived from the sale or redemption of the Compartment 11 Notes by a non-resident Compartment 11 Noteholder are subject to German personal or corporate income tax (plus solidarity tax thereon currently at a rate of 5.5 per cent) only if the Compartment 11 Notes form part of the business property of a permanent establishment maintained in Germany by the Compartment 11 Noteholder or are held by a permanent representative of the Compartment 11 Noteholder (in which case such capital gains may also be subject to trade tax on income). Double tax treaties concluded by Germany generally permit Germany to tax the interest income in this situation.

If the Compartment 11 Notes are held in custody with a German credit institution or a German financial services institution (including a German permanent establishment of a foreign credit institution), as disbursing agent (*inländische auszahlende Stelle*) for the individual Compartment 11 Noteholder, the German Central Tax Office is obliged to provide information on interest received by non-resident individual Compartment 11 Noteholders to the tax authorities at the state of residence of the respective Compartment 11 Noteholder. Such exchange of information is based on (i) the so-called OECD Common Reporting Standard according to which the states which have committed themselves to implement this standard (the "**Participating States**") exchange potentially taxation-relevant information about financial accounts which an individual holds in a Participating State other than his country of residence and (ii) an extension of Directive 2011/16/EU on administrative cooperation in the field of taxation (the "**Mutual Assistance Directive**") according to which the member states exchange financial information on notifiable financial accounts of individuals which are resident in another member state of the European Union. In Germany, the amended Mutual Assistance Directive and the OECD Common Reporting Standard were implemented by the Act on the Exchange of Financial Accounts Information (*Finanzkonten-Informationsaustauschgesetz – FKAustG*) which became effective as of 31 December 2015.

Gift or Inheritance Tax

The gratuitous transfer of a Compartment 11 Note by a Compartment 11 Noteholder as a gift or by reason of the death of the Compartment 11 Noteholder is subject to German gift or inheritance tax if the Compartment 11 Noteholder or the recipient is resident or deemed to be resident in Germany under German law at the time of the transfer. If neither the Compartment 11 Noteholder nor the recipient is resident, or deemed to be resident, in Germany at the time of the transfer no German gift or inheritance tax is levied unless the Compartment 11 Notes form part of the business property for which a permanent establishment or fixed base is maintained in Germany by the Compartment 11 Noteholder. Exceptions from this rule apply to certain German expatriates. Tax treaties concluded by Germany generally permit Germany to tax the transfer of a Compartment 11 Note in this situation.

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 Compartment 11 Notes. Currently, net assets tax is not levied in Germany.

Luxembourg Taxation

The statements herein regarding withholding tax considerations in Luxembourg are based on the laws in force in the Grand Duchy of Luxembourg as of the date of this Offering Circular and are subject to any changes in law.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

Withholding Tax

Under Luxembourg tax law currently in effect and with the possible exception of interest paid to Luxembourg resident individual holders of the Compartment 11 Notes, there is no Luxembourg withholding tax on payments of interest (including accrued but unpaid interest) or upon payment of principal in case of redemption or repurchase of the Compartment 11 Notes.

Non-resident holders of Compartment 11 Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Compartment 11 Notes, nor on accrued but unpaid interest in respect of the Compartment 11 Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of the Compartment 11 Notes held by non-resident holders of the Compartment 11 Notes.

Resident holders of Compartment 11 Notes

Under Luxembourg general tax laws currently in force and subject to the Luxembourg law of 23 December 2005, as amended (the "**Relibi Law**"), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Compartment 11 Notes, nor on accrued but unpaid interest in respect of the Compartment 11 Notes, nor is any Luxembourg withholding tax payable upon redemption, repurchase or exchange of the Compartment 11 Notes held by resident holders of the Compartment 11 Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to or for the benefit of an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20%. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Compartment 11 Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20%.

Common Reporting Standard

The common reporting standard framework was first released by the OECD in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase international tax transparency. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters was published by the OECD and this includes the Common Reporting Standard ("**CRS**"). The goal of the CRS is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) ("**FIs**") relating to account holders who are tax resident in other participating jurisdictions.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year. Under the law of 18 December 2015 implementing DAC II and CRS, since 1 January 2016, the Luxembourg financial institutions are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating to the CRS details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC II and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law.

For the purposes of complying with its obligations under CRS and DAC II, if any, the Issuer shall be entitled to require Compartment 11 Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of CRS and DAC II and Compartment 11 Noteholders

will be deemed, by their holding, to have authorised the automatic disclosure of such information by the Issuer (or any nominated service provider) or any other person to the relevant tax authorities who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by the Issuer to comply with its CRS and DAC II obligations, if any, may result in the Issuer being deemed to be non-compliant in respect of its CRS obligations and monetary penalties may be imposed as a result under applicable law.

The attention of prospective Compartment 11 Noteholders is drawn to Condition 13 of the Notes (*Taxes*).

THE FOREGOING INFORMATION IS NOT EXHAUSTIVE; IT DOES NOT, IN PARTICULAR, DEAL WITH ALL TYPES OF TAXES OR THE POSITION OF INDIVIDUAL INVESTORS. PROSPECTIVE INVESTORS SHOULD THEREFORE CONSULT THEIR OWN ADVISERS AS TO THE APPLICABLE TAX AND OTHER CONSEQUENCES REGARDING CRS.

SUBSCRIPTION AND SALE

SUBSCRIPTION OF THE COMPARTMENT 11 NOTES

The Joint Lead Managers and Joint Bookrunners, the Managers, the Issuer and the Seller are parties to the Subscription Agreement. Pursuant to the Subscription Agreement, the Joint Lead Managers and Joint Bookrunners have agreed, subject to certain conditions, to subscribe, or to procure subscriptions of, EUR 650,000,000 Class A Compartment 11 Notes at an issue price of 100.451 per cent. of the principal amount of each Class A Compartment 11 Note and will distribute such Class A Compartment 11 Notes to potential investors. Furthermore, the Seller has agreed to subscribe EUR 1,098,200,000 Class A Compartment 11 Notes at an issue price of 100.451 per cent. of the principal amount of each Class A Compartment 11 Note and to subscribe the Class B Compartment 11 Notes at an issue price of 100 per cent. of the principal amount of each Class B Compartment 11 Note.

The Seller has agreed to pay each Joint Lead Manager and Joint Bookrunner and each Manager a placement commission on the Compartment 11 Notes, as agreed between the parties to the Subscription Agreement. The Seller has further agreed to reimburse each of the Joint Lead Managers and Joint Bookrunners for certain of its expenses in connection with the issue of the Compartment 11 Notes.

Pursuant to the Subscription Agreement, the Seller and the Issuer have agreed to indemnify the Joint Lead Managers and Joint Bookrunners and the Managers, as more specifically described in the Subscription Agreement, for and against certain Losses and liabilities in connection with certain representations in respect of, *inter alia*, the accurateness of certain information contained in this Offering Circular.

In the Subscription Agreement, the Issuer has made certain representations and warranties in respect of its legal and financial matters.

SELLING RESTRICTIONS

General

All applicable laws and regulations must be observed in any jurisdiction in which Compartment 11 Notes may be offered, sold or delivered. Each of the Joint Lead Managers and Joint Bookrunners and the Managers has agreed that it will not offer, sell or deliver any of the Compartment 11 Notes, directly or indirectly, or distribute this Offering Circular or any other offering material relating to the Compartment 11 Notes, in or from any jurisdiction except under circumstances that will result in compliance with the applicable laws and regulations thereof and that will not impose any obligations on each of the Joint Lead Managers and Joint Bookrunners and the Managers except as set out in the Subscription Agreement.

The Compartment 11 Notes sold on the Issue Date may not be purchased by any person except for persons that are not Risk Retention U.S. Persons. Prospective investors should note that, although the definition of "U.S. person" in the U.S. Risk Retention Rules is very similar to the definition of "U.S. person" in Regulation S, the definitions are not identical and that persons who are not "U.S. Persons" under Regulation S may be "U.S. Persons" under the U.S. Risk Retention Rules. Each purchaser of Compartment 11 Notes, including beneficial interests therein, will, by its acquisition of a Compartment 11 Note or beneficial interest therein, be deemed, and in certain circumstances (including as a condition to placing an order relating to the Compartment 11 Notes), will be required, to have made certain representations and agreements, including that it (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.

Notwithstanding the foregoing, the Issuer can, with the prior consent of the Seller, sell a limited portion of the Compartment 11 Notes to, or for the account or benefit of, Risk Retention U.S. Persons in accordance with an exemption from the U.S. Risk Retention Rules.

Each Joint Lead Manager and Joint Bookrunner and each Manager agrees that it will, directly or indirectly, sell and deliver any of the Compartment 11 Notes only to persons which are not Risk Retention U.S. Persons, unless otherwise agreed by the Seller.

United States of America and its Territories

- (1) The Compartment 11 Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any U.S. state securities law 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 the registration requirements of the Securities Act. Each of the Joint Lead Managers and Joint Bookrunners and Managers represents and agrees that it has not offered or sold the Compartment 11 Notes, and will not offer or sell the Compartment 11 Notes (i) as part of its distribution at any time or (ii) otherwise until forty (40) calendar days after the later of (a) the date the Compartment 11 Notes are first offered to Persons other than distributors in reliance on Regulation S and (b) the Issue Date, except, in either case, only in accordance with Rule 903 of Regulation S under the Securities Act. Neither the Joint Lead Managers and Joint Bookrunners, the Managers, nor their respective Affiliates nor any Persons acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Compartment 11 Notes, and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Compartment 11 Notes, the Joint Lead Managers and Joint Bookrunners and Managers will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Compartment 11 Notes from them 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 (i) as part of their distribution at any time or (ii) otherwise until forty (40) calendar days after the later of (a) the date the Compartment 11 Notes are first offered to Persons other than distributors in reliance on Regulation S and (b) the Issue Date, 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 section (1) have the meaning given to them in Regulation S under the Securities Act.

- (2) Further, each of the Joint Lead Managers and Joint Bookrunners and Managers represents and agrees that:
- (a) except to the extent permitted under U.S. Treas. Reg. section 1.163-5 (c)(2)(i)(D) (the "**TEFRA D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, Compartment 11 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 Compartment 11 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 Compartment 11 Notes in bearer form are aware that such Compartment 11 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 was considered a United States person, that it is acquiring the Compartment 11 Notes for purposes of resale in connection with their original issuance and agrees that if it retains Compartment 11 Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. section 1.163-5 (c)(2)(i)(D)(6); and
 - (d) with respect to each Affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Compartment 11 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); or (ii) obtain from such Affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b) and (c).

Terms used in this section (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 of the Joint Lead Managers and Joint Bookrunners and Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an 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 or sale of any Compartment 11 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 Compartment 11 Notes in, from or otherwise involving the United Kingdom.

Republic of France

Each of the Joint Lead Managers and Joint Bookrunners and Managers has represented and agreed that:

- (a) the Offering Circular 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 Compartment 11 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) pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the subsequent direct or indirect retransfer of the Compartment 11 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 Offering Circular and any other offering material relating to the Compartment 11 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.

Prohibition on marketing and sales to retail investors

Each of the Joint Lead Managers and Joint Bookrunners and the Managers has represented and agreed with the Issuer in respect of the Compartment 11 Notes that it has not offered or sold and will not offer or sell the Compartment 11 Notes, directly or indirectly, to retail investors in the European Economic Area and has not distributed or caused to be distributed and will not distribute or cause to be distributed to retail investors in the European Economic Area, the Base Prospectus or any other offering material relating to the Compartment 11 Notes.

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 (EU) 2016/97 (as amended or recast, the "Insurance Distribution 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 Regulation (EU) 2017/1129 (as amended or

superseded, the "**Prospectus Regulation**") 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 Compartment 11 Notes to be offered so as to enable an investor to decide to purchase or subscribe the Compartment 11 Notes.

USE OF PROCEEDS

The EUR 1,756,084,382.00 proceeds from the issue of the Class A Compartment 11 Notes and the EUR 141,700,000 proceeds from the issue of the Class B Compartment 11 Notes, i.e. the estimated net amount of EUR 1,897,784,382.00 will be used to purchase, on the Issue Date, a Portfolio of Loan Receivables secured by the Loan Collateral from the Seller at a Purchase Price of EUR 1,897,784,382.00, being equal to the Aggregate Outstanding Loan Principal Amount of the Purchased Loan Receivables as of the Cut-Off Date plus an amount equal to the amount of the issue price of the Class A Compartment 11 Notes in excess of 100 per cent. less an amount of EUR 99,895.42 equal to the excess collateral that will remain with the Issuer and will be kept in the Operating Ledger of the Issuer Account-C11.

GENERAL INFORMATION

1. Subject of this Offering Circular

This Offering Circular relates to EUR 1,748,200,000 aggregate principal amount of the Class A Compartment 11 Notes issued by Silver Arrow S.A., acting in respect of its Compartment 11, 6, rue Eugène Ruppert, L-2453 Luxembourg, R.C.S. Luxembourg B 111345.

2. Authorisation

The issue of the Compartment 11 Notes was authorised by a resolution of the board of directors of Silver Arrow S.A., acting in respect of its Compartment 11, passed on 22 May 2020.

3. Litigation

Neither Silver Arrow S.A. is, or has been since its incorporation and during the period covering at least the previous 12 months, nor the Seller is, or – during the period covering at least the previous 12 months – has 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 or profitability, and, as far as Silver Arrow S.A. and the Seller are aware, no such litigation or arbitration proceedings are pending or threatened, respectively.

4. Payment information and post-issuance information

The Issuer does not intend to provide any post-issuance transaction information regarding the Compartment 11 Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and the performance of the underlying Purchased Loan Receivables, except if required by any applicable laws and regulations.

For as long as the Class A Compartment 11 Notes are listed on the official list and are admitted to trading on the regulated market of the Luxembourg Stock Exchange, the Issuer will inform the Luxembourg Stock Exchange of the Class A Interest Amounts, the Interest Periods and the Class A Interest Rates and, if relevant, the payments of principal on the Class A Compartment 11 Notes, in each case in the manner described in the Conditions.

Payments and transfers of the Compartment 11 Notes will be settled through Clearstream Luxembourg and Euroclear, as described herein. The Compartment 11 Notes have been accepted for clearing by Clearstream Luxembourg and Euroclear.

All notices regarding the Compartment 11 Notes will either be published in a leading daily newspaper with general circulation in Luxembourg designated by the Luxembourg Stock Exchange (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange at www.bourse.lu or, when the rules of the Luxembourg Stock Exchange so permit, by delivery to Clearstream Luxembourg and Euroclear.

5. Material adverse change

There has been no material adverse change in the financial position or prospects of the Issuer as of the date of the last published audited financial statements (31 December 2018).

6. Miscellaneous

The Issuer will not publish interim accounts. The fiscal year in respect of the Issuer is the calendar year.

7. Listing and admission to trading

Application has been made for the Class A Compartment 11 Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the official list of the Luxembourg Stock Exchange on the Issue Date. The estimated total expenses in relation to the listing and admission to trading are EUR 9,300.

8. Inspection of Documents

From the Issue Date until the Legal Maturity Date, copies of the following documents may also be inspected during customary business hours at the specified offices of the Paying Agent:

- (a) the articles of incorporation of Silver Arrow S.A.;
- (b) the resolutions of the board of directors of Silver Arrow S.A. creating Compartment 11 and approving the issue of the Compartment 11 Notes;
- (c) the shareholders' resolution approving the negative covenants as set out in the Transaction 11 Documents;
- (d) the audited annual accounts of Silver Arrow S.A. for the periods from 1 January 2017 to 31 December 2017 and from 1 January 2018 to 31 December 2018;
- (e) the future annual financial statements of the Silver Arrow S.A. (interim financial statements will not be prepared);
- (f) the Monthly Investor Reports;
- (g) all notices given to the Compartment 11 Noteholders pursuant to the Conditions; and
- (h) this Offering Circular and all Transaction 11 Documents referred to in this Offering Circular.

The up to date articles of incorporation of Silver Arrow S.A. will also be available under www.daimler.com/investors/refinancing/asset-backed-securities/germany/sa-11.html.

The Monthly Investor Report shall include detailed summary statistics and information regarding the performance of the portfolio of the Purchased Loan Receivables and contain a glossary of the terms which can be found in the Master Definition Schedule of the Offering Circular. The first Monthly Investor Report issued by the Issuer shall additionally disclose the amount of Compartment 11 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 Compartment 11 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 Monthly Investor Report following such outplacings.

Furthermore, the Issuer undertakes to make available to the Compartment 11 Noteholders on a regular basis from the Issue Date until the Legal Maturity Date loan level data and a cash flow model either directly or indirectly through one or more entities who provide such cash flow models to investors generally.

9. ICSDs

Euroclear Bank S.A./N.V.
1 Boulevard du Roi Albert II
B-1210 Brussels
Belgium

Clearstream Banking, société anonyme, Luxembourg
42 Avenue JF Kennedy
L-1885 Luxembourg

10. Clearing codes

Class A Compartment 11 Notes

ISIN: XS2168635857
Common code: 216863585

Class B Compartment 11 Notes

ISIN: XS2168636319
Common code: 216863631

WKN: A28XXJ

WKN: A28XYC

11. Restrictions on transferability

Subject to applicable rules and regulations of Clearstream Luxembourg and Euroclear, the interests in the Compartment 11 Notes represented by the Global Notes are freely transferable.

DOCUMENTS INCORPORATED BY REFERENCE

The following information, which has been published and filed with the Commission de Surveillance du Secteur Financier, shall be deemed to be incorporated by reference in, and to form part of, this Offering Circular:

Comparative table of documents incorporated by reference

Page	Section of Offering Circular	Document incorporated by reference
151	The Issuer, Financial Statements	<p>The Issuer's audited annual financial statements for the year ended 31 December 2018, prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts:</p> <p style="text-align: right;">Page</p> <p>Summary of Counterparties..... 1-2</p> <p>Directors' report 3-9</p> <p>Audit report 10-14</p> <p>Balance sheet as at 31 December 2018 15-19</p> <p>Profit and loss account for the year ended 31 December 2018 20-21</p> <p>Notes to the accounts 22-45</p> <p>The Issuer's audited annual financial statements for the year ended 31 December 2018 can be found at:</p> <p>http://dl.bourse.lu/dlp/10e5f0055571d4482485d76717d69a206c</p> <p>The Issuer's audited annual financial statements for the year ended 31 December 2017, prepared in accordance with Luxembourg legal and regulatory requirements relating to the preparation of annual accounts:</p> <p style="text-align: right;">Page</p> <p>Summary of Counterparties..... 1-2</p> <p>Directors' report 3-9</p> <p>Audit report 10-14</p> <p>Balance sheet as at 31 December 2017 15-19</p> <p>Profit and loss account for the year ended 31 December 2017 20-21</p> <p>Notes to the accounts 22-42</p> <p>The Issuer's audited annual financial statements for the year ended 31 December 2017 can be found at:</p> <p>http://dl.bourse.lu/dlp/105822a3cda4054227bba2b9ebaeaf2385</p>

The information incorporated by reference that is not included in the above cross-reference list, is considered additional information and is not required by the relevant schedules of Commission Delegated Regulation (EU) 2019/980 of 14 March 2019.

Availability of incorporated documents

Any document incorporated herein by reference can be obtained without charge at the offices of Silver Arrow S.A., acting for and on behalf of its Compartment 11 as set out at the end of this Offering Circular. In addition, for as long as the Class A Compartment 11 Notes are listed on the Luxembourg Stock Exchange, any document incorporated herein by reference will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

MASTER DEFINITIONS SCHEDULE

The following is part of the Master Definitions Schedule. The Master Definitions Schedule will be attached as Appendix A to the Conditions and constitutes an integral part of the Conditions – in case of any overlap or inconsistency in the definitions of a term or expression in the Master Definitions Schedule and elsewhere in the Offering Circular, the definitions of the Master Definitions Schedule will prevail.

1. DEFINITIONS

The parties hereto agree that, except where expressly stated to the contrary or where the context otherwise requires, the definitions set out below shall apply to terms or expressions referred to but not otherwise defined in each Transaction 11 Document.

"Account Bank" means Elavon Financial Services DAC and any successor thereof or any other Person appointed as replacement Account Bank from time to time in accordance with the Bank Account Agreement.

"Administration Expenses" means, during the life of Transaction 11, the fees, costs, and expenses (excluding indemnity payments) payable on each Payment Date with respect to:

- (a) the Corporate Services Provider under the Corporate Services Agreement;
- (b) the Account Bank under the Bank Account Agreement;
- (c) the Calculation Agent under the Calculation Agency Agreement;
- (d) the Custodian under the Custody Agreement;
- (e) the Data Trustee under the Data Trust Agreement;
- (f) the Paying Agent and the Interest Determination Agent under the Agency Agreement;
- (g) the accountants and auditors of the Issuer;
- (h) the Rating Agencies; and
- (i) such other persons appointed by the Issuer as servicer providers.

"Adverse Claim" means any mortgage, charge, pledge, hypothecation, lien or other security interest or encumbrance or other right or claim under the laws of any jurisdiction, of or on any Person's assets or properties in favour of any other Person.

"Agency Agreement" means the agency agreement entered into by the Issuer, the Servicer, the Corporate Services Provider, the Trustee, the Calculation Agent, the Paying Agent and Interest Determination Agent on or about the Signing Date, under which the Issuer has appointed the Paying Agent and the Interest Determination Agent to act as paying agent and interest determination agent with respect to the Compartment 11 Notes and to forward payments to be made by the Issuer under the Compartment 11 Notes to the Clearing Systems and to determine EURIBOR.

"Aggregate Outstanding Loan Principal Amount" means on the Cut-Off Date and on any Determination Date the aggregate of the Outstanding Loan Principal Amount of all Purchased Loan Receivables which are not Defaulted Loan Receivables.

"Aggregate Outstanding Note Principal Amount" means the aggregate of the Outstanding Note Principal Amount of a Class of Compartment 11 Notes on a Payment Date (taking into account the principal redemption on such Payment Date).

"Arranger" means BNP Paribas.

"Assigned Assets" has the meaning assigned to it in clause 8.1 (a) of the Trust Agreement.

"Available Distribution Amount" means, with respect to any Payment Date, the sum of:

- (a) the Collections;
- (b) the amount standing to the credit of the General Reserve Ledger;
- (c) the Net Swap Receipts payable by the Swap Counterparty to the Issuer on the Payment Date;
- (d) the amount standing to the credit of the Commingling Reserve Ledger upon the occurrence of a Servicer Termination Event, including any realisation proceeds or enforcement proceeds from Eligible Securities, in each case to the extent necessary to cover any Servicer Shortfall;
- (e) the amount standing to the credit of the Set-Off Reserve Ledger, if and only to the extent that the Seller has, as of the previous Payment Date, failed to transfer to the Issuer any Collections or indemnity payments in relation to the set-off risk related to the Seller;
- (f) any other amount standing to the credit of the Operating Ledger, including any interest accrued on the Operating Ledger.

"Balloon Loan Receivable" means a Loan Receivable with a final balloon instalment which is coupled either with (i) a matching obligation of the dealer of the Financed Vehicle to repurchase the Financed Vehicle at a fixed price (*Option Financing (Plus 3)*) or (ii) a stand-alone arrangement not coupled with any obligation of the dealer.

"Bank Account Agreement" means the bank account agreement entered into by the Issuer, the Account Bank and the Trustee on or about the Signing Date in which the Issuer has appointed the Account Bank to establish and operate the Issuer Account-C11 under the Transaction 11 Documents.

"Business Day" means any day on which commercial banks and foreign exchange markets settle payments and are generally open for business in Frankfurt am Main, London, Luxembourg and Stuttgart and on which the TARGET2 is open for settlement of payments in euros.

"Business Day Convention" means that if any due date specified in a Transaction 11 Document for performing a certain task (in particular, payments of any amounts) is not a Business Day, such task shall be performed (a payment shall be made) on the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such task shall be performed on the immediately preceding Business Day (*Modified Following Business Day Convention*).

"Calculation Agency Agreement" means the calculation agency agreement entered into by the Issuer, the Servicer, the Calculation Agent and the Trustee on or about the Signing Date, in which the Issuer has appointed the Calculation Agent to (i) provide certain information to the Servicer for completion of the Monthly Report, and (ii) verify the plausibility, completeness and consistency of the Monthly Report based on the information received from the Servicer. In addition, the Calculation Agent is responsible for publishing the Monthly Investor Report not later than on the Calculation Date and performs certain cash management duties including payment instructions to the Account Bank to make the payments due on the respective Payment Date.

"Calculation Agent" means U.S. Bank Global Corporate Trust Limited, any successor thereof or any other Person appointed as replacement calculation agent from time to time in accordance with the Calculation Agency Agreement.

"Calculation Agent Representations and Warranties" means the Calculation Agent representations and warranties set out in Schedule 9 hereto.

"Calculation Date" means in relation to each Collection Period the 2nd Business Day preceding the relevant Payment Date.

"Civil Code" means the German Civil Code (*Bürgerliches Gesetzbuch*).

"Class A Compartment 11 Noteholders" means the holders of the Class A Compartment 11 Notes.

"Class A Compartment 11 Notes" means the floating rate class A notes which are issued on the Issue Date in an initial Aggregate Outstanding Note Principal Amount of EUR 1,748,200,000 and divided into

17,482 Class A Compartment 11 Notes, each having an initial Outstanding Note Principal Amount of EUR 100,000.

"Class A Interest Amount" means on each Payment Date, the product of (i) the Outstanding Note Principal Amount of the Class A Compartment 11 Notes on the preceding Payment Date and (ii) the Class A Interest Rate and (iii) the Day Count Fraction, rounded to the nearest cent and multiplied by the number of Class A Compartment 11 Notes.

"Class A Interest Rate" means EURIBOR plus 0.70 per cent. *per annum*.

"Class A Principal Redemption Amount" means on each Payment Date prior to the issuance of an Enforcement Notice the lower of:

- (a) an amount equal to the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes on the preceding Payment Date (or in case of the first Payment Date, the Issue Date); and
- (b) the Required Principal Redemption Amount on such Payment Date.

"Class B Compartment 11 Noteholders" means the holders of the Class B Compartment 11 Notes.

"Class B Compartment 11 Notes" means the fixed rate class B notes which are issued on the Issue Date in an initial Aggregate Outstanding Note Principal Amount of EUR 141,700,000 and divided into 1,417 Class B Compartment 11 Notes, each having an initial Outstanding Note Principal Amount of EUR 100,000.

"Class B Interest Amount" means on each Payment Date, the product of (i) the Outstanding Note Principal Amount of the Class B Compartment 11 Notes on the preceding Payment Date and (ii) the Class B Interest Rate and (iii) the Day Count Fraction, rounded to the nearest cent and multiplied by the number of Class B Compartment 11 Notes.

Any shortfall in the Class B Interest Amount according to the applicable Priority of Payments on a Payment Date will not be payable on that Payment Date but will become payable on subsequent Payment Dates if and to the extent that funds may be used for this purpose in accordance with the applicable Priority of Payments. Such shortfall will not accrue interest.

"Class B Interest Rate" means 1 per cent. *per annum*.

"Class B Principal Redemption Amount" means on each Payment Date prior to the issuance of an Enforcement Notice the lower of:

- (a) an amount equal to the Aggregate Outstanding Note Principal Amount of the Class B Compartment 11 Notes on the preceding Payment Date (or in case of the first Payment Date, the Issue Date); and
- (b) the difference of:
 - (i) the Required Principal Redemption Amount on such Payment Date; and
 - (ii) the Class A Principal Redemption Amount on such Payment Date.

"Class of Compartment 11 Notes" means each of the Class A Compartment 11 Notes and the Class B Compartment 11 Notes.

"Clean-Up Call" means the Seller's right to exercise a clean-up call when the Clean-Up Call Conditions are satisfied.

"Clean-Up Call Conditions" means, on any Payment Date, on which the Aggregate Outstanding Loan Principal Amount as per preceding Determination Date is less than 10% of the Aggregate Outstanding Loan Principal Amount at the Cut-Off Date, the Seller will have the option under the Loan Receivables Purchase Agreement to acquire all outstanding Purchased Loan Receivables (together with any related Loan Collateral) against payment of the Repurchase Price subject to the following requirements:

- (a) the Repurchase Price should, together with funds credited to the General Reserve Ledger and to the Operating Ledger be at least equal to the sum of (x) the aggregate Outstanding Note Principal Amount of all Class A Compartment 11 Notes plus (y) accrued interest thereon plus (z) all claims of any creditors of the Issuer in respect of Compartment 11 ranking prior to the claims of the Class A Compartment 11 Noteholders according to the applicable Priority of Payments; and
- (b) the Seller shall have notified the Issuer of its intention to exercise the Clean-Up Call at least 10 days prior to the contemplated settlement date of the Clean-Up Call.

"Clearstream, Luxembourg" means the Clearstream clearance system for internationally traded securities operated by Clearstream Banking, *société anonyme*, and any successor thereto.

"Clearing Systems" means Clearstream, Luxembourg and Euroclear.

"Collection Period" means each period (i) from but excluding the Cut-Off Date to and including the first Determination Date, and, (ii) thereafter from but excluding a Determination Date to and including the next following Determination Date.

"Collections" means for each Collection Period, all collections, including the Interest Collections, the Principal Collections and the Recovery Collections in respect of the Purchased Loan Receivables.

"Commingling Reserve Ledger" means the commingling reserve ledger of the Issuer Account-C11 opened on or before the Signing Date with the Account Bank in respect of Compartment 11 (with account details as set out in Schedule 11 of the Incorporated Terms Memorandum) or any successor account.

"Commingling Reserve Reduction Amount" means, as calculated by the Servicer on every sixth Payment Date beginning with the sixth Payment Date after the Issue Date, the product of

- (i) the Aggregate Outstanding Loan Principal Amount; and
- (ii) the difference, if positive, of (A) over (B) where:

(A) is the result of (x) the Aggregate Outstanding Loan Principal Amount as of the immediately preceding Determination Date plus the Outstanding Subordinated Loan Principal Amount as of the relevant Payment Date minus the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes as of such Payment Date, divided by (y) the Aggregate Outstanding Loan Principal Amount on the immediately preceding Determination Date; and

(B) is the result of (x) the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date plus the Outstanding Subordinated Loan Principal Amount as of the Issue Date minus the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes as of the Issue Date, divided by (y) the Aggregate Outstanding Loan Principal Amount as of the Cut-Off Date.

"Commingling Reserve Required Amount" means as of any Payment Date upon the occurrence and continuance of a Commingling Reserve Trigger Event, an amount equal to the positive difference, if any, of

- (a) the product of (i) 1.25 and (ii) the sum of (A) the amount of instalments scheduled to be received during the next Collection Period; and (B) the product of (x) the Aggregate Outstanding Loan Principal Amount on the preceding Determination Date and (y) 10 per cent./12; over
- (b) the latest Commingling Reserve Reduction Amount calculated by the Servicer,

and otherwise zero.

Following the occurrence of a Commingling Reserve Trigger Event, the Commingling Reserve Required Amount shall be provided within 14 calendar days, at the option of the Servicer, either (i) by payment of the relevant amount of cash into the Commingling Reserve Ledger or (ii) by depositing Eligible Securities having a Value of at least the relevant Commingling Reserve Required Amount into the Eligible Securities Account or (iii) by depositing Eligible Securities with such Value into a securities account of the Servicer which is pledged to the Issuer, or any combination of Eligible Securities and cash such that the sum of both equals at least the relevant Commingling Reserve Required Amount.

"Commingling Reserve Trigger Event" means if, at any time for as long as the Seller remains the Servicer,

- (a) (x) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Daimler AG are assigned a rating of lower than BBB(low) by DBRS, and (y) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Daimler AG are assigned a rating of lower than R-1(low) by DBRS; or
- (b) (x) the long-term unsecured, unsubordinated and unguaranteed debt obligations of Daimler AG are assigned a rating of lower than BBB by Fitch, and (y) the short-term unsecured, unsubordinated and unguaranteed debt obligations of Daimler AG are assigned a rating of lower than F2 by Fitch; or
- (c) Daimler AG ceases to own, directly or indirectly, at least 100% of the share capital of Mercedes-Benz Bank AG in its capacity as the Seller and the Servicer, or a termination of the profit and loss transfer agreement between Daimler AG and Mercedes-Benz Bank AG in its capacity as the Seller and the Servicer occurs,

Notwithstanding the above, a Commingling Reserve Trigger Event shall cease to continue upon all Obligors having redirected their payments directly to the Operating Ledger or any other account of the Issuer in compliance with the Transaction 11 Documents.

"Common Safekeeper" or **"CSK"** means the entity appointed by the ICSDs to provide safekeeping for the Compartment 11 Notes in NGN form.

"Common Services Provider" or **"CSP"** means the entity appointed by the ICSDs to provide asset servicing for the Compartment 11 Notes in NGN form.

"Common Terms" means the provisions set out in Schedule 2 of the Incorporated Terms Memorandum.

"Compartment" means a compartment of the Issuer within the meaning of the Luxembourg Securitisation Law.

"Compartment 11" means the eleventh Compartment of Silver Arrow S.A. created on 3 April 2020 and designated for the purposes of Transaction 11 and named 'Compartment 11'.

"Compartment 11 Noteholders" means collectively the Class A Compartment 11 Noteholders and the Class B Compartment 11 Noteholders.

"Compartment 11 Notes" means collectively the Class A Compartment 11 Notes and the Class B Compartment 11 Notes.

"Compartment 11 Security" means all Adverse Claims from time to time created by the Issuer in favour of the Trustee (and also for the benefit of the Secured Parties) pursuant to clause 8 and the other provisions of the Trust Agreement and the provisions of the Security Deed.

"Conditions" means the terms and conditions of the Compartment 11 Notes (which terms and conditions are set out in the Offering Circular).

"Corporate Services Agreement" means the domiciliation, management and administration agreements entered into by Silver Arrow S.A. (and relating to all Compartments of Silver Arrow S.A.) and the Corporate Services Provider, dated 25 March 2019 and effective as of 1 January 2019, as amended from time to time, pursuant to which Silver Arrow S.A. has appointed the Corporate Services Provider to perform certain domiciliation, corporate and administrative services for Silver Arrow S.A. in accordance with Silver Arrow S.A.'s articles of incorporation.

"Corporate Services Provider" means Intertrust (Luxembourg) S.à r.l.

"Credit and Collection Policy" means the policies, practices and procedures of the Servicer relating to the origination and collection of the Purchased Loan Receivables, as modified from time to time in accordance with the Servicing Agreement.

"**Credit Support Annex**" means the credit support annex to the ISDA Master Agreement executed in accordance with the provisions of the Swap Agreement.

"**Custodian**" means Elavon Financial Services DAC, any successor thereof or any other Person appointed as replacement custodian from time to time in accordance with the Custody Agreement.

"**Custody Agreement**" means the custody agreement entered into by the Issuer and the Custodian on or about the Signing Date, under which the Issuer has appointed the Custodian to provide certain services in relation to the establishment and management of the Eligible Securities Account in case all or part of the Commingling Reserve Required Amount is provided in the form of Eligible Securities and/or the Swap Counterparty posts securities as collateral upon the occurrence of a downgrade event in accordance with the Swap Agreement.

"**Cut-Off Date**" means 30 April 2020.

"**Data Trust Agreement**" means the data trust agreement entered into by the Seller, the Servicer, the Data Trustee, the Trustee and the Issuer on or about the Signing Date, in respect of Compartment 11, according to which the Seller will deliver to the Data Trustee the Decryption Key relating to the encrypted Portfolio Information received by the Issuer from the Seller under the Loan Receivables Purchase Agreement and the Servicing Agreement.

"**Data Trustee**" means Data Custody Agent Services B.V.

"**Day Count Fraction**" means in respect of an Interest Period, the actual number of days in such Interest Period divided by 360.

"**DBRS**" means DBRS Ratings Limited and any successor to its rating business.

"**DBRS Critical Obligations Rating**" or "**COR**" means, 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 a COR assigned by DBRS to the relevant entity is public, it will be indicated on the website of DBRS (www.dbrs.com).

"**DBRS Equivalent Chart**" means:

DBRS	Moody's	S&P	Fitch
AAA	Aaa	AAA	AAA
AA(high)	Aa1	AA+	AA+
AA	Aa2	AA	AA
AA(low)	Aa3	AA-	AA-
A(high)	A1	A+	A+
A	A2	A	A
A(low)	A3	A-	A-
BBB(high)	Baa1	BBB+	BBB+
BBB	Baa2	BBB	BBB
BBB(low)	Baa3	BBB-	BBB-
BB(high)	Ba1	BB+	BB+
BB	Ba2	BB	BB
BB(low)	Ba3	BB-	BB-
B(high)	B1	B+	B+
B	B2	B	B
B(low)	B3	B-	B-
CCC(high)	Caa1	CCC+	CCC
CCC	Caa2	CCC	
CCC(low)	Caa3	CCC-	
CC	Ca	CC C	
D	C	D	D

"DBRS Equivalent Rating" means with respect to any issuer rating or senior unsecured debt rating (or other rating equivalent), (i) if a Fitch public rating, a Moody's public rating and an S&P public rating are all available, (a) the remaining rating (upon conversion on the basis of the DBRS Equivalent Chart) once the highest and the lowest rating have been excluded or (b) in the case of two or more same ratings, any of such ratings (upon conversion on the basis of the DBRS Equivalent Chart); (ii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) above, but public ratings by any two of Fitch, Moody's and S&P are available, the lower rating available (upon conversion on the basis of the DBRS Equivalent Chart); and (iii) if the DBRS Equivalent Rating cannot be determined under paragraph (i) or paragraph (ii) above, and therefore only a public rating by one of Fitch, Moody's and S&P is available, such rating will be the DBRS Equivalent Rating (upon conversion on the basis of the DBRS Equivalent Chart).

"Decryption Key" means a password allowing in the circumstances specified in the Data Trust Agreement, to decrypt the encrypted Portfolio Information relating to the Purchased Loan Receivables.

"Defaulted Loan Receivable" means any Purchased Loan Receivable in respect of which:

- (a) the Obligor is with more than six (6) (not necessarily consecutive) instalments in arrears, or, if earlier,
- (b) the Purchased Loan Receivable has been declared defaulted in accordance with the Credit and Collection Policy of the Servicer.

"Determination Date" means the last calendar day of each calendar month. The first Determination Date will be 31 May 2020.

"EC Treaty" means the Treaty on the Functioning of the European Union, originally named Treaty establishing the European Economic Community (signed in Rome on 25 March, 1957), as amended by the Treaty on the European Union (signed in Maastricht on 7 February, 1992), as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 November, 1997), as amended by the Treaty of Nice (signed in Nice on 26 February, 2001), as amended by the Treaty of Lisbon (signed in Lisbon on 13 December 2007).

"Eligibility Criteria" means the eligibility criteria set out in the Appendix 1 to Schedule 3, Part 3 of the Incorporated Terms Memorandum and being relevant as of the Cut-Off Date.

"Eligible Securities" means, in respect of the Commingling Reserve Required Amount, sovereign securities which

- (a) are rated at least (i) "A" by Fitch and (ii) AA(low) by DBRS or, if such securities are not publicly rated by DBRS, but are rated by at least any one of Fitch, Moody's and S&P, have at least the required DBRS Equivalent Rating;
- (b) are denominated in euro and issued by Germany or by the French Republic; and
- (c) have a remaining maturity of at least 30 calendar days.

"Eligible Securities Account" means the securities account opened in the name of the Issuer, into which (i) Eligible Securities provided as Commingling Reserve Required Amount and/or (ii) securities posted as collateral by the Swap Counterparty in accordance with the Swap Agreement will be deposited from time to time.

"Eligible Swap Counterparty" means with respect to the Swap Counterparty or any guarantor of the Swap Counterparty, respectively, any entity

- (a) the long-term unsecured, unguaranteed and unsubordinated debt obligations of which are rated by DBRS, or the DBRS Critical Obligations Rating of which is, at least (i) "A" or (ii) "BBB" and which posts collateral in the amount and manner set forth in the Swap Agreement; or which obtains a guarantee from a person the long-term unsecured, unguaranteed and unsubordinated debt obligations of which have the ratings set forth in (i) or (ii) above and, in the case of a rating required pursuant to (ii), posts collateral in the amount and manner set forth in the Swap Agreement; or in each case, if the relevant entity's long-term unsecured, unguaranteed and unsubordinated debt obligations are not rated by DBRS, such debt obligations have at least a DBRS Equivalent Rating corresponding to the ratings required pursuant to (i) or (ii) above, respectively; and

- (b) having (i) an issuer default rating or derivative counterparty rating from Fitch of at least "A" or a short-term rating from Fitch of at least "F1" or (ii) an issuer default rating or derivative counterparty rating from Fitch of at least "BBB-" or a short-term rating from Fitch of at least "F3" and which either posts collateral in the amount and manner set forth in the Swap Agreement or obtains a guarantee from a person having the ratings set forth in (i) above.

"Enforcement Event" means the event that an Issuer Event of Default has occurred and the Trustee has served an Enforcement Notice on the Issuer.

"Enforcement Notice" means the written notice served by the Trustee on the Issuer upon the occurrence of an Issuer Event of Default, with a copy to each of the Secured Parties and the Rating Agencies in accordance with the Trust Agreement.

"EU Insolvency Regulation" means Regulation (EU) 11015/848 of the European Parliament and of the Council of 20 May 2015.

"EUR" or **"Euro"** means the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the EC Treaty.

"EURIBOR" (Euro Interbank Offered Rate) means for the first Interest Period, commencing on the Issue Date, the rate which is the result of the straight-line interpolation between (i) the rate for deposits in Euro for a period of one week and (ii) the rate for deposits in Euro for a period of one month, both reference rates appearing on the Interest Determination Date at approximately 11.00 a.m. (Brussels time) on Reuters page EURIBOR01 (or such other page as may replace such page on that service for the purpose of displaying inter-bank offered rate quotations of major banks), and for any Interest Period commencing on the first Payment Date and thereafter, the rate for deposits in Euro for a period of one month, such reference rate shown on the Interest Determination Date at approximately 11.00 a.m. (Brussels time) on Reuters page EURIBOR01.

With respect to an Interest Determination Date for which EURIBOR does not appear on Reuters Page EURIBOR01 (or its successor page), unless a Base Rate Modification has taken effect in accordance with Condition 7.3(b) to (d) (*Interest Rate*) on or prior to such Interest Determination Date, EURIBOR will be determined on the basis of the rates at which deposits in EUR are offered by the Reference Banks at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date to prime banks in the Euro-zone interbank market for the relevant Interest Period and in a principal amount equal to an amount that is representative for a single transaction in such market at such time. The Interest Determination Agent will request the principal Euro-zone office of each such Reference Bank to provide a quotation of its rate. If at least two such quotations are provided, EURIBOR on such Interest Determination Date will be the arithmetic mean as determined by the Interest Determination Agent (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of such quotations. If fewer than two such quotations are provided, EURIBOR on such Interest Determination Date will be the arithmetic mean as determined by the Interest Determination Agent (rounded, if necessary, to the nearest one thousandth of a percentage point, with 0.0005 being rounded upwards) of the rates quoted by major banks in the Euro-zone selected by the Interest Determination Agent at approximately 11.00 a.m., Brussels time, on such Interest Determination Date for loans in EUR for the relevant Interest Period and in a principal amount equal to an amount that is representative for a single transaction in such market at such time to leading European banks.

If the Interest Determination Agent is on any Interest Determination Date required but unable to determine EURIBOR for the relevant Interest Period, EURIBOR for such Interest Period shall be the EURIBOR as determined on the previous Interest Determination Date.

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear System and any successor thereto.

"Final Success Fee" means on any Payment Date, (a) with respect to the Pre-enforcement Priority of Payments the remaining amount of the Available Distribution Amount after payment of the amounts (a) *first* to (m) *thirteenth* and (b) with respect to the Post-enforcement Priority of Payments the remaining amount of the Available Distribution Amount after payment of the amounts (a) *first* to (l) *twelfth*.

"Financed Vehicle" means any passenger car or commercial vehicle financed under a loan agreement.

"**Fitch**" means Fitch Deutschland GmbH and any successor to its rating business.

"**General Reserve Ledger**" means the general reserve ledger of the Issuer Account-C11 held in respect of Compartment 11 and opened on or before the Signing Date with the Account Bank (with account details as set out in Schedule 11 of the Incorporated Terms Memorandum) or any successor account.

"**General Reserve Required Amount**" means, in respect of any Payment Date:

- (a) as long as the Aggregate Outstanding Loan Principal Amount is greater than zero on the Determination Date preceding such Payment Date, EUR 9,450,000; and
- (b) otherwise, zero.

"**German Transaction 11 Documents**" means the Conditions, the Trust Agreement, the Subscription Agreement, the Agency Agreement, the Bank Account Agreement, the Calculation Agency Agreement, the Loan Receivables Purchase Agreement, the Servicing Agreement, the Data Trust Agreement, the New Global Notes representing the Compartment 11 Notes and the Subordinated Loan Agreement, which are governed by and shall be construed in accordance with the laws of Germany.

"**Germany**" means the Federal Republic of Germany.

"**ICSD**" or "**International Central Securities Depository**" means Clearstream Luxembourg or Euroclear, and "ICSDs" means both Clearstream Luxembourg and Euroclear collectively.

"**Incorporated Terms Memorandum**" means the memorandum so named dated on or about the Signing Date and signed for the purpose of identification by each of the parties to the Transaction 11 Documents.

"**Individual Obligor Set-Off Exposure**" means with respect to each Obligor, the lesser of (i) the outstanding amount of deposits made by such Obligor with the Seller and (ii) the sum of the Outstanding Loan Principal Amounts of the Purchased Loan Receivables relating to such Obligor.

"**Insolvent**" means

- (a) in relation to any Person incorporated or situated in the Federal Republic of Germany,
 - (i) that the relevant Person is either:
 - (1) unable to fulfil its payment obligations as they become due and payable (including, without limitation, *Zahlungsunfähigkeit* pursuant to Section 17 InsO), or
 - (2) is presumably unable to pay its debts as they become due and payable (including, without limitation, imminent inability to pay (*drohende Zahlungsunfähigkeit*) pursuant to Section 18 InsO), or
 - (ii) that the liabilities of that Person exceed the value of its assets (including, without limitation, over-indebtedness (*Überschuldung*) pursuant to Section 19 InsO), or
 - (iii) that (i) the German Federal Financial Supervisory Authority initiates measures against that Person pursuant to section 46 *et seq.* of the German Banking Act (*Kreditwesengesetz*) (including, without limitation, a moratorium), or (ii) the resolution authority (*Abwicklungsbehörde*) under the German Restructuring and Resolution Act (*Sanierungs- und Abwicklungsgesetz – "SAG"*) initiates measures against that Person pursuant to Part 4 (*Abwicklung*) of the SAG, or (iii) the competent authority initiates or takes actions or measures against that Person under Regulation (EU) No 806/2014 of the European Parliament and of the Council; or
 - (iv) that any measures pursuant to Section 21 InsO have been taken in relation to the Person, or
- (b) in relation to any Person not incorporated or situated in the Federal Republic of Germany, that similar circumstances have occurred or similar measures have been taken under foreign applicable law which corresponds to those listed in (i) above.

"Interest Collections" means the sum of all Collections under the Performing Loan Receivables other than the Principal Collections and the Recovery Collections during the relevant Collection Period.

"Interest Determination Agent" means Elavon Financial Services DAC, any successor thereof or any other Person appointed as replacement interest determination agent from time to time in accordance with the Agency Agreement.

"Interest Determination Date" means the second Business Day prior to the first day of the relevant Interest Period.

"Interest Period" means in respect of the first Payment Date, the period commencing on (and including) the Issue Date and ending on (but excluding) such first Payment Date, and, in respect of any subsequent Payment Date, the period commencing on (and including) the immediately preceding Payment Date and ending on (but excluding) such Payment Date.

"ISDA Master Agreement" means the ISDA 2002 Master Agreement (including the schedule and the Credit Support Annex thereto) dated on or about the Signing Date and made between the Issuer and the Swap Counterparty.

"Issue Date" means 27 May 2020.

"Issue Outstanding Amount" or **"IOA"** means, in respect of a NGN, the total outstanding indebtedness of the Issuer as determined from time to time.

"Issuer" means Silver Arrow S.A., a special purpose company incorporated with limited liability in Luxembourg having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg, acting solely for and on behalf of its Compartment 11.

"Issuer Account-C11" means the issuer account with the following separate ledgers of the Issuer opened on or before the Signing Date with the Account Bank:

- (a) Operating Ledger;
- (b) General Reserve Ledger;
- (c) Commingling Reserve Ledger;
- (d) Set-Off Reserve Ledger; and
- (e) Swap Collateral Ledger.

"Issuer Event of Default" means any of the following events:

- (a) the Issuer becomes Insolvent;
- (b) subject to the Available Distribution Amount and in accordance with the Pre-enforcement Priority of Payments, a default occurs in the payment of interest on any Payment Date in respect of the most senior class of Compartment 11 Notes (and such default is not remedied within two (2) Business Days of its occurrence); or
- (c) the Issuer fails to perform or observe any of its other material obligations under the Conditions or the Transaction 11 Documents (other than the Subordinated Loan Agreement) and such failure continues for a period of thirty (30) days following written notice from the Trustee or any other Secured Parties.

"Issuer ICSDs Agreement" means the Issuer ICSDs agreement entered into by the Issuer and the ICSDs before any Compartment 11 Notes in NGN form will be accepted by the ICSDs.

"Issuer Share Capital Account" means the account initially maintained with Banque Générale du Luxembourg, in the name of the Issuer, with account no. IBAN LU14 0081 5581 3700 1003; and since 31 August 2009, the account maintained with Société Générale Frankfurt, in the name of the Issuer, with

account no. 1495 0176 92 and IBAN DE 8651 2108 0014 9501 7692, which, for the avoidance of doubt, will remain at all times an account separate from the Issuer Account-C11.

"Joint Lead Managers and Joint Bookrunners" means BNP Paribas and Landesbank Baden-Württemberg.

"Legal Maturity Date" means the Payment Date falling in February 2027.

"Loan Agreement" means any loan agreement (*Darlehensvertrag*) between the Seller in its capacity as lender (*Darlehensgeber*) and an Obligor in relation to the financing of Financed Vehicle(s), in particular, including in the form of standard business terms (*Allgemeine Geschäftsbedingungen*) governing the Seller's relationship with the respective Obligor.

"Loan Collateral" means (i) security interests in the respective Financed Vehicles (*Sicherungseigentum*) securing the Purchased Loan Receivables, (ii) any credit default (*Ratenschutz*) and purchase price (*Kaufpreisschutz*) insurance in respect of the Purchased Loan Receivables as administered by the Seller in accordance with its Credit and Collection Policy, and (iii) any other security interests related to the Purchased Loan Receivables.

"Loan Receivables" means secured auto loan claims by the Seller for the payment of principal and interest (including fees) under a Loan Agreement.

"Loan Receivables Purchase Agreement" means the loan receivables purchase agreement between, inter alia, the Seller, the Issuer, and the Trustee on or about the Signing Date, under which the Seller sells and assigns the Purchased Loan Receivables to the Issuer, against payment of the Purchase Price on the Purchase Date.

"Loss" means, in respect of any Person, any loss, liability, cost, expense, claim, action, suit, judgment, and out-of-pocket costs and expenses (including, without limitation, fees and expenses of any professional adviser to such Person) which such Person may have incurred or which may be made against such Person and any reasonable costs of investigation and defence.

"Luxembourg" means the Grand Duchy of Luxembourg.

"Luxembourg Companies Law" means the Luxembourg law on commercial companies of 10 August 1915, as amended.

"Luxembourg Securitisation Law" means the Luxembourg law on securitisation of 22 March 2004, as amended.

"Luxembourg Stock Exchange" means Société de la Bourse de Luxembourg.

"Managers" means Banco Santander, S.A. (acting through its Santander Corporate and Investment Banking division), Commerzbank Aktiengesellschaft and DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main.

"Master Definitions Schedule" means Schedule 1 of the Incorporated Terms Memorandum.

"Material Adverse Effect" means in relation to any Person, any effect which results in, or could reasonably be expected to result in, such Person being Insolvent or otherwise hinders or could reasonably be expected to hinder not only temporarily, the performance of such Person's obligations under any of the Transaction 11 Documents as and when due.

"Member State" means, as the context may require, a member state of the European Union or of the European Economic Area.

"Monthly Investor Report" means the monthly investor report to be published by the Calculation Agent not later than on the Calculation Date on the Calculation Agent's website and electronically mailed to a predefined distribution list which includes the information on the performance of the Portfolio as well as the related information with regards to the payments to be made on the following Payment Date under the Compartment 11 Notes, in accordance with the Calculation Agency Agreement. Such Monthly Investor Report is substantially in the form as set out in Schedule 3 to the Calculation Agency Agreement.

"Monthly Report" means the monthly report to be prepared by the Servicer and sent to the Issuer and the Calculation Agent not later than on the Reporting Date, which includes the information on the performance of the Portfolio in relation to the Collection Period immediately preceding the Reporting Date, as well as the related information with regards to the payments to be made on the following Payment Date under the Compartment 11 Notes, in accordance with the Servicing Agreement. Such Monthly Report is substantially in the form of the Monthly Investor Report as set out in Schedule 3 to the Calculation Agency Agreement.

"Moody's" means Moody's Investors Service Inc. and any successor to the debt rating business thereof.

"Net Swap Payments" means the higher of (i) zero; and (ii) the difference of (x) the amounts due by the Issuer to the Swap Counterparty, other than Swap Termination Payments, and (y) the amounts due by the Swap Counterparty to the Issuer, other than Swap Termination Payments.

"Net Swap Receipts" means the higher of (i) zero; and (ii) the difference of (x) the amounts due by the Swap Counterparty to the Issuer, other than Swap Termination Payments, and (y) the amounts due by the Issuer to the Swap Counterparty, other than Swap Termination Payments.

"New Global Note" or **"NGN"** means a new global note which refers to the books and records of the ICSDs to determine the total remaining indebtedness of the Issuer as determined from time to time.

"Obligor(s)" means, in respect of a Loan Receivable, a Person (including consumers and businesses) to whom the Seller has advanced an auto loan on the terms of the relevant Loan Agreement.

"Obligor Notification Event" means a Servicer Termination Event has occurred.

"Obligor Notification Event Notice" means in respect of a Purchased Loan Receivable a notice sent to the Obligors of the Purchased Loan Receivables stating that such Purchased Loan Receivable and title for security purposes (*Sicherungseigentum*) to the Financed Vehicle have been assigned by the Seller to the Issuer pursuant to the Loan Receivables Purchase Agreement and instructing the Obligors to make payments to the Operating Ledger or any other account compliant with the Transaction 11 Document and shall be in a form substantially as set out in Schedule 3 to the Loan Receivables Purchase Agreement.

"Offer" means an offer in written or electronic form meeting the requirements set out in the Loan Receivables Purchase Agreement. For the avoidance of doubt, the parties hereto intend to have only one offer covered by the Loan Receivables Purchase Agreement. The Offer delivered pursuant to the Loan Receivables Purchase Agreement shall contain:

- (a) the Aggregate Outstanding Loan Principal Amount (as on the Cut-Off Date) of the Loan Receivables offered;
- (b) an encrypted and a non-encrypted file containing the Portfolio Information as set out in Schedule 5 to the Loan Receivables Purchase Agreement.

"Offering Circular" means the prospectus dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Compartment 11 Notes.

"Operating Ledger" means an operating ledger of the Issuer Account-C11 of the Issuer in relation to Compartment 11, opened on or before the Signing Date with the Account Bank and into which the Servicer transfers all Collections received by it on behalf of the Issuer in accordance with the Servicing Agreement (with account details as set out in Schedule 11 of the Incorporated Terms Memorandum) or any successor account.

"Outstanding Loan Principal Amount" means with respect to a Purchased Loan Receivable on the Cut-Off Date or on any Determination Date, the amount of principal owed by the Obligor under such Purchased Loan Receivable.

"Outstanding Note Principal Amount" means with respect to any Payment Date, the principal amount of any Compartment 11 Note (rounded, if necessary, to the nearest EUR 0.01, with EUR 0.005 being rounded upwards) equal to the initial principal amount of such Note (as at Issue Date) as, on or before such Payment Date, reduced by all amounts paid in respect of principal on such Note prior to or on such Payment Date.

"Outstanding Subordinated Loan Principal Amount" means with respect to any Payment Date, the principal amount of the Subordinated Loan equal to the initial principal amount of such Subordinated Loan as at the Issue Date as, on or before such Payment Date, reduced by the sum of the Subordinated Loan Redemption Amounts paid to the Subordinated Lender prior to such Payment Date.

"Paying Agent" means Elavon Financial Services DAC, any successor thereof or any other Person appointed as replacement interest determination agent from time to time in accordance with the Agency Agreement.

"Payment Date" means, in respect of the first Payment Date, 15 June 2020 and thereafter the 15th day of each calendar month, subject to the Business Day Convention. Unless redeemed earlier, the last Payment Date will be the Legal Maturity Date.

"Performing Loan Receivable" means a Loan Receivable that is neither a Defaulted Loan Receivable, nor a Loan Receivable in respect of which all instalments have been paid.

"Person" means 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" means at any time, all Purchased Loan Receivables (including the Loan Collateral).

"Portfolio Information" means certain information sent by the Seller and/or the Servicer to the Issuer, including the names and addresses of the Obligor (in an encrypted form) as well as non-personal information in respect of the offered Loan Receivables and/or Purchased Loan Receivables, as set out in the Loan Receivables Purchase Agreement and the Servicing Agreement.

"Post-enforcement Priority of Payments" means, after the service of an Enforcement Notice by the Trustee, the Trustee will apply the Available Distribution Amount on each Payment Date in accordance with the priority of payments set out in Condition 9.

"Pre-enforcement Priority of Payments" means, prior to the service of an Enforcement Notice, the Issuer will distribute the Available Distribution Amount on each Payment Date in accordance with the priority of payments set out in Condition 7.4.

"Principal Collections" means the sum of (i) all collections of principal under the Performing Loan Receivables that have been paid during the Collection Period, (ii) all collections of principal under the Performing Loan Receivables that have been prepaid during the Collection Period, excluding Recovery Collections received by the Servicer during the Collection Period and (iii) the Repurchase Price relating to the Collection Period.

"Priority of Payments" means either the Pre-enforcement Priority of Payments or the Post-enforcement Priority of Payments (as applicable).

"Prospectus Regulation" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended or superseded.

"Purchase Date" means 27 May 2020.

"Purchased Loan Receivables" means the Loan Receivables purchased by the Issuer from the Seller on the Purchase Date under the Loan Receivables Purchase Agreement.

"Purchase Price" means the purchase price of EUR 1,897,784,382.00, payable by the Issuer to the Seller on the Issue Date and being equal to the Aggregate Outstanding Loan Principal Amount of the Purchased Loan Receivables as of the Cut-Off Date of EUR 1,889,999,895.42 plus EUR 7,884,382.00, being an amount equal to the amount of the issue price of the Class A Compartment 11 Notes in excess of 100 per cent. less an amount of EUR 99,895.42 of excess collateral that will remain with the Issuer.

"Purchaser" means Silver Arrow S.A., acting in respect of its Compartment 11, a special purpose company incorporated with limited liability in Luxembourg.

"Rating Agencies" means DBRS and Fitch.

"Recovery Collections" means all amounts received by the Servicer during the relevant Collection Period in respect of, or in connection with, any Purchased Loan Receivable after the date such Purchased Loan Receivable became a Defaulted Loan Receivable (provided that such Defaulted Loan Receivable has not been written off in total) including, for the avoidance of doubt, Principal, Interest, damages, reminder fees, past due interest and any other payment, by or for the account of the relevant Obligor minus all out of pocket expenses paid to third parties and incurred by the Servicer in connection with the collection of the Defaulted Loan Receivable or the enforcement of the related Loan Collateral in line with the Credit and Collection Policy of the Servicer.

"Reference Banks" means four major banks in the Euro-zone interbank market selected by the Interest Determination Agent.

"Regulatory Technical Standards" means (i) the regulatory technical standards adopted by EBA or ESMA, as the case may be, pursuant to the Securitisation Regulation and entered into force in the European Union and (ii) the transitional regulatory technical standards applicable pursuant to Article 43 of the Securitisation Regulation prior to the entry into force of the regulatory technical standards referred to in paragraph (i) above.

"Reporting Date" means the 4th Business Day preceding the relevant Payment Date.

"Reporting Entity" means the Seller.

"Repurchase Date" means the date which falls on a Payment Date on which a Purchased Loan Receivable is repurchased by the Seller.

"Repurchase Price" means the repurchase price paid by the Seller to the Issuer in respect of the relevant Purchased Loan Receivables to be repurchased on a Repurchase Date, which is equal to the sum of the Outstanding Loan Principal Amounts of the affected Purchased Loan Receivables.

"Required Principal Redemption Amount" means prior to the issuance of an Enforcement Notice in respect of any Payment Date, a difference of:

- (a) the Aggregate Outstanding Note Principal Amount of all Class A and all Class B Compartment 11 Notes on the Payment Date immediately preceding such Payment Date; and
- (b) the Aggregate Outstanding Loan Principal Amount of the Purchased Loan Receivables on the Determination Date immediately preceding such Payment Date.

"Required Rating" means with respect to the Account Bank or any guarantor of the Account Bank, respectively, (i) from Fitch (x) an issuer default or deposit long-term rating of at least "A" or (y) a short-term issuer default rating of at least "F1"; and (ii) a long-term unsecured, unguaranteed and unsubordinated debt obligations rating of "A" or a DBRS Critical Obligations Rating of A(high) (or, if its long-term debt rating is not publicly rated by DBRS, but is rated by at least any one of Fitch, Moody's and S&P, the DBRS Equivalent Rating with respect to its long-term debt obligations) from DBRS.

"Retention Requirement" means the retention of a material net economic interest of not less than 5% in the securitisation as required by Article 6 of the Securitisation Regulation.

"S&P" means S&P Global Ratings Europe Limited and any successor to the debt rating business thereof.

"Secured Obligations" means all duties and liabilities (present and future, actual and contingent) of the Issuer (in respect of Compartment 11) the Issuer has covenanted with the Trustee to pay to the Compartment 11 Noteholders and the other Secured Parties pursuant to clause 5.1(a) and (b) of the Trust Agreement and the provisions of the Security Deed.

"Secured Parties" means the Compartment 11 Noteholders, Corporate Services Provider, the Calculation Agent, the Account Bank, the Swap Counterparty, the Paying Agent, the Custodian, the Interest Determination Agent, the Joint Lead Managers and Joint Bookrunners, the Managers, the Subordinated Lender, the Data Trustee, the Trustee, the Seller and the Servicer (if different).

"Securitisation Regulation" means Regulation (EU) 2017/2402 of the European Parliament and of the Council laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012.

"Security Deed" means the security deed between the Issuer and the Trustee with respect to Compartment 11 dated the Signing Date.

"Seller" means Mercedes-Benz Bank AG.

"Seller Loan Warranties" means the warranties in relation to the Purchased Loan Receivables given by the Seller as of the Purchase Date pursuant to Appendix 2 to Schedule 3, Part 3 of the Incorporated Terms Memorandum.

"Servicer" means Mercedes-Benz Bank AG or at any time the Person then authorised pursuant to the Servicing Agreement to service, administer and collect the Purchased Loan Receivables.

"Servicer Shortfall" means a shortfall in respect of payments of Collections due and payable by the Servicer to the Issuer pursuant to the terms of the Servicing Agreement.

"Servicer Termination Event" means the occurrence of any of the following events:

- (a) the Seller or the Servicer is Insolvent;
- (b) the Seller or the Servicer fails to make any payment or deposit required by the terms of the relevant Transaction 11 Document within five (5) Business Days of the date such payment or deposit is required to be made;
- (c) the Seller or the Servicer fails to perform any of its material obligations under the Loan Receivables Purchase Agreement and/or the Servicing Agreement (other than a payment or deposit required), and such breach, if capable of remedy, is not remedied within twenty (20) Business Days of written notice from the Issuer or the Trustee; or
- (d) any representation or warranty in the Loan Receivables Purchase Agreement or in the Servicing Agreement or in any report provided by the Seller or the Servicer is materially false or incorrect, and such inaccuracy, if capable of remedy, is not remedied within twenty (20) Business Days of written notice from the Issuer or the Trustee and has a Material Adverse Effect in relation to the Issuer.

"Servicing Agreement" means the servicing agreement entered into between the Issuer, the Servicer, the Calculation Agent and the Trustee on or about the Signing Date. The Calculation Agent has agreed that it will 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 with the parties to the Servicing Agreement upon receipt of notice by the Servicer of the occurrence of a Servicer Termination Event.

"Servicing Fee" means the fees to be paid by the Issuer to the Servicer in accordance with the Servicing Agreement.

"Set-Off Exposure" means the sum of all Individual Obligor Set-Off Exposures.

"Set-Off Reserve Ledger" means the set-off reserve ledger of the Issuer Account-C11 held in respect of Compartment 11 and with the Account Bank (with account details as set out in Schedule 11 of the Incorporated Terms Memorandum) or any successor account.

"Set-Off Reserve Required Amount" means on any Payment Date on which the Set-Off Exposure exceeds 0.5% of the Aggregate Outstanding Loan Principal Amount as on the Cut-Off Date, an amount equal to such exceeding Set-Off Exposure and otherwise zero.

"Signing Date" means 25 May 2020.

"STS Notification" means the notification made by the Seller, as originator for the purposes of the Securitisation Regulation, to ESMA in accordance with Article 27 of the Securitisation Regulation explaining how the Securitisation meets the STS Requirements.

"STS Requirements" means the requirements for simple, transparent and standardised non-ABCP securitisations provided for by Articles 19 to 22 of the Securitisation Regulation.

"STS-securitisation" means a securitisation meeting the requirements of Articles 19 to 22 of the Securitisation Regulation.

"Subordinated Lender" means Mercedes-Benz Bank AG.

"Subordinated Loan" means the loan granted on or before the Issue Date by the Subordinated Lender to the Issuer in an amount of EUR 9,450,000. The proceeds of the Subordinated Loan will be applied to fund the initial endowment of the General Reserve Ledger.

"Subordinated Loan Agreement" means the subordinated loan agreement entered into by the Issuer, the Subordinated Lender and the Trustee on or about the Signing Date, under which the Subordinated Lender will advance at the latest on the Issue Date the Subordinated Loan to the Issuer.

"Subordinated Loan Redemption Amount" means, on any Payment Date prior to an Enforcement Notice, the difference of

- (a) the General Reserve Required Amount on the previous Payment Date; and
- (b) the General Reserve Required Amount on the current Payment Date.

"Subscription Agreement" means the subscription agreement entered into by the Issuer, the Seller, the Joint Lead Managers and Joint Bookrunners, the Managers and the Trustee on or about the Signing Date, under which the Joint Lead Managers and Joint Bookrunners have agreed, subject to certain customary issue conditions, to subscribe the Compartment 11 Notes.

"Swap Agreement" means the swap agreement, dated and executed on or about the Signing Date between the Issuer and the Swap Counterparty pursuant to the ISDA Master Agreement, a rating compliant schedule, a related Credit Support Annex and a confirmation.

"Swap Collateral Ledger" means the swap collateral ledger of the Issuer Account-C11 opened on or before the Signing Date with the Account Bank in respect of Compartment 11 (with account details as set out in Schedule 11 of the Incorporated Terms Memorandum) or any successor account.

"Swap Counterparty" means DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main.

"Swap Fixed Rate" means -0.4904 per cent. *per annum*.

"Swap Notional Amount" means on any Payment Date, the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes as of the previous Payment Date or, in the case of the first Payment Date, the Aggregate Outstanding Note Principal Amount of the Class A Compartment 11 Notes as of the Issue Date.

"Swap Termination Payment" means any amounts due by the Issuer or the Swap Counterparty under the Swap Agreement following a close out netting under Section 6(e) of the ISDA Master Agreement.

"TARGET2" means the second generation of the Trans-European Automated Real-time Gross-Settlement Express Transfer System which was launched on 19 November 2007 by the European Central Bank.

"Transaction 11" means the eleventh public securitisation transaction of Silver Arrow S.A. in connection with which the Compartment 11 Notes are issued and to which the Transaction 11 Documents refer.

"Transaction 11 Documents" means the German Transaction 11 Documents, the Issuer ICSDs Agreement, the Security Deed, the Corporate Services Agreement, the Custody Agreement and the Swap Agreement.

"**Trust Agreement**" means the trust agreement between the Issuer, the Trustee and the other Secured Parties in respect of Compartment 11 on or about the Signing Date.

"**Trustee**" means Wilmington Trust SP Services (Frankfurt) GmbH.

"**Trustee Claim**" has the meaning assigned thereto in clause 6(a) of the Trust Agreement.

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland.

"**United States**" means, for the purpose of the Transaction 11, 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).

"**U.S. Person**" means a U.S. person within the meaning of Regulation S and the U.S. Risk Retention Rules (as applicable).

"**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, adopted pursuant to the requirements of Section 941 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

"**Valuation Percentage**" means, for any Eligible Securities, the percentage specified below:

Eligible Securities	Valuation Percentage for Coupon Bearing Eligible Securities	Valuation Percentage for Zero Coupon Eligible Securities
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of not more than one year	95.0%	94.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than one year but not more than three years	88.0%	86.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than three years but not more than five years	83.0%	80.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than five years but not more than seven years	78.0%	76.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than seven years but not more than 10 years	78.0%	68.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than ten years but not more than fifteen years	77.5%	40.0%
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than fifteen years but not more than twenty years	77.5%	32.0%

Eligible Securities	Valuation Percentage for Coupon Bearing Eligible Securities	Valuation Percentage for Zero Coupon Eligible Securities
Fixed-rate, coupon-bearing Eligible Securities having a remaining maturity on such date of more than twenty years	76.0%	20.0%

"**Value**" means, for any Business Day or other date for which Value is calculated with respect to Eligible Securities, the market value of the respective securities as at the date such securities are provided as Commingling Reserve Required Amount, multiplied by the applicable Valuation Percentage.

"**VAT**" means value added tax and any other tax of a similar fiscal nature (instead of or in addition to value added tax) whether imposed in Germany or Luxembourg or elsewhere.

2. PRINCIPLES OF INTERPRETATION AND CONSTRUCTION

2.1 Knowledge

2.1.1. References in any Transaction 11 Document to the expressions "so far as the Seller is aware" or "to the best of the knowledge, information and belief of the Seller" or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Seller.

2.1.2. References in any Transaction 11 Document to the expressions "so far as the Servicer is aware" or "to the best of the knowledge, information and belief of the Servicer" or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Servicer.

2.1.3. References in any Transaction 11 Document to the expressions "so far as the Issuer is aware" or "to the best of the knowledge, information and belief of the Issuer" or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of directors of the Issuer.

2.1.4. References in any Transaction 11 Document to the expressions "so far as the Trustee is aware" or "to the best of the knowledge, information and belief of the Trustee" or any similar expression in respect of any matter shall be deemed to refer to the actual knowledge of senior officers of the Trustee.

2.2 Interpretation

In any Transaction 11 Document, the following shall apply:

2.2.1 a document being in an "*agreed form*" means that the form of the document in question has been signed off or agreed by each of the proposed parties thereto;

2.2.2 any reference to an "agreement", "*deed*" or "*document*" shall be construed as a reference to such agreement, deed or document as the same may from time to time be amended, varied, novated, supplemented, replaced or otherwise modified;

2.2.3 in the computation of periods of time from a specified date to a later specified date, the word "*from*" means "from and including" and the words "to" and "until" each mean "*to but excluding*";

2.2.4 "*novation*" shall, for the purposes of the German Transaction 11 Documents, be construed as *Parteiwechsel*. "To novate" shall be interpreted accordingly;

2.2.5 "*periods*" of days shall be counted in calendar days unless Business Days are expressly prescribed;

2.2.6 any reference to any "*Person*" appearing in any of the Transaction 11 Documents shall include its successors and permitted assigns;

- 2.2.7 unless specified otherwise, "promptly", "immediately", "forthwith" or any similar expression used in a Transaction 11 Document shall mean without undue delay (*ohne schuldhaftes Zögern*); and
- 2.2.8 a "*successor*" of any party shall be construed so as to include an assignee or successor in title of such party and any person who under the laws of the jurisdiction of incorporation or domicile of such party has assumed the rights and obligations of such party under any Transaction 11 Document or to which, under such laws, such rights and obligations have been transferred.

2.3 Statutes and Treaties

Any reference to a statute or treaty shall be construed as a reference to such statute or treaty as the same may have been, or may from time to time be, amended or, in the case of a statute, re-enacted.

2.4 Time

Any reference in any Transaction 11 Document to a time of day shall, unless a contrary indication appears, be a reference to Central European time.

2.5 Schedules

Any Schedule of, or Appendix or Annex to a Transaction 11 Document forms part of such Transaction 11 Document and shall have the same force and effect as if the provisions of such Schedule, Appendix or Annex were set out in the body of such Transaction 11 Document. Any reference to a Transaction 11 Document shall include any such Schedule, Appendix or Annex.

2.6 Headings

Section, Part, Schedule, Paragraph and clause headings are for ease of reference only. They do not form part of any Transaction 11 Document and shall not affect its construction or interpretation.

2.7 Sections

Except as otherwise specified in a Transaction 11 Document, any reference in a Transaction 11 Document to:

- 2.7.1 a "*Section*" shall be construed as a reference to a Section of such Transaction 11 Document;
- 2.7.2 a "*Part*" shall be construed as a reference to a Part of such Transaction 11 Document;
- 2.7.3 a "*Schedule*", an "*Appendix*" or an "*Annex*" shall be construed as a reference to a Schedule, Appendix or Annex of such Transaction 11 Document;
- 2.7.4 a "*clause*" shall be construed as a reference to a clause of a Part or Section (as applicable) of such Transaction 11 Document; and
- 2.7.5 "*this Agreement*" shall be construed as a reference to such Transaction 11 Document together with any Schedules, Appendices or Annexes thereto.

2.8 Number

In any Transaction 11 Document, save where the context otherwise requires, words importing the singular number include the plural and vice versa.

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